



AQUA BIO TECHNOLOGY ASA

## TERM SHEET DATED 4 DECEMBER 2018

### Private Placement of minimum 4,200,000 and maximum 6,000,000 new shares

<b>Issuer:</b>	Aqua Bio Technology ASA (" <b>ABT</b> " or the " <b>Company</b> "), reg.no. 886 582 412. ABT is listed on Oslo Axess, under ticker "ABT and ISIN NO 0010307135.
<b>Shares outstanding</b>	6,943,998 shares, each with a par value of NOK 4.00
<b>Pre-money market cap</b>	Approx. NOK 18 million, based on the closing share price on 3 December 2018.
<b>Private placement</b>	<p>Private placement of minimum 4,200,000 and maximum 6,000,000 new shares (the "<b>New Shares</b>"), representing up to 86.41% of the current outstanding shares of the Company (the "<b>Private Placement</b>"). If the Private Placement is fully subscribed, the Company will raise NOK 15 million.</p> <p>The Company has already secured binding pre-commitments for subscriptions for the minimum number of New Shares, corresponding to gross proceeds of NOK 11.525 million.</p> <p>The Private Placement will be directed towards the Company's 140 largest existing shareholders as of 4 December 2018, as registered in the Company's shareholder register in the VPS on 6 December 2018 (the "<b>Record Date</b>") and the Company's board of directors and key management (the "<b>Eligible Investors</b>"), however limited upwards to 149 investors in total.</p>
<b>Offer Price:</b>	NOK 2.50 per New Share (the " <b>Offer Price</b> ")
<b>Share capital decrease</b>	As the Offer Price is lower than the par value of the Company's shares, ABT will carry out a share capital decrease (the " <b>Share Capital Decrease</b> ") to reduce the par value of the Company's shares to NOK 2.50 in connection with the Private Placement.
<b>Warrants</b>	<p>The investors in the Private Placement will receive one (1) warrant ("<b>Warrant</b>") per New Share subscribed for and allocated in the Private Placement.</p> <p>Each Warrant 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.</p> <p>The Company will seek to list the Warrants on Oslo Axess, but no assurance can be given that an application for listing of the Warrants is successful.</p>
<b>Use of proceeds:</b>	The net proceeds of the Private Placement will be used for general purposes and working capital related to the Company's products in its markets of operation, as further described in the Company presentation dated 3 December 2018.
<b>Application period</b>	The Eligible Investors may apply for New Shares in the Private Placement, during the periods set out below:

	<p><b>Start of application period:</b> 5 December 2018 at 09:00 CET.</p> <p><b>End of application period:</b> 3 January 2019 at 16.30 CET.</p> <p>Each Eligible Investor that wish to apply for New Shares must contact the Company at arvid@aquabiotech.no to request an application form for completion and signature. The application form will also include a voting undertaking and an authorization to formally subscribe for allocated New Shares and Warrants. Signed application forms must be received by the Company prior to the expiry of the application period.</p>
<b>Conditions for completion</b>	The Company will call for an extraordinary general meeting to be held on or about 7 January 2019 to resolve the Share Capital Decrease, the share capital increase pertaining to the Private Placement, the issuance of Warrants, and an authorization to complete a repair issue.
<b>Documentation</b>	The Private Placement documentation comprises this term sheet, a Company presentation dated 3 December 2018 and publicly available information.
<b>Allocation date:</b>	Allocation of New Shares and Warrants is expected to take place on 4 January 2019, and investors who have applied for New Shares will receive notification of allocated New Shares on or about 4 January 2019.
<b>Allocation criteria:</b>	The number of New Shares to be allocated to the Company's board of directors and key management, and the allocation thereof, shall be made at the sole discretion of the Company's board of directors. The remaining New Shares may be 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. Shareholders that have pre-committed to subscribe for shares for NOK 11.525 million, will on a pro rata basis (based on their subscription commitment) have a preferential right to subscribe for New Shares that are not subscribed for in the Private Placement. If such shares are not allocated, then they may be allocated to other Eligible Investors based on their proportional shareholding.
<b>Payment date:</b>	Payment for the New Shares falls due on or about 9 January 2019, to be indicated in the allocation notice.
<b>Delivery date:</b>	<p>The allocated New Shares and Warrants are expected to be delivered to the investors' VPS accounts on or about 16 January 2019, provided that all subscribers have paid for the subscribed shares.</p> <p>Allocated New Shares will initially be issued on a temporary ISIN pending the approval of a listing prospectus (the "<b>Prospectus</b>"), expected to be approved February 2019. Allocated New Shares will be converted to the Company's ordinary ISIN and made tradable on Oslo Axess upon approval and publication of the Prospectus.</p>
<b>Repair issue</b>	The Company will carry out a repair issue towards eligible shareholders as of the Record Date, less (i) the Eligible Investors who were offered to participate in the Private Placement, and (ii) shareholders resident in a jurisdiction where such an offer would be illegal or require registration, submissions or similar actions (other than a Prospectus in Norway) (" <b>Eligible Shareholders</b> ").

	<p>The size of the repair issue will be determined prior to the EGM. The new shares in the Repair Issue may be allocated to the Eligible Shareholders up a number of new shares which equals to a factor of their existing proportional shareholding and the total number of new shares to be offered in the Repair Issue. Shareholders that have pre-committed to subscribe for shares for NOK 11.525 million, will on a pro rata basis (based on their subscription commitment) have a preferential right to subscribe for offered shares that are not subscribed for in the Repair Issue. If such shares are not allocated, then they may be allocated to other Eligible Shareholders based on their proportional shareholding.</p> <p>The repair issue will be made following approval and publication of the Prospectus.</p>
<b>Governing law</b>	<p>This term sheet, the Private Placement and all related transactions are governed by Norwegian law with Oslo District Court as exclusive legal venue.</p>

**IMPORTANT INFORMATION**

This term sheet is confidential and not for general distribution, publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, Hong Kong or Japan. This term sheet is for information purposes only and shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell, issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering document or prospectus has been or will be submitted to be approved by any regulatory authority in relation to the Private Placement.

Each applicant understands and agrees that the Company does not make any representation to any investor, express or implied, with respect to the merits of the Private Placement, the subscription of the New Shares allocated to it, the condition, financial or otherwise, of the Company, or any other matter relating thereto, and nothing herein shall be construed as a recommendation to apply for the New Shares and no responsibility is or will be accepted by the Company or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this term sheet or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.