

PROSPECTUS



AQUA BIO TECHNOLOGY ASA

AQUA BIO TECHNOLOGY ASA

(A public limited liability company incorporated under the laws of Norway)

Listing on Oslo Axess of 4,694,000 New Shares, each with a par value of NOK 2.50, issued in a Private Placement towards certain existing shareholders and other investors

Listing on Oslo Axess of 4,694,000 Warrants, issued in a Private Placement towards certain existing shareholders and other investors

Subsequent Offering of up to 220,500 Offer Shares and of up to 220,500 Warrants to Eligible Shareholders

The Company is offering up to 220,500 Offer Shares in the Company with a nominal value of NOK 2.50 each at a subscription price of NOK 2.50 per Offer Share. Holders of the Company's Shares as of 4 December 2018 (the Cut-Off Date), as registered in the VPS as of 6 December 2018 (the Record Date) who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action and who were not offered to participate in the Private Placement (the Eligible Shareholders) are being granted non-tradable Subscription Rights that, subject to applicable law, provide preferential rights to subscribe for and be allocated Offer Shares in the Subsequent Offering. Eligible Shareholders will be granted approximately 0.8644 Subscription Rights for each Share registered as held as of the Record Date. Each Subscription Right will give the right to subscribe for one (1) Offer Share. Over-subscription is permitted. Subscription without Subscription Rights is not permitted.

The Subscription Period commences on 14 February 2019 at 09.00 CET and expires on 28 February 2019 at 16.30 CET.

Subscription Rights that are not used to subscribe for Offer Shares prior to expiry of the Subscription Period will have no value and will lapse without compensation.

The Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares in any jurisdiction outside of Norway. The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of the Offer Shares (pursuant to the exercise of Subscription Rights or otherwise) may lawfully be made. For more information regarding restrictions in relation to the Subsequent Offering pursuant to this Prospectus, please refer to Section 17 "Selling and Transfer Restrictions".

The Shares are, and the Offer Shares will be, registered in the Norwegian Central Securities Depository (the "VPS") and will be in book-entry form. All Shares rank in parity with one another and each carry one vote. Except where the context otherwise require, references in this Prospectus to the Shares will be deemed to include the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire document and, in particular, consider Section 2 "Risk Factors" beginning on page 21 when considering an investment in the Company.

The date of this Prospectus is 13 February 2019

IMPORTANT INFORMATION

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (Nw. verdipapirhandeloven) (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004, as amended, implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the "**Prospectus Directive**") as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements ("**EC Regulation 809/2004**"). As the Company qualifies as a "Small or Medium Size Enterprise" (an SME), the level of disclosure in this Prospectus is proportionate to this type of issuer, cf. EC Commission Regulation EC/486/2012.

The Financial Supervisory Authority of Norway (Nw. Finanstilsynet) (the "**Norwegian FSA**") has reviewed and on 13 February 2019 approved this Prospectus in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act. This Prospectus is valid for a period of twelve months following the date of approval by the Norwegian FSA. The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus.

For definitions of certain other terms used throughout this Prospectus, see Section 19 "Definitions and Glossary".

Any new material information and any material inaccuracy that might have an effect on the assessment of the shares arising after the date of publication of this Prospectus and prior to completion of the Listing and the expiry of the Subscription Period will be published and announced as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Without limiting the manner in which the Company may choose to make public announcements, and subject to the Company's obligations under applicable law, announcements in relation to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

All inquiries relating to this Prospectus must be directed to the Company. No other persons are authorized to give information or to make any representation in connection with the Listing and the Subsequent Offering. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of its employees, affiliates or advisers.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 17 "Selling and Transfer Restrictions".

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Subscription Rights and Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) may lawfully be made. The Subscription Rights and the Offer Shares have not been, and will not be, registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, exercised, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. Pursuant to this Prospectus, the Offer Shares are being offered and sold outside the United States in reliance on, Regulation S under the U.S. Securities Act ("**Regulation S**") and inside the United States only to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A under the U.S. Securities Act) pursuant to an exemption from the registration requirements of the U.S. Securities Act who have executed and returned an investor letter in a form acceptable to the Company prior to exercising Subscription Rights to acquire Offer Shares. Neither the Subscription Rights nor the Offer Shares have been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United

States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

The content of this Prospectus are not to be construed as legal, business, financial or tax advice. Each prospective investor should consult its own legal advisor, business advisor, financial advisor or tax advisor as to legal, business, financial and tax advice.

An investment in the Company involves inherent risk, and several factors could cause the actual results, financial performance and results of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this Prospectus, including, among others, risks or uncertainties associated with the Company's business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, fluctuations in market development, limited liquidity in the Shares, as well as other company specific risk factors. Please refer to Section 2 "Risk Factors" for a description of material risk factors related to the Company, the Shares and the Private Placement. These and other risks could lead to actual results or achievements varying materially from those described in this Prospectus. Potential investors should not base their decision to invest on the Prospectus solely but should independently study and consider relevant information. The value of the Shares may be reduced as a result of these or other risk factors and investors may lose part or all of their investments. An investment in the Company should only be made by investors able to sustain a total loss of their investment.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents is prohibited.

Any dispute regarding the Prospectus shall be governed by Norwegian law and Norwegian courts alone shall have jurisdiction in matters relevant hereto.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information".

TABLE OF CONTENTS

1 SUMMARY 2

1.1 Section A – Introduction and Warnings 2

1.2 Section B – Issuer 2

1.3 Section C – Securities 7

1.4 Section D – Risks..... 8

1.5 Section E – Offer..... 9

2 RISK FACTORS..... 14

2.1 Risks relating to the Company and the industry in which it operates 14

2.2 Risks relating to financing 18

2.3 Risks relating to the Shares 19

3 RESPONSIBILITY FOR THE PROSPECTUS 22

3.1 The Board of Directors of Aqua Bio Technology ASA..... 22

4 GENERAL INFORMATION 23

4.1 Presentation of financial and other information 23

4.2 Cautionary note regarding Forward-Looking Statements 24

5 THE PRIVATE PLACEMENT 26

5.1 Background and use of proceeds..... 26

5.2 The Private Placement – Overview 26

5.3 Resolutions regarding the Private Placement..... 27

5.4 The New Shares..... 28

5.5 The Warrants..... 28

5.6 Dilution..... 29

5.7 Private Placement Subscription Price 29

5.8 Allocation of the New Shares..... 29

5.9 Equal treatment and deviations from the preferential right of the Company's
shareholders..... 29

5.10 Participation of major existing shareholders and members of the Company's
Management..... 30

5.11 VPS registration and delivery of the New Shares..... 30

5.12 Proceeds and expenses related to the Private Placement 31

5.13 Governing law and jurisdiction 31

5.14 Advisors..... 31

5.15 Interests of natural and legal persons involved in the Private Placement..... 31

6 INDUSTRY AND MARKET OVERVIEW 32

7 BUSINESS OF THE GROUP 35

7.1	Introduction	35
7.2	Aqua Bio Technology's vision	35
7.3	Business concepts	35
7.4	Products/ ingredients.....	38
7.5	History and important events	42
7.6	Legal proceedings.....	43
7.7	Material contracts.....	44
7.8	Applicable laws and regulations.....	46
7.9	Research and development, patents and licenses.....	46
7.10	Dependency on contracts, patents, licenses etc.....	53
8	CAPITALISATION AND INDEBTEDNESS	54
8.1	Capitalisation.....	54
8.2	Net financial indebtedness.....	55
8.3	Working capital statement.....	55
8.4	Contingent and indirect indebtedness.....	55
9	SELECTED FINANCIAL AND OTHER INFORMATION	56
9.1	Introduction and basis for preparation.....	56
9.2	Summary of accounting policies and principles.....	56
9.3	Selected statement of comprehensive income	56
9.4	Selected statement of financial position	57
9.5	Selected statement of cash flows	58
9.6	Selected statement of changes in equity	59
9.7	Liquidity and capital resources.....	60
9.8	Investments.....	62
9.9	Off-balance sheet arrangements	62
9.10	Trend information	62
9.11	Auditor	62
9.12	Significant changes.....	63
10	DIVIDENDS AND DIVIDEND POLICY.....	64
10.1	Dividend policy	64
10.2	Legal constraints on the distribution of dividends.....	64
10.3	Manner of dividend payments.....	65
11	BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE ..	66
11.1	Introduction	66
11.2	Board of Directors	66
11.3	Management.....	69

11.4	Remuneration and benefits	70
11.5	Share options / share incentive schemes	71
11.6	Pensions and retirement benefits.....	71
11.7	Loans and guarantees	72
11.8	Employees	72
11.9	Nomination committee	72
11.10	Audit committee	72
11.11	Remuneration committee.....	72
11.12	Corporate governance	72
11.13	Conflicts of interests etc.....	73
12	RELATED PARTY TRANSACTIONS	74
12.1	Introduction	74
12.2	Brief description of related party transactions.....	74
13	CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL	75
13.1	Company corporate information	75
13.2	Legal structure.....	75
13.3	Current share capital.....	76
13.4	Share capital development	76
13.5	Shareholder structure	76
13.6	Authorisations to increase the share capital and to issue Shares	78
13.7	Authorisation to acquire treasury shares	78
13.8	Warrants.....	78
13.9	Other financial instruments related to the Shares	79
13.10	Shareholder rights.....	79
13.11	The Articles of Association and certain aspects of Norwegian law	79
14	SECURITIES TRADING IN NORWAY	84
14.1	Introduction	84
14.2	Trading and settlement.....	84
14.3	Information, control and surveillance.....	84
14.4	VPS and transfer of shares	85
14.5	Shareholder register.....	85
14.6	Foreign investment in Norwegian shares	86
14.7	Disclosure obligations	86
14.8	Insider trading	86
14.9	Mandatory offer requirement.....	86
14.10	Compulsory acquisition.....	87

14.11	Foreign exchange controls	88
15	TAXATION	89
15.1	Norwegian taxation.....	89
16	THE SUBSEQUENT OFFERING	93
16.1	Overview	93
16.2	Background and use of proceeds.....	93
16.3	Resolutions regarding the Subsequent Offering.....	94
16.4	The Offer Shares.....	97
16.5	The Warrants.....	97
16.6	Share capital following completion of the Subsequent Offering.....	97
16.7	Timetable for the Subsequent Offering	97
16.8	Subsequent Offering Subscription Price	98
16.9	Subscription period	98
16.10	Record Date for Eligible Shareholders	98
16.11	Subscription Rights.....	98
16.12	Subscription Procedure	99
16.13	Mandatory Anti-Money Laundering Procedures	100
16.14	Financial intermediaries	100
16.15	Allocation of the Offer Shares	101
16.16	Payment for the Offer Shares	102
16.17	Delivery and listing of the Offer Shares and Warrants	103
16.18	Participation of major Existing Shareholders and members of the Board	103
16.19	VPS Registration	104
16.20	Dilution.....	104
16.21	Selling and transfer restrictions	104
16.22	Proceeds and expenses related to the Subsequent Offering.....	104
16.23	Governing law and jurisdiction	104
16.24	Advisors.....	104
16.25	Interests of natural and legal persons involved in the Subsequent Offering	104
17	SELLING AND TRANSFER RESTRICTIONS.....	106
17.1	General.....	106
17.2	United States shareholders.....	106
17.3	United Kingdom	108
17.4	European Economic Area	108
17.5	Switzerland.....	109
17.6	Additional jurisdictions.....	109

18	ADDITIONAL INFORMATION	110
18.1	Advisors	110
18.2	Independent auditor	110
18.3	Documents on display	110
18.4	Incorporation by reference	110
19	DEFINITIONS AND GLOSSARY.....	112

APPENDICES

APPENDIX A	ARTICLES OF ASSOCIATION OF AQUA BIO TECHNOLOGY ASA	A1
APPENDIX B	APPLICATION FORM FOR THE SUBSEQUENT OFFERING	B1

1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

1.1 Section A – Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest should be based on a consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might under the applicable national legislation of a Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p> <p>For the definitions of terms used throughout this Prospectus, see Section 19 "Definitions and Glossary"</p>
A.2	Consent to use prospectus by financial intermediaries	Not applicable.

1.2 Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and Commercial Name	The Company's legal name is Aqua Bio Technology ASA and it is also referred to commercially as Aqua Bio Technology.
B.2	Domicile/ Legal Form/ Legislation/ Country of Incorporation	The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company was incorporated on 10 February 2004, and the Company's registration in the Norwegian Register of Business Enterprises is 886 582 412.

B.3	Current operations, principal activities and markets	<p>Aqua Bio Technology (ABT) is a Norwegian biotechnology company that both develops ingredients for cosmetics and markets ready-to-use skincare products manufactured by business partners. ABT directs its marketing efforts for ingredients towards industrial customers. The skincare products are marketed towards both directly to consumers to and through commercial partners.</p> <p>The Company's ambition for the ingredients business model is to be a "commercial greenhouse" for bringing new biotechnology and ingredients to the cosmetics market. ABT seeks to obtain licenses from various players that does not on its own have the commercial competence or knowledge to develop cosmetic products, and ABT will, based on such license, seek to commercialize the relevant technology. ABT currently has three European partners within this business model, and intends to launch new ingredients in 2019.</p> <p>Within the skincare products business model, ABT markets and sell skincare products from two brand owners, and has the right to sell their products to consumers in Europe, the Middle East and Africa. It is the Company's ambition to further develop this business model going forward.</p>
B.4a	Significant recent trends affecting the issuer and the industries in which it operates	<p>The Company has recently experienced product quality issues related to product packaging of products within this business concept, and this has caused delayed turnover and growth of the Company's commercial activities within this business and a need for additional working capital (which has been corrected with the Private Placement). These issues have been addressed with both of the Company's licensors.</p> <p>Further, the Company experiences an increased demand for natural and organic cosmetic products, for example products based on plant extracts and/ or marine ingredients. Further, products that show environmental awareness is also considered a key growth driver within the market.</p> <p>Apart from the above, the Company has not experienced any changes or trends that are significant to the Company between 31 December 2017 and the date of this Prospectus, nor is the Company aware of such changes or trends that may or are expected to be significant to the Company for the current financial year.</p>
B.5	Description of the Group	<p>Aqua Bio Technology ASA is both an operational and a holding company, and is the parent company of the Group.</p> <p>The Group consists of Aqua Bio Technology ASA and 1 subsidiary, named Kilda Biolink AS.</p>
B.6	Interests in the Company and voting rights	<p>Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Act. See Section 14.7 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act.</p> <p>Prior to completion of the Subsequent Offering and issuance of any Offer Shares, to the knowledge of the Company, the following shareholders have holdings in excess of the statutory thresholds for disclosure requirements:</p> <p>(i) Jan Pettersson (personally and through associated companies)</p>

		<p>hold 2,520,000 Shares in the Company, corresponding to 21.65% of the outstanding Shares as of the date of this Prospectus;</p> <p>(ii) Roger Hofseth (through wholly owned company Finnvik Eiendom AS) hold 2,187,000 Shares in the Company, corresponding to 18.79% of the outstanding Shares as of the date of this Prospectus; and</p> <p>(iii) Espen Dahl (including associated companies and related companies) hold 1,013,265 Shares in the Company, corresponding to 8.71% of the outstanding Shares as of the date of this Prospectus.</p> <p>Other than as stated above, in so far as is known to the Company, no other person or entity, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any agreements or other similar understandings that the operation of which may at a subsequent date result in a change in control of the Company.</p>
B.7	Selected historical key financial information	<p>The following selected financial information has been extracted from the Group's unaudited interim consolidated financial statements as of, and for the six months ended, 30 June 2018 and 2017 (the Interim Financial Statements) and the Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017 and 2016 (the Financial Statements).</p> <p>The audited Financial Statements as of, and for the years ended, 31 December 2017 and 2016, have been prepared in accordance with IFRS. The Interim Financial Statements as at, and for the six month periods ended, 30 June 2018 and 30 June 2017, have been prepared in accordance with IAS 34.</p> <p>The selected consolidated financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements and Interim Financial Statements, both of which have been incorporated by reference (see Section 18.4 "Incorporation by reference").</p>

Selected statement of comprehensive income

(NOK)	Six months ended 30 June (unaudited)		Year ended 31 December (audited)	
	2018	2017	2017	2016
Sale of goods	595,340	371,538	1,213,815	-
Other revenues	51,996	8,536,855	8,666,626	49,414,842
Total revenues	647,336	8,908,393	9,880,441	49,414,842
Commodity costs	765,553	141,504	(1,352,893)	-
Salary costs	2,070,960	2,097,421	(4,974,252)	(6,912,810)
Other sales and administration expenses	6,382,293	10,012,898	(17,493,895)	(22,696,738)
EBITDA	(8,571,469)	(3,343,431)	(13,940,599)	(19,805,293)

Depreciation of inventory	-	-	-	(12,726,867)
Amortization	476,772	254,979	(937,190)	(4,218,284)
Operating profit (EBIT)	(9,048,242)	(3,598,410)	(14,877,789)	2,860,143
Financial income	107,790	12,695	416,054	210,080
Financial expenses	58,024	177,930	(349,748)	(837,841)
Net financial income/ (-expenses)	49,766	(165,235)	66,306	(627,761)
Profit before tax	(8,998,475)	(3,763,645)	(14,811,483)	2,232,381
Income tax expense	-	(903,275)	1,247,369	770,183
Profit for the period	(8,998,475)	(2,860,370)	(16,058,852)	1,462,198
Total comprehensive income for the period, net of tax	(8,998,475)	(2,860,370)	(16,058,852)	1,462,198
Earnings per Share				
Basic, attributable to ordinary equity holders of the parent (NOK)	(1.30)	(0.41)	(2.31)	0.21
Diluted, attributable to ordinary equity holders of the parent (NOK)	(1.30)	(0.41)	(2.30)	0.21
Selected statement of financial position				
	As of 30 June (Unaudited)		As of 31 December (audited)	
<i>(NOK)</i>	2018	2017	2017	2016
ASSETS				
Non-current assets				
Deferred tax asset	-	2,631,393	-	1,728,119
Fixed assets	558,036	656,397	617,926	719,503
Intangible assets	3,935,330	4,215,918	4,124,358	4,024,470
Total non-current assets	4,493,367	7,503,708	4,742,284	6,472,092
Current assets				
Inventories	17,014,150	17,829,481	17,337,643	15,300,000
Trade and other receivables	4,842,655	4,682,789	5,194,045	3,452,535
Cash and cash equivalents	12,403,690	29,551,408	21,815,082	46,167,943
Total current assets	34,260,494	52,063,678	44,346,770	64,950,478
TOTAL ASSETS	38,753,861	56,567,387	49,089,054	71,442,570
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to equity holders of the Company				

Issued capital	27,775,992	27,775,992	27,775,992	27,775,992
Share premium	1,675,565	24,132,521	10,804,039	32,159,169
Other paid-in equity	-	-	-	1,888,168
Treasury shares	(51,120)	(51,120)	(51,120)	(51,120)
TOTAL EQUITY	29,400,437	51,857,393	38,528,912	61,772,210
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	500,000	1,000,000	666,666	1,333,333
Total non-current liabilities	500,000	1,000,000	666,666	1,333,333
Current liabilities				
Trade and other payables	801,093	1,073,799	1,273,551	790,889
Dividend resolved, but not yet distributed	1,169,417	1,168,942	1,169,417	943,933
Other current liabilities	6,882,915	4,467,253	7,450,510	6,582,205
Total current liabilities	8,853,424	6,709,993	9,893,478	8,317,026
TOTAL LIABILITIES	9,353,424	7,709,993	10,560,144	9,650,360
TOTAL EQUITY AND LIABILITIES	38,753,861	59,567,387	49,089,054	71,422,570
Selected statement of cash flows				
	Six months ended		Year ended	
	30 June		31 December	
	(Unaudited)		(Audited)	
<i>(NOK)</i>	2018	2017	2017	2016
Operating activities				
Profit before tax	(8,998,475)	(3,763,645)	(14,811,483)	2,232,381
Amortisations	476,772	254,979	937,190	4,218,284
Depreciations	-	-	-	12,726,867
Net interest	31,333	39,099	(93,249)	(61,693)
Net changes in currency profit/(-loss) on net cash and cash equivalents	(81,100)	126,136	26,956	689,467
Changes in inventories	323,493	(2,529,481)	(2,037,643)	1,305,204
Changes in trade and other receivables	351,390	(1,230,254)	(1,741,510)	236,962
Changes in trade and other payables	(472,458)	282,910	482,662	(127,441)
Changes in other current liabilities	(567,595)	(2,114,952)	868,305	3,747,583
Share-based options	-	6,760	6,760	822,450
Net cash flows from operating activities	(8,936,639)	(8,928,448)	(16,362,012)	25,790,065
Investing activities				
Purchase of fixed assets	(227,855)	(383,321)	(935,501)	(408,259)
Net cash flows used in investing activities	(227,855)	(383,321)	(935,501)	(408,259)
Financing activities				

Purchase/ sale of treasury shares	-	-	-	300,000
Payment of dividends	-	(6,706,200)	(6,224,975)	(16,923,738)
Transaction costs on issuance of shares	(130,000)	(130,00)	(260,000)	(259,700)
Interest received	-	12,695	179,132	190,434
Interest paid	(31,333)	(51,794)	(85,883)	(128,741)
Borrowing/ (repayment of borrowings)	(166,666)	(333,333)	(666,667)	(3,668,333)
Net cash flows from/(used in) financing activities	(327,999)	(7,208,632)	(7,058,393)	(20,490,078)
Cash at the beginning of the period	21,815,082	46,197,943	46,197,943	41,995,682
Net change in cash and cash equivalents	(9,492,494)	(16,520,401)	(24,355,906)	4,891,728
Effect of exchange rate changes on cash and cash equivalents	81,100	(126,136)	(26,956)	(689,467)
Cash at the end of the period	12,403,690	(29,551,408)	(21,815,082)	(46,197,943)
B.8	Selected key pro forma financial information	Not applicable. This Prospectus does not include any pro forma financial information.		
B.9	Profit forecast of estimate	Not applicable. This Prospectus does not include any pro forma financial information.		
B.10	Qualifications in audit report	EY has issued unqualified auditor's reports on the Financial Statements for 2016 and 2017.		
B.11	Working capital	The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.		

1.3 Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Type of class of securities being offered	<p>The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote.</p> <p>All of the Shares have been created under the Norwegian Public Limited Companies Act. The Shares are, and the Offer Shares will be, registered in book-entry form in the VPS and have ISIN NO 0010307135.</p> <p>The Warrants issued to the subscribers in the Private Placement and offered to the Eligible Shareholders will give the holder the right to subscribe for one (1) additional share in the Company from and including 30 June 2019 to and including 1 September 2019 through a cash deposit of NOK 2.50 per share. The Warrants are, and will be, registered in book-entry form in the VPS and have ISIN NO 001 0841901.</p>
C.2	Currency	The Shares have a par value in, are quoted in and traded on the Oslo Axess in Norwegian Kroner (" NOK ").
C.3	Number of shares/Par value	As of the date of this Prospectus, the Company's share capital is NOK 29,094,995 divided into 11,637,998 issued Shares with a par value of NOK 2.50 per Share.

C.4	Rights attached	The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote.
C.5	Restrictions	Not applicable. Neither the Articles of Association of the Company or the Norwegian Public Limited Companies Act provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Board of Directors.
C.6	Listing and admission to trading	<p>The Shares are, and the Offer Shares will be, listed on Oslo Axess, under Oslo Børs ticker symbol "ABT".</p> <p>The Listing on Oslo Axess of the New Shares is subject to the approval of the Prospectus by the Norwegian Financial Supervisory Authority (<i>Nw: Finanstilsynet</i>) under the rules of the Norwegian Securities Trading Act. Such approval was granted on 13 February 2019. The first day of trading in the New Shares on Oslo Axess, will be on or about 14 February 2019.</p> <p>The Company expects commencement of trading in the Offer Shares on Oslo Axess on or around 12 March 2019.</p> <p>The Shares are not listed on any other regulated market and ABT does not intend to seek such listing.</p> <p>The Warrants issued in the Private Placement will be listed on Oslo Axess under ticker "ABT S" without undue delay after the date of this Prospectus, and the Warrants to be issued in the Subsequent Offering will also be listed on Oslo Axess under the same ticker upon their issuance in the VPS.</p>
C.7	Dividend policy	The Company intends to follow a dividend policy favourable to the shareholders. The amount of any dividends to be distributed will be dependent on the Company's investment requirements and rate of growth as well as the general development and financing requirements of the Company.

1.4 Section D – Risks

Element	Disclosure requirement	Disclosure
D.1	Key information on the key risks that are specific to the issuer or its industry	<p>Prospective investors should consider, among other factors, the following risks related to the Company and the industry in which Aqua Bio Technology operates:</p> <ul style="list-style-type: none"> • The cosmetics and skincare markets are highly competitive; • Changes in laws and regulations may have an adverse effect on the Company's profitability; • Health and safety issues related to the Company's products may decrease demand and expose the Company to liability; • Manufacturing of the Company's products require access to raw materials, and sufficient access to such raw materials cannot be guaranteed; • The Company offers high-end products, but may not be able to sell its products at intended prices; • The Company may not be able to retain key personnel;

		<ul style="list-style-type: none"> • The commercial success of the Company's products depend on the performance of third parties; • The Company is dependent on third parties for supply of products; • The macroeconomic environment may negatively affect the Company's operational and financial result; • The Company may not be able to implement its business strategy successfully or manage its growth effectively; • The Company is dependent on intellectual property rights and such rights may not be adequately protected; and • The Company is currently involved in legal disputes, and no assurance can be made that such legal disputes can be resolved with a satisfactory outcome for the Company or that the Company will not in the future become involved in further legal disputes. <p>Prospective investors should consider, among other factors, the following risks relating to the financing of the Company:</p> <ul style="list-style-type: none"> • The Company may require additional capital in the future; • Future debt levels could limit the Company's flexibility to obtain additional financing and pursue other business opportunities; • Interest rate fluctuations could affect the Company's cash flow and financial condition; and • Fluctuations in currency exchange rates may impact the Company's operational income.
D.3	Key information on the key risks that are specific to the securities	<p>Prospective investors should consider, among other factors, the following risks related to the securities described herein:</p> <ul style="list-style-type: none"> • The price of the Shares could fluctuate significantly; • A lack of liquidity in the Shares may occur; • Future sales, or the possibility for future sales, of substantial numbers of Shares could affect the Shares' market price; • Investment and trading in the Shares involve inherent risks; • The Company's ability to pay dividends is dependent on the availability of distributable reserves; • Shareholders will be diluted if they are unable or unwilling to participate in future share issues; • Beneficial owners of Shares that are registered on a nominee account may not be able to vote for such Shares; • Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares; • Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway; • Norwegian law could limited shareholders' ability to bring an action against the Company; • Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK; and • Market interest rates could influence the price of the Shares.

1.5 Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds/ Estimated Expenses	<p>The Private Placement</p> <p>The Private Placement Subscription Price per New Share was NOK 2.50, amounting to an aggregate subscription price and gross proceeds of NOK 11,735,000, all of which were cash proceeds.</p> <p>The Company will bear the fees and expenses related to the Private Placement, which are estimated to amount to NOK 675,000.</p> <p>Total net proceeds from the Private Placement will amount to about NOK 11,060,000.</p> <p>The Subsequent Offering</p> <p>The Subsequent Offering Subscription Price per Offer Share is NOK 2.50, amounting to an aggregate subscription price and gross proceeds of up to NOK 551,250.</p> <p>The Company will bear the fees and expenses related to the Subsequent Offering, which are estimated to amount to up to NOK 75,000.</p> <p>Total net proceeds from the Subsequent Offering is expected to amount to up to NOK 476,250.</p>
E.2a	Reasons for the offer/ Use of proceeds/ Estimated net amounts	<p>The Private Placement</p> <p>On 4 December 2018, the Company announced that it had received binding pre-commitments to subscribe for up to 4,610,000 new shares to be issued in the Private Placement for gross proceeds of minimum NOK 10.5 million and maximum NOK 15 million from certain larger shareholders and members of the Board. At the same time, it was announced that the 140 largest shareholders in the Company as of 4 December 2018 (the Cut-Off Date), as registered in the VPS on 6 December 2018 (the Record Date), and members of the Company's Board and Management (the Eligible Investors), was also offered to subscribe for new shares in the Private Placement. The Private Placement was in any case limited upwards to 149 investors in total.</p> <p>The Private Placement consisted of an offer to subscribe between 4,200,000 and maximum 6,000,000 New Shares in the Private Placement. Following the end of the application period, the Company had received applications for a total amount of NOK 11,735,000, implying issuance of 4,694,000 New Shares. Each investor in the Private Placement also received one Warrant per New Share applied for and allocated, implying that the Company issued 4,694,000 Warrants in the Private Placement.</p> <p>The share capital increase pertaining to the Private Placement and the issuance of Warrants pertaining to the Private Placement was approved by the Company's extraordinary General Meeting on 7 January 2019.</p> <p>The Private Placement was carried out to provide the Company with additional working capital until anticipated revenue generation is coming</p>

		<p>from its new business model. The Company has recently experienced quality issues related to product packaging, which has led to delayed turnover and growth of the Company's commercial activities and thereby the need for additional working capital.</p> <p>The net cash proceeds of approximately NOK 11,060,000 million from the Private Placement will be used for general corporate purposes and working capital related to the Company's products in its markets of operation.</p> <p>The Subsequent Offering</p> <p>The Subsequent Offering is initiated to limit the dilutive effect of the Private Placement by enabling Existing Shareholders who were not offered to subscribe for New Shares to subscribe for Offer Shares. In the Private Placement, the pre-emptive rights for subscription of Shares pursuant to the Companies Act section 10-4 was set aside as the Private Placement was directed to certain existing shareholders and new investors. The Board considered that raising capital through the Private Placement was the most appropriate way to raise the capital needed to fund the Company's working capital need.</p> <p>In order to facilitate the principle of equal treatment of the Company's Shareholders, the Board proposed to initiate a Subsequent Offering directed at the Eligible Shareholders. The extraordinary general meeting of the Company granted the Board an authorization to increase the share capital in connection with the Subsequent Offering on 7 January 2019, and the Board passed a resolution on a share capital increase pertaining to the Subsequent Offering on 11 February 2019. Shareholders who are resident in a jurisdiction where such offering would be unlawful or would require any filing, registration or similar action (other than a prospectus in Norway) will not be considered Eligible Shareholders.</p> <p>The gross proceeds of up to NOK 551,250 from the Subsequent Offering will be used for general corporate purposes and working capital.</p>
E.3	Terms and conditions of the Subsequent Offering	<p>The Subsequent Offering</p> <p>The Subsequent Offering comprises an issuance of up to 220,500 Offer Shares, each with a par value of NOK 2.50, and at a subscription price of NOK 2.50 per Offer Share.</p> <p>The Subsequent Offering will be directed towards Eligible Shareholders, being the Company's shareholders as of 4 December 2018 (the Cut-Off Date), as registered in the VPS on 6 December 2018 (the Record Date), except (i) shareholders who were offered to participate in the Private Placement, and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful or would require any filing, registration or similar action (other than a prospectus in Norway).</p> <p>The Subscription Period commences on 14 February 2019 at 09.00 hours and expires on 28 February 2019 at 16.30 hours.</p>

		<p>The Eligible Shareholders will be granted non-tradable Subscription Rights giving a preferential right to subscribe for and be allocated Offer Shares. Oversubscription will be allowed. Subscription without Subscription Rights will not be allowed.</p> <p>Allocation of the Offer Shares will take place on or about 1 March 2019 in accordance with the following criteria:</p> <ul style="list-style-type: none"> (i) Allocation will be made to subscribers on the basis of granted Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated 1 Offer Share; (ii) The shareholders that pre-committed to subscribe for New Shares for an amount of NOK 11.525 will have a preferential right to subscribe for the remaining Offer Shares on a pro rata basis (based on the subscription commitments of the shareholders that pre-committed to subscribe for New Shares); and (iii) Offer Shares that have not been allocated pursuant to (i) and (ii) above will be allocated to subscribers having exercised their subscription rights and who have over-subscribed will have the right to be allocated remaining Offer Shares on a pro rata basis based on the number of subscription rights exercised by the subscriber. If a pro rata allocation is not possible, the Company will determine the allocation by lot drawing. <p>Each Eligible Shareholder that subscribes for and is allocated Offer Shares will receive one (1) Warrant per Offer Share subscribed and allocated.</p>
E.4	Material and conflicting interests	The Company is not aware of any interest of any natural and/ or legal persons involved in the Private Placement or Subsequent Offering.
E.5	Lock-up	Not applicable. No lock-up arrangements have been entered into in connection with the Private Placement or the Subsequent Offering.
E.6	Dilution	<p>The Private Placement</p> <p>The Existing Shareholders who did not participate in the Private Placement was diluted by approximately 40% following the issuance of 4,694,000 New Shares in the Private Placement.</p> <p>The Existing Shareholders who did not participate in the Private Placement and who does not participate in the Subsequent Offering will be diluted by approximately 41% following the issuance of 4,694,000 New Shares in the Private Placement and 220,500 Offer Shares in the Subsequent Offering, and not taking into account exercise of any Warrants ¹.</p> <p>The Subsequent Offering</p> <p>The Existing Shareholders who did not participate in the Private Placement and who does not participate in the Subsequent Offering will be diluted by approximately 41% following the issuance of 4,694,000 New Shares in the</p>

¹ Based on the maximum amount of Offer Shares being subscribed in the Subsequent Offering.

		Private Placement and 220,500 Offer Shares in the Subsequent Offering, and not taking into account exercise of any Warrants ² .
E.7	Estimated expenses	Not applicable. The Company will not charge any costs, expenses or taxes directly to any shareholder or to any investor in connection with the Private Placement or the Subsequent Offering.

² Based on the maximum amount of Offer Shares being subscribed in the Subsequent Offering.

2 RISK FACTORS

An investment in the Offer Shares involves inherent risk. Before making an investment decision with respect to the Offer Shares, investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Offer Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Offer Shares, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this document.

2.1 Risks relating to the Company and the industry in which it operates

2.1.1 The cosmetics and skincare markets are highly competitive

The Company both develops ingredients for use in cosmetic products and markets ready-to-use skincare products manufactured by business partners. Both the market for ingredients in cosmetic products and the market for ready-to-use skincare products are highly competitive. The Company may not be able to compete successfully for its products in the competitive cosmetics and skincare markets. The competition in the market where the Company operates may lead to reduced profitability and/or expansion opportunities. Further, the Company may not be successful in entering new markets, as there may be participants with greater experience or financial strength than the Company. The Company is exposed to several markets and any changes to any of these markets will have a significant impact on the Company as a whole. If the Company is not competitive, the Company's business, results of operations and financial condition may be materially adversely affected.

2.1.2 Changes in laws and regulations may have an adverse effect on the Company's profitability

Operations in international markets are subject to risks inherent in international business activities, including, in particular fluctuating economic conditions, overlapping and differing tax structures, unexpected changes in regulatory requirements and complying with a variety of domestic, foreign and international laws and regulations. Changes in, or changes in the interpretation of, the legislative, governmental and economic framework governing the activities of the Company and the industry in which the Company operates, could have a material negative impact on the Company's results of operations and financial condition.

2.1.3 Health and safety issues related to the Company's products may decrease demand and expose the Company to liability

The products produced, marketed and commercialized by the Company are generally manufactured in compliance with regulatory requirements and are considered safe for use by consumers. However, there can be no assurance that individual products will not fulfil regulatory requirements, due to inter alia fault in

manufacturing processes and ingredients used or human errors. Further, it is an inherent risk in the cosmetics industry that the products may be used by persons with special health conditions. Any non-compliant product or products that are used by persons with special health conditions could lead to product liability claims, negative media attention and public concern. This could have a material adverse effect on the demand for ABT's products, which in turn could have a material adverse effect on the Company's business, operating results and financial condition.

2.1.4 Manufacturing of the Company's products require access to raw materials, and sufficient access to such raw materials cannot be guaranteed

The manufacturing of the Company's products require access to raw materials from natural sources, and is dependent on sufficient access to raw material of a consistent and high quality. Even though the Company has a sound stock level of raw material as of the date of this Prospectus, no guarantees can be made regarding the future quality of the raw material or the continued access to raw material from the expected sources.

2.1.5 The Company offers high-end products, but may not be able to sell its products at intended prices

The Company's skincare products are newly introduced high-end products and sells at higher prices than many of the products offered by its competitors. There is no guarantee that the Company will be able to obtain the expected prices, and if it fails to obtain such expected pricing, such failure will have a material adverse effect on the Company's business, financial condition and operating results. Further, market conditions could lead to changes of what is perceived as obtainable prices in the market. A change in the market conditions could lead to lower sales prices or volumes, which would have a material adverse effect on the Company's business, financial condition and operating results.

2.1.6 The Company may not be able to retain key personnel

The Company's Management currently consist of two individuals and the business and prospects of the Company depend, to a significant extent, on the continued services of its key personnel. Aqua Bio Technology may, due to financial difficulties or other factors, fail to retain or attract skilled personnel to operate and provide services for its business. The loss of any of the members, including due to leave of absence due to sickness of the members of Management or their closely related parties, of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could have a material adverse effect the Company's business, results of operations and financial condition.

2.1.7 The commercial success of the Company's products depend on the performance of third parties

The Company's commercialisation strategy inter alia involves the granting of licenses and entering into distribution, marketing and sales agreements with third parties, often on an exclusive basis, in each of the Company's principal markets, for the purpose of obtaining regulatory approval (where such approval is required) for marketing and the Company's products and ingredients. ABT's strategy thus involves several exclusive distribution agreements with third parties. The Company's revenues will depend on its ability to enter into such agreements, as well as the terms of these distribution, marketing and sales arrangements and the efforts of the third parties thereto, which ABT does not control. Currently, the Company has entered into 2 distribution agreements for distribution of ready-to-use skincare products and a license/marketing agreement related to ingredients. If the Company fails to enter into additional distribution agreements or licensing/marketing agreements in line with its strategy, this will have a material adverse effect on the Company's business, financial condition and results of operations. The exclusive nature of the agreements, and the various restrictions on ABT's ability to terminate these contracts, may also make it difficult to find replacement partners should the chosen third parties fail to generate market demand and distribute the Company's products.

The commercial success of ABT's sales strategy depends on the cooperation of its partners and the level of resources they commit to the marketing and selling of the Company's products in each respective jurisdiction and, in part, on ABT's ability to establish, maintain and productively manage these relationships. Chosen partners may not perform their obligations as expected, and disagreements may arise between the Company and such partners, leading to supply or production delays or lower sales revenues. Litigation or arbitration may also result from such disagreements, which could be time consuming and result in expensive settlements or damages payable to ABT's partners. Any of these events could have a material adverse effect on ABT's business, financial condition and results of operations. Furthermore, where Aqua Bio Technology does not have exclusivity agreements with existing partners, the Company may seek to develop relationships with new partners. No assurance can be given that the Company will be able to do so successfully, and a failure to do so may limit ABT's ability to further commercialise its product offering, which could in turn have a material adverse effect on the Company's business, financial condition and results of operations.

2.1.8 The Company is dependent on third parties for supply of products

Aqua Bio Technology purchase its ready-to-use products from third parties, and is dependent on supply from these third parties in order to have products sell to the customers of the Company. If the Company's agreements with third party suppliers are terminated or the terms of such agreements become less favourable for the Company or if the third party suppliers experience delays, disruptions, capacity constraints or quality problems in their operations, this may have a material adverse effect on the Company's business, results of operations, cash flow and financial condition.

If the Company is required to change third party suppliers, it may incur increased costs and reduction of sales to customers. There can be no assurance that the Company is able to enter into agreements with other third party suppliers, or that other third party suppliers hold brands that are deemed as attractive by the Company's customers. If the Company's current agreements with third party suppliers are terminated, this may have a material adverse effect on the Company's business, results of operations, cash flow and financial condition.

2.1.9 The macroeconomic environment may negatively affect the Company's operational and financial result

The activities of the Company are subject to economic, business and social conditions at a global level which may fluctuate due to, without limitation, recession, inflation, higher borrowing rates and higher levels of unemployment. A deteriorating context may lead to a decrease in the Company's business, which would have a negative impact on the business of the Company.

2.1.10 The Company may not be able to implement its business strategy successfully or manage its growth effectively

The Company's current business models includes the commercialization of new biotechnology, development of new ingredients for skin care and introducing ready-to-use skin care products to selected markets. The implementation of these business models are currently ongoing and future growth will depend on the successful implementation of these business models.

The Company's Management will review and evaluate the business strategy with the Board of Directors on a regular basis. A failure to execute the Company's business strategy or to manage growth effectively could adversely affect the Company's business, prospects, financial condition and results of operations. Furthermore, the Company may decide to alter or discontinue aspects of the business strategy and may adopt alternative or additional strategies in response to the Group's operating environment or competitive situation or factors or other events beyond the Company's control.

2.1.11 The Company is dependent on intellectual property rights and such rights may not be adequately protected

Aqua Bio Technology relies upon certain proprietary confidential information, trademarks, unpatented know-how, unpatented trade secrets and improvements and continuing technological innovation to develop and maintain its competitive position. On the date of this Prospectus, the Company has patents and pending patent applications in 7 patent families, consisting of 104 granted patents and 31 pending patent applications. There can be no assurance that any of the patents applied for by the Company will be granted. Patent protection may not, in any event, prevent competitors from developing alternative solutions or products that are more favoured by end consumers. If Aqua Bio Technology is unable to adequately protect its intellectual property, technology, trade secrets or proprietary knowhow, or enforce its existing or future patents, this might have a material adverse effect on its business, results of operations and financial condition.

The business of the Company is also be dependent on utilization of patented or otherwise proprietary technology of third parties, to which ABT will have or seek right of use as further regulated in license agreements and arrangements. No assurances can be given that such license rights will be renewed and upheld in the future, or that a renewal can be made on the same terms as for the existing rights.

Any of the above events could result in the value of the intellectual property of the Company being lower than expected, or that the Company may not be able to carry out its business as expected, which could have a material adverse effect on the Company's business, financial condition and operating results.

2.1.12 The Company is currently involved in legal disputes, and no assurance can be made that such legal disputes can be resolved with a satisfactory outcome for the Company or that the Company will not in the future become involved in further legal disputes

The Company operates in a sector that is dependent on intellectual property, and the Company faces the risks of third parties illegally copying its products and of third parties claiming that the Company infringes their intellectual property rights. Further, the Company faces risks of legal disputes if its contract parties or the Company itself does not perform in accordance with agreements entered into.

The use of technology in a competitive business where patents and other intellectual property rights exist involves a general risk of alleged infringement of third party rights. Specifically, the Company previously has been involved in legal disputes and currently is involved in disputes related to intellectual property and licenses for the same. Although freedom to operate analysis has been performed by ABT, there can be no assurance that such analysis is complete or has considered relevant future scenarios. Competitors may claim that one or more of ABT's products or ingredients infringe upon their patents or other intellectual property rights. Resolving a patent or other intellectual property infringement claim can be costly and time consuming and may require ABT to enter into royalty or licence agreements. If this should become necessary, there can be no assurance that such royalty or licence agreements can be entered into on commercially acceptable terms. A successful claim of patent or other intellectual property infringement could expose ABT to significant damages or an injunction preventing manufacture, sale or use of the Company's affected products or otherwise limits its freedom to operate.

The Company is currently involved in disputes with Zona Nordic AB, Aquazyme Technology AS ("**Aquazyme**") and a former part time employee, as further described in Section 7.6 "Legal proceedings". The Company rejects that there are any basis for any of the claims made by these parties, but the Company cannot predict with certainty the outcome or effect of any claim or other litigation matter and no assurance can be made that these disputes will be resolved with a satisfactory result for the Company. Any litigation may have a material adverse effect on the Company's business, results of operations, cash flow and financial condition, and have a potential negative outcome. Also, there may be significant costs associated

with bringing or defending such lawsuits and Management's attention to these matters may divert their attention from the Company's operations.

2.2 Risks relating to financing

2.2.1 The Company may require additional capital in the future

The Company may require additional capital in the future pursuant to its business plan, due to unforeseen liabilities or other circumstances or in order for it to take advantage of opportunities that may be presented to it. Further, negative developments in sales or production cost may lead to a strained liquidity position and the potential need for additional funding through equity funding, debt financing or other means. Any additional equity financing may be dilutive to the shareholders. There can be no assurance that the Company will be able to obtain necessary funding in a timely manner and on acceptable terms.

If funding is insufficient at any time in the future, the Company could be forced to delay, limit, reduce or terminate its product development and commercialisation efforts, and further may not be able to fund acquisitions, take advantage of business opportunities, respond to competitive pressures or other commercially reasonable efforts to secure sales growth, any of which could adversely impact the Company's results of operations, cash flow and financial condition. If the Company is not successful in raising necessary additional capital, it may become insolvent and, if no other alternatives exist, enter into administration.

2.2.2 Future debt levels could limit the Company's flexibility to obtain additional financing and pursue other business opportunities

The Company has previously secured debt funding (with an outstanding amount of NOK 500,000 as of 30 June 2018) from Innovation Norway. The Company may incur additional indebtedness in the future. An increased level of debt could have important consequences to the Company, including the following:

- (i) the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favourable terms;
- (ii) the Company's costs of borrowing could increase as it becomes more leveraged;
- (iii) the Company may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders;
- (iv) the Company's debt level could make it more vulnerable than its competitors with less debt to competitive pressures, a downturn in its business or the economy generally; and
- (v) the Company's debt level may limit its flexibility in responding to changing business and economic conditions.

The Company's ability to service its future debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Company's operating income is not sufficient to service its current or future indebtedness, the Company will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Company may not be able to affect any of these remedies on satisfactory terms, or at all.

2.2.3 Interest rate fluctuations could affect the Company's cash flow and financial condition

To the extent the Company incurs future interest bearing debt issued at floating interest rates, it would be exposed to interest rate risk, and such movements in interest rates could have material adverse effects on the Company's cash flow and financial condition.

2.2.4 Fluctuations in currency exchange rates may impact the Company's operational income

Fluctuations in currency exchange rates may impact the Company's operational income. The Company expects that a large part of its operating income will be denominated in other currencies than NOK, including USD, NZD and EUR. Currency fluctuations and depreciation of foreign currencies may have a material adverse effect on the Company's business, operating results and financial condition.

2.3 Risks relating to the Shares

2.3.1 The price of the Shares could fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly. Securities markets in general have been volatile in the past. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Group's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

2.3.2 A lack of liquidity in the Shares may occur

The Company's Shares are currently listed on Oslo Axess. This, however, does not imply that there will always be a liquid market for the Shares. An investment in the Shares may thus be difficult to realise. Investors should be aware that the value of the Shares may be volatile and may go down as well as up. In the case of low liquidity of the Shares, or limited liquidity among the Company's shareholders, the share price can be negatively affected and may not reflect the underlying asset value of the Company. Investors may, on disposing of the Shares, realise less than their original investment or lose their entire investment.

The Company will request that the New Shares are admitted to listing on Oslo Axess. Except for unanticipated circumstances, the Company believes that the New Shares will be admitted to such trading.

2.3.3 Future sales, or the possibility for future sales, of substantial numbers of Shares could affect the Shares' market price

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Offering, or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or the Company to sell equity securities in the future at a time and price that they deem appropriate.

2.3.4 Investment and trading in the Shares involve inherent risks

All securities investments involve the risk of loss of capital. Investment in the Company involves significant economic risks. Although the Company's investment and management strategy is expected to provide some protection from the risk of loss inherent in the ownership of assets, there can be no assurance that these strategies will completely protect against this risk or that the Company's investment objectives will be met.

2.3.5 The Company's ability to pay dividends is dependent on the availability of distributable reserves

Norwegian law provides that any declaration of dividends must be adopted by ABT's general meeting of shareholders. Dividends may only be declared to the extent that ABT has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with ABT's operations and the need to strengthen its liquidity and financial position.

As a general rule, the Company's general meeting of shareholders may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the general meeting of shareholders does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and ABT will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

2.3.6 Shareholders will be diluted if they are unable or unwilling to participate in future share issues

Unless otherwise resolved by the general meeting, shareholders in Norwegian public limited companies, such as ABT, have pre-emptive rights proportionate to the aggregate number of Shares they hold with respect to any new Shares issued against consideration in cash. Due to regulatory requirements under foreign securities laws or other factors, foreign investors may be unable to participate in a new issuance of Shares or other securities. Any investor that is unable or unwilling to participate in any future share issues will have its percentage shareholding diluted.

2.3.7 Beneficial owners of Shares that are registered on a nominee account may not be able to vote for such shares

Beneficial owners of Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (the "VPS") prior to the Company's general meetings. There can be no assurance that beneficial owners of the Company's Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares, or otherwise vote for their Shares in the manner desired by such beneficial owners.

2.3.8 Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares

The Shares have been admitted to trading in Norway, but Aqua Bio Technology has not registered the Shares under the U.S. Securities Act or securities laws of other jurisdictions, including Canada, Australia, Japan and Hong Kong, and it does not expect to do so in the future. The Shares may not be offered or sold in the United States, Canada, Australia, Japan, Hong Kong or in any other jurisdiction in which the registration or qualification of the Shares is required but has not taken place, unless an exemption from the applicable registration or qualification requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to such provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or subscription rights.

2.3.9 Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company is a public limited company organised under the laws of Norway with the majority of its members of the Company's Board of Directors and Management residing in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

2.3.10 Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

2.3.11 Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK

The Shares will be priced and traded in NOK on the Oslo Axess and any future payments of dividends on the Shares will be denominated in NOK. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of Danske Bank (the "**VPS Registrar**"), being the Company's VPS registrar, to issue a check in a local currency, a check will be issued in USD. The issuing and mailing of checks will be executed in accordance with the standard procedures of the VPS Registrar. The exchange rate(s) that is applied will be the VPS Registrar's rate on the date of issuance. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

2.3.12 Market interest rates could influence the price of the Shares

One of the factors that could influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

3 RESPONSIBILITY FOR THE PROSPECTUS

3.1 The Board of Directors of Aqua Bio Technology ASA

This Prospectus has been prepared in connection with the Listing of the New Shares and the Subsequent Offering.

The Board of Directors of Aqua Bio Technology ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

13 February 2019

The Board of Directors of Aqua Bio Technology ASA

Eivind Cock
Chairman

Tone Bjørnov
Deputy chairman

Kristin Aase
Board member

Jan Håkan Ingemar Pettersson
Board member

Roger Hofseth
Board member

4 GENERAL INFORMATION

4.1 Presentation of financial and other information

4.1.1 Financial information

The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2016 and 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017 and 2016 are together referred to as the "**Financial Statements**".

The Group's unaudited interim consolidated financial statements as of, and for the six month periods ended, 30 June 2018 (with comparable figures for 2017) (the "**Interim Financial Statements**"), have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**").

The Financial Statements have been audited by Ernst & Young AS, as set forth in their report thereon included herein. The Interim Financial Statements have neither been audited or reviewed by any third party.

The Financial Statements and the Interim Financial Statements have been incorporated by reference into this Prospectus, please see Section 18.4 "Incorporation by reference".

The Company presents the Financial Information in NOK (presentation currency).

4.1.2 Non-IFRS financial measures

In this Prospectus and in Section 9.3 "Selected statement of comprehensive income" specifically, the Company presents certain non-IFRS financial measures:

- "**EBIT**", (Earnings before Interest and Tax) is a measure of the Group's profit that includes all expenses except interest and income tax expenses. EBIT measures has been included in this Prospectus to show the difference between the operating revenues and operating expenses of the Company.
- "**EBITDA**", (Earnings before Interest, Tax, Depreciation and Amortization) is a measure of the Group's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted.

The non-IFRS financial measures presented herein are not recognized measurements of financial performance or liquidity under IFRS, but are used by the Company to monitor and analyze the underlying performance of the Group's business and operations. In particular, non-IFRS financial measures should not be viewed as a substitutes for profit/loss for the period, profit/loss before tax from continuing operations, operating income, cash and cash equivalents at period end or other income statement or cash flow items computed in accordance with IFRS. The non-IFRS financial measures do not necessarily indicate whether cash flow will sufficient or available to meet the Group's cash requirements and may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The non-IFRS measures presented herein have not been audited or reviewed by any third party.

The Company has presented these non-IFRS financial measures in this Prospectus because it considers them to be important supplemental measures of the Group's performance and believes that they are widely used by investors in comparing performance between companies. Because companies calculate the non-IFRS financial measures presented herein differently, the non-IFRS financial measures presented herein may not be comparable to similarly defined terms or measures used by other companies. The non-IFRS

financial measures presented herein are also classified as alternative performance measures under the guidelines of the European Securities and Markets Authority.

4.1.3 Third party information

In certain Sections of this Prospectus, information sourced from third parties has been reproduced. In such cases, the source of the information is identified. Such third party information has been accurately reproduced, and as far as the Company is aware and is able to ascertain from information published by that relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4.1.4 Other information

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**USD**" are to the lawful currency of the United States, all references to "**NZD**" are to the lawful common currency of New Zealand and all references to "**EUR**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency. The Historical Financial Information is published in NOK.

4.1.5 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.2 Cautionary note regarding Forward-Looking Statements

This Prospectus includes Forward-Looking Statements that reflect the Company's current views with respect to future events and financial and operational performance. These Forward-Looking Statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These Forward-Looking Statements are not historic facts. They appear especially in the following Sections in this Prospectus, Section 6 "Industry and market overview" and Section 7 "Business of the Group", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that Forward-Looking Statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, Forward-Looking Statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the

outcome may differ materially from those set out in the Forward-Looking Statements. Important factors that could cause those differences include, but are not limited to:

- (i) implementation of its strategy and its ability to further expand its business and growth;
- (ii) the competitive nature of the business the Group operates in and the competitive pressure and changes to the competitive environment in general;
- (iii) earnings, cash flow, dividends and other expected financial results and conditions;
- (iv) fluctuations of exchange and interest rates;
- (v) changes in general economic and industry conditions, including changes to tax rates and regimes;
- (vi) changes in the legal and regulatory environment;
- (vii) the state of the Group's relationships with major customers, suppliers and joint venture partners;
- (viii) inadequacy of the Group's insurance to cover the Group's losses;
- (ix) political, governmental, social, legal and regulatory changes;
- (x) failure to retain and attract a sufficient number of skilled personnel;
- (xi) changes in and compliance with laws and regulations;
- (xii) access to funding; and
- (xiii) legal proceedings.

Some of the risks that could affect the Group's future results and could cause results to differ materially from those expressed in the Forward-Looking Statements are discussed in Section 2 "Risk Factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Group's business, financial condition, results of operations, cash flows, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These Forward-Looking Statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any Forward-Looking Statement, whether as a result of new information, future events or otherwise. All subsequent written and oral Forward-Looking Statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5 THE PRIVATE PLACEMENT

5.1 Background and use of proceeds

On 4 December 2018, the Company announced that it had received binding pre-commitments to subscribe for up to 4,610,000 new shares to be issued in a conditional private placement for gross proceeds of minimum NOK 10.5 million and maximum NOK 15 million (the "**Private Placement**") from certain larger shareholders and members of the Board. At the same time, it was announced that the 140 largest shareholders in the Company as of 4 December 2018 (the "**Cut-Off Date**"), as registered in the VPS on 6 December 2018 (the "**Record Date**"), and members of the Company's Board and Management (the "**Eligible Investors**"), was also offered to subscribe for new shares in the Private Placement. The Private Placement was in any case limited upwards to 149 investors in total.

The Private Placement consisted of an offer to subscribe between 4,200,000 and maximum 6,000,000 new shares (the "**New Shares**") in the Private Placement. Following the end of the application period, the Company had received applications for a total amount of NOK 11,735,000, implying issuance of 4,694,000 New Shares. The Private Placement was approved by the Company's extraordinary General Meeting on 7 January 2019.

The Private Placement was carried out to provide the Company with additional working capital until anticipated revenue generation is coming from its new business model. The Company has recently experienced quality issues related to product packaging, which has led to delayed turnover and growth of the Company's commercial activities and thereby the need for additional working capital.

The net cash proceeds of approximately NOK 11,060,000 from the Private Placement will be used for general corporate purposes and working capital related to the Company's products in its markets of operation.

5.2 The Private Placement – Overview

On 4 December 2018, it was publicly announced that Aqua Bio Technology launched a Private Placement with gross proceeds of up to NOK 15 million, with pre-committed subscriptions of NOK 11.525 million at that the application period in the Private Placement would commence on 5 December 2018 at 09.00 CET and end on 3 January 2019 at 16.30 CET. After the expiry of the application, the Company had received applications for an amount of NOK 11,735,000, implying issuance of 4,694,000 New Shares, each with a par value of NOK 2.50, at a subscription price of NOK 2.50 per New Share. Each Eligible Investor that applied for and were allocated New Shares, has also received one (1) Warrant per New Share actually subscribed and the Company has consequently issued 4,694,000 Warrants to subscribers in the Private Placement.

The Private Placement was directed towards the Eligible Investors, as described above.

Completion of the Private Placement was conditional upon the following conditions, which have all been satisfied at the date of this Prospectus:

- That the Company's extraordinary general meeting resolved a decrease of the Company's share capital with NOK 10,415,997 through a reduction of the par value of the Shares from NOK 4 to NOK 2.50, the share capital increase pertaining to the Private Placement and the issue of Warrants;
- Receipt of share deposit in the Private Placement; and
- Registration of the abovementioned share capital decrease, the share capital increase in connection with the Private Placement and the resolution to issue Warrants in the Norwegian Register of Business Enterprises.

The share capital increase pertaining to the Private Placement (and thereby the issuance of the New Shares) and the issuance of Warrants was resolved by the Company's extraordinary General Meeting on 7 January 2019.

The new share capital pertaining to the Private Placement and the resolution regarding the Warrants was registered in the Norwegian Register of Business Enterprises on 16 January 2019.

5.3 Resolutions regarding the Private Placement

On 7 January 2019, the extraordinary General Meeting of the Company resolved the following share capital increase pertaining to the Private Placement:

- (i) *The company's share capital is increased with NOK 11,735,000 through issue of 4,694,000 new shares (the "New Shares"), each with a par value of NOK 2.50.*
- (ii) *The subscription price per New Share shall be NOK 2.50.*
- (iii) *The New Shares may be subscribed by the investors and with the allocation set out in Appendix 3 to the minutes. The shareholders' preferential rights to subscribe for new shares pursuant to the Norwegian Public Limited Liability Companies Act section 10-4 are deviated from, cf. section 10-5.*
- (iv) *The New Shares will be subscribed for in the minutes of this general meeting.*
- (v) *The subscription amount shall be settled in cash payment to the Company's share capital increase account 8601.88.81472 within 9 January 2019.*
- (vi) *The New Shares shall carry full shareholder rights in the Company, including the right to dividends, from the time the share capital increase is registered in the Norwegian Register of Business Enterprises.*
- (vii) *Section 4 in the Company's articles of association is amended accordingly.*
- (viii) *The costs of the share capital increase are estimated to be NOK 600,000.*
- (ix) *The resolution is conditional upon the general meeting's approval of the Board's proposal for resolution in item 5 and 7, and that such resolutions are executed.*

On 7 January 2019, the extraordinary General Meeting of the Company resolved the following issuance of Warrants to the subscribers in the Private Placement:

- (i) *The Company shall issue 4,694,000 independent subscription rights (the "Warrants"), cf. the Norwegian Public Limited Liability Companies Act section 11-12.*
- (ii) *The Warrants may be subscribed by the investors and with the allocation set out in Appendix 3 to the minutes. The shareholders' preferential rights to subscribe for Warrants pursuant to the Norwegian Public Limited Liability Companies Act section 11-4 are deviated from, cf. section 10-5.*
- (iii) *The Warrants shall be subscribed for in the minutes of the general meeting.*
- (iv) *The Warrants shall be granted free of charge.*
- (v) *Each Warrant entitles the Qualified Investors to subscribe for one (1) new share through a cash payment of NOK 2.50 per share.*
- (vi) *The Warrants may be exercised in the period from 30 June 2019 to 1 September 2019. Investors who require issuance of shares through exercise of their Warrants shall receive these as effectively as practically possible after 1 August 2019 (for investors who have exercised*

Warrants prior to 31 July 2019) or after 1 September 2019 (for investors who has exercised their Warrants within 1 September 2019).

- (vii) The owner of Warrants shall not have shareholder rights upon changes to the Company's capital structure, including increase or decrease of the share capital, resolutions on issue of subscription rights or dissolution, merger, demerger or transformation of the Company.*
- (viii) Shares issued through exercise of Warrants shall be equal with the already issued shares, and shall include the right to dividends from the time the share capital increase is registered in the Norwegian Register of Business Enterprises.*
- (ix) The resolution is conditional upon the general meeting's approval of the Board's proposal for resolution in items 5 and 6, and that such resolutions are executed.*

5.4 The New Shares

The New Shares were issued as ordinary shares in accordance with Norwegian law. The New Shares will rank pari passu in all respects with the existing Shares and carry full shareholder rights in the Company from the date of registration of the share capital increase pertaining to the Private Placement in the Norwegian Register of Business Enterprises, i.e. 16 January 2019. The New Shares are eligible for any dividends which the Company may declare after said date. For a description of rights attached to the Shares, see Section 13.10 "Shareholder rights".

The New Shares have initially been issued in the VPS on a separate ISIN, but will be converted to the ordinary ISIN of the Company's Shares as soon as practically possible following the date of this Prospectus.

5.5 The Warrants

The Warrants issued to the subscribers in the Private Placement will give the holder the right to subscribe for one (1) additional share in the Company from and including 30 June 2019 to and including 1 September 2019 through a cash deposit of NOK 2.50 per share.

The Warrants may be exercised in the period from 30 June 2019 to and including 1 September 2019 by written notice to the Company, on the following address:

Aqua Bio Technology ASA
Fornebuveien 37
1366 Lysaker
Norway
E-mail: arvid@aquabiotech.no

Investors who require issuance of Shares through exercise of their Warrants shall receive these as effectively as practically possible after 1 August 2019 (for investors who have exercised Warrants prior to 31 July 2019) or after 1 September 2019 (for investors who have exercised their Warrants within the end of 1 September 2019). The Company will provide payment information for share deposits following exercise of one or more Warrants.

Warrants that are not exercised within the end of 1 September 2019 will lapse automatically without compensation to the holder.

The Warrants will be listed on Oslo Axess under ticker "ABT S" without undue delay after the date of this Prospectus. The Warrants have been issued in the VPS with ISIN NO 001 0841901.

5.6 Dilution

The Existing Shareholders who did not participate in the Private Placement was diluted by approximately 40% following the issuance of 4,694,000 New Shares in the Private Placement, and not taking into account exercise of any Warrants.

The Existing Shareholders who did not participate in the Private Placement and who does not participate in the Subsequent Offering will be diluted by approximately 41% following the issuance of 4,694,000 New Shares in the Private Placement and 220,500 Offer Shares in the Subsequent Offering, and not taking into account exercise of any Warrants³.

5.7 Private Placement Subscription Price

The subscription price of NOK 2.50 (the "**Private Placement Subscription Price**") was set through negotiations and consultations between the Management of the Company and the shareholders of the Company who made pre-commitments to subscribe for New Shares.

The Private Placement Subscription Price represented a 0.02% discount compared to the closing price for the Company's Shares on Oslo Axess on 4 December 2018.

The Private Placement Subscription Price was announced through the Oslo Børs' information system on 4 December 2018.

5.8 Allocation of the New Shares

The allocation of the New Shares were made by the Board, pursuant to the following allocation criteria:

- (i) New Shares allocated to members of the Board and Management, were made at the sole discretion of the Board;
- (ii) New Shares that were allocated pursuant to (i) above, were allocated to the Eligible Investors up to a number of New Shares which equals to a factor of their existing proportional shareholding and the total number of New Shares to be allocated to the Eligible Investors;
- (iii) The shareholders that pre-committed to subscribe for New Shares for an amount of NOK 11.525 were given a preferential right to subscribe for the remaining New Shares on a pro rata basis (based on the subscription commitments of the shareholders that pre-committed to subscribe for New Shares; and
- (iv) Any New Shares that were not allocated pursuant to (i) – (ii) above, were allocated to other Eligible Investors based on their proportional Shareholding.

5.9 Equal treatment and deviations from the preferential right of the Company's shareholders

The Company's extraordinary general meeting resolved that the provision on pre-emptive rights of the Existing Shareholders in the Companies Act Section 10-4 should be deviated from when issuing the New Private Placement. Such resolution also entailed a deviation of the provisions on equal treatment set out in the Norwegian Securities Trading Act section 5-14. The Existing Shareholders that participated in the Private Placement was given the opportunity to subscribe for a higher share of the Private Placement than their shareholding prior to the Private Placement.

³ Based on the maximum amount of Offer Shares being subscribed in the Subsequent Offering.

When considering the principles of equal treatment and deviations from the preferential rights of the Company's Existing Shareholders, reference was made to the fact that the Company needed to raise equity effectively for development of the Company's business model and to strengthen the Company's chances to succeed with its efforts within sales and marketing of existing products and with product development based on licensed ingredients.

Reference was furthermore made to the fact that the Private Placement Subscription Price constituted a minimal discount of 0.02% to the market price of the Company's Shares on closing of Oslo Axess on 4 December 2018. However, the Warrants have an exercise price that corresponds to the Private Placement Subscription Price, which implies a potential issuance of Shares at prices that deviates to a larger extent from the market price of the Company's Shares than the market price of the Company's Shares per 4 December 2018.

To limit the dilutive effect, the Board and the Company's extraordinary general meeting resolved to initiate the Subsequent Offering. Please refer to Section 16 "The Subsequent Offering" for further information on the Subsequent Offering.

Prior to the launch of the Private Placement, the Board considered alternative sources of financing, without finding these suitable. Reference was made to the fact that a rights offering probably not will provide the same amount of capital contribution and will, anyhow, not give the Company access to necessary capital as fast. Further, the Existing Shareholders who wish to subscribe for new shares in the Company will be able to subscribe for new shares in the Company through participation in the Subsequent Offering. Additional debt financing was not considered viable due to covenants in the Company's existing debt financing.

On this background, the Board considered that the deviation of these rules was justifiable and in the best interest of the Company and its shareholders.

5.10 Participation of major existing shareholders and members of the Company's Management

The following major shareholders and members of the Company's management, supervisory and administrative bodies participated in the Private Placement:

Name and position	New Shares and Warrants subscribed	Percentage of Private Placement subscribed
Roger Hofseth (director) (through wholly owned company Finnvik Eiendom AS)	1,500,000/ 1,500,000	31.96%
Jan Pettersson (director) (personally and through associated companies)	1,200,000/ 1,200,000	25.56 %
Kristin Aase (director) and related parties	600,000/ 600,000	12.78 %
Edvard Cock (chairman) (through wholly owned company Blixen Invest AS)	500,000/ 500,000	10.65 %
Haav Holding AS (major shareholder)	140,000/ 140,000	2.98 %

Apart from the shareholders mentioned above, no shareholder subscribed for more than 5% of the New Shares.

5.11 VPS registration and delivery of the New Shares

The New Shares were registered in the VPS under a separate temporary ISIN on 17 January 2019, and issued in accordance with the Companies Act. Upon approval and publication of this Prospectus, the New Shares will, together with the existing Shares, be registered in book-entry form with the VPS under ISIN NO 0010307135. The Company's register of shareholders with the VPS is administrated by Danske Bank, Søndre gate 13-15, NO 7466 Trondheim, Norway.

The New Shares will be tradable on Oslo Axess, and issued to the subscribers' respective VPS accounts immediately following approval of this Prospectus by the Financial Supervisory Authority of Norway and publication in accordance with applicable law.

5.12 Proceeds and expenses related to the Private Placement

The gross proceeds to the Company for the New Shares were NOK 11,735,000, all of which were cash proceeds.

The Company will bear the fees and expenses related to the Private Placement and the Listing, which are estimated to amount to up to approximately NOK 675,000. No expenses or taxes have been charged by the Company to the subscribers in the Private Placement. The net proceeds from the Private Placement will be approximately NOK 11,060,000.

5.13 Governing law and jurisdiction

This Prospectus and the terms and conditions of the Private Placement shall be governed by and construed in accordance with, and the New Shares have been issued pursuant to, Norwegian law. The Company has been incorporated under the Companies Act and all legal matters relating to the Shares will primarily be regulated by this act. Any dispute arising out of, or in connection with, this Prospectus or the Private Placement shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo as legal venue.

5.14 Advisors

Advokatfirmaet CLP DA acted as the Company's legal adviser in relation to the Private Placement.

5.15 Interests of natural and legal persons involved in the Private Placement

The Company is not aware of any interest of any natural and/or legal persons involved in the Private Placement.

6 INDUSTRY AND MARKET OVERVIEW

The Company operates within a highly competitive cosmetic market commercializing cosmetic ingredients as well as finished consumer products. The cosmetic market is a crowded and competitive market. The Company views manufacturer of organic skincare products and manufacturers of "Scandinavian" beauty products, including Nordic brands and ingredients, as its main competitors. Examples of such competitors include Tata Harper Skincare, Babor and REN Skincare. However, the Company's products will always compete with the products that are available from the sales outlets where the Company's products are available. The Company's products may thereby also compete with products from the very largest cosmetics manufacturers globally, such as L'Oreal, Procter & Gamble and Beiersdorf.

The Company's products include natural products based on ingredients originating from the hatching fluid from salmon eggs, and from algae, olives, as well as consumer products containing amongst other natural ingredients and botanicals.

The Company operates within two market segments, namely sales of cosmetic ingredients and sales of skincare products for consumers (for further information, please refer to Section 7.3 "Business concepts"). Within both market segments, the Company's main focus is meeting consumer wants and demands as well as market trends. With the consumer of today being more informed and having more access to information than before, the main consumer demands are currently to a large extent focused on natural and organic products that show the same efficacy or better than its synthetic counterparts (i.e. traditional cosmetic products). Products based on plant extracts and/or marine ingredients have shown a dramatic increase in consumer demand. Natural and/or organic products will typically target the higher end of the market, as both the manufacture of such products and the raw ingredients needed to make such products typically imply higher costs. The Company's ingredients and consumer products target the medium to high end of their respective market segments.

On a general basis, the target customers for the Company within the ingredients market are manufacturers and skincare brand owners on a global basis. For the Company's inlicensed skincare products, the Company will target the larger markets with higher commercial potential first. Examples of such markets are Germany, France, the United Kingdom, Spain, Portugal and Italy. Market size and potential in the Company's region typically follows population size and perceived usage of cosmetics per capita. The Company's strategy for the skincare products is primarily to collaborate with local distributors that have first hand knowledge of market size, potential and growth, which is showcased by the distribution agreements entered into with Tanner S.A. and Al Hafez Trading Est. The Company will assist its distributors in finalizing their strategy upon request from the distributor.

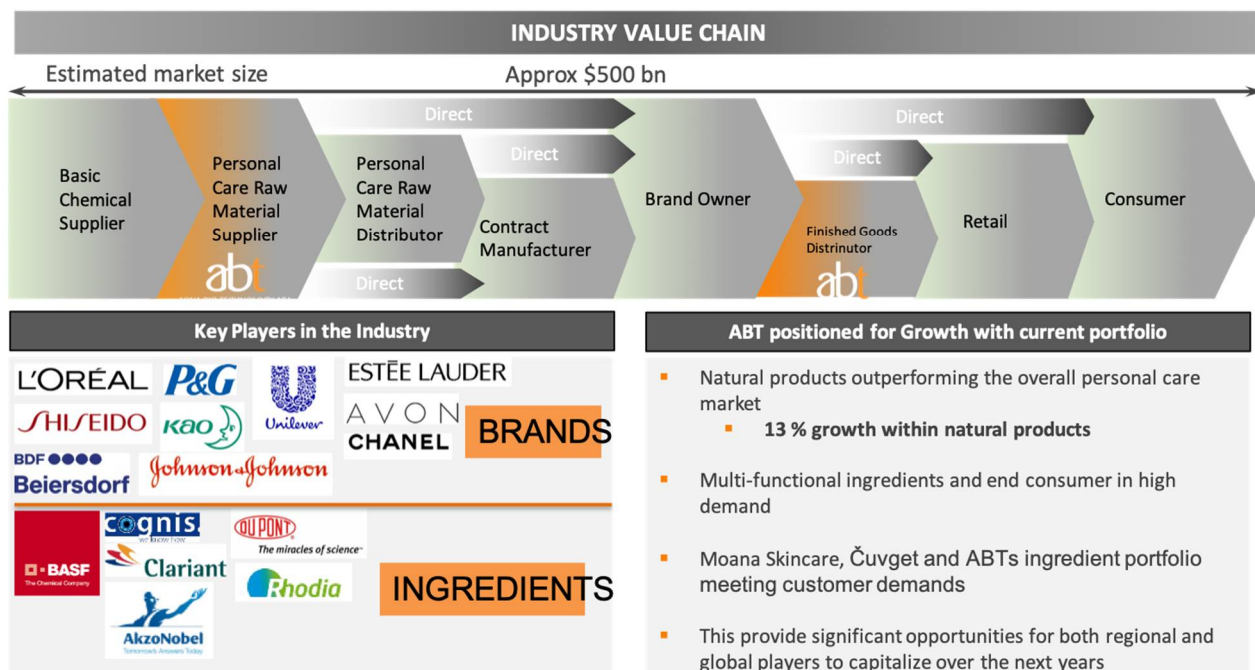
In 2016, the total beauty market was valued at about 437 billion US dollars. The Company's territories, Europe, Middle East and Africa was valued at 144 billion US dollars, or about 1/3 of the global beauty market⁴. Further to the above, the global skin care market is expected to grow at about a 4% CAGR to about 180 billion USD by 2024⁵. It is estimated that organic and natural products will be an important growth factor during this period⁶.

⁴ <https://www.statista.com/statistics/813635/global-market-value-of-beauty-product-by-region/>

⁵ <https://www.statista.com/statistics/254612/global-skin-care-market-size/>

⁶ <https://www.statista.com/statistics/297070/growth-rate-of-the-global-cosmetics-market/>

The illustration below shows the industry value chain in the beauty market, and ABT's place in this market.



Rounded figures. Sources: DataMonitor, Freedonia Group, BCC Research, Global Intelligence Alliance, WWD and Statista.

Within the European cosmetics market, Germany consumed the largest number of cosmetics in 2016, valuing at approximately 13.56 billion euros. This was followed by France and the United Kingdom, at 11.34 billion euros and 11.13 billion euros respectively. The cosmetics industry is showing an ever-growing increase in the European markets, with the value in both East and West Europe increasing year on year. The market value of beauty and personal care products in Western Europe reached approximately 83.4 billion euros in 2017 and was forecasted to increase by a further 2.5 billion by 2018. This number is significantly higher than than Eastern European countries due to the larger markets and higher populations. In East Europe, the market value for 2018 was estimated at 23.1 billion euros.

In 2017, the most sought-after cosmetic items in Europe were skin care products, accounting for a value of 20.7 billion euros. Toiletries and hair care products were the product categories ranking in second and third place, with market values of 19.64 billion euros and 14.84 billion euros, respectively⁷. Over the past ten years, sales in the global cosmetics market have shown a steady increase and a CAGR of about 4-5%. In comparison, within the global natural and organic personal care market sales have seen an unprecedented spike. This has encouraged a number of new companies to enter into this market segment. The global natural and organic personal care market is expected to show a CAGR of more than 13% going forward⁸.

In 2015, the cosmetic ingredients market worldwide was 21.4 billion USD. The market is expected to grow to 26.8 billion USD in 2020⁹. It is estimated that organic and natural ingredients will be an important growth factor during this period.

⁷ <https://www.statista.com/statistics/382100/european-cosmetics-market-volume-by-country/>

⁸ <https://www.statista.com/statistics/297070/growth-rate-of-the-global-cosmetics-market/> and

<https://www.statista.com/statistics/750779/natural-organic-beauty-market-worldwide/>

⁹ <https://www.statista.com/statistics/627786/market-size-of-cosmetic-ingredients-worldwide/>

In the Company's view, the key growth drivers in the natural and organic personal care market are products that show environmental awareness, that are "green" (based on natural ingredients) or "blue" (based on marine ingredients), products that are non-chemical, non-GMO, natural and organic. Superfoods (i.e. certain types of foods that are very rich in certain vitamins and minerals) is also a key growth driver. In general, innovative product developments and concepts is also a key growth driver. The Company believes its current product portfolio taps into all these growth drivers.

7 BUSINESS OF THE GROUP

7.1 Introduction

Aqua Bio Technology (ABT) is a Norwegian biotechnology company that both develops ingredients for cosmetics and markets ready-to-use skincare products manufactured by business partners. ABT directs its marketing efforts for ingredients towards industrial customers. The skincare products are marketed both directly towards consumers and through commercial partners.

The Company's ambition for the ingredients business model is to be a "commercial greenhouse" for bringing new biotechnology and ingredients to the cosmetics market. ABT seeks to obtain licenses from various players that does not on its own have the commercial competence or knowledge to develop cosmetic products, and ABT will, based on such license, seek to commercialize the relevant technology. ABT currently has three European partners within this business model, and intends to launch new ingredients in 2019.

In January 2017, the Company decided to expand its business model to also include marketing and sales of third party products to consumers and professional users. Within this skincare products business model, ABT markets and sell skincare products from two brand owners, and has the right to sell their products to consumers in Europe, the Middle East and Africa. It is the Company's ambition to further develop this business model going forward.

7.2 Aqua Bio Technology's vision

ABT's vision is to commercialize natural and sustainable skincare with documented cosmetic benefits that meet consumer needs and demands. The Company's strategy is to be a "commercial greenhouse" for bringing new biotechnology and ingredients to the cosmetics market as well as commercializing skincare products manufactured by business partners to primarily industrial customers but also individual consumers through its own web stores.

7.3 Business concepts

7.3.1 Ingredients

As part of the Company's business strategy, the Company seeks to commercialize cosmetic ingredients. The Company was built and incorporated on its proprietary hatching fluid technology that yielded several cosmetic ingredients, including Aquabeautine XL, which is the only cosmetic ingredient being commercialized today and which is licensed to Restorsea on an exclusive basis. The Company does currently only develop ingredients in cooperation with business partners. Going forward, the Company will continue to assess new biotechnology that it may be able to commercialize as cosmetic ingredients within this part of the business model.

The commercialization of the Company's proprietary hatching fluid technology was the first step in this business concept. The hatching fluid technology, and the patent filed to protect this technology, was the foundation for the incorporation of the Company. Through a lengthy development phase ranging from 2000 through 2011, the hatching fluid technology and the commercial concept evolved to achieve its breakthrough in 2012 through the signing of two exclusivity agreements with two US business partners. One of those exclusivity agreements is still in effect and currently forms the only revenue generating part of the Company's business concept related to ingredients. The Company generates revenue from the hatching fluid technology in the form of potential ingredient sales as well as royalty payments from its business partner. Further to the above, the Company expects renewal fee payments for extension of exclusivity in 2022 (USD 2.5M) and 2027 (USD 2.5M).

The second step of this part of the business model is to position the Company as a "commercial greenhouse" for new biotechnology and ingredients to the cosmetics market. Through its current network, through consultants, and through active searches within the cosmetic industry, the Company seeks to obtain licenses from various business partners that does not on its own have the commercial competence, or knowledge or funds to finalize cosmetic ingredients and products for commercialization. ABT will, based on such licenses, seek to commercialize the relevant technology within the cosmetic market. ABT currently has three European partners within this business model and expects to generate revenue from at least one of these partnerships in 2019. For the other two ingredients, the Company is working with its business partners to optimize the products and develop a financially sound business platform before launch.

In order to commercialize new technologies within the cosmetic market, the Company performs a series of assessments that involves; 1) assessment of the technology from a regulatory point of view (are there potential regulatory barriers that the Company believes it will be difficult to overcome?), 2) an efficacy point of view (does the technology meet consumer wants/needs?), 3) a scalability point of view (is it possible to manufacture the ingredient in such quantities to fulfill potential future demand?) as well as 4) the uniqueness of the technology (is it patented or is the technology protected through trade secrets?). Based on the assessments above, a market feasibility assessment is performed that involves, amongst other things, presenting the technology to select focus groups in order to get early feedback from potential future customers. All assessments taken together, a final cost-benefit assessment is done before the technology is presented to the Board of Directors for approval of investments in such technologies. If the Board of Directors give their approval, the Company will perform the necessary studies in order to gather the required documentation in order to best position the technology for commercial success.

With regards to the Company's cosmetic ingredient portfolio, these ingredients will primarily be attempted commercialized through the Company's network of distributors globally, however, brand owners may also be targeted directly in certain markets/regions.

The development and commercialization of ingredients traditionally follows a time-frame of about one-three years before the Company achieves revenues from such business. The research and development of new ingredients are typically made by the Company's business partners, which can typically be scientific-based companies or institutes, which work towards developing an ingredient that is ready to be commercialized (including through verification of characteristics and product properties of the ingredient and of assessment of the ability to successfully scale up production of the ingredient). Contact between the Company and potential business partners within the ingredients business concept is usually established at trade shows, seminars and conferences. When the ingredient is ready to be commercialized, the Company will be granted a license to market and sell the ingredient to manufacturers of cosmetics globally in exchange for an obligation to pay royalties to the business partner that has developed the ingredient. In addition to the royalty obligation, the Company has historically paid non-significant upfront fees to such business partners to fund research and development.

The Company's business partners within this business concept are AlgoSource, Zembra and Banco Español de Algas (BEA), where the ingredients/potential ingredients are Spirulysat®, Zand Exfoliator, and marine betaglacans, respectively.

7.3.2 Skincare products

The Company's skincare business concept include the commercialization and distribution/ sales of third-party consumer products directly to consumers and professional partners. The Company's business partners are existing brand owners and manufacturers of cosmetic products. ABT seeks to obtain exclusive licenses from its business partners for the commercialization of the products primarily in Europe, Middle East and Africa. This business concept was established to both reduce risk through diversification as well as

achieve an improved revenue potential, placing the Company in a larger part of the cosmetic product value chain. The Company also believes that being a cosmetic ingredient provider increases its credibility in the cosmetic consumer products market.

The time to revenue for consumer goods follows a different pattern than for ingredients and is typically 6-12 months after introduction to the market. Consumer goods typically have lower margins; however, this segment typically also generates larger volume sales.

The Company's commercial strategy for the product portfolio vary by type of product. In general, the short-term focus will be on available European markets (examples of such markets are Germany, France, the United Kingdom, Spain, Portugal and Italy). In addition to this, Moana Skincare will be promoted to high-end, key-opinion leaders in Scandinavia, Switzerland and Austria as well as Kuwait and Saudi Arabia. The Company's main strategy for Čuvget will be to get the product line accepted by pan-European retail chains (e.g. Sephora/Douglas/Marionnaud). In addition to this, the Company are also in advanced discussions for the distribution of Čuvget in the United Kingdom and United Arab Emirates. In the Nordic countries, Čuvget will be promoted to individual clinics and retails stores.

As a next step in the Company's commercial strategy the Company will attempt to establish a strong foothold in large and attractive markets in the Middle East.

The Company usually receives complete packaged products that are ready for distribution and sales from their partners within skincare products. However, the Company has recently experienced product quality issues for both Moana and Čuvget skincare brands related to product packaging, and this has caused delayed turnover and growth of the Company's commercial activities within this part of the business model and is the main reason for the need of additional working capital (which has been corrected with the Private Placement, cf. Section 5 "The Private Placement"). These issues have been addressed with both licensors. Although not required by contract, key personnel at the Company have assisted both licensors in correcting these issues through its competence and network of vendors and contacts, facilitating a thorough, cost-efficient and fast process. To secure a timely delivery of new and re-designed packaging of high quality, the Company has recently also provided necessary financing to the licensors through a pre-payment. The product packaging-related issues includes both primary packaging (packaging that contains the cosmetic product itself) as well as the secondary packaging (boxes containing the primary packaging). The product quality issues have impacted the commercial viability of the products concerned, and parts of those products have been unfit for sale.

The Company believes its products will strengthen its competitiveness with new packaging. Both consumer brands receive high customer satisfaction and brand approval amongst customers¹⁰. With product quality issues resolved and availability of new key products, the Company has, for Čuvget, re-engaged its primary strategy to target pan-European retail chain distribution (e.g. Douglas, Marionnaud, Sephora) within its territory (Europe, Middle East, Africa (EMEA)) where a go/no go decision is expected by May 2019. Several distributor leads are ready to be engaged in case a "no go-decision" is received in May 2019.

The Company has to date two distributor agreements covering the skincare products. In August 2017, the Company entered into a distributor agreement with Tanner s.a. which gives the distributor exclusive rights for commercializing Moana Skincare and Cuvget in Germany, Austria and Switzerland. Even though Čuvget is covered by this agreement, this will not come into effect if the Company's pan-European commercial strategy for Čuvget is completed.



The second distributor agreement is for Kuwait and with the distributor Al Hafez. This distributor agreement currently covers Moana Skincare only.

¹⁰ This statement is based on informal feedback from customers and professional partners.

7.4 Products/ ingredients

7.4.1 Product portfolio summary

The figure below shows a summary of the Company's product portfolio, which is further described below in this Section 7.4 "Products/ ingredients".

	CATEGORY	REGION	STATUS	SALES EXPECTATIONS (2019; in NOK 1000)
AQUABEAUTINE XL®	Ingredient	Outlicensed exclusively to US Partner		200 - 400
	Consumer Products	Europe, Middle East, Africa (EMEA)	On market	4 750 - 11 800
	Consumer Products	EMEA	On market	3 800 - 9 050
SPIRULYSAT®	Ingredient	GLOBAL	On market	100 - 1 000
Banco Español de Algas	Ingredient	GLOBAL	Development	No sales expected 2019
ZAND™	Ingredient	GLOBAL	On hold	No sales expected 2019

7.4.2 Aquabeautine XL

Aquabeautine XL, the first-generation ingredient from the Company's proprietary hatching fluid technology, is a unique combination of a protease, polypeptides and egg shell proteins. The raw material used in the manufacture of Aquabeautine XL is collected as a by-product after fertilized salmon eggs hatch. This hatching fluid is considered as a waste product in the fish industry.

In contrast to other cosmetic ingredients that is extracted from salmon eggs, Aquabeautine XL is extracted from the hatching water resulting from hatching of fertilized salmon eggs while the rest of the industry utilize ingredients/products extracted from non-fertilized salmon eggs. The process of collecting the hatching water, as well as the manufacture and use of Aquabeautine XL, is protected by both trade secrets and patents.

The protease is secreted by specific cells of the fish larva during the hatching stage of its development. This component of Aquabeautine XL is not found in other salmon-based cosmetic ingredients in the cosmetic market. The protease helps the delicate baby fish get out of its eggshell by digesting the tough, fibrous protein structure of the egg shell, without harming the fish larvae itself. The protease mimics skin enzymes and degrades corneodesmosomes, specific cell binding sites in the stratum corneum/upper layers of the skin. Dead skin cells are gently removed without harming the living skin cells beneath. The resulting effect is microexfoliation, an important process in optimizing the effects of cosmetic products.

The polypeptides in Aquabeautine XL are also specific to hatching water from fertilized salmon eggs. These polypeptides are secreted by specific cells of the fish larva and help to protect the baby fish against the harsh environment once it is born. On the skin the polypeptides provide an anti-ageing effect through stimulation of growth and the differentiation of new skin cells.

The egg shell proteins in Aquabeautine XL are hydrolysed by the protease within the fish egg resulting in proteins that promote transport and retain moisture into the stratum corneum/upper skin layer and replenish the skin.

7.4.3 Moana Skincare

General information

The Company holds an exclusive license to commercialize Moana Skincare, a skincare line developed in New Zealand, in Europe, Middle East and Africa. The entire product line consists of 13 products for women, 2 products for men, and 4 products for babies. The Company will focus on the commercialization of products for women and men in the first phase and consider the baby products for future commercialization.

Moana Skincare is inspired by the pristine nature and oceans of New Zealand. The uniqueness lies in utilizing premium botanicals from New Zealand. In addition to this, Moana Skincare products contain a proprietary native red seaweed which contains polyglycans important for important anti-ageing effects. These marine polyglucans are extracted into the proprietary ingredient, Glycoplus®, and are able to penetrate deep into your skin with extreme antioxidant effect, representing a truly "superfood" for your skin.

New Zealand is one of the most pristine countries in the World and its government goes far and beyond to protect its oceans and nature. The strict rules and regulations put in place by the government also applies to their definition and certification process of organic products. The Moana Skincare brand has obtained a Certified Organic status through its AsureQuality, the New Zealand Government's body for governing these processes and definitions.

A 14-day clinical study showed that Moana skincare provided 60-hour hydration of the skin an effect, 8 to 10 times higher than traditional cosmetics. Skin hydration and antioxidant effect is key for multiple skin benefits, supporting the skin's free-radical defence and importance for anti-ageing properties, improving the skin barrier function though boosted nutrient reservoirs in the skin, promoting a flawless skin appearance.

Altogether, Moana Skincare is a Certified Organic skincare line that meets consumer demands for efficacy, natural alternatives as well as providing effects through advanced glybiology, helping your skin help itself.

Product line

The Moana Skincare product line is mainly targeted towards women and men above the age of 30, and consist of the following products:

Moana Skincare	Tau	Moana Baby
Toner	Serum	Protecting balm
Serum	Moisturiser	Oil
Renewal Day Cream		Lotion
Oil		Calming Cream
Nourishing Cream		
Night Repair Serum		
Night Repair Complex		
Moisturiser		
Make-Up Remover		
Instant Lifting Mask		
Gentle Exfoliator		

Eye Firming Gel
Cleansing Milk



Moana Skincare Product lineup



7.4.4 Čuvget

General information

The Company holds an exclusive license to commercialize Čuvget, a Norwegian skincare line, in Europe, Middle East and Africa. The entire product line consists of 6 products however, additional products may be added to the product portfolio in the near future.

The Norwegian arctic region has one of the coldest and harshest climatic conditions in the world, yet remains one of the most beautiful and purest places on earth. Arctic species have through natural evolution, acquired a unique ability to survive both the extreme cold and darkness of winter, and the exposure of the blazing summer sun. Years of uncompromising research has enabled Čuvget to utilize some of the most potent properties from arctic species to create what we call: a skin care revolution.

Čuvget utilizes several unique ingredients to achieve its cosmetic benefits. Arctic Čaga™ extract, an ingredient which origin is from a rare species of fungus growing on the bark of birch trees in the Northern hemisphere is one of the unique ingredients in Čuvget. Arctic Čaga™ extract contains, amongst other things, betaglacans and antioxidants making this a very potent contributor to the cosmetic benefits. In addition to this Čuvget marries the best ingredients from nature with the best from science in state-of-the-art formulations that give anti-ageing effects like reduced signs of ageing as well as skin rejuvenation.

The scientific evidence supporting Čuvget and its effects includes Arctic Čaga™ extract's ability to reduce cell oxidative damage within 60 minutes after application. Further to this, the unique antioxidant properties in of ingredients used in Čuvget have shown that this reduction is up to 80% measured in a cellular antioxidant activity assay.

Altogether, Čuvget marries the unique effects of natural, arctic ingredients with the best science to provide consumers with an anti-ageing skincare line that meets consumer demands for efficacy. The Company

believes that Čuvget targets a different consumer than Moana Skincare allowing the Company to have a broader reach and the potential to generate additional revenue from the cosmetic market, as the main strategy for Čuvget is to have product line accepted into the assortment of a pan-European retail chain (e.g. Sephora/Douglas/Marionnaud), which will (if successful) give Čuvget a broader reach than the Moana Skincare line. Further, the Moana Skincare line is more focused towards consumers that prefer natural and organic products.

Product line

The Čuvget product line is mainly targeted towards women above the age of 30, and currently consist of the following products; Exfoliating Enzyme Foaming Cleanser, Instant Vitamin Ampoules, Stimulating Serum, Protective Day Cream, Renewal Night Cream and Eye Contour Cream.

Čuvget product line



7.4.5 Spirulysat

The Company holds a global, exclusive license for Spirulysat[®] from Algosource within cosmetics. Spirulysat[®] is a novel and unique combination of a strong antioxidant and vitamin-boosted spirulina for cosmetic use, combining the unique effects of commodities like spirulina and phycocyanin into a state-of-the-art cosmetic ingredient. This unique combination of actives gives manufacturers and brand owners a potent and effective cosmetic ingredient that, in the Company's opinion, meet consumer wants and need. ABT estimates revenue from Spirulysat[®] in 2019.

7.4.6 Marine betaglucans

The Company entered into a development project with Banco Español de Algas ("BEA") in 2017. The goal of the development project is to explore new and innovative marine resources for the production of marine betaglucans that can be commercialized as an ingredient in the cosmetic market. The Company believes that marine betaglucans meet consumer demands and trends in an otherwise crowded cosmetic ingredient market and that this has a strong potential in the cosmetic products. Product candidates have been identified and the Company is working with BEA to further develop these. Revenues from sales are not expected before 2020.

7.4.7 ZAND

The Company holds a global, exclusive license for Zand from Zembra UK within cosmetics. Zand Exfoliator is an environmentally-friendly exfoliator sourced from olive kernels for cosmetic use that also has additional cosmetic benefits. The product combines unique exfoliation properties with additional antioxidant benefits from tannins and terpene acids. Zand Exfoliator represents a unique combination of exfoliation and antioxidant benefits and gives manufacturers and brand owners an environmental-friendly and effective cosmetic ingredient that, in the Company's opinion, meet consumer wants and need. The licensors manufacturing costs are, today, high and this limits market access for Zand Exfoliator. The Company is working with the licensor to assess if an improved cost-benefit ratio is possible to achieve. The Company does not believe Zand Exfoliator will generate revenue in 2019.

7.5 History and important events

Aqua Bio Technology ASA was incorporated on 14 April 2000 under the name of Kilda Biolink AS, however, the Company has its roots back to the 1990s, more specifically to the application of a patent in 1997 that became the basis of its incorporation. The Company has its roots in the aquaculture industry and has throughout many years in close collaboration with research environments discovered and developed several products from its proprietary technology.

The table below provides an overview of key events in the history of the Company:

Date	Important event
April 2000	Kilda Biolink AS (the Company's predecessor) was incorporated
2002-2003	Kilda Biolink AS granted approval in US for 1997 patent application
February 2004	Aqua Bio Technology AS incorporated
2005	Aqua Bio Technology AS commercializes Zona Skin series in Norway
2006	Aqua Bio Technology AS applies for SMIDS patent
2007	Kilda Biolink AS acquires 100% of shares in Aqua Bio Technology AS
October 2007	Kilda Biolink AS and Aqua Bio Technology AS exchange names
2007	Aqua Bio Technology AS is transformed into a public limited liability company
January 2008	Aqua Bio Technology ASA listed on Oslo Axess
October 2008	Aqua Bio Technology ASA divests its consumer products to Zona Nordic AB
January 2009	Aqua Bio Technology ASA and Zona Nordic AB settles legal dispute
May 2011	Aqua Bio Technology ASA and Aquazyme sign license agreement
February 2012	Aqua Bio Technology ASA and Access Business Group sign license agreement
March 2012	Aqua Bio Technology ASA and Restorsea LLC sign license agreement
September 2012	Aqua Bio Technology ASA and Restorsea LLC extend license agreement
July 2014	Aqua Bio Technology ASA and Restorsea LLC settle legal dispute and strengthen cooperation model by further broadening the license agreement
March 2016	Aqua Bio Technology ASA and Algosource sign license agreement for Spirulysat
March 2016	Aqua Bio Technology ASA and Zembra sign license agreement for Zand
January 2017	Aqua Bio Technology ASA and Scandiderma AS sign license agreement for Cuvget

January 2017	Aqua Bio Technology ASA and Moana Skincare Ltd sign license agreement for Moana Skincare
August 2017	Aqua Bio Technology ASA and Tanner s.a. sign distribution agreement for Germany, Switzerland and Austria
April 2018	Aqua Bio Technology ASA and Al Hafez Trading Est. sign distribution agreement for Moana Skincare in Kuwait

7.6 Legal proceedings

The Company is currently involved in three legal disputes, and settled another legal dispute in February 2018, all of which are described below.

Apart from those disputes described below, neither the Company nor any other company in the Group is, nor has been, during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

7.6.1 Dispute with Access

The Company has previously had a legal dispute with its former customer Access Business Grup International LLC ("**Access**"). In March 2016, Access filed a Complaint and an Application for a Temporary Restraining Order and Preliminary Injunction with a federal court in New York, claiming violation of a contractual obligation to deliver an ingredient for use in cosmetics, among other claims. The court denied Access' Application, and the parties each pursued claims in arbitration venued in London, UK, pursuant to the dispute resolution mechanism originally agreed between the parties. ABT contested Access' claims and believes it fulfilled all aspects of its contract with Access.

The dispute with Access was settled in February 2018, to reduce the ongoing litigation and arbitration costs and to allow Management to focus fully on the commercialization of the Company's product offering. Pursuant to the settlement, ABT paid USD 15,000 to a charitable organization.

The dispute with Access was a significant burden for ABT through almost two years, and the legal costs of the case was very high. Prior to the settlement, ABT incurred costs of approximately NOK 20 million related to the dispute and the costs adversely impacted ABT's financial results.

7.6.2 Dispute with Zona Nordic

Zona Nordic AB ("**Zona Nordic**"), a Swedish company, has filed a complaint against the Company in the Helsingborg District Court, claiming that ABT has not fulfilled its obligations under a settlement agreement from 2009. The claim is for damages valued at NOK 12,180,000 with the addition of interest, and has been calculated based on the assumed market value of the alleged remaining delivery obligation of ABT.

The settlement agreement stated that ABT had to pay NOK 3 million and supply ingredients for one of Zona Nordic's product lines as needed until 2017. ABT has paid any and all amounts due and fulfilled all orders from Zona Nordic during the term of this agreement. The complaint appears to come as a result of ABT rejecting an offer to buy Zona Nordic's product line for a material cash payment. The purchase of the Zona Nordic's product line was set as a condition by Zona Nordic, otherwise Zona Nordic would place a historically large order at the end of the term of the agreement. From a commercial perspective, ABT did not consider the product line to be interesting, and since Zona Nordic could not document their need for the ingredient, ABT chose to end the negotiations. Zona Nordic's complaint is based on the fact that ZN placed an order, at the very end of the term, which corresponded to more than 8 times the accumulated

volume during the 8-year term of the agreement. This order was placed at the same time as ABT delivered a volume of the ingredient equal to the accumulated orders over the past 8 years, while the ingredient's shelf life is only 2 years. ABT rejects that there is a basis for any claim against the company. The case is expected to come up before Helsingborg District Court during autumn 2019.

7.6.3 Dispute with Aquazyme

Aquazyme has claimed that ABT owes royalties in an amount of NOK 8 million under the existing license agreement between the companies, thereby calculating royalty payments on the exclusivity payments in addition to royalties on ABT's income from sales of product's covered by the license agreement. ABT rejects that there is a basis for such an understanding of the license agreement, which is not in line with the wording of the agreement and how the parties have practiced and understood the agreement for several year. Aquazyme's new understanding of its agreement came in conjunction with the parties' discussion on how to solve ABT's outstanding claim of NOK 2.5 million for advance delivery of Zonase, the precursor/ old name of Aquabeautine XL, to Aquazyme. Aquazyme currently claim that ABT's claim is invalid and has been time-barred. The parties are in ongoing discussions to see whether a joint understanding can be found. No guarantee can be made of a successful outcome of the discussions or a future dispute which would be subject to arbitration.

7.6.4 Dispute with former employee

A former part time (20%) employee of ABT claims that the Company's termination of his engagement is invalid and that he therefore is entitled to damages and the right to stay in the position. Although the Company rejects that the termination is invalid and there is basis for a claim for damages, no guarantee can be made of a successful outcome if the claim is brought before the court.

7.7 Material contracts

Neither the Company nor any member of the Group has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, the Group has not entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

However, the Company's agreements with its partners within sales of ingredients and ready-to-use products are considered material to the Company as of the date of this Prospectus, and summaries of those are given below. The agreements described below are subject to strict confidentiality clauses, and the Company can not provide further information about the agreements than what is stated below.

7.7.1 Aquazyme Technology AS

In May 2011, the Company entered into a license agreement with Aquazyme giving the Company rights to commercialize the component leukolectin for cosmetic use. Under the agreement, ABT pays Aquazyme an annual license fee of 0.5MNOK and Aquazyme may receive royalties calculated from net product sales of leukolectin-containing products. The Company use hatching fluid as a raw material in the production of Aquabeautine XL.

7.7.2 Restorsea

In March 2012, the Company entered into an agreement with Restorsea LLC for Restorsea's exclusive use of ABT's ingredient Aquabeautine XL as a key ingredient in a line of facial skincare products. The agreement was extended in 2017.

Under the agreement, the Company receives royalty from Restorsea's net sales of ingredients and consumer products. Further, the Company expects to receive renewal fees for extension of the exclusivity in 2022 (with USD 2.5 million) and in 2027 (with USD 2.5 million).

7.7.3 ScandiDerma

In January 2017, the Company entered into an agreement with Norwegian company ScandiDerma AS granting the Company exclusive rights for sales and distribution of the Čuvget product line in the EMEA region. The Company is also granted the right to sublicense to distributors in local markets in the EMEA region.

Under the agreement, the Company purchases products from ScandiDerma AS which are subsequently resold to the customers of the Company with an additional customary margin.

Initially, the agreement contained an option for the Company to acquire all shares in ScandiDerma, and the Company exercised this option in December 2017. However, following due diligence investigations, the Company and ScandiDerma re-negotiated the distribution agreement in February 2018 with an increased collaboration and better purchasing terms. The Company expects to resume discussions regarding a possible acquisition of ScandiDerma in the first quarter of 2019.

7.7.4 Moana SkinCare

In January 2017, the Company entered into an agreement with Moana SkinCare of New Zealand for the distribution and sale of Moana's skincare products in the Europe and the Middle East. ABT has been awarded exclusivity for distribution and sales of the products in the EMEA region for Moana's portfolio of 19 skincare products, and in addition for any new products that are developed by Moana.

Under the agreement, the Company purchases products from Moana Skincare which are subsequently resold to the customers of the Company with an additional customary margin.

The agreement has a term of eight years. Under certain conditions, ABT has the option to acquire up to 30 % of the shares in Moana SkinCare. Further, if the owner of Moana SkinCare should decide to sell all shares in that company, ABT has a right of first refusal for all shares in the company.

7.7.5 Tanner

In August 2017, the Company entered into an agreement with the Swiss company Tanner S.A., which gives Tanner the exclusive right to distribute and sell the Čuvget and Moana SkinCare products to end users and stores, skin care clinics etc., in Germany, Switzerland and Austria.

Under the agreement, the Company sells products to Tanner, which Tanner in turn sell to their customers with an additional margin.

The agreement has an initial term of three years, however Tanner has a right to extend the term if Tanner achieves certain minimum volumes set out in the agreement.

7.7.6 Al Hafez

In April 2018, the Company entered into an agreement with Al Hafez Trading Est., which gives Al Hafez exclusive rights to the distribution of the Moana Skincare product portfolio in Kuwait. The agreement applies to seven products, with the possibility of expanding to more products and markets. The products

may be marketed, distributed and sold to consumers and professional users, as well as retail outlets, skin care clinics etc.

Under the agreement, the Company sells products to Al Hafez, which Al Hafez in turn sell to their customers with an additional margin.

The agreement has an initial term of 2.5 years, with the right to extension if common expectations of the agreement are met.

7.8 Applicable laws and regulations

The Company have to ensure compliance with Regulation (EC) N° 1223/2009 on cosmetic products which is the main regulatory framework for finished cosmetic products when placed on the EU market. It strengthens the safety of cosmetic products and streamlines the framework for all operators in the sector. The regulation simplifies procedures to the extent that the internal market of cosmetic products is now a reality.

Regardless of the manufacturing processes or the channels of distribution, cosmetic products placed on the EU market must be safe. The manufacturer is responsible for the safety of their products and must ensure that they undergo an expert scientific safety assessment before they are sold. A special database with information on cosmetic substances and ingredients, called CosIng, enables easy access to data on these substances, including legal requirements and restrictions.

Cosmetics legislation at EU level also:

- requires that all products to be marketed in the EU must be registered in the Cosmetic Products Notification Portal (CPNP) before being placed on the market
- requires that some cosmetic products are given special attention from regulators due to their scientific complexity or higher potential risk to consumer health
- ensures that there is a ban on animal testing for cosmetic purposes
- makes EU countries responsible for market surveillance at national level

The Company have to ensure compliance with REACH which is the Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals if the Company engages in business where substances are manufactured or imported into the EU in quantities of 1 tonne per year or more. The Company does not currently fall within the REACH Regulation.

In territories outside Europe, the Company will seek to enter into agreements with business partners that would themselves be responsible for local regulations that would potentially differ from the European regulation. The Company will assist its business partners in providing necessary information to obtain regulatory approval in local markets if needed.

7.9 Research and development, patents and licenses

7.9.1 Research and development expenses

The Company incurs development expenses in relation to development of products for sale. This is an ongoing process, which commence at the start of the research phase of a cosmetic products and runs until the products have been launched. The development expenses incurred by the Company generally relate to services purchases from scientific institutes and laboratories to obtain better documentation of positive effects of the Company's products and ingredients and, to the extent possible, eliminate the possibility of negative effects. Such documentation is required by larger manufacturers of cosmetics products prior to

entering into negotiations and ingredients regarding use of ABT's ingredients in their own products. Apart from the above, the Company does not have any specific research and development policy.

For the period covered by the historical financial information, the Company has not incurred any significant development expenses or other research and development expenses.

7.9.2 Patents

ABT relies upon certain proprietary confidential information, trademarks, unpatented know-how, unpatented trade secrets and improvements and continuing technological innovation to develop and maintain its competitive position. On the date of this Prospectus, the Company has patents and pending patent applications in 7 patent families consisting of 104 granted patents and 31 pending patent applications. A breakdown of the patents is set out below:

Leukolectins

This family contains 12 granted patents and 2 pending applications. Notably, the international patent application under these patents was filed in the name of Leukolect AS. However, Aqua Bio Technology ASA has been licensed rights under the application, through its agreement with Aquazyme Technology AS (for further information, please refer to Section 7.7.1 "Aquazyme Technology AS").

The international patent application has entered various national and regional phases as set out below. Patents have been granted in most countries in which protection has been sought. However, there are still several pending applications in Brazil and India. In countries where patents are granted and maintained, protection will expire no earlier than 29 November 2029.

These patents/applications relate to proteins obtainable from salmon hatching fluid and nucleic acid molecules encoding said proteins. In particular, the proteins and/or nucleic acid molecules may be provided in pharmaceutical compositions, especially in pharmaceutical and cosmetic compositions for treating or preventing an autoimmune disorder, an inflammatory disorder or damaged skin in animals.

Country	Official No.	Application Status	Applicant/ Patentee
Australia	2009309477	Granted (2 April 2015)	LL ¹¹
Brazil	PI0920101-7	Pending	LL ⁹
Canada	2741823	Granted (20 November 2018)	LL ⁹
Chile	56.695	Granted (31 October 2018)	LL ⁹
China	200980143206.7	Abandoned/Lapsed	LL ⁹
India	4040/DELNP/2011	Abandoned/Lapsed	LL ⁹
India (divisional)	201718023191	Pending	LL ⁹
Japan	2011-533811	Granted (9 May 2014)	LL ⁹
Mexico	MX/a/2011/004483	Granted (3 October 2014)	LL ⁹
New Zealand	592911	Granted (23 May 2013)	LL ⁹
Republic of Korea	10-2011-7011985	Granted (1 October 2014)	LL ⁹
Russian Federation	2011121616	Granted (20 September 2014)	LL ⁹
South Africa	2011/03456	Granted (29 August 2012)	LL ⁹
US	US 9260498	Granted (16 February 2016)	LL ⁹

¹¹ Leucolect AS

US (divisional)	US 10124034	Granted (13 November 2018)	LL ⁹
European Patent Office	EP 2358745	Granted (29 November 2017)	LL ⁹
EP (United Kingdom)	"	"	"
EP (Austria)	"	"	"
EP (Belgium)	"	"	"
EP (Cyprus)	"	"	"
EP (Denmark)	"	"	"
EP (Finland)	"	"	"
EP (France)	"	"	"
EP (Germany)	"	"	"
EP (Greece)	"	"	"
EP (Ireland)	"	"	"
EP (Italy)	"	"	"
EP (Luxembourg)	"	"	"
EP (Monaco)	"	"	"
EP (Netherlands)	"	"	"
EP (Portugal)	"	"	"
EP (Spain)	"	"	"
EP (Sweden)	"	"	"
EP (Switzerland/Liechtenstein)	"	"	"

Choriolysin L/VAPs

This family contains 14 granted patents and 7 pending applications. Notably, 2 of the pending applications are accepted and will be granted in due course. One of the accepted applications is a European application which will result in a number of granted patents based on the countries in which the patent is validated.

The international patent application has entered various national and regional phases as set out below. Patents have now been granted in most countries in which protection was sought. However, there are still several pending applications in Brazil, Chile, India and Vietnam. Notably, applications in Canada and Europe have been accepted and will proceed to grant in 2019. In countries where patents are granted and are maintained, protection will expire no earlier than 30 November 2030.

The compositions defined in the application contain choriolysin L (LCE) and/or VAPs (Very Acidic Proteins), e.g. for use in exfoliating and/or moisturizing skin of animals. Choriolysin L/VAPs are components of the Company's proprietary hatching fluid technology and may be important for future product development but also may serve a purpose of protection for the Company's current hatching fluid ingredient. No current products are solely based on Choriolysin L/VAPs today.

Country	Official No.	Application Status	Applicant/ Patentee
Australia	2010323022	Granted (27 August 2015)	ABT ASA
Australia (divisional)	2015202010	Granted (3 August 2017)	
Brazil	BR11 2012 012909 0	Pending	ABT ASA
Canada	2781834	Accepted	ABT ASA
Chile	2012-1380	Pending - Opposed by Asociacion Industrial de Laboratorios Farmaceuticos AG	ABT ASA

China	201080054198.1	Granted (27 July 2018)	ABT ASA
China (divisional)	201410670596.6	Granted (11 August 2017)	ABT ASA
India	4918/DELNP/2012	Pending	ABT ASA
Japan	JP5913117	Granted (8 April 2016)	ABT ASA
Mexico	MX340231	Granted (1 July 2016)	ABT ASA
New Zealand	600499	Granted (6 January 2015)	ABT ASA
New Zealand (divisional)	627941	Granted (1 May 2015)	ABT ASA
Republic of Korea	KR 10-1842521	Granted (21 March 2018)	ABT ASA
Russian Federation	RU 2595399	Granted (27 August 2016)	ABT ASA
South Africa	2012/04066	Granted (28 August 2013)	ABT ASA

Aquabeautine L

This family contains 27 granted patents and 5 pending applications. Notably, 1 of the pending applications is accepted and will be granted in due course.

The International application has entered various national and regional phases as set out below. Patents have been granted in most countries in which protection was sought. However, there are still pending applications in Canada, India, South Korea and the US. In countries where patents are granted and are maintained, protection will expire no earlier than 25 June 2032.

The number of granted patents includes all of the countries in which the European patent was validated.

These patents/applications relate to the use of hatching fluid enzyme containing cosmetic compositions, and products, materials and devices impregnated with said compositions, for use in improving the appearance of the skin of a mammalian animal. The application also relates to methods for preparing the cosmetic compositions.

Country	Official No.	Application Status	Applicant/ Patentee
Australia	2012273930	Granted (18 April 2017)	ABT ASA
Brazil	BR112013033303-0	Granted (18 December 2018)	ABT ASA
Canada	2839634	Pending	ABT ASA
China	201280031230.3	Abandoned/Lapsed	ABT ASA
India	554/DELNP/2014	Pending	ABT ASA
Hong Kong	HK1197179	Granted (8 June 2018)	ABT ASA
Japan	JP6091502	Granted (17 February 2017)	ABT ASA
New Zealand	NZ620207	Granted (30 March 2016)	ABT ASA
Republic of Korea	10-2014-7002058	Pending	ABT ASA
Russian Federation	RU 2595823	Granted (4 August 2016)	ABT ASA
South Africa	2014/00558	Granted (26 August 2015)	ABT ASA
US	US10017552	Granted (10 July 2018)	ABT ASA
US (divisional)	16/010962	Pending	ABT ASA
European Patent Office	EP 2723311	Granted (8 November 2017)	ABT ASA
EP (United Kingdom)	"	"	"
EP (Austria)	"	"	"
EP (Belgium)	"	"	"
EP (Denmark)	"	"	"
EP (Finland)	"	"	"
EP (France)	"	"	"

EP (Germany)	"	"	"
EP (Greece)	"	"	"
EP (Hungary)	"	"	"
EP (Iceland)	"	"	"
EP (Ireland)	"	"	"
EP (Italy)	"	"	"
EP (Netherlands)	"	"	"
EP (Norway)	"	"	"
EP (Poland)	"	"	"
EP (Portugal)	"	"	"
EP (Romania)	"	"	"
EP (Spain)	"	"	"
EP (Sweden)	"	"	"
EP (Switzerland/Liechtenstein)	"	"	"

Aquabeautine XL

This family contains 27 granted patents and 5 pending applications. Notably, 2 of the pending applications are accepted and will be granted in due course.

The International application has entered various national and regional phases as set out below. Patents have been granted in most countries in which protection was sought. However, there are still pending applications in Brazil, Canada, India, South Korea and the US. Notably, the applications in Canada and South Korea have been accepted and will be granted in 2019. In countries where patents are granted and are maintained, protection will expire no earlier than 25 June 2032. The number of granted patents includes all of the countries in which the European patent was validated.

These patent applications relate to the use of *Salmonidae* hatching fluid enzyme containing cosmetic compositions, and products, materials and devices impregnated with said compositions, for use as a skin anti-aging product for reducing the prevalence of wrinkles, fine lines, hyperpigmentation, laxity, dry skin, scaling and/or transepidermal water loss in the skin of a mammalian animal. The application also relates to methods for preparing the cosmetic compositions.

Country	Official No.	Application Status	Applicant/ Patentee
Australia	2012273931	Granted (30 March 2017)	ABT ASA
Brazil	BR112013033212-3	Pending	ABT ASA
Canada	2839641	Accepted	ABT ASA
China	ZL 201280031250.0	Granted (15 March 2017)	ABT ASA
Hong Kong	HK1197205	Granted (1 December 2017)	ABT ASA
India	553/DELNP/2014	Pending	ABT ASA
Japan	JP 6040233	Granted (11 November 2016)	ABT ASA
New Zealand	NZ 620189	Granted (30 March 2016)	ABT ASA
Republic of Korea	10-2014-7002059	Accepted	ABT ASA
Russian Federation	RU 2558848	Granted (8 July 2015)	ABT ASA
South Africa	2014/00559	Granted (26 August 2015)	ABT ASA

USA	14/128810	Allowable claims agreed with Examiner, awaiting notice of allowance	ABT ASA
Europe	EP2723453	Granted (18 January 2017)	ABT ASA
EP (United Kingdom)	"	"	"
EP (Austria)	"	"	"
EP (Belgium)	"	"	"
EP (Denmark)	"	"	"
EP (Finland)	"	"	"
EP (France)	"	"	"
EP (Germany)	"	"	"
EP (Greece)	"	"	"
EP (Hungary)	"	"	"
EP (Iceland)	"	"	"
EP (Ireland)	"	"	"
EP (Italy)	"	"	"
EP (Netherlands)	"	"	"
EP (Norway)	"	"	"
EP (Poland)	"	"	"
EP (Portugal)	"	"	"
EP (Romania)	"	"	"
EP (Spain)	"	"	"
EP (Sweden)	"	"	"
EP (Switzerland/Liechtenstein)	"	"	"

Aquabeautine X

This family contains 3 granted patents and 8 pending applications. Notably, the European application has been accepted and will result in a number of granted patents based on the countries in which the patent is validated.

Patents have been granted in Australia, Japan and Russia. The European application has been accepted and will grant in 2019. However, most applications in this series are pending. In countries where patents are granted and are maintained, protection will expire no earlier than 21 December 2032.

These patents/applications relates to a new method for producing Aquabeautine X (Dermaclarine), a fish hatching fluid enzyme containing compositions from a variety of sources. In particular, the pharmaceutical and cosmetic compositions are for application to the skin and materials and devices impregnated with said compositions. The compositions of the invention contain a choriolysin enzyme, eggshell protein(s) and a serine protease, e.g. for use in exfoliating and/or moisturizing skin of an animal and/or for use in reducing pore size in an animal.

Country	Official No.	Application Status	Applicant/ Patentee
Australia	2013366643	Granted (26 November 2018)	ABT ASA
Brazil	BR112015015021-7	Pending	ABT ASA
Canada	2895573	Pending	ABT ASA
China	201280077926.X	Pending	ABT ASA
Hong Kong	15110702.1	Pending	ABT ASA
India	5752/DELNP/2015	Pending	ABT ASA

Japan	JP 6125036	Granted (14 April 2017)	ABT ASA
Republic of Korea	10-2015-7019777	Pending	ABT ASA
Russian Federation	RU 2611639	Granted (28 February 2017)	ABT ASA
USA	14/652879	Pending	ABT ASA
Europe	13815480.2	Accepted (validation in the UK, France, Germany, Italy and Spain in progress)	ABT ASA

Alternative sources of Aquabeautine XL

This family contains 8 granted patents and 5 pending applications.

The International application has entered various national and regional phases as set out below. Patents have been granted in Australia, China, Europe and the US. In countries where patents are granted and are maintained, protection will expire no earlier than 19 December 2030. The number of granted patents includes all of the countries in which the European patent was validated.

The patents/applications relate to the use of hatching fluid enzyme containing cosmetic compositions, and products, materials and devices impregnated with said compositions, from fish other than the family *Salmonidae*. The compositions are for use as a skin anti-aging product. The application also relates to the methods for preparing the cosmetic compositions.

Country	Official No.	Application Status	Applicant/ Patentee
Australia	2012396934	Granted (9 August 2018)	ABT ASA
Brazil	BR112015014532-9	Pending	ABT ASA
Canada	2895589	Pending	ABT ASA
China	ZL 201380067448.9	Granted (6 April 2018)	ABT ASA
Hong Kong	15110701.2	Pending	ABT ASA
India	6015/DELNP/2015	Pending	ABT ASA
Japan	2015-548575	Abandoned	ABT ASA
Republic of Korea	10-2015-7019779	Pending	ABT ASA
Russian Federation	2015127472	Abandoned	ABT ASA
USA	US 10123967	Granted (13 November 2018)	ABT ASA
Europe	EP2934700	Granted (14 February 2018)	ABT ASA
EP (United Kingdom)	"	"	"
EP (France)	"	"	"
EP (Germany)	"	"	"
EP (Italy)	"	"	"
EP (Spain)	"	"	"

Cosmetic compositions comprising Chaga extracts

This family contains 1 pending PCT application. The number of pending applications will increase if the Company decides to file national phase applications in June 2019.

The application has not yet been published, and the deadline for filing national and regional phase applications is 21 June/July 2019 depending on the country. In countries where patents are granted and maintained, protection will expire no earlier than 21 December 2037.

This patent application relates to cosmetic compositions comprising chaga extracts and the use of said compositions for improving the cosmetic appearance of skin, particularly for reducing the prevalence of wrinkles, fine lines, hyperpigmentation, laxity, skin roughness, dry skin, and/or transepidermal water loss in the skin of a mammalian animal. The application also relates to methods for preparing the cosmetic compositions.

7.10 Dependency on contracts, patents, licenses etc.

The Company is dependent on their agreements, and the inherent licenses in those agreements, with Restorsea LLC, ScandiDerma and Moana SkinCare to achieve sales of their ingredients and ready-to-use products. For further information, please refer to Section 7.7 "Material contract".

Further, the Company is dependent on the patents set out in Section 7.9.2 "Patents" to develop and maintain its competitive position.

Apart as described above, it is the Company's opinion that the Company's existing business or profitability is not dependent upon any contracts, patents or licenses, or manufacturing processes.

8 CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 9 "Selected Financial and Other Information", and the Financial Statements and Interim Financial Statements and the notes related thereto, incorporated by reference into this Prospectus, see Section 18.4 "Incorporation by reference".

This Section provides information about the Group's unaudited capitalisation and net financial indebtedness on an actual basis as of 30 June 2018.

8.1 Capitalisation

The following table sets forth information about the Group's unaudited consolidated capitalisation as of 30 June 2018. Except for the Private Placement, there has been no material change since 30 June 2018.

	As of 30 June 2018 ¹ (Unaudited)	Adjustment amount (Unaudited)	As adjusted (Unaudited)
<i>(NOK)</i>			
Indebtedness			
<i>Total current debt:</i>			
Guaranteed	-	-	-
Secured	500,000	(500,000) ³	0
Unguaranteed/unsecured	8,353,424	-	8,353,424
<i>Total non-current debt:</i>			
Guaranteed	-	-	-
Secured ²	500,000	166,666 ³	666,666
Unguaranteed/unsecured	-	-	-
Total indebtedness	9,353,424	-	9,020,090
Shareholders' equity			
Share capital ³	27,775,992	1,319,003	29,094,995
Additional paid-in capital	1,675,565	-	1,675,565
Other reserves ⁴	(51,120)	-	(51,120)
Total shareholders' equity	29,400,437	-	30,719,440
Total capitalisation	38,753,861	-	39,739,530

1 Data set forth in this column is derived from the statement of financial position set out in the Interim Financial Information as at 30 June 2018

2 Loan from Innovation Norway, secured with mortgages in the Company's assets for an amount of NOK 4,000,000.

3 The loan from Innovation Norway has been repaid with NOK 333,333, and the remaining principal amount falls due within 12 months after the date of this Prospectus, and has therefore now been classified as non-current debt.

4 Relates to share capital decrease of NOK 10,415,997 and Private Placement of NOK 11,735,000 through issuance of 4,694,000 New Shares.

5 Value of treasury shares.

8.2 Net financial indebtedness

The following table sets forth information about the Group's unaudited net financial indebtedness as of 30 June 2018. Except for the Private Placement, there has been no material change since 30 June 2018.

(NOK)	As of 30 June 2018 ¹ (Unaudited)	Adjustment amount (Unaudited)	As adjusted (Unaudited)
A. Cash	12,403,690	(230,905) ¹	12,172,785
B. Cash equivalents	-	-	-
C. Trading securities	(51,120)	-	(51,120)
D. Liquidity (A)+(B)+(C)	12,352,570	(230,905)	12,121,665
E. Current financial receivables	21,856,805	-	21,856,805
F. Current bank debt	-	-	-
G. Current portion of non-current debt	500,000	166,667 ²	666,667
H. Other current financial debt	8,353,424	-	8,353,424
I. Current financial debt (F)+(G)+(H)	8,853,424	166,667	9,020,091
J. Net current financial indebtedness (I)-(E)-(D)	(25,356,951)	397,572	(24,958,379)
K. Non-current bank loans	500,000	(500,000) ¹	0
L. Bonds issued	-	-	-
M. Other non-current loans	-	-	-
N. Non-current financial indebtedness (K)+(L)+(M)	500,000	(500,000)	0
O. Net financial indebtedness (J)+(N)	(24,856,951)	(102,428)	(24,958,379)

1 Includes cash expenditure of NOK 11,215,905 between 30 June 2018 and 31 December 2018, and receipt of NOK 10,985,000 in net proceeds from the Private Placement

2 The loan from Innovation Norway has been repaid with NOK 333,333, and the remaining principal amount falls due within 12 months after the date of this Prospectus, and has therefore now been classified as non-current debt.

8.3 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

8.4 Contingent and indirect indebtedness

As at 30 June 2018 and as at the date of the Prospectus, the Company was involved in three disputes with Zona Nordic, Aquazyme and a former employee, respectively. For further information, please see Section 7.6 "Legal proceedings". The Company has not made any provisions for these claims in the Financial Statements and the Company considers the claims to be ill-founded, however there can be no assurance that the Company is successful in their defence against such claims.

9 SELECTED FINANCIAL AND OTHER INFORMATION

9.1 Introduction and basis for preparation

The following selected financial information has been extracted from the Group's unaudited interim consolidated financial statements as of, and for the six months ended, 30 June 2018 and 2017 (the Interim Financial Statements) and the Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017 and 2016 (the Financial Statements). The Financial Statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS")

The selected consolidated financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements and Interim Financial Statements, both of which have been incorporated by reference (see Section 18.4 "Incorporation by reference").

9.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgements, please refer to Note 2 of the Financial Statements as of, and for the year ended, 31 December 2017.

9.3 Selected statement of comprehensive income

The table below sets out selected data from the Group's consolidated interim statement of comprehensive income for the three and six month periods ended 30 June 2017 and 2018 and its consolidated statement of comprehensive income for the years ended 31 December 2017 and 2016.

In March 2012, the Company entered into an agreement with Restorsea LLC for Restorsea's exclusive use of ABT's ingredient Aquabeautine XL as a key ingredient in a line of facial skincare products. In the years 2012 to and including 2016, the Company received minimum royalty payments from Restorsea that accounted for a large part of the Company's revenues. From 2017 and going forward, the Company receives royalty from Restorsea's net sales of ingredients and consumer products. The net sales have been significantly lower than the minimum royalty payments, which have reduced the Company's revenues from 1 January 2017 and going forward significantly.

Further, the Company's dispute with Access (see Section 7.6.1 "Dispute with Access" for further information) has impacted the profit for the periods covered by the historical financial information in a significant negative manner. The Company incurred costs of approximately NOK 20 million during the period from March 2016 until February 2018, when the dispute was resolved.

(NOK)	Six months ended 30 June (unaudited)		Year ended 31 December (audited)	
	2018	2017	2017	2016
Sale of goods	595,340	371,538	1,213,815	-
Other revenues	51,996	8,536,855	8,666,626	49,414,842
Total revenues	647,336	8,908,393	9,880,441	49,414,842
Commodity costs	765,553	141,504	(1,352,893)	-
Salary costs	2,070,960	2,097,421	(4,974,252)	(6,912,810)
Other sales and administration expenses	6,382,293	10,012,898	(17,493,895)	(22,696,738)
EBITDA	(8,571,469)	(3,343,431)	(13,940,599)	(19,805,293)

Depreciation of inventory	-	-	-	(12,726,867)
Amortization	476,772	254,979	(937,190)	(4,218,284)
Operating profit (EBIT)	(9,048,242)	(3,598,410)	(14,877,789)	2,860,143
Financial income	107,790	12,695	416,054	210,080
Financial expenses	58,024	177,930	(349,748)	(837,841)
Net financial income/ (-expenses)	49,766	(165,235)	66,306	(627,761)
Profit before tax	(8,998,475)	(3,763,645)	(14,811,483)	2,232,381
Income tax expense	-	(903,275)	1,247,369	770,183
Profit for the period	(8,998,475)	(2,860,370)	(16,058,852)	1,462,198
Total comprehensive income for the period, net of tax	(8,998,475)	(2,860,370)	(16,058,852)	1,462,198

Earnings per Share

Basic, attributable to ordinary equity holders of the parent (NOK)	(1.30)	(0.41)	(2.31)	0.21
Diluted, attributable to ordinary equity holders of the parent (NOK)	(1.30)	(0.41)	(2.30)	0.21

9.4 Selected statement of financial position

The table below sets out selected data from the Group's consolidated interim statement of financial position as at 30 June 2017 and 2018 and its consolidated statement of financial position as at 31 December 2016 and 2017.

As of 31 December 2017, total assets amounted to NOK 49.09 million compared to NOK 71.44 million as of 31 December 2016, amounting to a decrease of NOK 22.35 million. The decrease was primarily caused by a reduction in cash position, mainly due to one-time costs incurred in relation to the dispute with Access (see Section 7.6.1 "Dispute with Access" for further information), reduced royalty payments from Restorsea LLC and payments of dividends in 2017.

Total equity as of 31 December 2017 amounted to NOK 38.53 million compared to NOK 61.77 million as of 31 December 2016, amounting to a decrease of NOK 23.24 million. The decrease was primarily caused by a reduction in cash position, mainly due to one-time costs incurred in relation to the dispute with Access (see Section 7.6.1 "Dispute with Access" for further information) reduced royalty payments from Restorsea LLC and payments of dividends in 2017.

As of 30 June 2018, total assets amounted to NOK 38.75 million compared to NOK 56.57 as of 30 June 2017, amounting to a decrease of 17.82 million. The decrease was primarily caused by a reduction in cash position, mainly due to one-time costs incurred in relation to the dispute with Access (see Section 7.6.1 "Dispute with Access" for further information) reduced royalty payments from Restorsea LLC and payments of dividends in 2017.

Total equity as of 30 June 2018 amounted to NOK 29.40 million compared to NOK 51.86 million as of 30 June 2017, amounting to a decrease of NOK 22.46 million. The decrease was primarily caused by a reduction in cash position, mainly due to one-time costs incurred in relation to the dispute with Access (see Section 7.6.1 "Dispute with Access" for further information) reduced royalty payments from Restorsea LLC and payments of dividends in 2017.

(NOK)	As of 30 June (Unaudited)		As of 31 December (audited)	
	2018	2017	2017	2016
ASSETS				
Non-current assets				
Deferred tax asset	-	2,631,393	-	1,728,119
Fixed assets	558,036	656,397	617,926	719,503
Intangible assets	3,935,330	4,215,918	4,124,358	4,024,470
Total non-current assets	4,493,367	7,503,708	4,742,284	6,472,092
Current assets				
Inventories	17,014,150	17,829,481	17,337,643	15,300,000
Trade and other receivables	4,842,655	4,682,789	5,194,045	3,452,535
Cash and cash equivalents	12,403,690	29,551,408	21,815,082	46,167,943
Total current assets	34,260,494	52,063,678	44,346,770	64,950,478
TOTAL ASSETS	38,753,861	56,567,387	49,089,054	71,442,570
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to equity holders of the Company				
Issued capital	27,775,992	27,775,992	27,775,992	27,775,992
Share premium	1,675,565	24,132,521	10,804,039	32,159,169
Other paid-in equity	-	-	-	1,888,168
Treasury shares	(51,120)	(51,120)	(51,120)	(51,120)
TOTAL EQUITY	29,400,437	51,857,393	38,528,912	61,772,210
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	500,000	1,000,000	666,666	1,333,333
Total non-current liabilities	500,000	1,000,000	666,666	1,333,333
Current liabilities				
Trade and other payables	801,093	1,073,799	1,273,551	790,889
Dividend resolved, but not yet distributed	1,169,417	1,168,942	1,169,417	943,933
Other current liabilities	6,882,915	4,467,253	7,450,510	6,582,205
Total current liabilities	8,853,424	6,709,993	9,893,478	8,317,026
TOTAL LIABILITIES	9,353,424	7,709,993	10,560,144	9,650,360
TOTAL EQUITY AND LIABILITIES	38,753,861	59,567,387	49,089,054	71,442,570

9.5 Selected statement of cash flows

The table below sets out selected data from the Group's consolidated interim statement of cash flows for the six month periods ended 30 June 2018 and 2017 and its consolidated statement of cash flows for the years ended 31 December 2017 and 2016.

<i>(NOK)</i>	Six months ended 30 June (Unaudited)		Year ended 31 December (Audited)	
	2018	2017	2017	2016
Operating activities				
Profit before tax	(8,998,475)	(3,763,645)	(14,811,483)	2,232,381
Amortisations	476,772	254,979	937,190	4,218,284
Depreciations	-	-	-	12,726,867
Net interest	31,333	39,099	(93,249)	(61,693)
Net changes in currency profit/(-loss) on net cash and cash equivalents	(81,100)	126,136	26,956	689,467
Changes in inventories	323,493	(2,529,481)	(2,037,643)	1,305,204
Changes in trade and other receivables	351,390	(1,230,254)	(1,741,510)	236,962
Changes in trade and other payables	(472,458)	282,910	482,662	(127,441)
Changes in other current liabilities	(567,595)	(2,114,952)	868,305	3,747,583
Share-based options	-	6,760	6,760	822,450
Net cash flows from operating activities	(8,936,639)	(8,928,448)	(16,362,012)	25,790,065
Investing activities				
Purchase of fixed assets	(227,855)	(383,321)	(935,501)	(408,259)
Net cash flows used in investing activities	(227,855)	(383,321)	(935,501)	(408,259)
Financing activities				
Purchase/ sale of treasury shares	-	-	-	300,000
Payment of dividends	-	(6,706,200)	(6,224,975)	(16,923,738)
Transaction costs on issuance of shares	(130,000)	(130,000)	(260,000)	(259,700)
Interest received	-	12,695	179,132	190,434
Interest paid	(31,333)	(51,794)	(85,883)	(128,741)
Borrowing/ (repayment of borrowings)	(166,666)	(333,333)	(666,667)	(3,668,333)
Net cash flows from/(used in) financing activities	(327,999)	(7,208,632)	(7,058,393)	(20,490,078)
Cash at the beginning of the period	21,815,082	46,197,943	46,197,943	41,995,682
Net change in cash and cash equivalents	(9,492,494)	(16,520,401)	(24,355,906)	4,891,728
Effect of exchange rate changes on cash and cash equivalents	81,100	(126,136)	(26,956)	(689,467)
Cash at the end of the period	12,403,690	(29,551,408)	(21,815,082)	(46,197,943)

9.6 Selected statement of changes in equity

The table below sets out selected data from the Group's consolidated statement of changes in equity for the years ended 31 December 2017 and 2016 and its consolidated interim statement of changes in equity for the six month period ended 30 June 2018.

(NOK)	Issued capital	Treasury shares	Share premium	Other paid-in equity	Other equity	Total
As at 1 January 2016	27,775,992	(211,120)	32,418,870	3,033,984	13,710,360	76,728,086
Profit for the period	-	-	-	-	1,462,198	1,462,198
Total comprehensive income	-	-	-	-	1,462,198	1,462,198
Purchase/ sale of treasury shares	-	-	160,000	-	140,000	300,000
Dividends	-	-	-	(1,968,267)	(15,312,558)	(17,280,825)
Transaction costs	-	-	(259,700)	-	-	(259,700)
Share-based options	-	-	-	822,450	-	822,450
As at 31 December 2016	27,775,992	(51,120)	32,159,170	1,888,1677	-	61,772,209
As at 1 January 2017	27,775,992	(51,120)	32,159,170	1,888,1677	-	61,772,209
Profit for the period	-	-	-	-	(16,058,852)	(16,058,852)
Total comprehensive income	-	-	-	-	(16,058,852)	(16,058,852)
Dividends	-	-	-	-	(6,931,298)	(6,931,298)
Transaction costs	-	-	(260,000)	-	-	(260,000)
Share-based options	-	-	-	6,760	-	6,760
Allocation of profit/(-loss)	-	-	(21,095,131)	(1,894,928)	22,990,150	91
As at 31 December 2017	27,775,992	(51,120)	10,804,039	-	-	38,528,912
As at 1 January 2018	27,775,992	(51,120)	10,804,039	-	-	38,528,912
Profit for the period	-	-	(8,998,475)	-	-	(8,998,475)
Total comprehensive income	-	-	(8,998,475)	-	-	(8,998,475)
Transaction costs	-	-	(130,000)	-	-	(130,000)
As at 30 June 2018	27,775,992	(51,120)	1,675,565	-	-	29,400,438

9.7 Liquidity and capital resources

9.7.1 Sources of liquidity

The Company's principal sources of liquidity are cash flows from revenue generated from the sales of the Company's cosmetic ingredients and cosmetic consumer products. In addition to this, the Company receives royalty payments from the net sales of ingredients and consumer products made by Restorsea LLC. Further to the above the Company has future revenue through renewal fees expected for extension of exclusivity in 2022 (USD 2.5M) and 2027 (USD 2.5M) from its US business partner.

9.7.2 Restrictions on use of capital

There are currently no restrictions on the use of the Company's capital resources that have materially affected or could materially affect, directly or indirectly, the Company's operations. The Company does not have any debt covenants. Other than restrictions set out in applicable law, the Company does not believe that there are significant obstacles or barriers to transfers of funds to it from its subsidiaries.

9.7.3 Summarized cash flow information

The following table summarizes the Company's historical cash flows, and is extracted from the Company's unaudited interim cash flow statements as of and for the six month period ended 30 June 2018 and 2017, and the Company's audited cash flow statement as of and for the year ended 31 December 2017 and 2016:

(NOK)	Six months ended 30 June (Unaudited)		Year ended 31 December (Audited)	
	2018	2017	2017	2016
Net cash flows from operating activities	(8,936,639)	(8,928,448)	(16,362,012)	25,790,065
Net cash flows from investing activities	(227,855)	(383,321)	(935,501)	(408,259)
Net cash flows from financing activities	(327,999)	(7,208,632)	(7,058,393)	(20,490,078)
Net change in cash and cash equivalents	(9,492,494)	(16,520,401)	(24,355,906)	4,891,728
Cash and cash equivalents at end of period	12,403,690	29,551,408	21,815,082	46,197,943

9.7.4 Cash flows from operating activities

Six months ended 30 June 2018 compared to six months ended 30 June 2017

Net cash outflow from operating activities for the six months ended 30 June 2018 was NOK 8.94 million compared to NOK 8.93 million for the six months ended 30 June 2017.

Year ended 31 December 2017 compared to year ended 31 December 2016

Net cash outflow from operating activities for the year ended 31 December 2017 was NOK 16.36 million compared to a net cash inflow of NOK 25.79 million for the year ended 31 December 2016, a decrease of NOK 42.15 million. The decrease in net cash inflow was primarily attributable to one-time costs incurred in relation to the dispute with Access (see Section 7.6.1 "Dispute with Access" for further information) and reduced royalty payments from Restorsea LLC.

9.7.5 Cash flows from investment activities

Six months ended 30 June 2018 compared to six months ended 30 June 2017

Net cash outflow from investing activities for the six months ended 30 June 2018 was NOK 0.22 million compared to NOK 0.38 million for the six months ended 30 June 2017, an increase of NOK 0.16 million.

Year ended 31 December 2017 compared to year ended 31 December 2016

Net cash outflow from investing activities for the year ended 31 December 2017 was NOK 0.94 million compared to NOK 0.40 million for the year ended 31 December 2016, an increase of NOK 0.54 million. The increase in net cash outflow was primarily attributable to purchases of fixed assets.

9.7.6 Cash flows from financing activities

Six months ended 30 June 2018 compared to six months ended 30 June 2017

Net cash outflow from financing activities for the six months ended 30 June 2018 was NOK 0.33 million compared to NOK 7.20 million for the six months ended 30 June 2017, a decrease of NOK 6.87 million. The decrease was primarily attributable to payment of dividends made in 2017.

Year ended 31 December 2017 compared to year ended 31 December 2016

Net cash outflow from financing activities for the year ended 31 December 2017 was NOK 7.06 million compared to NOK 20.49 million for the year ended 31 December 2016, a decrease of NOK 13.43 million. The decrease in net cash outflow was primarily attributable to payments of dividends made in 2017 and 2016.

9.8 Investments

9.8.1 Principal investments in progress and planned principal investments

The Company does not currently have any investment plans, firm commitments or obligations to make significant future investments in tangible or intangible assets, or financial assets. However, the Company may modify its plans in the future to address, among others, changes in market conditions for its products and changes in the competitive conditions.

9.8.2 Principal historical investments

The Company has not made any principal investments in the period since 1 January 2016 to the date of this Prospectus.

9.9 Off-balance sheet arrangements

The Company has not entered into and is not a party of any off-balance sheet arrangements.

9.10 Trend information

The Company has recently experienced product quality issues related to product packaging of products within this business concept, and this has caused delayed turnover and growth of the Company's commercial activities within this business and a need for additional working capital (which has been corrected with the Private Placement, cf. Section 5 "The Private Placement"). These issues have been addressed with both licensors. For further information, please refer to Section 7.3.2 "Skincare products".

Further, the Company experiences an increased demand for natural and organic cosmetic products, for example products based on plant extracts and/ or marine ingredients. Further, products that show environmental awareness is also considered a key growth driver within the market. For further information, please refer to Section 5 "Industry and market overview".

Apart from the above, the Company has not experienced any changes or trends that are significant to the Company between 31 December 2017 and the date of this Prospectus, nor is the Company aware of such changes or trends that may or are expected to be significant to the Company for the current financial year.

9.11 Auditor

The Company's auditor is Ernst & Young AS. Ernst & Young AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants). Ernst & Young AS has been the Group's auditor since the Company's inception in 2004. For further information regarding Ernst & Young AS, please refer to Section 18.2 "Independent auditor".

Ernst & Young AS' reports on the Financial Statements are included together with the Financial Statements, which have been incorporated by reference, see Section 18.4 "Incorporation by reference". Ernst & Young AS has not audited, reviewed or produced any report on any other information provided in this Prospectus.

9.12 Significant changes

Except for the Private Placement, that the Company has experienced problems with product packaging which has delayed budgeted sales of the Company's products and that the Company is involved in disputes with Zona Nordic, Aquazyme and a former employee, there has been no significant change in the financial or trading position of the Group since 30 June 2018 and up to the date of this Prospectus.

10 DIVIDENDS AND DIVIDEND POLICY

10.1 Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Companies Act**") (see Section 10.2 "Legal constraints on the distribution of dividends"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The Company has set the following dividend policy:

The Company intends to follow a dividend policy favourable to the shareholders. The amount of any dividends to be distributed will be dependent on the Company's investment requirements and rate of growth as well as the general development and financing requirements of the Company.

There can be no assurance that a dividend will be proposed or declared in any given year. If a dividend is declared, all Shares outstanding will have equal rights to such dividend (unless all shareholders have consented otherwise).

For the period covered by the historical financial information, the Company has distributed dividends on the following occasions:

- Dividends of NOK 10,336,827 (corresponding to NOK 1.50 per Share) resolved in the annual general meeting held on 8 June 2016;
- Dividends of NOK 6,943,998 (corresponding to NOK 1 per Share) resolved in an extraordinary general meeting held on 17 November 2016; and
- Dividends of NOK 6,931,218 (corresponding to NOK 1 per Share) resolved in the annual general meeting held on 7 June 2017.

10.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- (i) Section 8-1 of the Norwegian Public Limited Companies Act provides that the Company may distribute dividend to the extent that the Company's net assets following the distribution covers (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealised gains. The total nominal value of treasury shares which the Company has acquired for ownership or as security prior to the balance sheet date, as well as credit and security which, pursuant to Section 8-7 to Section 8-10 of the Norwegian Public Limited Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.

The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorise

the Board of Directors to declare dividend on the basis of the Company's annual accounts. Dividend may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- (ii) Dividend can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 15 "Taxation".

10.3 Manner of dividend payments

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of Danske Bank, being the Company's VPS registrar, to issue a check in a local currency, a check will be issued in USD. The issuing and mailing of checks will be executed in accordance with the standard procedures of Danske Bank. The exchange rate(s) that is applied will be Danske Bank's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, or in lieu of such registered NOK account, by check, without the need for shareholders to present documentation proving their ownership of the Shares.

11 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

11.1 Introduction

The General Meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Group is vested in the Company's Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Group's business ensuring proper organisation, preparing plans and budgets for its activities ensuring that the Group's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has one sub-committee, namely the nomination committee. See Sections 11.9 "Nomination committee" for further information.

The Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Group's chief executive officer, or CEO, is responsible for keeping the Group's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Group's assets in a responsible manner. Another task of the CEO under Norwegian law is to once a month (at a minimum) brief the Board of Directors about the Group's activities, financial position and operating results.

11.2 Board of Directors

11.2.1 Overview of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall consist of a minimum of three and a maximum of six Board Members elected by the Company's shareholders. The names and positions and current term of office of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position	Served since	Term expires	Shares held
Edvard Cock	Chairman	February 2016	AGM 2020	500,000 ¹²
Tone Bjørnov	Board member	August 2008	AGM 2020	19,430
Kristin Aase	Board member	June 2015	AGM 2020	1,013,265 ¹³
Jan Pettersson	Board member	June 2015	AGM 2020	2,520,000 ¹⁴
Roger Hofseth	Board Member	January 2019	AGM 2020	2,187,000 ¹⁵

The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code (as defined below), meaning that (i) the majority of the shareholder elected members of the Board of Directors is independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder elected Board Members are independent of the

¹² Held through wholly owned company Blixen Invest AS.

¹³ Including shares held by related party Espen Dahl and associated companies.

¹⁴ Held personally and through associated companies Initia AB and Swelandia International AB.

¹⁵ Held through wholly owned company Finnvik Eiendom AS.

Company's main shareholders (shareholders holding more than 10% of the Shares in the Company), and (iii) no members of the Company's Management serves on the Board of Directors.

The Company's registered business address, Fornebuveien 37, N-1366 Lysaker, Bærum, Norway, serves as the c/o address for the Board Members in relation to their directorship of the Company.

11.2.2 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Edvard Cock, Chairman

Mr. Cock has served as Chairman of the Board since 2016. He is a lawyer and partner with the law firm CLP, having worked as a business attorney since 1997. Mr. Cock holds an MBA degree from the University of Michigan and a cand.jur. law degree from the University of Oslo. Mr. Cock is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions

*Advokatfirmaet CLP DA, Partner
Chairman, Integrated Detector Electronics AS*

Previous directorships and senior management positions last five years

Chairman, Brødboksen TWD AS (liquidated)

Tone Bjørnov, Board member

Ms. Bjørnov has served on the board since 2008. She is a full-time board member serving on the boards of several public and private companies. Her background is in bank and finance, including having served as an executive with DNB Bank. Ms. Bjørnov holds a business degree from the Norwegian School of Management (BI). Ms. Bjørnov is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions

*Filmparken AS, Chairman of the board of directors
Storyline Studios AS, Chairman of the board of directors
Norsk Film Kostyme AS, Chairman of the board of directors
Omsorgsbygg Oslo KS, Deputy Chairman of the board of directors
BB Bank ASA, Deputy Chairman of the board of directors
Guard Automation AS, Director
Guard Electro AS, Director
Sparebankstiftelsen BIEN, Director
TF Bank AB, Director
Aqua Bio Technology ASA, Director*

Previous directorships and senior management positions last five years

*Bank 1 Oslo Akershus AS, Director (2006-2017)
ABG Sundal Collier ASA, Director (2010-2017)
Intex Resources ASA, Director (2012-2016)
Serendex Pharmaceuticals AS, Director (2014-2016)
Storyline Studios AS, Director (2011-2016)*

Kristin Aase, Board member

Ms. Aase has served on the board since 2015. She is an adviser and partner with her own company Wondratwork. She has held leadership positions within several organisations and enterprises. Ms. Aase holds a cand. polit. degree from the University of Oslo. Ms. Aase is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions

Aqua Bio Technology ASA, director

Previous directorships and senior management positions last five years

Mentor Media AS, Deputy Chairman of the board (2009 – 2018)

Vårt Land AS, Deputy Chairman of the board (2009 – 2017)

Jan Pettersson, Board member

Mr. Pettersson has served on the board since 2015. He is a private investor who takes an active ownership role within several sectors, including the fish industry. Mr. Pettersson has studied law at the University of Stockholm. Mr. Pettersson is a Swedish citizen, and resides in Sweden.

Current directorships and senior management positions

Rederi Swelandia AB, CEO and Director

Swelandia International AB, CEO and Director

Initia AB, CEO and Director

Manville Finans AB, CEO and Director

Vindpark Vänern Drift AB, CEO and Director

Fastighetsbolaget Fallskärmen 1 AB, CEO and Director

Björknäs Trä AB, CEO and Director

Axcel AB, CEO and Director

S-Pap Pult And Paper AB, Director

Swelandia Pulp And Paper AB, Director

Svenska Skolmoduler Holding AB, Director

Rederiab Bojorten, Director

Karlstad Vindservice AB, Director

Digitalfabriken AB, Director

Svenska Skolmoduler AB, Director

Kullhagsbacken AB, Director

Karlstad Rederi AB, Director

Uberlandia AB, Director

Petterssons Vind AB, Director

Previous directorships and senior management positions last five years

Ariterm Group AB, Director

Omsorgsfastigheter I Sigtuna AB, Director

Hyrskolor i Vårgårda AB, Director

Omsorgsfastigheter i Sigtuna 2 AB, Director

Roger Hofseth, Board member

Mr. Hofseth incorporated Hofseth BioCare in 2009 and has served as a Member of the Board of Directors from incorporation until June 2010 and since October 2011. In August 2017, Roger Hofseth stepped down from the position as chairman of the Board and assumed the position as the Company's CEO. In 2001, Mr. Hofseth incorporated Hofseth Invest AS, which represented the beginning for the Hofseth group, which had developed from having one employee in 2001 to 130 in 2011. Mr. Hofseth has 20 years of experience in the fishery and food industry. This experience includes the founding of several companies and holding the

position as member of the board and/or management position in several companies within the fishery, fish farming and ecological food industry.

Current directorships and senior management positions

*Hofseth BioCare ASA, CEO
HBC Berkåk AS, Board member
Hofseth Aqua AS, Chairman and CEO
HIYR AS, Chairman and CEO
Aqua Shipping AS, Chairman and CEO
Hofseth International AS, Board member and CEO
Hofseth AS, Board member and CEO
Hofseth Aalesund AS, Board member and CEO
Hofseth Vardø AS, Board member
Hofseth Logistics AS, Board member
Seafood Farmers of Norway AS, Board member
Finnvik Eiendom AS, Chairman and CEO
Roger Hofseth AS, Chairman and CEO
Aspøy AS, Chairman and CEO
Norsk Fisketerminal AS, Chairman*

*RHI AS, Chairman
RH Investments AS, Chairman
GHC Fishing AS, Chairman
Teineagn AS, Board member
Incrementum Eiendom AS, Board member
Eeek AS, Board member
Eeek Næring AS, Board member
Syvde Eiendom AS, Board member
Ålesund Kipervikgate 13 AS, Board member
Zenseware AS, Board member*

Previous directorships and senior management positions last five years

*Seafood Farmers Holding AS, Board member
Vanylven Vekst HF, Board member
Villa Organic AS, Board member,*

11.3 Management

11.3.1 Overview

The Group's management team consists of two individuals. The names of the members of the Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within the Group	Employed with the Group since	Shares held
Espen Kvale	Interim Chief Executive Officer ¹⁶	2013	-
Arvid Lindberg	Head of Sales and Marketing	2010	28,961 ¹⁷

The Company's registered business address, Fornebuveien 37, 1366 Lysaker, Norway, serves as the business address for the members of the Management in relation to their employment with the Group.

¹⁶ Engaged through a consulting agreement with Espen Kvale Consulting LLC.

¹⁷ Held through wholly owned company Lindberg AS.

11.3.2 Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Espen Kvale, Interim Chief Executive Officer

Mr. Kvale has previously been chief operating officer and consultant to the Company, but is currently serving as the Company's interim CEO. He has held leadership positions in several pharmaceutical companies, including Photocure, Nycomed Pharma, Pronova Biocare, Immunocorp and NutraQ. Kvale is an educated pharmacist, and holds a PHD in immunology from the University of Oslo. Mr. Kvale is a Norwegian citizen, and resides in New York, USA.

Current directorships and senior management positions *Espen Kvale Consulting LLC, CEO*

Previous directorships and senior management positions last five years *N/A*

Arvid Lindberg, Head of Sales and Marketing

Mr. Lindberg served as ABT's CEO since 1st November 2010, but currently serves as Head of Sales and Marketing. He has a background in marketing and management from international companies within pharmaceuticals, cosmetics and consumer products. Previous employers include Hoffmann-La Roche, Immunocorp Consumer Health (subsidiary of Biotec Pharmacon ASA), Nycomed Pharma AS (now Takeda), L'Oreal Group and Procter & Gamble Company. Mr Lindberg holds a Master's degree of commerce/business studies at the Norwegian School of Economics (NHH – Siviløkonomstudiet). Mr. Lindberg is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions *Lindberg AS, Chairman of the Board
Zobrius Pharma AS, Board member*

Previous directorships and senior management positions last five years *N/A*

11.4 Remuneration and benefits

11.4.1 Remuneration of the Board of Directors

The table below sets out the remuneration paid to the Board Members in 2017 (in NOK). Roger Hofseth was elected as director to the Company in 2019, and is consequently not included in the table below.

Name and position	Remuneration in 2017
Edvard Cock (Chairman)	275,000
Tone Bjørnov (Board member)	137,500
Kristin Aase (Board member)	137,500
Jan Pettersson (Board member)	137,500

11.4.2 Remuneration of the Management

The Board of Directors has established guidelines for the remuneration to the members of the Management. The remuneration consists of a basic salary element, and may also include variable compensation. The employees in the Company participates in the Company's insurances and medical coverage, and are entitled to customary fringe benefits. Please note that Interim CEO Espen Kvale is engaged through a consultancy agreement, and does not participate in the Company's insurance and medical coverage schemes.

The Company has not made individual agreement with anyone in the Management for early retirement.

The remuneration paid to the members of the current Management in 2017 was approximately NOK 2.7 million. The table below sets out the remuneration of the Management in 2017 (in NOK).

Name	Salary	Bonus	Other remuneration	Pensions costs	Total remuneration
Espen Kvale	157,244	0	0	0	157,244
Arvid Lindberg	2,179,939	0	16,951	48,217	2,545,108

No employee, including any member of the Management, has entered into employment agreements which provide for any special benefits upon termination.

However, Arvid Lindberg has historically been entitled to up to 6 months severance payment upon termination of employment with the Company. Lindberg has in this respect been entitled to at least 3 of the 6 months severance payment regardless of other income during the 6 months' period. Furthermore, the Company previously had a payment obligation of NOK 1,000,000 concerning Lindberg's severance payment. The latter has, however, been dissolved in connection with the change in Lindberg's role from CEO to Head of Sales and Marketing.

None of the Board Members or the members of the nomination committee have service contracts and none will be entitled to any benefits upon termination of office.

11.4.3 Bonus program for the Management

The Management does not currently have a specific bonus program, however Arvid Lindberg's employment agreement contains a significant element of performance-based compensation related to sales and marketing efforts.

11.5 Share options / share incentive schemes

The Company has not established a share option scheme, and no share options are currently outstanding.

11.6 Pensions and retirement benefits

For the year ended 31 December 2017, the costs of pensions for members of the Management were NOK 48,217. The Company has no pension or retirement benefits for its Board Members.

For more information regarding pension and retirement benefits, see note 2.12, 2.14 and 15 to the Financial Statements for the year ended 31 December 2017, which have been incorporated by reference, see Section 18.4 "Incorporation by reference".

11.7 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of its Board Members or to any member of the Management. However, the Company previously had a payment obligation of NOK 1,000,000 concerning Lindberg's severance payment. The latter has, however, been dissolved in connection with the change in Lindberg's role from CEO to Head of Sales and Marketing.

11.8 Employees

As of the date of this Prospectus, the Group has 3 employees.

The Board has recently decided to make certain changes in the Company's management team. Going forward, the previous CEO Arvid Lindberg will function as Head of Sales and Marketing and Espen Kvale will function as interim CEO.

The table below shows the development in the numbers of full-time employees, and their geographic location, for the six months ended 30 June 2014 and the years ended 2017 and 2016.

	As at 30 June 2018	As at 31 December 2017	As at 31 December 2016
Employees in Norway	3	3	3
Total employees Group	3	3	3

11.9 Nomination committee

The Company's Articles of Association provide for a nomination committee composed of 3 members who are shareholders or representatives of shareholders. The members of the nomination committee are Per Hagen (chairman), Roger Hofseth and Geir Christian Melen. The nomination committee will be responsible for recommending candidates for the election of members and chairman to the Board of Directors, and make recommendations for remuneration to the Board Members, as well as recommending members to the nomination committee.

11.10 Audit committee

The Company has not established an audit committee as this is not required for the Company.

11.11 Remuneration committee

The Company has not established a remuneration committee as the board has considered this to not be suitable due to the Company's size.

11.12 Corporate governance

The Company has adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 30 October 2017 (the "**Corporate Governance Code**"), with the following exceptions:

- The Company has not adopted guidelines concerning social responsibility, as the Board has considered such guidelines unnecessary due to the size of the Group, the nature of the Group's operations and ABT's management resources;
- The Company has not made any special measures to ensure the shareholders' possibility to recommend candidates for the election of board members to the nomination committee, as the

Board has considered an open and direct dialogue with the larger shareholders to be equally sufficient with regards to the shareholders' opportunity to recommend candidates for board memberships; and

- The Board of Directors has not prepared any fundamental principles as to how the Board will act if it receives a takeover bid on the Company's shares. The Board has discussed the subject, however, and have a clear opinion on how it shall act during a potential takeover, and the Board considers this a sufficient.

11.13 Conflicts of interests etc.

Except that Edvard Cock was chairman of Brødboksen TWD AS when it filed for liquidation in January 2018 and that Tone Bjørnov was director in RenoNorden ASA when it went bankrupt in October 2017, during the last five years preceding the date of this Prospectus, none of the Board Members and the members of the Management has, or had, as applicable:

- (i) any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- (ii) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- (iii) been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company.

To the Company's knowledge, there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and the members of the Management, including any family relationships between such persons.

12 RELATED PARTY TRANSACTIONS

12.1 Introduction

Below is a summary of the Group's related party transaction for the periods covered by the Historical Financial Information and up to the date of this Prospectus. For further information on related party transactions of the Group, please refer to note 19 of the Financial Statement, which have been incorporated by reference, see Section 18.4 "Incorporation by reference". All related party transactions have been concluded at arm's length principles.

12.2 Brief description of related party transactions

12.2.1 Transactions between group companies

No intercompany transactions has been made for the relevant financial periods.

12.2.2 Transactions with other related parties

The Company has entered agreements concerning the purchase of merchandise and services with three related parties.

A consultant's fee of NOK 60,000 has been paid to Zym Holding AS, a company wholly owned by former employee Bernt Walther.

Further, a consultant's fee of NOK 255,119 has been paid to the law firm CLP DA, in which chairman Edvard Cock owns 8.33%.

In addition, a license fee of NOK 500,000 has been paid to Aquazyme Technology AS, in which Zym Holding AS has an ownership share of 36.82%. Every related party transaction is considered to be on an arm's length basis.

The table below shows the Company's transactions with other related parties for associates for 2016 and 2017:

Purchase of merchandise and services	2017	2016
Management	0	0
Other related parties	815,119	1,210,000
Total	815,119	1,210,000

13 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.

13.1 Company corporate information

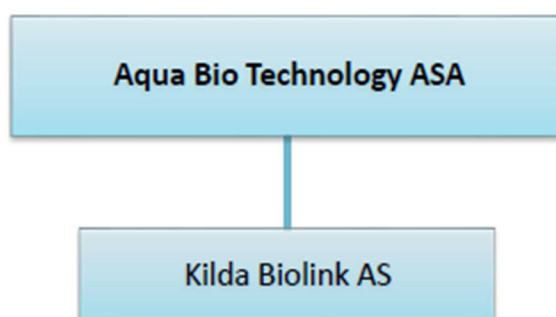
The Company's registered name is Aqua Bio Technology ASA, and it also referred to commercially as Aqua Bio Technology. The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company's registered office is in the municipality of Bærum, Norway. The Company was incorporated in Norway on 10 February 2004 as a private limited company under the name "Biolink AS". The Company changed its name to Aqua Bio Technology AS on 14 May 2007. The Company was converted into a public limited company on 25 September 2017.

The Company's registration number in the Norwegian Register of Business Enterprises is 886 582 412, and the Shares are registered in book-entry form with the VPS under ISIN NO 0010307135. The Company's register of shareholders in the VPS is administrated by Danske Bank, Søndre gate 15, 7011 Trondheim, Norway. The Company's registered office is located at Fornebuveien 37, N-1366 Lysaker, Bærum, Norway and the Company's main telephone number at that address is +47 98 24 54 10. The Company's website can be found at www.aquabiotechnology.com. The content of www.aquabiotechnology.com is not incorporated by reference into or otherwise forms part of this Prospectus.

13.2 Legal structure

Aqua Bio Technology ASA is both an operational and a holding company, and is the parent company of the Group.

The Group consists of Aqua Bio Technology ASA and 1 subsidiary. The following chart sets out the Group's legal structure as of the date of this Prospectus:



The table below contains a list of the Company's significant subsidiaries.

Company name	Country of incorporation	Field of activity	% holding
Kilda Biolink AS	Norway	Holding inventory and intellectual property rights	100%

13.3 Current share capital

As of the date of the Prospectus, the share capital of the Company is NOK 29,094,995 divided into 11,637,998 issued Shares with a par value of NOK 2.50 per Share. All Shares have been issued under the Norwegian Public Limited Companies Act and are validly issued and fully paid.

The Company has one class of shares and accordingly there are no differences in voting rights among Shares.

Except as set out in Section 13.8 "Warrants" there are no outstanding rights to subscribe for Shares in the Company or to require the Company to issue Shares. Neither the Company nor any of its subsidiaries directly or indirectly owns Shares in the Company.

13.4 Share capital development

The table below shows the Company's share capital development since 1 January 2016, until the date of the Prospectus:

Date of registration	Type of change	Change in share capital (NOK)	Share price (NOK)	Par value (NOK)	New number of Shares	Share capital (NOK)
At 1 January 2016	N/A	N/A	N/A	4	N/A	27,775,992
At 31 December 2016	N/A	N/A	N/A	4	N/A	27,775,992
At 1 January 2017	N/A	N/A	N/A	4	N/A	27,775,992
At 31 December 2017	N/A	N/A	N/A	4	N/A	27,775,992
At 1 January 2018	N/A	N/A	N/A	4	N/A	27,775,992
At 31 December 2018	N/A	N/A	N/A	4	N/A	27,775,992
At 7 January 2019	Share capital decrease and share capital increase	1,319,003	2.50	2.50	11,637,998	29,094,995
At the Prospectus date	N/A	N/A	N/A	2.50	11,637,998	29,094,995

13.5 Shareholder structure

As of 6 February 2019 (following issuance of the New Shares, but before issuance of any Offer Shares), the Company had 546 shareholders.

The following table shows an overview of the Company's 20 largest shareholders as recorded in the shareholders' register of the Company with the VPS as of 6 February 2019:

#	Shareholder name	No. of Shares	% of total Shares
1	Finnvik Eiendom AS	2,187,000	18.79
2	Swelandia International AB	1,460,000	12.55
3	Initia AB	980,000	8.42
4	Kjeveortoped Espen Dahl AS	688,312	5.91
5	Haav Holding AS	560,000	4.81
6	Blixen Invest AS	500,000	4.30
7	MP Pensjon PK	499,338	4.29
8	Pacific Andes Int. Holdings LTD	316,500	2.72
9	Espen Halvard Dahl	309,675	2.66
10	Øystein Magnus Albretsen	270,906	2.33
11	Stavern helse og forvaltning AS	268,834	2.31
12	Bolaks AS	241,617	2.08
13	Idar Vikse	207,395	1.78
14	Roland Martin Walter Bøni	163,500	1.40
15	Tannlege Per Hagen AS	154,646	1.33
16	Ketil Toska	152,000	1.31
17	Saxo Bank A/S	134,595	1.16
18	Nor Marine Invest AS	116,278	1.00
19	Tenvik Diagnostikk og Forvaltning AS	116,138	1.00
20	Knut Fosse AS	101,868	0.88
	Top 20 holders of Shares	9,428,602	81.02
	Other	2,209,396	18.98
	Total	11,637,998	100.0

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Act. See Section 14.7 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act.

Prior to completion of the Subsequent Offering and issuance of any Offer Shares, to the knowledge of the Company, the following shareholders have holdings in excess of the statutory thresholds for disclosure requirements:

- (i) Jan Pettersson (personally and through associated companies) hold 2,520,000 Shares in the Company, corresponding to 21.65% of the outstanding Shares as of the date of this Prospectus;
- (ii) Roger Hofseth (through wholly owned company Finnvik Eiendom AS) hold 2,187,000 Shares in the Company, corresponding to 18.79% of the outstanding Shares as of the date of this Prospectus; and
- (iii) Espen Dahl (including associated companies and related companies) hold 1,013,265 Shares in the Company, corresponding to 8.71% of the outstanding Shares as of the date of this Prospectus.

All Shares hold equal voting rights, including those held by the major shareholders listed above.

Other than as stated above, in so far as is known to the Company, no other person or entity, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any agreements or other similar understandings that the operation of which may at a subsequent date result in a change in control of the Company.

The Shares have not been subject to any public takeover bids.

13.6 Authorisations to increase the share capital and to issue Shares

The Board of Directors currently holds the following authorisations to increase the share capital:

Amount of authorisation	Amount utilised	Purpose	Date granted	Expiry date
NOK 625,000	NOK 0	Issuance of new Shares in a repair issue following exercise of the Private Placement	7 January 2019	1 May 2019
NOK 2,777,599	NOK 0	Issuance of new shares following exercise of share options	30 May 2018	AGM 2019, however not later than 30 June 2019
NOK 2,777,599	NOK 0	General purposes	30 May 2018	AGM 2019, however not later than 30 June 2019

The preferential rights of the existing shareholders to subscribe for new Shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be deviated from with respect to the mentioned existing authorisations.

13.7 Authorisation to acquire treasury shares

The Board of Directors currently holds an authorisation to acquire treasury Shares with a par value of up to NOK 2,777,599, corresponding to 9.55% of the share capital as of the date of this Prospectus. The minimum amount to be paid per Share acquired under the authorisation is NOK 1 and the maximum amount is NOK 25. The authorisation was granted on 30 May 2018 and expires on the date of the annual general meeting of 2019, however not later than 30 June 2019.

As of the date of the Prospectus, the Company holds 12,780 Shares in treasury. The book value of the treasury Shares were NOK 51,120 as of 30 June 2018 and the par value of the treasury Shares are NOK 31,950.

13.8 Warrants

The Company has issued 4,694,000 Warrants to subscribers in the Private Placement, and will issue up to 220,500 Warrants to subscribers in the Subsequent Offering.

The Warrants will give the holder the right to subscribe for one (1) additional share in the Company from and including 30 June 2019 to and including 1 September 2019 through a cash deposit of NOK 2.50 per share.

The Warrants related to the Private Placement will be listed on Oslo Axess under ticker "ABT S" without undue delay after the date of this Prospectus. The Warrants have been issued in the VPS with ISIN NO 001 0841901. The Warrants to be issued to subscribers in the Subsequent Offering will be listed under the same ticker and will be issued in the VPS with the same ISIN.

13.9 Other financial instruments related to the Shares

Other than as described in Section 11.5 "Share Options" and Section 13.8 "Warrants", neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or the subsidiaries.

13.10 Shareholder rights

The Company has one class of Shares in issue and, in accordance with the Norwegian Public Limited Companies Act, all Shares provide equal rights in the Company, including any rights to dividends. Each of the Shares carries one vote. The rights attached to the Shares are described in Section 13.11 "The Articles of Association and certain aspects of Norwegian law".

13.11 The Articles of Association and certain aspects of Norwegian law

13.11.1 The Articles of Association

The Articles of Association were last amended on 7 January 2019 and are enclosed as Appendix 1 to the Prospectus. Please find a summary of the Articles of Association below:

§ 3 - Objective of the Company

The objective of the Company is to develop and market dermatological, cosmetic and other health products through utilization of new technology and research results, by its own research and with cooperational institutions, both nationally and internationally. The Company may also invest in other companies.

§ 2 - Registered office

The Company's registered office is in the municipality of Bærum, Norway. The Company's general meeting may be held in Bærum and Oslo municipality.

§ 4 - Share capital and par value

The Company's share capital is NOK 29,094,995 divided into 11,637,998 Shares, each Share with a par value of NOK 2.50. The Shares are registered with the Norwegian Central Securities Depository (VPS).

§ 5 - Board of Directors

The Board of Directors shall consist of between 3 and 6 members.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

There are no provisions in the Articles of Association that prevent a change of control in Company.

§ 6 - General meetings

Documents relating to matters to be dealt with in the general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the general meeting are provided to him/her in physical form.

§ 8 - Nomination committee

The Company shall have a nomination committee. See Section 11.9 "Nomination Committee".

13.11.2 Certain aspects of Norwegian law

No limitations on the right to own and transfer the Shares

The Shares are freely transferable. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

General meetings

The general meeting of shareholders is the highest authority of a Norwegian company. In accordance with Norwegian law, the annual general meeting of the Company is required to be held each year on or prior to 30 June.

Extraordinary general meetings of shareholders may be held if the board of directors considers it necessary. An extraordinary general meeting of shareholders must also be convened for the consideration of specific matters at the written request of the Company's auditor or of shareholders representing a total of at least 5% of the Company's share capital. Further and provided that the Company has procedures in place to allow for shareholders to vote electronically, the annual general meeting of a Norwegian public limited company may, with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting, resolve that extraordinary general meetings may be convened with a fourteen days' notice period until the next annual general meeting.

Norwegian law requires that written notice of general meetings (annual or extraordinary) setting forth the time, date and agenda of the meeting is sent to all shareholders with known address at least 21 days before the general meeting if a Norwegian public company listed on a stock exchange or a regulated market shall be held, unless the articles of association stipulates a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Proxy forms may be included together with notices of general meetings. All shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration. Note, however, that the Company's articles of association may provide for pre-registration requirements in order to participate at the general meeting. The Company has currently not included such a provision in its articles of association, and consequently, there are no pre-registration requirements.

Voting rights - amendments to the Articles of Association

Each of the Shares carries one vote. In general, decisions made by shareholders under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections (e.g. of members to the Board of Directors or the nomination committee), the persons who obtain the greatest number of votes cast are elected.

However, Norwegian corporate law provides for a qualified majority requirement applicable to certain decisions, including (a) resolutions to waive shareholders' preferential rights to subscribe for shares in connection with share issues, (b) approval of mergers or demergers of the Company, (c) amendment of the Articles of Association, (d) authorisations to issue shares and increase the share capital (e) reductions in the share capital, (f) authorisations to issue convertible loans or warrants, (g) authorisations to the Board of Directors to acquire and hold treasury shares; and to (h) liquidation of the Company, all of which must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, namely decisions which will result in a substantial alteration of the rights and preferences of any

shares or class of shares, receive the approval by the holders of such shares or class of shares, in addition to the qualified majority requirement needed to amend the Articles of Association.

Furthermore, decisions that (a) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (b) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favor of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only shareholders registered in the VPS are entitled to vote for Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. If the shares are registered with a nominee and the beneficial shareholder wants to attend the General Meeting and vote for its shares, the beneficial shareholder must transfer the Shares from such nominee account to an account in the shareholder's name. Such registration must, as a general rule, appear from a transcript from the VPS, at the latest, on the date of the general meeting. Alternatively, the beneficial shareholder may, in the Company's view, bring a written confirmation from the nominee confirming that the shareholder is the beneficial shareholder, and a statement from the shareholder confirming that he is the beneficial owner.

There are no quorum requirements that apply to the general meetings of the Company.

Additional Share issue and preferential rights

Any issue of Offer Shares, including bonus issues, involve an amendment of the Articles of Association, which requires a general meeting approval with at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at such general meeting. In addition, under Norwegian law, the Company's shareholders have preferential rights to subscribe for Offer Shares issued by the Company. Preferential rights may be derogated from in the resolution by the general meeting. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

At a general meeting the Company's shareholders may, by the same vote as is required for amending the Articles of Association, authorize the board of directors to issue Offer Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of 2 years, and the par value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by bonus issues, subject to approval by the Company's shareholders, by transfer of equity capital from the Company's distributable equity to nominal share capital, and thus the share capital increase does not require any payment by the shareholders. Any bonus issues may be effectuated either by issuing Offer Shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to those described in this paragraph and in Section 13.11.2 "Certain aspects of Norwegian law – General meetings" which contains a description of general meetings. Any of the Company's shareholders may petition Norwegian courts to have a decision by the board of directors or the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. If based on particularly significant matters, the Company's

shareholders may require the courts to dissolve the Company as a result of such decisions. Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Company's board of directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice already has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for the notice has not expired.

The Articles of Association do not contain stricter provisions than the PLCA with respect to actions necessary to change the rights of shareholders.

Board Members' Liability

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the directors act in the best interests of the Company when exercising their powers as directors, and that they generally show loyalty and care towards the Company. The principal task of the directors, in their capacities of directors, is to safeguard the interests of the Company.

Members of the board of directors may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the shareholders at general meetings to discharge any such person from liability, but such discharge is not binding on the Company for such matters which the general meeting did not receive substantially correct and complete information on prior to passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against a director has been passed by a general meeting, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the number of shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds that the Company receives as a result of the action.

Indemnification of the Board of Directors

The Company is permitted to purchase insurance to cover the Company's directors against certain liabilities that they may incur in their capacity as such. However, no such insurance has been paid as of the date of this Prospectus.

Transactions with related parties

Pursuant to the PLCA, an agreement between the Company and (i) a shareholder of the Company, (ii) a shareholder's parent company, (iii) a member of the Board of Directors, (iv) the CEO of the Company, (v) somebody acting pursuant to an agreement or understanding with some of the aforementioned persons, or (vi) a person or a company that is a close associate pursuant to the PLCA to a shareholder or a shareholder's parent company, which involved consideration from the Company in excess of 5% of the Company's share capital, is not binding for the Company unless approved by the general meeting. There are exemptions from this provision, including agreements entered into in the normal course of business of the Company on terms and conditions normal for such agreements, and for the purchase of securities at a price in accordance with a public quotation.

Rights of redemption and repurchase of shares

As of the date of the Prospectus the Company has not issued any redeemable Shares.

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the votes cast and at least two-thirds of the share capital represented at a general meeting of the Company's shareholders. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the board of directors has been granted an authorization to do so by the general meeting with the approval of at least two-thirds of the votes cast and at least two-thirds of the share capital represented at such meeting. An authorization cannot be granted for a period exceeding 2 years. The aggregate par value of treasury shares acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the Shares.

Shareholder vote on mergers and demergers

A decision to merge with another company or to demerge requires a resolution by the shareholders at a general meeting passed by at least two-thirds (2/3) of the votes cast and at least two-thirds (2/3) of the share capital represented at the meeting. A merger plan, or demerger plan signed by the board of directors along with certain other required documentation, would have to be sent to all the Company's shareholders at least 1 month prior to the general meeting held to pass upon the matter.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the votes cast and at least two-thirds of the share capital represented at the meeting. In the event of a liquidation, the Shares rank equally in respect of return on capital by the Company, if any.

14 SECURITIES TRADING IN NORWAY

14.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs has entered into a strategic cooperation with the London Stock Exchange Group with regards to, inter alia, trading systems for equities, fixed income and derivatives. Oslo Børs VPS Holding ASA owns and operates the two regulated markets for equities in Norway; Oslo Børs and Oslo Axess. In addition, Oslo Børs operates a multilateral trading facility named Merkur Market.

14.2 Trading and settlement

Trading of equities on Oslo Børs is currently carried out in the electronic trading system Millennium Exchange. Millennium Exchange is supplied by the London Stock Exchange (LSE), which has used the system for its own marketplaces since 2011.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with a pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), a closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Oslo Børs may have limited opening hours during holidays.

Shares issued by Norwegian companies listed on Oslo Børs are registered in the VPS, as described in Section 14.4 "VPS and transfer of shares" in further detail. The settlement period for trading on Oslo Børs is 2 trading days (T+2). This means that securities will be settled on the investor's account in the VPS 2 trading days after the transaction, and that the seller will receive payment after 2 trading days.

SIX x-clear Ltd has a license from the Norwegian Ministry of Finance to act as a central counterparty and provide clearing services in Norway, and has since 2010 (until 2014 through the subsidiary Oslo Clearing ASA) offered clearing and counterparty services for equity trading on Oslo Børs. Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Act, branches of investment firms from an EEA member state or by investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Act relating to brokers' trading for their own account. However, such market-making activities do not, as such, require notification to the NFSA or Oslo Børs except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

14.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated and promptly warn Oslo Børs' personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets of Norway and evaluates whether the issuance documentation, such as a prospectus, contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly and at its own initiative release any inside information (that is, precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market) to the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Such company must promptly and on its own initiative on a confidential basis inform Oslo Børs about the existence of undisclosed inside information and the reason for the delay in disclosure. Oslo Børs may levy fines on companies violating these requirements.

14.4 VPS and transfer of shares

The VPS is the Norwegian paperless centralized securities register. The ownership of, and all transactions relating to, securities which are listed on Oslo Børs are required to be registered in a securities register which is licensed to operate in Norway. Currently the VPS is the only securities register which is licensed to operate in Norway. The Company's shareholder register is operated through the VPS. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (i.e. Norway's central bank), authorized securities brokers in Norway, Norwegian branches of credit institutions established within the EEA or credit institutions established within the EEA operating cross-border into Norway are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an on-going basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about any dividends and interest payments.

14.5 Shareholder register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS in Norwegian companies through a nominee. However, shares held by foreign shareholders may be registered in the VPS in the name of a nominee (bank or other nominee) approved by the NFSA. An approved and registered nominee has a duty to provide information on demand

about beneficial shareholders to both the Company and the Norwegian authorities. In the case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners unless the registered nominee is granted a proxy. Beneficial owners must register with the VPS or provide other sufficient proof of their ownership of the shares in order to vote.

14.6 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on Oslo Børs through any investment firm that is a member of Oslo Børs, whether Norwegian or foreign.

14.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which is the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Act to notify Oslo Børs and the company immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital, even if such persons' shareholding does not change as a result of the change.

The disclosure obligation also requires an investor to disclose agreements giving an investor voting rights over another party's shares if the total holding of shares and voting rights cross any of the mentioned thresholds.

14.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to an application for listing on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information. Inside information is defined in Section 3-2 of the Norwegian Securities Act and refers to precise information about financial instruments issued by the listed company, about the listed company itself or about other circumstances which are likely to have a noticeable effect on the price of financial instruments issued by the listed company or related to financial instruments issued by the listed company, and which is not publicly available or commonly known in the market. Information that is likely to have a noticeable effect on the price shall be understood to mean information that a rational investor would probably make use of as part of the basis for his investment decision. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions. Breach of insider trading obligations may be sanctioned and lead to criminal charges.

14.9 Mandatory offer requirement

The Norwegian Securities Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within 4 weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within 4 weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the 6-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the threshold within 4 weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not under Norwegian law, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting at a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is under the Norwegian Securities Act and obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40% or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within 4 weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group who has passed any of the above-mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules, is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company (subsequent offer obligation).

The Shares in the Company has not been subject to mandatory offers (nor voluntary offers) during the last and current financial years.

14.10 Compulsory acquisition

Pursuant to the PLCA, a shareholder who, directly or indirectly through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as more than 90% of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of

the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than 4 weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the total number of issued shares of the offeree company and a corresponding proportion of the votes that can be cast in the general meeting, and the offeror pursuant to Section 4–25 of the PLCA completes a compulsory acquisition of the remaining shares within 3 months after the expiry of the offer period, it follows from the Norwegian Securities Act that the redemption price shall be determined on the basis of the offer price, absent specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than 2 months from the notification of the compulsory acquisition, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition. Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified objection deadline.

14.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

15 TAXATION

15.1 Norwegian taxation

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as of the date of the Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

15.1.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends from the Company received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are currently taxable as ordinary income in Norway for such shareholders at an effective tax rate of 31.68% to the extent the dividend exceeds a tax-free allowance (i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which is then taxable at a flat rate of 22%, increasing the effective tax rate on dividends to 31.68%).

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: "*statskasseveksler*") with 3 months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share.

Norwegian Corporate Shareholders

Dividends distributed from the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are effectively taxed at a rate of 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is currently subject to tax at a flat rate of 22%).

Non-Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**") are as a general rule subject to Norwegian withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the

country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividend and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**") are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

15.1.2 Taxation of capital gains on realization of Shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian

Personal Shareholder's ordinary income in the year of disposal, with an effective tax rate of 31.68% (i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 which is then taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses to 31.68%).

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 15.1.1 "Taxation of dividends", "Norwegian Personal Shareholders", above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss. Any unused allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for the participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purposes.

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realization of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

15.1.3 Net Wealth Tax

Norwegian Personal Shareholders

The value of shares held on 1 January in the year of assessment is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed.

Listed shares are valued at 75% of their quoted value on 1 January in the assessment year, which is the year following the relevant fiscal year.

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian Personal Shareholders and Non-Norwegian Corporate Shareholders

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

15.1.4 VAT and Transfer Taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

16 THE SUBSEQUENT OFFERING

16.1 Overview

On 4 December 2018, the Company publicly announced that it intended to initiate a subsequent offering (the "**Subsequent Offering**") of up to 250,000 new shares (the "**Offer Shares**") in the Company.

On 11 February 2019, the Board of Directors resolved to launch the Subsequent Offering, as described herein. The Subsequent Offering is directed towards the Company's shareholders as of 4 December 2018 (the "**Existing Shareholders**") (the "**Cut-Off Date**"), as registered in the VPS on 6 December 2018 (the "**Record Date**"), except (i) shareholders who were offered to participate in the Private Placement, and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful or would require any filing, registration or similar action (other than a prospectus in Norway) (the "**Eligible Shareholders**") would be offered to subscribe for a total of 220,500 Offer Shares, each with a par value of NOK 2.50, at subscription price of NOK 2.50 per Offer Share (the "**Subsequent Offering Subscription Price**"), which is equal to the Private Placement Subscription Price. Oversubscription will be permitted. Subscription without Subscription Rights will not be permitted.

Eligible Shareholders will, based on their registered holding in the VPS at the end of the Record Date, be granted non-tradable subscription rights to subscribe for and be allocated Offer Shares in the Subsequent Offering (the "**Subscription Rights**"). The Company will issue approximately 0.8644 Subscription Rights per one (1) Share held in the Company on the Cut-Off Date.

The number of Subscription Rights issued to each Eligible Shareholder will be rounded down to the nearest whole number of Subscription Rights without compensation to the holder. Each Subscription Right grants the holder the right to subscribe for and be allocated 1 (one) Offer Share in the Subsequent Offering.

Each Eligible Shareholder who subscribes for and is allocated Offer Shares will be granted one (1) Warrant free of charge per Offer Share.

The Subsequent Offering may not be cancelled by the Company unless the minimum number of Offer Shares (i.e. 1 Offer Share) is not subscribed.

No expenses or taxes will be charged by the Company to the subscribers in the Subsequent Offering. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction outside of Norway.

Any announcements regarding the Subsequent Offering will be made as stock exchange notices published at www.newsweb.no.

16.2 Background and use of proceeds

The Subsequent Offering is initiated to limit the dilutive effect of the Private Placement by enabling Existing Shareholders who were not offered to subscribe for New Shares to subscribe for Offer Shares. In the Private Placement, the pre-emptive rights for subscription of Shares pursuant to the Companies Act section 10-4 was set aside as the Private Placement was directed to certain existing shareholders and new investors. The Board considered that raising capital through the Private Placement was the most appropriate way to raise the capital needed to fund the Company's working capital need.

In order to facilitate the principle of equal treatment of the Company's Shareholders, the Board proposed to initiate a Subsequent Offering directed at the Eligible Shareholders. The extraordinary general meeting of the Company granted the Board an authorization to increase the share capital in connection with the Subsequent Offering on 7 January 2019, and the Board passed a resolution on a share capital increase

pertaining to the Subsequent Offering on 11 February 2019. Shareholders who are resident in a jurisdiction where such offering would be unlawful or would require any filing, registration or similar action (other than a prospectus in Norway) will not be considered Eligible Shareholders.

The gross proceeds of up to NOK 551,250 from the Subsequent Offering will be used for general corporate purposes and working capital.

16.3 Resolutions regarding the Subsequent Offering

On 7 January 2019, the extraordinary general meeting of the Company granted the Board the following authorization to increase the share capital:

- (i) Pursuant to section 10-14 of the Norwegian Public Limited Liability Companies Act, the Board is authorised to increase the share capital in the Company with up to NOK 625,000 through issue of up to 250,000 new shares, each with a par value of NOK 2.50.*
- (ii) The subscription price per share shall be NOK 2.50. The authorisation may only be used to carry out the repair issue as a consequence of item 5 and 6 on the agenda (the "**Repair Issue**").*
- (iii) The Company shall issue a prospectus approved by the Norwegian prospectus authority in connection with the Repair Issue (the "**Prospectus**"). Any offer of subscription of new shares in the Repair Issue shall be conditional upon the approval and publishing of the Prospectus in accordance with applicable law.*
- (iv) The authorisation comprise increase of the share capital against cash contribution. The authorisation shall not comprise share capital increase against contribution in kind and the right to incur special obligations on the Company pursuant to section 10-2 of the Norwegian Public Limited Liability Companies Act.*
- (v) The shareholders' preferential rights pursuant to section 10-4 of the Norwegian Public Limited Liability Companies Act may be deviated from, cf. section 10-5.*
- (vi) The authorisation shall not comprise decisions on merger pursuant to section 13-5 of the Norwegian Public Limited Liability Companies Act.*
- (vii) The Board is authorised to amend the articles of association in accordance with the share capital increase resolved under this authorisation.*
- (viii) The authorisation is valid from registration in the Norwegian Register of Business Enterprises and until 1 May 2019.*
- (ix) The resolution is conditional upon the general meeting's approval of the Board's proposal for resolution in items 4 – 6 and item 8, and that such resolutions are executed.*

On 11 February 2019, the Board passed the following resolution on a share capital increase pertaining to the Subsequent Offering:

- (i) The Company's share capital is increased with minimum NOK 2.50 and maximum NOK 551,250 through issue of minimum 1 and maximum 220,500 new shares (the "**Offer Shares**"), each with a par value of NOK 2.50.*
- (ii) The subscription price per Offer Share shall be NOK 2.50.*
- (iii) The share capital increase shall be conditional upon the approval and publishing of a prospectus in accordance with the Norwegian Securities Trading Act chapter 7 (the*

"Prospectus"). Further terms and conditions for the subscription of Offer Shares shall be set out in the Prospectus. The Prospectus shall not be registered with nor passported to relevant authorities in other jurisdictions than Norway.

- (iv) The Offer Shares may be subscribed by the Company's shareholders as of 4 December 2018, as registered in the VPS on 6 December 2018 (the "**Record Date**"), less (i) shareholders who were offered to participate in the Private Placement, and (ii) shareholders domiciled in a jurisdiction where such offering would require any filing, registration or similar act (the "**Eligible Shareholders**"), who order and are allocated shares. In addition, the shareholders that pre-committed to subscribe shares for NOK 11.525 million in the Private Placement, may subscribe for Offer Shares that are allocated in accordance with the resolution's section (vii) (b) below. The shareholders' preferential rights to subscribe for new shares, cf. the Norwegian Public Limited Liability Companies Act section 10-4, is thus deviated.*
- (v) Each Eligible Shareholders shall receive approximately 0.8644 subscription rights for each share held by such Eligible Shareholder as per the Record Date. The subscription rights will not be listed on Oslo Axess and are not transferable. Each subscription right gives the right to subscribe for and be allocated one (1) Offer Share in the share capital increase. Granted subscription rights will be rounded down to the nearest whole subscription right.*
- (vi) Oversubscription will be permitted, however subscription without subscription rights will not be allowed.*
- (vii) Allocation of the Offer Shares shall be made by the board of directors. The following allocation criteria shall apply:
 - (a) Allocation will be made to subscribers on the basis of subscription rights which have been validly exercised during the subscription period. Each subscription right will give the right to subscribe for and be allocated one (1) new share;*
 - (b) Shareholders that pre-committed to subscribe for shares for NOK 11.525 million in the Private Placement, will on a pro rata basis, based on their subscription commitment, have a preferential right to subscribe for Offer Shares that are not allocated pursuant to (a) above; and*
 - (c) The shares that are not allocated pursuant to (a) and (b) above shall be allocated to Eligible Shareholders that have exercised their subscription rights and oversubscribed on a pro rata basis, based on the number of subscription rights exercised by the subscriber. If a pro-rata allocation is not possible, the Company will determine the allocation by lot drawing.**
- (viii) The subscription of the Offer Shares shall take place on a separate subscription document during the period between 14 February 2019 at 09.00 hours (CET) and 28 February 2019 at 16.30 hours (CET).*
- (ix) The subscription amount shall be paid to a separate bank account. Upon subscription of shares, by signature on the subscription form, the subscriber will grant Danske Bank an authorization to debit a specific bank account for the amount stated as subscription amount in the subscription form. The authorization allows for up to three debit attempts, however the account may only be debited once. Upon allocation of Offer Shares, Danske Bank will debit the amount that corresponds with the number of allocated Offer Shares multiplied with the subscription price. The first debit attempt will be made on or about 7 March 2019. Subscribers who do not have a Norwegian bank account must pay for allocated shares directly to the Company, to account number 8601.88.81472, within 7 March 2019.*
- (x) The new shares shall carry full shareholder rights in the Company, from the date of the registration of the share capital in the Norwegian Register of Business Enterprises.*

- (xi) *Section 4 of the Company's articles of association is amended accordingly.*
- (xii) *The estimated expenses related to the share capital increase are NOK 75,000.*

On 7 January 2019, the extraordinary General Meeting of the Company resolved the following issuance of Warrants to the subscribers in the Private Placement:

- (i) *The Company shall issue minimum 1 and maximum 250,000 independent subscription rights ("**Warrants**"), cf. the Norwegian Public Limited Liability Companies Act section 11-12.*
- (ii) *The Warrants may be subscribed by the Company's shareholders per 4 December 2018, as registered in the Company's shareholders register in VPS on 6 December 2018 (the "**Registration Date**"), minus (i) shareholders offered to participate in the Private Placement, and (ii) shareholders domiciled in a jurisdiction where such offer is illegal or require submission, registration or other similar action (the "**Eligible Shareholders**"), however so that Warrants can only be subscribed by Eligible Shareholders who have ordered and been allocated new shares in the repair issue expected to be resolved by the Board during the first quarter of 2019 (the "**Repair Issue**") and pursuant to the Board authorization granted in item 7 on the agenda. Each share subscribed by an Eligible Shareholder in the Repair Issue shall give the right to subscription of one (1) Warrant.*
- (iii) *The shareholders' preferential rights pursuant to section 11-4 of the Norwegian Public Limited Liability Companies Act are consequently deviated from.*
- (iv) *The Company shall issue a prospectus approved by the Norwegian prospectus authority in connection with the Repair Issue (the "**Prospectus**"). The offer to subscribe Warrants in accordance with this resolution shall be conditional upon the approval and publishing of the Prospectus in accordance with applicable law.*
- (v) *The subscription period for the Warrants shall begin no later than the fourth trading day on Oslo Axess after the publishing of the Prospectus and shall end at 16.30 (CET) on the 14th day thereafter, however not later than 1 May 2019. Warrants shall be subscribed at a separate subscription form.*
- (vi) *The Warrants shall be granted free of charge.*
- (vii) *Each Warrant entitles the Qualified Shareholder to subscribe for one (1) new share through a cash payment of NOK 2.50 per share.*
- (viii) *The Warrants may be exercised in the period from 30 June 2019 to 1 September 2019. The investors who require issuance of shares through exercise of their Warrants shall receive these as soon as practically possible after 1 August 2019 (for investors who have exercised Warrants prior to 31 July 2019) or after 1 September 2019 (for investors who has exercised their Warrants within 1 September 2019).*
- (ix) *The owner of Warrants shall not have shareholder rights changes to the Company's capital structure, including increase or decrease of the share capital, resolutions on issue of subscription rights or dissolution, merger, demerger or transformation of the Company.*
- (x) *Shares issued through exercise of the Warrants shall be equal with the already issued shares, and shall include the right to dividends from the time the share capital increase is registered in the Norwegian Register of Business Enterprises.*
- (xi) *The resolution is conditional upon the general meeting's approval of the Board's proposal for resolution in items 4 – 7, and that such resolutions are executed.*

16.4 The Offer Shares

The Offer Shares will be issued as ordinary shares in accordance with Norwegian law.

The Offer Shares will rank pari passu in all respects with the existing Shares and carry full shareholder rights in the Company from the date of registration of the share capital increase pertaining to the Subsequent Offering in the Norwegian Register of Business Enterprises. The Offer Shares are eligible for any dividends the Company may declare after said date. For a description of rights attached to the Shares, please refer to Section 13.10 "Shareholder rights".

16.5 The Warrants

The Warrants issued to the subscribers in the Subsequent Offering will give the holder the right to subscribe for one (1) additional share in the Company from and including 30 June 2019 to and including 1 September 2019 through a cash deposit of NOK 2.50 per share.

The Warrants may be exercised in the period from 30 June 2019 to and including 1 September 2018 by written notice to the Company, on the following address:

Aqua Bio Technology ASA
Fornebuveien 37
1366 Lysaker
Norway
E-mail: arvid@aquabiotech.no

Investors who require issuance of Shares through exercise of their Warrants shall receive these as effectively as practically possible after 1 August 2019 (for investors who have exercised Warrants prior to 31 July 2019) or after 1 September 2019 (for investors who have exercised their Warrants within the end of 1 September 2019). The Company will provide payment information for share deposits following exercise of one or more Warrants.

Warrants that are not exercised within the end of 1 September 2019 will lapse automatically without compensation to the holder.

The Warrants will be listed on Oslo Axess under ticker "ABT S". The Warrants will be issued in the VPS with ISIN NO 001 0841901 and will be delivered to the subscribers simultaneously with delivery of the Offer Shares, expected on or about 12 March 2019.

16.6 Share capital following completion of the Subsequent Offering

The Company's share capital following the completion of the Private Placement and the Subsequent Offering will be minimum NOK 29,094,997.50 divided into 11,637,999 Shares and maximum NOK 29,646,245.00 divided into 11,858,498 Shares, each Share with a par value of NOK 2.50.

16.7 Timetable for the Subsequent Offering

The timetable below set out below provides certain indicative key dates for the Subsequent Offering, which may be subject to change:

Event	Date
Last day of trading in the Shares including Subscription Rights.....	4 December 2018
First day of trading in the Shares excluding Subscription Rights.....	5 December 2018

Record Date.....	6 December 2018
Subscription Period commences.....	14 February 2019 at 09.00 hours
Subscription Period ends.....	28 February 2019 at 16.30 hours
Allocation of the Offer Shares.....	On or about 4 March 2019
Distribution of allocation letters.....	On or about 5 March 2019
Payment Date.....	7 March 2019
Registration of share capital increase in the Norwegian Register of Business Enterprises.....	On or about 11 March 2019
Delivery of Offer Shares and Warrants to the VPS accounts of the subscribers in the Subsequent Offering.....	On or about 12 March 2019
Listing and commencement of trading in the Offer Shares and Warrants on Oslo	On or about 12 March 2019
Axess.....	

16.8 Subsequent Offering Subscription Price

The subscription price in the Subsequent Offering has been set to NOK 2.50 per Offer Share, which is identical to the Private Placement Subscription Price. No expenses or taxes are charged to the subscribers in the Subsequent Offering by the Company.

16.9 Subscription period

The subscription period in the Subsequent Offering (the "**Subscription Period**") will commence on 14 February 2019 at 09.00 hours and end on 28 February 2019 at 16.30 hours (CET). The Subscription Period can neither be shortened nor extended.

16.10 Record Date for Eligible Shareholders

Only shareholders who are registered in the Company's shareholder register in the VPS as of 6 December 2018 (the Record Date) may be considered as Eligible Shareholders.

Provided that the delivery of traded Shares was made with ordinary T+2 settlement in the VPS, Shares that were acquired on or before 4 December 2018 will give the right to be considered as an Eligible Shareholder, whereas Shares that were acquired from and including 5 December 2018 will not give the right to be considered as an Eligible Shareholder.

16.11 Subscription Rights

Eligible Shareholders will be granted Subscription Rights giving a preferential right to subscribe for and be allocated Offer Shares. Each Eligible Shareholder will be granted approximately 0.8644 Subscription Rights for every existing Share registered as held by such Eligible Shareholder on the Cut-Off Date (as appearing in the VPS on the Record Date). One (1) Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated 1 (one) Offer Share in the Subsequent Offering.

The number of Subscription Rights issued to each Eligible Shareholder will be rounded down to the nearest whole number of Subscription Rights without compensation to the holder.

The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account by the start of the Subscription Period under the International Securities Identification Number (ISIN) NO 001 0840754. The Subscription Rights are distributed free of charge to the Eligible Shareholders.

The Subscription Rights must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e. 28 February 2019 at 16.30 hours CET). Subscription Rights that are not exercised before 16.30 hours CET on 28 February 2019 will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus.

16.12 Subscription Procedure

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form (such form is enclosed to this Prospectus as Appendix 2, the "**Subscription Form**") to the Company during the Subscription Period. The Subscription Forms may be submitted to:

Danske Bank
Custody Services
Torgaarden
Postboks 4700
7466 Trondheim
Norway
E-mail: vpsservice@danskebank.no[mailto:](mailto:vpsservice@danskebank.no)

(the "**Settlement Agent**")

Correctly completed Subscription Forms must be received by the Settlement Agent no later than 28 February 2019 at 16.30 hours (CET).

It is not sufficient for the Subscription Form to be postmarked within the expiry of the Subscription Period. Subscribers for Offer Shares bear the risk of any postal delays or technical computer problems relating to the above mentioned internet addresses which result in a subscription or a Subscription Form not being received within the Subscription Period.

Neither the Settlement Agent nor the Company may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Settlement Agent. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company without notice to the subscriber.

Subscribers who are residents of Norway with a Norwegian personal identification number may also subscribe for Offer Shares through the VPS online subscription system by following the link on www.aquabiotechnology.com (which will redirect the subscriber to the VPS online subscription system). All online subscribers must verify that they are Norwegian citizens by entering their national identity number (*Nw: personnummer*). The Company does not assume any responsibility for failure to subscribe for Offer Shares due to technical or internet problems.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Settlement Agent. The subscriber is responsible for the correctness of the information filled into the Subscription Form. By signing and submitting a Subscription Form, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Oversubscription (i.e. subscription for a number of the Offer Shares higher than the number of allocated Subscription Rights) will be permitted. Subscription without Subscription Rights will not be permitted.

Multiple subscriptions (i.e. subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms.

16.13 Mandatory Anti-Money Laundering Procedures

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of the Settlement Agent must verify their identity to the Settlement Agent in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Settlement Agent. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the NFSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

16.14 Financial intermediaries

16.14.1 General

All persons or entities holding Shares or Subscription Rights through financial intermediaries (*e.g.*, brokers, custodians and nominees) should read this Section 16.14 "Financial intermediaries". All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company may not be held liable for any action or failure to act by a financial intermediary through which Shares are held.

16.14.2 Subscription Rights

If an Existing Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will, subject to the terms of the agreement between the Eligible Shareholder and the financial intermediaries, customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled and the relevant financial intermediary will customarily

supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

16.14.3 Subscription Period

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadlines will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

16.14.4 Subscription

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Settlement Agent of their exercise instructions.

A person or entity who has acquired Subscription Rights that are held through a financial intermediary should contact the relevant financial intermediary for instructions on how to exercise the Subscription Rights.

Please refer to Section 17 "Selling and Transfer Restrictions" for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions outside Norway.

16.14.5 Method of payment

Any Existing Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subsequent Offering Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Company no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

16.15 Allocation of the Offer Shares

Allocation of the Offer Shares will take place on or about 1 March 2019 in accordance with the following criteria:

- (i) Allocation will be made to subscribers on the basis of granted Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated 1 Offer Share;
- (ii) The shareholders that pre-committed to subscribe for New Shares for an amount of NOK 11.525 will have a preferential right to subscribe for the remaining Offer Shares on a pro rata basis (based on the subscription commitments of the shareholders that pre-committed to subscribe for New Shares); and
- (iii) Offer Shares that have not been allocated pursuant to (i) and (ii) above will be allocated to subscribers having exercised their subscription rights and who have over-subscribed will have the right to be allocated remaining Offer Shares on a pro rata basis based on the number of subscription rights exercised by the subscriber. If a pro rata allocation is not possible, the Company will determine the allocation by lot drawing.

The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not made on the basis of Subscription Rights. In the event the Company rounds off, rejects or reduces any subscription amount for Offer Shares, any payments made in connection with such subscriptions will be returned without interest or other compensation.

Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay the number of Offer Shares actually allocated.

The Company will not distinguish subscribers by which securities firm, if any, the subscription has been made through.

The result of the Subsequent Offering will be published on or about 4 March 2019 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange information system. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter on or about 5 March 2019.

The Offer Shares may not be traded until they are listed on Oslo Børs, which is expected to be on or about 12 March 2019.

16.16 Payment for the Offer Shares

16.16.1 Payment due date

The payment for Offer Shares allocated to a subscriber falls due on 7 March 2019 (the "**Payment Date**"). Payment must be made in accordance with the requirements set out in Section 16.16.2 "Subscribers who have a Norwegian bank account" or Section 16.16.3 "Subscribers who do not have a Norwegian bank account" below.

16.16.2 Subscribers who have a Norwegian bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Settlement Agent with a one-time irrevocable authorization to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date, and subscribers must make sure that there are sufficient funds available on the designated bank account from and including the banking date before the Payment Date. The Settlement Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts, and the authorization will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorizes the Settlement Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account on the Payment Date or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorization from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading" will apply.

16.16.3 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact the Company for further details and instructions.

16.16.4 Overdue payments

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.75% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Companies Act and at the discretion of the Company, not be delivered to the subscriber. The Company reserves the right (but have no obligation) to let one or several shareholders and/or investors ("**Advance Payment Guarantors**") advance the payment on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Advance Payment Guarantors. However, the Advance Payment Guarantors, on behalf of the Company, reserve the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allot or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Advance Payment Guarantors may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Advance Payment Guarantors, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

16.17 Delivery and listing of the Offer Shares and Warrants

The Company expects that the share capital increase pertaining to the Subsequent Offering and the resolution regarding issuance of Warrants will be registered in the Norwegian Register of Business Enterprises on or about 11 March 2019 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about 12 March 2019.

The Shares are listed on Oslo Axess under ISIN NO 0010307135 and ticker code "ABT", and the Offer Shares will be delivered on the same ISIN. The Warrants will be issued in VPS under ISIN NO 001 0841901, and will be listed on Oslo Axess under ticker code "ABT S".

The Offer Shares and the Warrants will be listed on Oslo Axess as soon as the Offer Shares and Warrants have been issued in the VPS. This is expected to take place on or about 12 March 2019. The Warrants will be delivered simultaneously with the Offer Shares.

The Offer Shares and Warrants may not be transferred or traded before they are fully paid (with regards to the Offer Shares) and said registration in the VPS has taken place (expected to take place on or about 12 March 2019).

16.18 Participation of major Existing Shareholders and members of the Board

To the extent known by the Company, no major Existing Shareholders (*i.e.* Existing Shareholders holding more than 5 % of the total outstanding Shares) or members of the Board intend to participate in the Subsequent Offering.

16.19 VPS Registration

The Offer Shares will be registered in the VPS with the same International Securities Number as the existing Shares, being ISIN NO 0010307135. The Company's register of shareholders with the VPS is administrated by Danske Bank, Søndre gate 13-15, NO 7466 Trondheim, Norway.

16.20 Dilution

The Existing Shareholders who did not participate in the Private Placement and who does not participate in the Subsequent Offering will be diluted by approximately 41% following the issuance of 4,694,000 New Shares in the Private Placement and 220,500 Offer Shares in the Subsequent Offering, and not taking into account exercise of any Warrants¹⁸.

16.21 Selling and transfer restrictions

For a description of selling and transfer restrictions applicable to the Subsequent Offering, please refer to Section 17 "Selling and Transfer Restrictions".

16.22 Proceeds and expenses related to the Subsequent Offering

The gross proceeds to the Company in the Subsequent Offering will be up to NOK 551,250.

The Company will bear the fees and expenses related to the Subsequent Offering and the listing of the Offer Shares, which are estimated to amount to up to approximately NOK 75,000 (assuming that the Subsequent Offering is fully subscribed). No expenses or taxes have been charged by the Company to the subscribers in the Subsequent Offering. The net proceeds from the Subsequent Offering will be up to approximately NOK 476,250 (assuming that the Subsequent Offering is fully subscribed).

16.23 Governing law and jurisdiction

This Prospectus and the terms and conditions of the Subsequent Offering shall be governed by and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. The Company has been incorporated under the Companies Act and all legal matters relating to the Shares will primarily be regulated by this act. Any dispute arising out of, or in connection with, this Prospectus or the Subsequent Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo as legal venue.

16.24 Advisors

Advokatfirmaet CLP DA is acting as the Company's legal adviser in relation to the Subsequent Offering.

16.25 Interests of natural and legal persons involved in the Subsequent Offering

¹⁸ Based on the maximum amount of Offer Shares being subscribed in the Subsequent Offering.

The Company is not aware of any interest of any natural and/ or legal persons involved in the Subsequent Offering.

17 SELLING AND TRANSFER RESTRICTIONS

17.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

17.2 United States shareholders

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States and are being offered and sold under an exemption to registration under the U.S. Securities Act. The the Offer Shares may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States.

The Offer Shares will only be offered and sold in transactions not subject to the registration requirements (i) within the United States to existing U.S. shareholders that are QIBs, under certain circumstances, in reliance on an exemption from registration under the U.S. Securities Act, and (ii) outside the United States, in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Offer Shares acquired by existing U.S. shareholders will be "restricted securities" within the meaning of Rule 144 (a)(3) under the U.S. Securities Act. Restricted securities may be offered, sold, pledged or otherwise transferred, directly or indirectly, only pursuant to an exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The foregoing discussion is only a general overview of certain requirements of the U.S. Securities Act that are applicable to the exercise and resale of the the Offer Shares. All shareholders who receive such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable United States securities laws.

The Company will provide the information required by Rule 144A(d)(4) under the U.S. Securities Act to holders and prospective purchasers, as applicable, for as long as any Shares that are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act remain outstanding.

Investor Representations and Restrictions on Resale in the U.S.:

Each shareholder, by subscribing for Offer Shares will be deemed to have represented and agreed as follows:

- 1 it is acquiring the Offer Shares for its own account or for an account with respect to which it exercises sole investment discretion, and that it or such account, as the case may be, (a) is a QIB as

defined under Rule 144A, and is aware that the sale to it is being made in reliance on an exemption from registration under the U.S. Securities Act, or (b) is not a "U.S. Person" and is acquiring the Offer Shares in an offshore transaction, pursuant to Regulation S under the U.S. Securities Act;

- 2 it acknowledges that the the Offer Shares have not been registered under the U.S. Securities Act and may not be sold except as permitted below;
- 3 it understands and agrees that such Offer Shares are being offered only in a transaction not involving any public offering in the U.S. within the meaning of the U.S. Securities Act, and that (a) if in the future it decides to resell, pledge or otherwise transfer such Offer Shares on which the legend set forth below is deemed to appear, such Offer Shares issued pursuant to the Subsequent Offering may be resold, pledged or transferred only (i) to the Company, (ii) in a transaction entitled to an exemption from registration provided by Rule 144 under the U.S. Securities Act, (iii) so long as such security is eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is give that the resale, pledge or transfer is being made in reliance on Rule 144A, (iv) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act, (v) in accordance with another applicable exemption from the registration requirements of the U.S. Securities Act (and based upon an opinion of counsel acceptable to us), or (vi) pursuant to an effective registration statement under the U.S. Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States. The purchaser of the restricted Offer Shares will, and each subsequent holder is required to, notify any purchaser of Offer Shares from it of the resale restrictions referred to in (a) above, if then applicable;
- 4 it understands that the Offer Shares issued to U.S. persons pursuant to an exemption from registration under the U.S. Securities Act shall be deemed to include the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAW. NO TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF ITS COUNSEL, IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY AND REASONABLY CONCURRED IN BY THE COMPANY'S COUNSEL, THAT SUCH PROPOSED TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

- 5 it has received a copy of this Prospectus and:
 - (a) has been afforded an opportunity to ask questions of and to request information from the Company, and has received all additional information it considers necessary in connection with its decision to purchase the Offer Shares and to verify the accuracy and completeness of the information contained or incorporated by reference herein;
 - (b) is relying on the information contained or incorporated by reference in this Prospectus or on display in making its investment decision with respect to the Offer Shares and has not relied on any other person in connection with investigating the accuracy of such information or its investment decision;
 - (c) the Company nor any person representing or affiliated with the Company have made any representation to you with respect to the Company or the Subsequent Offering, other than the representations of the Company contained in this Prospectus; and
 - (d) has read and agreed to the matters set forth in this section of the Prospectus;
- 6 it (i) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Offer Shares (ii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment, and (iii) may be required to bear the financial risks of this investment for an indefinite

period of time; and

- 7 it understands that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by it by its purchase of the Offer Shares are no longer accurate, it shall promptly notify the Company in writing. If it is acquiring the Offer Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

17.3 United Kingdom

This Prospectus and any other material in relation to the securities described herein is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

17.4 European Economic Area

The Prospectus has been prepared on the basis that all offers of Shares (other than the offer contemplated in this Prospectus in Norway, once this Prospectus has been approved by the NFSA and published in accordance with the Prospectus Directive as implemented in Norway) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for the offer of Shares. Accordingly, any person making or intending to make any offer within the EEA of Shares which are the subject of the Subsequent Offering contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company to produce a prospectus under the Prospectus Directive for such offer. The Company has not authorized, nor do they authorize, the making of any offer of Shares through any financial intermediary.

In relation to each member state of the EEA, which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Offer Shares may not be made in that Relevant Member State (other than the offers contemplated in the Prospectus in Norway once the Prospectus has been approved by the NFSA) and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public in that Relevant Member State of any of the Shares may be made at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to any legal entity which is a "Qualified Investor" as defined under the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive),
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers

contemplated in this Prospectus in Norway who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Company that:

- (i) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (ii) in the case of any Offer Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that (i) such Shares acquired by it in the offer have not been acquired on a discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive; or (ii) where such Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors or in circumstances which may give rise to an offer of Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined, the offer of those Shares to the public is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The Company and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

17.5 Switzerland

This Prospectus is not being publicly distributed in Switzerland. Each copy of this Prospectus is addressed to a specifically named recipient and may not be passed on to third parties. The Offer Shares are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering material in relation to the Offer Shares may be distributed in connection with any such public offering.

17.6 Additional jurisdictions

The Offer Shares may not be offered, sold, exercised, pledged, resold, granted, allocated, taken up, transferred or delivered, directly or indirectly, in or into, Canada, Japan, Australia, Hong Kong, or any other jurisdiction in which it would not be permissible to offer the the Offer Shares.

18 ADDITIONAL INFORMATION

18.1 Advisors

Advokatfirmaet CLP DA (Sommerrogata 13-15, N-0255 Oslo, Norway) is acting as legal counsel to the Company in connection with the Subsequent Offering and the Listing.

18.2 Independent auditor

Ernst & Young AS ("EY") is the Company's independent auditor. EY is a member of the Norwegian Institute of Public Accountants (Norwegian: "Den Norske Revisorforening"). EY's registered address is Dronning Eufemias gate 6, P.O. Box 1156, NO-0107 Oslo, Norway. EY has been the Company's independent auditor since 14 May 2014. The audited consolidated financial statements of the Company as at and for the years ended 31 December 2017 and 2016 were audited by EY, who issued unqualified independent auditor's reports on the above-mentioned consolidated financial statements.

18.3 Documents on display

For 12 months from the date of the Prospectus, the documents listed below, or copies thereof, may be physically inspected at Aqua Bio Technology's headquarters Fornebuveien 37, 1366 Lysaker, Bærum, Norway (telephone number +47 98 24 54 10).

- (i) this Prospectus;
- (ii) the Articles of Association;
- (iii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus; and
- (iv) the historical financial information for the Company and its subsidiary undertakings for each of the 2 financial years preceding the publication of the registration document.

18.4 Incorporation by reference

The information incorporated by reference in the Prospectus shall be read in conjunction with the cross-reference list as set out in the table below. Except as provided in this section, no other information is incorporated by reference into the Prospectus.

The following documents have been incorporated by reference into this Prospectus:

Section in Prospectus	Incorporated by reference	Reference document and link
9	Consolidated annual report, accounting principles, notes and auditor's report for the financial year 2017	https://cdn.shopify.com/s/files/1/1854/8547/files/Annual_Report_2017_and_Interim_Report_2017.pdf?4601612881908870182
9	Consolidated annual report, accounting principles, notes and auditor's report for the financial year 2016	https://cdn.shopify.com/s/files/1/1854/8547/files/041917_ABT_arsrapport_2016.pdf?11088992515732978847
9	Unaudited H1 2018 report	https://cdn.shopify.com/s/files/1/1854/8547/files/ABT_1._halvar_2017_Rapport.pdf?14881638116613668031

9	Unaudited H1 2017 report	https://cdn.shopify.com/s/files/1/1854/8547/files/Report_half_year2018.pdf?11452900724919738414
---	--------------------------	---

19 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

2010 PD Amending Directive	Directive 2010/73/EU amending the EU Prospectus Directive.
Access	Access Business Group International LLC
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302, collectively.
Articles of Association	The Company's articles of association.
Aquazyme	Aquazyme Technology AS.
BEA	Banco Español de Algas
Board of Directors	The Board of Directors of the Company.
Board Members	The members of the Board of Directors.
CAGR	Compound Annual Growth Rate.
CET	Central European Time.
Company	Aqua Bio Technology ASA.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, dated 23 October 2012.
Cut-Off Date	4 December 2018
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization.
EEA	The European Economic Area.
Eligible Investors	The Company's 140 largest shareholders in the Company as of 4 December 2018 (the Cut-Off Date), as registered in the VPS on 6 December 2018 (the Record Date), and members of the Company's Board and Management.
Eligible Shareholders	The Company's shareholders as of 4 December 2018 (the Existing Shareholders) (the Cut-Off Date), as registered in the VPS on 6 December 2018 (the Record Date), except (i) shareholders who participated in the Private Placement, and (ii) shareholders who are resident in a jurisdiction where such offering would be unlawful or would require any filing, registration or similar action (other than a prospectus in Norway).
EMEA	Europe, Middle East and Africa
EU	The European Union.
EUR	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
EU Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.

Existing Shareholders	The Shareholders of the Company as of 4 December 2018 (the Cut-Off Date), as registered in the VPS on 6 December 2018 (the Record Date).
Financial Statements	The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017 and 2016
Forward-Looking Statements	Information and statements that reflect the Company's current views with respect to future events and financial and operational performance based on the information currently available to the Company.
FSMA	UK Financial Services and Markets Act 2000.
General Meeting	Company's general meeting of shareholders
Group	The Company and its consolidated subsidiaries.
Historical Financial Information	The Financial Statements and the Interim Financial Statements.
IAS 34	International Accounting Standard 34 "Interim Financial Reporting".
IFRS	International Financial Reporting Standards.
Interim Financial Statements	The Group's unaudited interim consolidated financial statements as of, and for the six month period ended, 30 June 2018 and 2017.
Listing	The listing of the New Shares on the Oslo Stock Exchange.
Management	The senior management team of the Group.
New Shares	Means the 4,694,000 new shares in the Company issued in the Private Placement.
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholder	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholder	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Corporate Shareholder	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian FSA	The Norwegian Financial Supervisory Authority (<i>Nw.: Finanstilsynet</i>).
Norwegian Personal Shareholder	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Public Limited Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (<i>Nw.: allmennaksjeloven</i>).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 28 June 2007 no. 75 (<i>Nw.: verdipapirhandelloven</i>).
NZD	New Zealand Dollars, the lawful currency in New Zealand.
Offer Shares	Means the 220,500 new shares in the Company offered in the Subsequent Offering.
Order	The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Oslo Axess	A regulated market operated by the Oslo Stock Exchange. The Company's Shares are currently listed on Oslo Axess.
Oslo Stock Exchange	Oslo Børs ASA.

Aqua Bio Technology or ABT	The Company and its consolidated subsidiaries.
Payment Date	The date for payment for Offer Shares, 7 March 2019.
Private Placement	The Private Placement of 4,694,000 New Shares, as resolved by the Company's Extraordinary General Meeting held on 7 January 2019.
Private Placement Subscription Price	The price paid per New Share in the Private Placement, being NOK 2.50.
Prospectus	This Prospectus, dated 13 February 2019.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Record Date	6 December 2018.
Regulation S	Regulation S under the U.S. Securities Act.
Relevant Implementation Date	In relation to each Relevant Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Relevant Member State.
Relevant Member State	Each Member State of the EEA which has implemented the EU Prospectus Directive.
Relevant Persons	Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Rule 144A	Rule 144A under the U.S. Securities Act.
SEC	U.S. Securities and Exchange Commission.
Settlement Agent	Danske Bank, with registered address Søndre gate 15, 7011 Trondheim, Norway.
Share(s)	Shares in the share capital of the Company, each with a par value of NOK 2.50, or any one of them.
Subscription Period	The subscription period in the Subsequent Offering, commencing on 14 February 2019 at 09.00 hours and ending on 28 February 2019 at 16.30 hours.
Subscription Rights	Non-tradable subscription rights with ISIN NO 001 0840754 granted to each Eligible Shareholder which gives a preferential right to subscribe for and be allocated Offer Shares in the Subsequent Offering.
Subsequent Offering	The offering of up to 220,500 Offer Shares directed towards Eligible Shareholders.
Subsequent Offering Subscription Price	The price to be paid per Offer Share in the Subsequent Offering, being NOK 2.50.
UK	The United Kingdom.
U.S. or United States	The United States of America.
U.S. Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
U.S. Holder	A U.S. Holder is a beneficial owner of a share that is a citizen or resident of the United States, a U.S. domestic corporation, or otherwise subject to U.S. federal income tax on a net income basis

	with respect to income from the shares. Accordingly, a "non-U.S. Holder" is a beneficial owner that is not a U.S. Holder.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
USD	United States Dollars, the lawful currency in the United States.
VPS	The Norwegian Central Securities Depository (<i>Nw.: Verdipapirsentralen</i>).
VPS account	An account with VPS for the registration of holdings of securities.
Warrant	The warrants (<i>Nw: frittstående tegningsretter</i>) issued to Eligible Investors who applied for and were allocated New Shares in the Private Placement and to be issued to Eligible Shareholders who apply for and are allocated Offer Shares in the Repair Issue.
Zona Nordic	Zona Nordic AB.

APPENDIX A:

Articles of Association of Aqua Bio Technology ASA

Vedtekter

for

Aqua Bio Technology ASA

(Sist endret 7. januar 2019.)

- § 1 Firma**
Selskapets firma er Aqua Bio Technology ASA. Selskapet er et allmennaksjeselskap.
- §2 Forretningskontor**
Selskapets forretningskontor er i Bærum kommune. Selskapets generalforsamling kan avholdes i Bærum og Oslo kommune.
- §3 Virksomhet**
Selskapets formål er å utvikle og markedsføre dermatologiske, kosmetiske og andre helseprodukter gjennom utnyttelse av ny teknologi og forskningsresultater. Dette skal skje ved egen forskning og ved samarbeidende institusjoner, både nasjonalt og internasjonalt. Selskapet kan dessuten investere i andre virksomheter.
- §4 Aksjekapital**
Selskapets aksjekapital er NOK 29 094 995 fordelt på 11 637 998 aksjer, hver pålydende NOK 2,50.
- §5 Ledelse**
Selskapets styre består av 3 til 6 styremedlemmer etter generalforsamlingens nærmere beslutning. Selskapets firma tegnes - enten av styrets leder og daglig leder i fellesskap, eller av to styremedlemmer i fellesskap. Styret kan meddele prokura. Selskapet skal ha en daglig leder.
- §6 Generalforsamling**
Den ordinære generalforsamling skal behandle:
1. Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
2. Andre saker som etter loven eller vedtektene hører under generalforsamlingen.
- §7 Aksjeeierregister**
Selskapets aksjer er fritt omsettelige. Selskapets aksjer skal registreres i Verdipapirsentralen.
- §8 Valgkomite**
Selskapet skal ha en valgkomite bestående av 3 medlemmer som velges av generalforsamlingen. Valgkomiteens medlemmer velges for 2 år av gangen.
- §9 Forholdet til aksjeloven**
For øvrig henvises til den til enhver tid gjeldende lovgivning for allmennaksjeselskaper.
- §10** Dokumenter som gjelder saker som skal behandles på generalforsamlingen trenger ikke sendes til aksjeeierne dersom dokumentene er gjort tilgjengelige for aksjeeierne på selskapets internettsider. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

APPENDIX B:

Application form for the Subsequent Offering

APPENDIX B – SUBSCRIPTION FORM

**Aqua Bio Technology ASA
SUBSEQUENT OFFERING**

SUBSCRIPTION FORM
Securities no. **ISIN NO 0010307135**
ISIN NO 0010841901

General information: This subscription form is used for subscription of offer shares in the subsequent offering of up to NOK 551,250 (the "**Subsequent Offering**") in Aqua Bio Technology ASA (the "**Company**") by issuance of up to 220,500 new shares in the Company, each with a nominal value of NOK 2.50, at a subscription price of NOK 2.50 per share (the "**Offer Shares**"). Shareholders that subscribe for and are allocated Offer Shares in the Subsequent Offering shall also receive one independent subscription right ("**Warrant**") per Offer Share subscribed for and allotted. The terms and conditions for the Subsequent Offering is included in the prospectus prepared by the Company dated 14 February 2019 (the "**Prospectus**"). Terms defined in the Prospectus shall have the same meaning in this subscription form (the "**Subscription Form**").

The notice to and the minutes from the extraordinary general meeting of the Company held on 7 January 2019, the Company's articles of association and its annual reports for the last two years are available at the Company's web page www.aquabiotechnology.com. The resolution made by the Board of Directors to increase the share capital is included in the Prospectus.

Subscription procedures: The subscription period will commence at 09:00 hours (CET) on 14 February 2019 and end at 16:30 hours (CET) on 28 February 2019 (the "Subscription Period"). Correctly completed subscription forms must be received by the Settlement Agent at the e-mail or address set out below no later than at 16:30 (CET) on 28 February 2019:

- **Danske Bank, e-mail: vpsservice@danskebank.no. Postal address: Danske Bank, Custody Services, Torgaarden, Postboks 4700, 7466 Trondheim, Norway**

The subscriber is responsible for the correctness of the information filled into the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company without notice to the subscriber.

Subscription Price: The subscription price in the Subsequent Offering is NOK 2.50 per Offer Share (the "**Subscription Price**"). The Warrants are granted free of charge.

Subscription Rights: The shareholders of the Company as of 4 December 2018 (the "**Cut-Off Date**"), as registered in the VPS as of 6 December 2018 (the "**Record Date**"), minus (i) shareholders offered to participate in the Private Placement resolved by the general meeting on 7 January 2019, and (ii) shareholders domiciled in a jurisdiction where such offer is illegal or requires submission, registration or other similar action (the "Existing Shareholders"), will be granted non-tradable subscription rights to subscribe for and be allotted Offer Shares in the Subsequent Offering, based on their registered holding in the VPS at the end of the Record Date. The Company will issue approximately 0.8644 Subscription Rights per one (1) Share held in the Company on the Cut-Off Date. One Subscription Right, subject to applicable securities law, gives the holder a preferential right to subscribe for and be allocated one Offer Share in the Company in the Subsequent Offering. The number of Subscription Rights issued to each Eligible Shareholder will be rounded down to the nearest whole number of Subscription Rights without compensation to the holder. Oversubscription is allowed. Subscription without Subscription Rights will not be permitted. **The Subscription Rights will not be admitted to trading or be tradable on Oslo Axess or any other regulated market during the Subscription Period. Subscription Rights that are not used to subscribe for Offer Shares in the Subsequent Offering before the expiry of the Subscription Period on 28 February 2019 at 16:30 (CET) will lapse without compensation and consequently be of no value.**


Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on exercised Subscription Rights as described in the Prospectus. No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact the subscriber's obligation to pay for the number of Offer Shares allocated. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed on or about 5 March 2019.

Payment: The payment for the Offer Shares allocated to a subscriber falls due on 7 March 2019 (the "**Payment Date**"). By signing this Subscription Form, subscribers having a Norwegian bank account irrevocably authorize the Settlement Agent to debit the bank account specified below for the subscription amount payable for the Offer Shares allocated to the subscriber. The Settlement Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts, and the authorization will be valid for up to seven working days after the Payment Date. The subscriber furthermore authorizes the Settlement Agent to obtain confirmation from the subscribers's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in a subscriber's bank account or it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorization from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact the Settlement Agent (Danske Bank) on telephone number (+ 47) 8540 6580 for further details and instructions.

PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION:

Number of Offer Shares and Warrants subscribed (incl. over-subscription):

	Subscription Price per Offer Share: NOK 2.50 (Warrants are granted free of charge)	Subscription amount to be paid: NOK _____
--	--	--

I/we hereby irrevocably (i) subscribe for the number of Offer Shares and Warrants specified above subject to the terms and conditions set out in this Subscription Form and in the Prospectus, (ii) authorize and instruct the Settlement Agent to take all actions required to transfer such Offer Shares and Warrants allocated to me/us on our stated VPS accounts, (iii) authorize the Settlement Agent to debit my/our bank account as set out in the Prospectus for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to subscribe for Offer Shares and Warrants under the terms set forth therein.

Place and date
Must be dated in the Subscription Period.

Binding signature
The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER – ALL FIELDS MUST BE COMPLETED

First name:	
Surname/company:	
VPS account number:	
Street address:	
Post code/district/ Country:	
Personal ID number/ organisation number:	
Nationality:	
E-mail address:	
Daytime telephone number:	

ADDITIONAL GUIDELINES FOR THE SUBSCRIBER**Execution Only:**

The Settlement Agent will treat the Subscription Form as an execution-only instruction.

VPS Account and Mandatory Anti-Money Laundering Procedures:

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of the Settlement Agent must verify their identity to the Settlement Agent in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Settlement Agent. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the NFSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

Terms and Conditions for Payment by Direct Debiting

Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

- The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given by other appropriate manner. The bank will charge the indicated account for costs incurred.
- The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- The payer cannot authorise payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue Payment:

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Companies Act and at the discretion of the Company, not be delivered to the subscriber. The Company reserves the right (but have no obligation) to let one or several shareholders and/or investors ("**Advance Payment Guarantors**") advance the payment on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Advance Payment Guarantors. However, the Advance Payment Guarantors, on behalf of the Company, reserve the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allot or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Advance Payment Guarantors may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Advance Payment Guarantors, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.



AQUA BIO TECHNOLOGY ASA

Aqua Bio Technology ASA

Fornebuveien 37

N-1366 Lysaker

Norway

**Legal Adviser
to the Company**

Advokatfirmaet CLP DA

Sommerrogata 13-15

N-0255 Oslo

Norway