



PRONOFA | Q1 2023 Presentation

May 22nd 2023

PRONOFA



Agenda

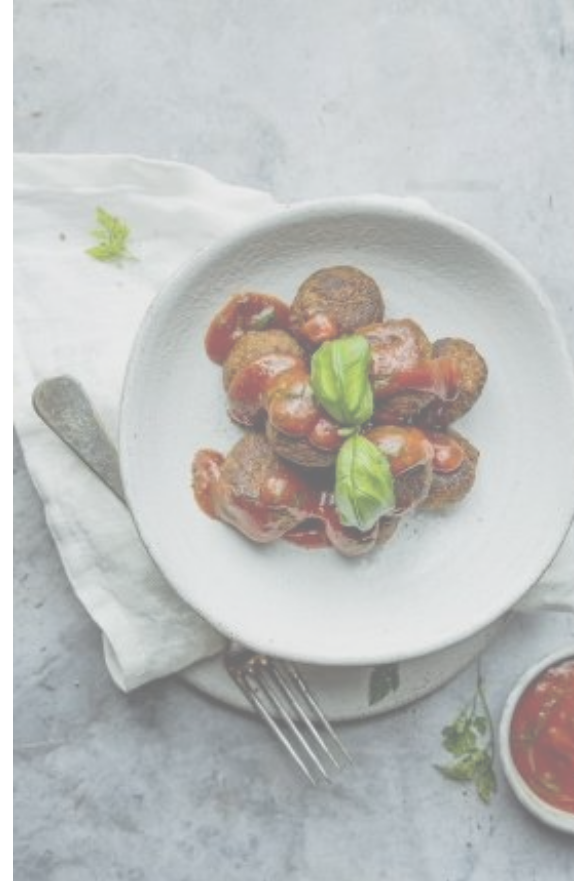
Company Highlights

Financial Summary

Main developments (1/2)

Main developments for the Tunicate business

- Construction of the first plant geared towards *consumers* started during Q1, with a goal of launching/testing our own branded products towards the consumer market in Q3/Q4 2023
- The consumer business is regarded as a potential for a highly scalable business model with moderate CAPEX requirements
- Pronofa's product development team is testing and firming up recipes and products together with leading external players. Initially we will produce frozen products such as minced meat, burgers, meatballs and taste enhancers. We will also work towards developing a portfolio of fresh products including products mentioned above
- We are working with a leading Nordic firm to develop a marketing and branding campaign, which we aim to conclude in June
- When product development and marketing & branding are set, we plan to launch tests towards potential customers within retail, HORECA and/or other – expected in Q3/Q4 this year
- The company is also exploring the opportunity to become a “white label” provider to larger companies that have shown interest in Pronofa's products
- In parallel the company continues to develop plans for launching its business in the *pet food* and *feed* market with products expected to be launched in early 2024
- We have completed initial trials for canine food (dogs), which look very promising, and have started trials towards felines (cats). The next step will be to run trials with pet food manufacturers. We expect this to start in Q3/Q4 this year
- Pronofa is also focusing R&D efforts towards developing sustainable and locally produced products for the broader *feed* market



Main developments (2/2)

Main developments for the Insect business

- As stated in our Q4 presentation, Pronofa has decided to continue its development in the insect business through industrial partnering with international insect companies. This will allow us to build the Norwegian market and gain further market insight while generating revenue with limited investments
- We are in advanced dialog with insect companies that have expressed firm interest in working with Pronofa in the Norwegian market. We are planning feed trials with potential clients during Q3/Q4. This will provide us with valuable insight into product qualities, demand and prices
- We have started testing insect frass with potential industrial partners to gain a better understanding of qualities and market demand/prices
- In Fredrikstad, our R&D team is also focusing on improving biology and substrate mix
- From a technical standpoint we have the knowhow to develop a large-scale facility and will continue to have dialog with 3rd party providers to examine where improvements and cost savings can be made. Pronofa will over the next couple of years continuously assess if and when to build its own large-scale facility based on a sufficiently strong economic viability

Financial status

- Solid cash balance - NOKm 118 at end of Q1 2023 (vs. NOKm 125 at end of 2022)
- Conservative cost base and capex



Pronofa - sustainable marine nutrients

Pronofa has a solid team with over 15 years of experience with tunicates

- Global drive for sustainable alternative nutrients amongst corporates, consumers and the feed industry
- Tunicates have a high protein and omega-3 fatty acid content making it a sustainable and healthy protein alternative
- Consumer products: Pronofa to build first plant in Sweden focusing on consumer products (see next page)
- Feed products: Animal feed made from tunicates approved for fish, pork, poultry and pets
- Pronofa has 4 R&D sites in Norway and Sweden with partners to develop cultivation solutions, as well as equipment and technology for maintenance, harvesting and processing – this to drive down future OPEX



The Marine Tunicate Circular Model

Tunicates grow naturally on excess ocean nutrients while cleaning the ocean in the process

- ✓ **High quality products – rich in protein and omega-3**
- ✓ **Exceptionally low CO2 footprint**
- ✓ **No occupation of arable land, no fertilizers or pesticides**
- ✓ **Breaks down nitrogen in the ocean**
- ✓ **No use of feed in cultivation or freshwater in cultivation**
- ✓ **Contributes to biological diversity in the ocean**
- ✓ **Zero-waste production**

Consumer market

- Successful ongoing trials in Swedish schools during last 12 months for tunicate meat (albeit limited as volumes have been used for internal R&D)
- All taste enhancer volume have been sold during 2022/23
- Goal to launch products during Q3/Q4 2023

Feed market

- R&D is conducting development of products
- Goal to have first products for the petfood market ready early 2024



Pronofa to build first tunicate plant for scaling and launch consumer products

First plant to create foundation for scaling beyond 2023

Pronofa to build first plant for products geared towards the consumer market – 1.400 ton capacity (one shift)

- The aim of the plant is to provide testing and optimization of products and operations towards a launch of products in H2 2023
- Initially we will produce frozen products such as minced meat, burgers and meatballs, as well as taste enhancers. We will also work towards developing a portfolio of fresh products
- The company is also exploring the opportunity to become a “white label” provider for larger companies that have shown interest in Pronofa’s products
- The plant will be situated near Marine Feed’s current pilot, and when completed the plant will have a capacity of producing +1.400 tons of tunicates (one shift)
- The plant will utilize proven and tested equipment thus minimizing risk
- Pronofa is developing a branding and go-to-market strategy with a reputed advisor

Product development, branding strategy and product testing

Market launch in Q3/Q4 '23



Sales channels

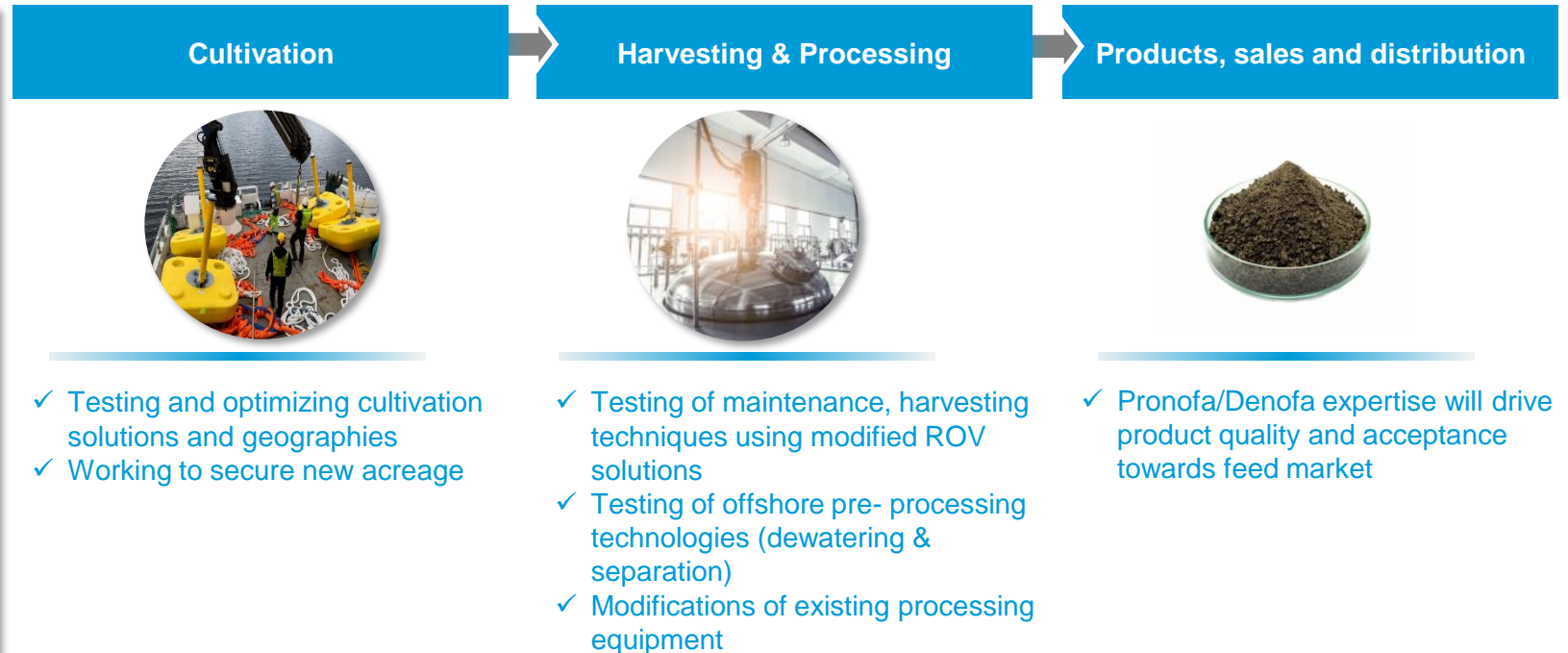
- Retail
- Food Service
- Potential “white label”

*Developing high quality products with unique sustainable attributes
Highly scalable business model with moderate CAPEX requirements*

R&D initiatives to create a scalable tunicate feed industry

R&D to improve equipment and product innovation, as well as lower operative costs

- Pronofa has R&D at 4 sites in Norway and Sweden with partners to develop cultivation solutions as well as equipment and technology for maintenance, harvesting and processing – this to drive down future OPEX
- Pronofa is collaborating with solid partners to ensure progress
- We are also working with seaweed farmers to unlock potential synergies between the two industries
- Pronofa is developing products for the pet food/feed market and plan to bring our first products to market in early 2024
- We have completed initial trials for canine food (dogs), which look very promising, and have started trials towards felines (cats)
- The next step will be to run trials with pet food manufacturers. We expect this to start in Q3/Q4 this year



Tunicates for the feed industry have huge potential – growing market with strong demand for sustainable proteins

Pronofa - sustainable insect nutrients from organic waste

Pronofa has built a solid team for driving insect nutrients to the feed market

- Global drive for sustainable alternative nutrients amongst corporates, consumers and the feed industry
- Insects feed off organic waste and yield valuable products with zero waste production:
- Protein meal: (~28%) Feed ingredient for pet food, fish and poultry feed: +50% protein content; high content of amino acids; anti-inflammatory effect
- Oil: (~8%) potentially a good source of EPA, DHA, Flexible composition depending on substrate; anti-microbiological activities against enveloped viruses and bacteria
- Organic fertilizer: (63%) with anti-inflammatory effect; Improves soil health and resilience;
- Chitin / Chitosan: (~1%) Multiple applications in pharma industry

The Insect Circular Model

The insect and all input factors are processed into valuable products



- ✓ High quality products – rich in protein and omega-3
- ✓ Limited occupation of arable land, no fertilizers or pesticides
- ✓ No use of freshwater in cultivation
- ✓ Zero-waste production



Protein & Oils for animal feed



Organic Fertilizer from bi-product



Chitosan from insect larvae have industrial applications

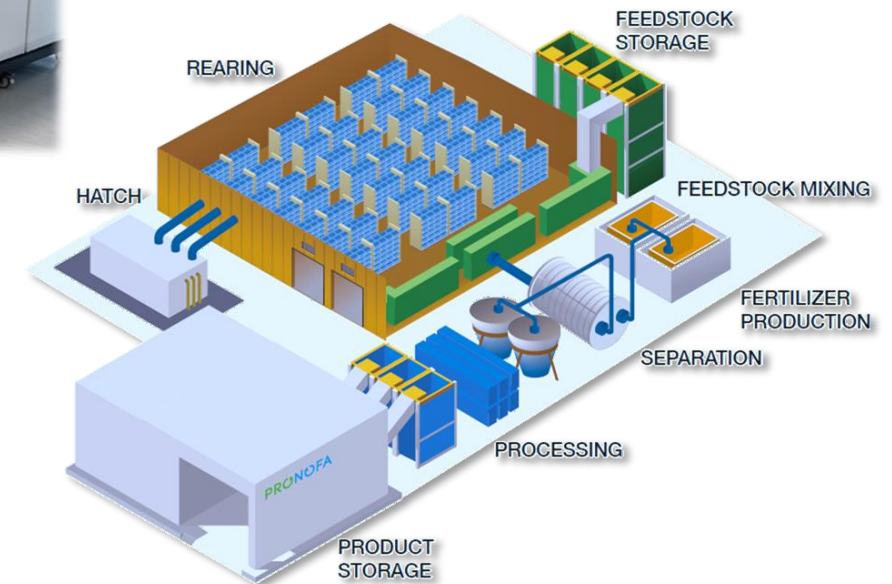
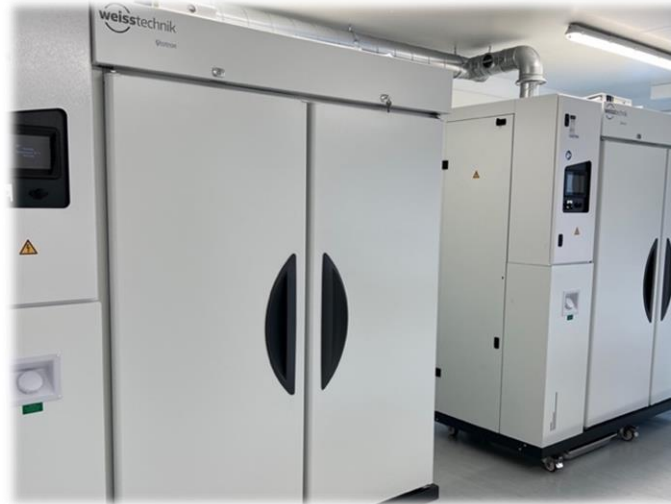


Pronofa – focusing on an asset light model for insects

Climate chambers for R&D in Fredrikstad and an illustration of a large scale insect facility

Partnering with international companies and focusing on market development

- Aim to test and enter the market with products from peer/partner companies. Pronofa to build the Norwegian market and gain further market insight while generating revenue with limited investments
- We are in advanced dialog with “insect” companies that have expressed firm interest in working with Pronofa in the Norwegian market. We are planning feed trials for potential clients during Q3/Q4
- Pronofa will continue to build our insect competence at our R&D facility in Fredrikstad, as well as continue dialog with equipment providers and peers to further develop industrial and market knowledge
- We will continue to evaluate timing and viability of our own large-scale facility





Agenda

Company Highlights

Financial Summary

Pronofa – financial summary

Strong financial position with conservative cash burn

Solid financial position

- Q1 2023 ended with a cash balance of NOKm 118
- Solid cash position through private placements raising ~NOKm 200 in net proceeds
- Pronofa seeks to maintain a solid liquidity reserve, by proactively planning and diversifying sources of funding going forward (i.e. soft funding/grants etc)
- No interest-bearing debt

Conservative approach to use of capital

- Moderate cost base from utilizing Denofa expert resources at an on-demand basis - very cost efficient
- Capital has primarily gone towards company development, R&D, certain equipment and M&A
- M&A transactions have been done primarily through issuing stock plus growth capital injection after completion of acquisition

Limited committed CAPEX

- For the insect business, committed capital is geared towards R&D and verification of a viable business model
- The tunicate business currently has committed capital towards our first production facility in Stenungsund, as well as an R&D track for developing a products toward the feed market

Pronofa – Profit & Loss

Consolidated Group figures 30.03.2023

Amounts in NOK'000	2021	2022	Q1 2023
Revenue	22	168	143
Other operating income	62	66	-
Total revenue	83	234	143
Raw materials and consumables used	57	427	387
Salaries and personnel expense	1,089	11,440	4,744
Depreciation and amortization expense	260	1,897	949
Other operating expense	8,366	21,801	4,823
Impairment of assets	-	15,916	-
Total operating expenses	9,772	51,480	10,903
	-	-	-
Operating profit	-9,689	-51,246	-10,761
Interest income	0	15	-
Other financial income	4	58	147
Total financial income	4	73	147
Interest expense	-22	-99	-34
Other financial expense	-	-735	-166
Total financial expense	-22	-835	-200
Profit before income tax	-9,707	-52,008	-10,814
Income tax expense	-	232	116
Net profit /(loss) for the year	-9,707	-51,776	-10,698
Other comprehensive income	-	63	-541
Total comprehensive (loss) for the year	-9,707	-51,713	-11,239

Comments to P&L

Impairment of Assets

- In early 2023 management initiated a shut down of operations at Ecoprot
- The acquisition and ownership of Ecoprot has contributed significantly to the Group's competence within biology and technical processes towards the insect business. Nevertheless, a thorough technical and financial analysis concluded that further investments in Ecoprot, at the Meløy facility, would not add value to the Group's insect business going forward
- The knowledge gained during the ownership of Ecoprot has been vital in the Groups ability to further develop the insect division. The Group believes this value remains, however, IFRS regulations do not allow for retention of this value on the Group's balance sheet.
- This resulted in an impairment to the P&L for 2022 of NOKm ~16

Other

- Revenue for Q1 2023 stems from sale of products from Marine Feed

Pronofa – Balance Sheet

Consolidated Group figures 30.03.2023

<i>Amounts in NOK'000</i>	31/12/2021	31/03/2022	31/12/2022	31/03/2023
ASSETS				
Non-current assets				
Property, plant and equipment	3,824	5,018	3,589	4,681
Research and development	1,867	1,767	26,733	26,216
Right-of-use assets	699	651	1,745	1,674
Goodwill	1,968	1,968	17,718	17,718
Total non-current assets	8,358	9,404	49,786	50,289
	-	-	-	-
Current assets				
Inventories	236	236	-	-
Accounts receivable	-	-	95	10
Other receivables	5,723	5,605	4,823	2,583
Cash and bank deposits	47,019	181,692	124,591	117,926
Total current assets	52,978	187,534	129,509	120,518
	-	-	-	-
Total assets	61,337	196,937	179,295	170,807

- Continued solid cash position
- As stated on the previous page the shut down of Ecoprot has per IFRS rules lead to an impairment of NOKm 16

<i>Amounts in NOK'000</i>	31/12/2021	31/03/2022	31/12/2022	31/03/2023
EQUITY AND LIABILITIES				
Equity				
Share capital	1,000	1,554	1,613	1,613
Other paid in capital	55,827	197,494	219,362	219,361
Share based compensation	-	-	910	1,253
Retained earnings	-9,444	-16,245	-63,189	-74,417
Minority Interests	4,860	4,580	-	-
Total Equity	52,242	187,382	158,695	147,810
Non-current liabilities				
Borrowings	-	-	662	673
Lease liabilities	522	475	1,157	1,051
Deferred tax	-	-	5,832	5,716
Provisions	-	-	5,414	5,578
Total non-current liabilities	522	475	13,065	13,018
Current liabilities				
Trade and other payables	8,234	8,738	5,842	8,620
Lease liabilities	185	186	610	653
Public duties payables	154	156	1,083	706
Total current liabilities	8,573	9,080	7,535	9,979
Total equity and liabilities	61,337	196,937	179,295	170,807

Pronofa – Cash flow statement

Consolidated Group figures 30.03.2023

<i>Amounts in NOK'000</i>	2021	2022	Q1 2023
CASH FLOW FROM OPERATIONS			
Profit before income taxes	-9,707	-52,008	-10,814
Depreciation, intangible and fixed assets	260	1,722	949
Net interest expense	22	60	34
Impairment of assets	-	15,916	-
Change in accounts receivable	-1	-113	-85
Change in inventory	-29	-	-
Change in accounts payable	11	-	-
Change in other accruals	2,064	-6,889	5,148
Effect of exchange fluctuations	-	-	-541
Net cash flow from operations	-7,379	-41,113	-5,308
CASH FLOW FROM INVESTMENTS			
Purchase of fixed assets	-602	-6,486	-1,162
Purchase of intangible assets	-	-158	-10
Investments in subsidiaries net of cash acquired	-1,703	-16,317	-
Net cash flow from investments	-2,305	-22,961	-1,172
CASH FLOW FROM FINANCING			
Proceeds from capital contributions	56,827	141,998	-
Lease payments for the principal portion of lease liability	-102	-268	-155
Interest payments	-22	-85	-34
Net cash flow from financing	56,703	141,645	-189
Net changes in cash for the period	47,019	77,571	-6,670
Cash and cash equivalents IB	-	47,019	124,591
Cash and cash equivalents OB	47,019	124,591	117,926

Comments

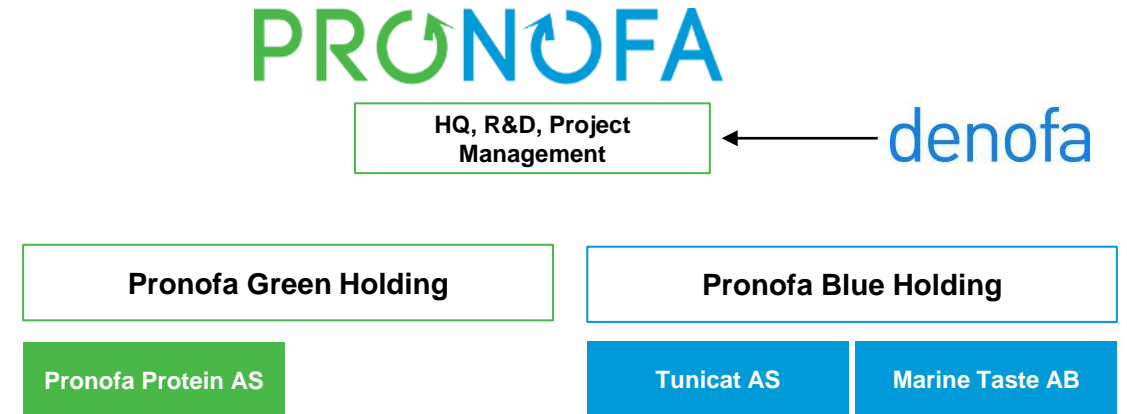
- Conservative cash use
- Solid financial position

Shareholder overview as of March

Shareholders as of May 15th 2022

#	Shareholder	Shares	%	
1	DENOFA AS	20,070,511	29.9%	
2	KREANO AS	6,570,511	9.8%	Bjørge Gretland (CoB)
3	REITAN KAPITAL AS	6,474,360	9.6%	
4	CANICA AS	6,474,357	9.6%	
5	SILVERCOIN INDUSTRIES AS	6,132,353	9.1%	Haakon Sæter (Board Member)
6	MACAMA AS	3,423,081	5.1%	
7	FARVATN PRIVATE EQUITY AS	3,404,616	5.1%	
8	LANI INVEST AS	1,250,000	1.9%	
9	GODTHÅB HOLDING AS	1,164,746	1.7%	
10	Nordnet Bank AB	1,050,890	1.6%	Fredrik Noren (CEO Marine Feed)
11	HORN, HANS HERMAN	917,325	1.4%	
12	ANDERSEN HOLDING AS	843,335	1.3%	
13	SINKABERGHANSEN AS	769,230	1.1%	
14	ARILD STEN LARSEN AS	753,095	1.1%	
15	DOMAREN I GÖTEBORG AKTIEBOLAG	734,615	1.1%	
16	SALTHAVN AS	615,384	0.9%	
17	The Bank of New York Mellon	536,000	0.8%	
18	SVENSKA HANDELSBANKEN AB	533,443	0.8%	
19	NORUS HOLDING DATTER AS	530,000	0.8%	
20	HAAS AS	517,965	0.8%	
	TOPP 20	62,765,817	93.4%	
	TOTAL	67,204,662	100.0%	

Corporate Structure





THANK YOU

PRONOF A