



ALGINOR ASA

Letter to shareholders

17 March 2025

Dear shareholder,

Alginor ASA – F3 capex and progress update

Following previous updates provided to Alginor's shareholders, the company's board and management have worked diligently to review the status of the company's ongoing projects. As part of this, the board regrets to inform that it has identified significant capex and cost increases compared to prior expectations related to the biorefinery at Avaldsnes (F3), driven in part by additional equipment and work scope as well as price increases. These cost increases have required the company to revise its capex estimates needed to complete the first phase of the F3 project.

While the increased capex estimates are partly reflected in general price increases, they are also a result of an underestimation of costs related to the building, utilities, equipment, and installation thereof, required for the alginate processing line. Acknowledging this, the board is therefore taking actions to improve internal procedures related to budgeting, including capex and cost estimation going forward, to ensure better visibility related to the investment requirements/plans related to its operations. In addition, the company is working actively to identify costs which can be cut or postponed without having a significant effect on the completion and commissioning of the alginate processing line.

Following the CEO stepping down earlier this year, Martin Lersch, CTO for business development in Borregard, has taken on the role as acting CEO. Lersch, who came in as acting COO in fall 2024, will continue to support the company after returning to Borregard. After conducting a thorough search for a new CEO, the board has appointed current board member and CFO in Hatteland, Sten Stenersen, as the company's CEO for an interim period from May 2025. He will resume his position at Hatteland in due course. Following his appointment, Stenersen will step down as a board member of the company.

After receiving the CFO's resignation earlier this year, Sveco Partners in Haugesund has been engaged to provide CFO services and support the company's financial function as needed for a period going forward.

Moreover, the company intends to hire a COO and is currently in the process of evaluating potential candidates.

The company can otherwise confirm that the F3 processing plant is scheduled to be operating in Q1 2026. The biorefinery's shell building construction was finalised in November 2024. Heat ventilation and air condition, electrical and indoor work have started, with completion scheduled for September 2025. The first equipment has already been delivered to F3, and installation and commissioning of process equipment are scheduled to be ongoing until the factory is operational. The company's first harvesting vessel, Hypomar Ocean 1 was delivered on budget in May 2024, and is now carrying out harvesting trials on a regular basis according to plan. Commercially and operationally, the company continues its developments with the ambition of scaling up its processing line in accordance with the guidance provided during the 2024 equity issuance.

As per January 2025, the company had invested approximately NOK 320 million in infrastructure, buildings and equipment in the F2 and F3 facility. The remaining amount required to complete construction and commissioning of the facility is estimated to be approximately NOK 500-550 million. As of 28 February 2025, the company's cash on hand was approximately NOK 200 million.

The board recommends that this shortfall be covered as soon as possible to avoid impact on the F3 progress, operations and future financing risk. The company is therefore currently exploring various financing options for the remaining capital, including debt funding and other capital sources, such as soft funding and asset-backed financing. Any debt funding will, however, in the board's view also require additional equity to ensure an adequate capital structure.

The board has therefore had constructive discussions with the company's major shareholders, including Borregaard, Hatteland and Must Invest AS, who have expressed continued support of the company and commitment to its business case. On this basis, and to secure required capital and position the company for additional debt funding, the board has proposed to raise NOK 150 million in new equity, of which NOK 100 million has been committed by the company's largest shareholders Borregaard AS, Must Invest AS, and Jakob Hatteland Holding AS. These shareholders have further expressed willingness to underwrite the remaining NOK 50 million to be raised through a subsequent repair offering with subscription rights for the remaining shareholders in line with equal treatment principles. The subsequent offering will enable other existing shareholders to fully retain their pro rata ownership through subscription of new shares. In discussions with the major shareholders, the proposed subscription price for such placing and offering will be NOK 10 per share. Further details in this respect, is included in the notice for an Extraordinary General Meeting (enclosed).

The ongoing processes could disrupt timelines and lead to delays on F3. The company is working to ensure the scheduled Q1 2026 start-up of F3 and will implement required measures to maintain progress. With the continued strong support shown by its major shareholders through the new equity commitment, and implementation of more stringent and rigorous procedures/routines to mitigate future financing risk, the company seeks to continue the development of its biorefinery lines and will inform its shareholders about any concrete developments in this regard in due course.

For further information, please contact:

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