



PRONOFA | Q4 2022 Presentation

March 10 2023





Agenda

Company Highlights

Financial Summary

Main developments (1/2)

Main developments for the Tunicate business

- Construction of the first plant geared towards *consumers* is moving forward according to initial plans, with a goal of launching/testing our own branded products towards the consumer market in Q3 2023. Products will include minced meat and pre-processed products such as burgers and meatballs
- The consumer business is regarded as a potential for a highly scalable business model with moderate CAPEX requirements
- 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

Main developments for the Insect business

- In the insect business, management has completed a detailed analysis of capex, revenue and cost related to constructing a wholly owned large-scale facility. Based on this, Pronofa has decided to continue its development in the insect segment around the following two-step model:

Step 1:

- Focus on industrial partnering and introducing and selling international insect products in the Norwegian/Nordic market based on Pronofa’s access to the value chain without having its own production facility
- Pronofa will also be opportunistic towards other alternative protein companies to provide them a gateway to the Norwegian/Nordic market
- This business model aims at taking advantage of the skillset developed in the insect business and the access to the value chain. It will allow Pronofa to build the Norwegian market, gain further market insight, while generating revenue with limited investments



Main developments (2/2)

Main developments for the Insect business (cont.)

Step 2:

- Pronofa has completed a thorough vetting process of potential third-party providers and concluded on the best partners for developing and building a large-scale facility. This enables Pronofa to make a decision to proceed with a large-scale facility, without further pilot development work
- Pronofa will continue to evaluate a large-scale facility with the aim to further bring down capex (based on rapid industry learnings/improvements) and develop profitable markets and efficient technologies for all the main categories involved (feed products, frass and chitin).
- Based on international partnerships with producers and equipment suppliers developed over the last two years, Pronofa now has access to the best of breed technologies for a large-scale facility. With this as a background, the company has decided to discontinue its activities at its own pilot plant (Ecoprot)
- As large-scale facilities become more and more capex -, cost - and yield efficient, 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 125 at end of Q4 2022
- Conservative cost base and capex
- No interest bearing debt



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

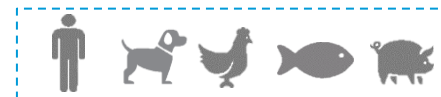
- ✓ High quality products – rich in protein and omega-3
- ✓ Exceptionally low CO2 footprint
- ✓ No occupation of arable land, no fertilizers or pesticides
- ✓ Breaks down nitrogen in the ocean
- ✓ No use of feed in cultivation or freshwater in cultivation
- ✓ Contributes to biological diversity in the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

Consumer market

- Successful ongoing trials in Swedish schools during last 12 months (tunicate meat)
- All taste enhancer volume, albeit limited, have been sold during 2022/23
- Goal to launch products during Q3 2023

Feed market

- R&D is conducting development of products
- Goal to have first product ready early 2024



Pronofa to build first plant 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

- The aim of the plant is to provide testing and optimization of products and operations towards a launch of products in H2 2023
- First products will include minced meat and processed products such as burgers and meat balls, as well as taste enhancers
- 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

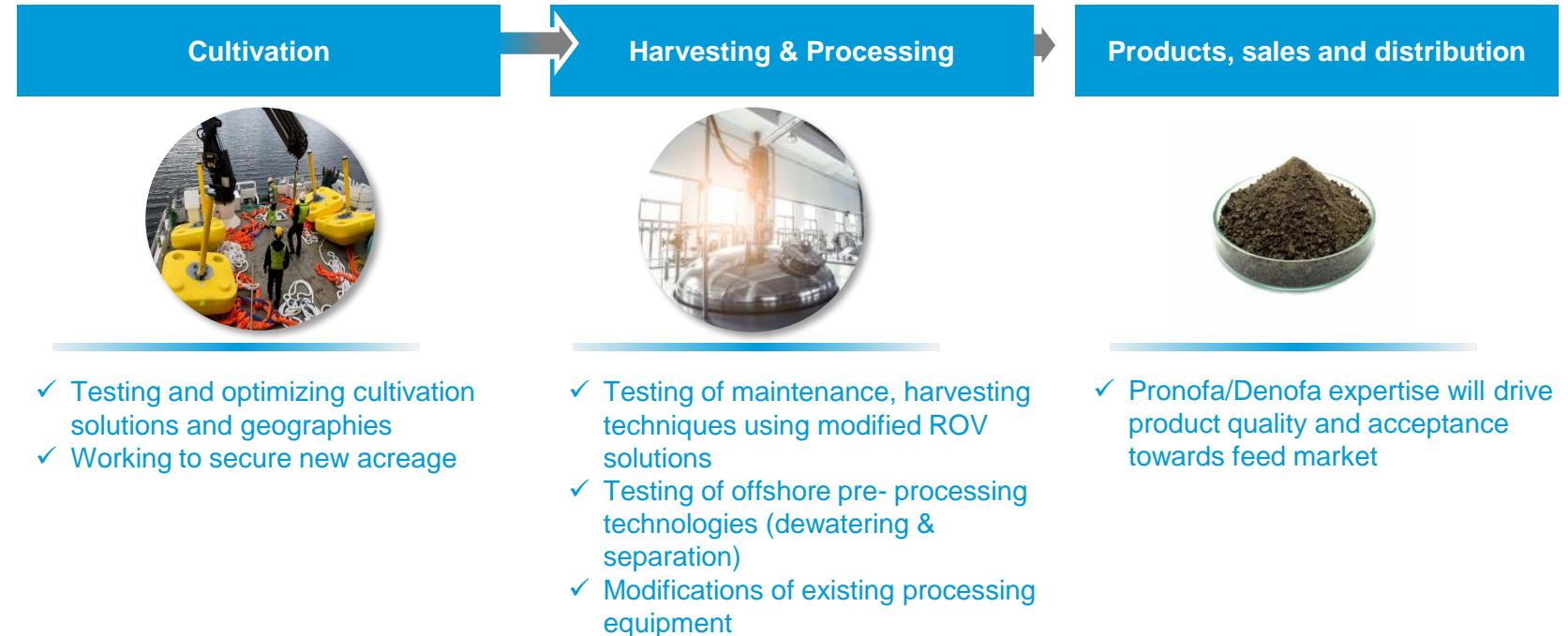
- Retail
- Food Service
- Potential “white label”

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

R&D initiatives to create a scalable 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



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 to 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 feed in cultivation or freshwater in cultivation
- ✓ Zero-waste production



Protein & Oils for animal feed



Organic Fertilizer from bi-product



Chitosan from insect larvae have industrial applications



Pronofa to enter the market with partners products

Pronofa to verify the market demand and prices

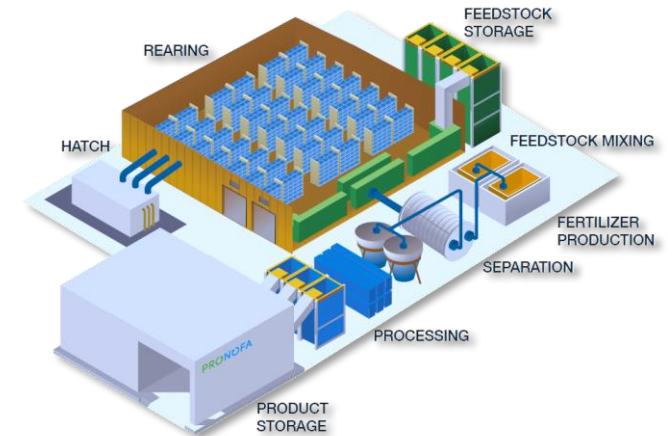
Current status

- Pronofa has completed a thorough vetting process of potential third-party providers and concluded on the best partners for developing and building a large-scale facility. This will enable Pronofa to make a decision to proceed with a large-scale facility, without further pilot development work
- Assessment of a detailed analysis of capex, revenue and cost related to a large-scale facility shows that a BSF facility economics currently are not sufficiently attractive and involve too many uncertainties. However, there is a rapid development in the industry and Pronofa will actively continue to evaluate when it is optimal to build its own production facility

Plan going forward

- Pronofa will keep a limited group of employees in the insect business to continue R&D for finding a cost efficient business model for an industrial production of insects in Norway
 - Key elements include (i) identifying a profitable market for Frass (ii) finding a cost-efficient technology for separating chitin (iii) secure substrate at the lowest cost and suitable quality
- Going forward, Pronofa will focus on partnering, introducing and selling international insect products in the Norwegian/Nordic market
- Furthermore, Pronofa will be opportunistic towards other alternative protein companies to provide them a gateway to the Norwegian/Nordic market
- This new business model aims at taking advantage of the skillset developed in the insect business (biology, protein profile development/testing, etc.) and the access to the value chain (customers/partners)
- This will allow us to (i) build the Norwegian market (ii) continue to gain market knowledge and (iii) generate revenue with limited investments

BSF Plant Illustration (full scale)



New business model will allow Pronofa to build the Norwegian market, gain further market insight while generating revenue with limited investments

Pronofa – clear strategy for operational development

Marine tunicates

- Pronofa to build first plant aiming at producing consumer products. The plant will have a capacity of processing 1.400 tons and will be completed during Q3 2023
- Pronofa is building a go-to-market strategy aiming at launching consumer products towards potential clients during Q3/Q4 2023 – own branded products and potentially “white label”
- Pronofa R&D is working with various partners on cultivation - 4 sites in Norway and Sweden
 - Cultivation solutions and techniques being tested to understand and optimize growth
 - The sites will test different equipment and technology for optimizing maintenance, harvesting and processing solutions
 - Results aimed at reducing CAPEX and OPEX levels
- Pronofa developing & testing products for the petfood and animal feed market and expect to go-to market late 2023/early 2024
- Pronofa seeking to expand acreage stand alone and with partners

Entering consumer and feed market

Insects

- Pronofa to continue R&D goal which has been to de-risk a large-scale investment through verification (see last page)
- Pronofa will continue to build our insect competence at our R&D facility in Fredrikstad
- Pronofa to continue dialog with equipment providers and peers to further develop industrial and market knowledge
- Aim to test and enter the market with products from peer/partner companies. Pronofa to build the Norwegian market, gain further market insight while generating revenue with limited investments
- We will continue to evaluate timing and viability of our own large-scale facility

Reduced operational and financial risk before making significant investment



Agenda

Company Highlights

Financial Summary

Pronofa – financial summary

Strong financial position with conservative cash burn

Solid financial position

- Q4 2022 ended with a cash balance of NOKm 125
- 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

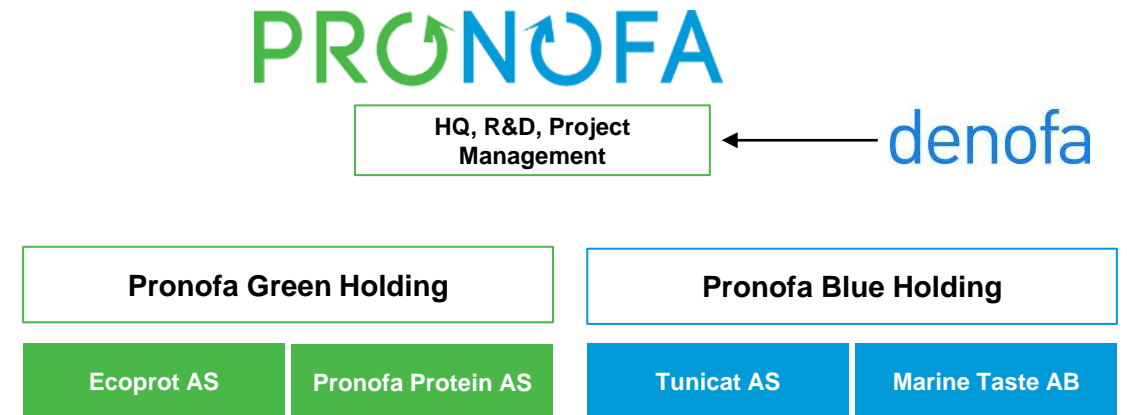
- For the insect business, committed capital is geared towards R&D and verification of a viable business model
- The tunicate business currently has committed capital towards our first production facility in Stenungsund as well as an R&D track for developing a products toward the feed market

Pronofa – Profit & Loss

Consolidated Group figures 31.12.2022

Amounts in NOK'000	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022
Revenue	22	16	18	62	64	160
Other operating income	62	22	28	16	0	66
Total revenue	83	39	46	78	64	226
Raw materials and consumables used	57	10	50	197	230	487
Salaries and personnel expense	1,089	887	1,969	2,948	4,711	10,515
Depreciation and amortization expense	260	172	174	509	707	1,561
Other operating expense	8,366	5,460	5,178	3,941	7,493	22,071
Total operating expenses	9,772	6,529	7,370	7,595	13,140	34,634
Operating profit	-9,689	-6,490	-7,324	-7,517	-13,076	-34,408
Interest income	0	15	0	0	0	15
Other financial income	4	6	4	5	43	58
Total financial income	4	20	4	5	43	73
Interest expense	-22	-6	-6	-30	-52	-94
Other financial expense	0	-11	-163	-142	-230	-546
Total financial expense	-22	-17	-169	-173	-281	-640
Profit before income tax	-9,707	-6,487	-7,489	-7,685	-13,315	-34,976
Income tax expense	0	0	0	-59	158	99
Net profit /(loss) for the year	-9,707	-6,487	-7,489	-7,744	-13,157	-34,877
Other comprehensive income	0	0	0	56	-85	-29
Total comprehensive (loss) for the year	-9,707	-6,487	-7,489	-7,688	-13,242	-34,906

New Corporate Structure



Comments to P&L

- Marine Taste and Tunicat AS figures consolidated from July 1st 2022
- Interest expense: Consolidated interest includes leasing and interest from previous loans in Marine Feed
- Other financial expenses: changes in FX rate

Pronofa – Balance Sheet

Consolidated Group figures 31.12.2022

Amounts in NOK'000	2021	Q1'22	Q2'22	Q3'22	Q4'22
Non-current assets					
Property, plant and equipment	3,824	5,018	8,354	12,585	13,111
Research and development	1,867	1,767	18,127	17,760	17,168
Right-of-use assets	699	651	603	555	1,983
Goodwill	1,968	1,968	26,065	26,065	26,065
Investment in associated companies	0	0	0	0	-929
Deferred tax assets	0	0	0	0	0
Other non-current assets	0	0	0	0	0
Total non-current assets	8,358	9,404	53,149	56,965	57,398
Current assets					
Inventories	236	236	236	236	236
Other current assets	0	0	0	0	0
Accounts receivable	0	0	208	21	95
Other receivables	5,723	5,605	6,347	7,675	6,751
Cash and bank deposits	47,019	181,692	160,068	140,639	124,778
Total current assets	52,978	187,534	166,861	148,571	131,860
Total assets	61,337	196,937	220,010	205,536	189,258

Amounts in NOK'000	2021	Q1'22	Q2'22	Q3'22	Q4'22
Equity					
Share capital	1,000	1,554	1,613	1,613	1,613
Other paid in capital	55,827	197,494	219,472	219,403	219,362
Retained earnings	-9,444	-16,245	-25,855	-33,159	-47,257
Minority Interests	4,860	4,580	0	0	0
Total Equity	52,242	187,382	195,230	187,858	173,718
Non-current liabilities					
Borrowings	0	0	1,119	1,077	662
Lease liabilities	522	475	428	381	1,305
Deferred tax	0	0	3,553	3,494	3,454
Provisions	0	0	5,100	5,100	5,100
Total non-current liabilities	522	475	10,199	10,053	10,521
Current liabilities					
Trade and other payables	8,234	8,738	13,611	6,950	983
Accruals and Other Payables	0	0	0	0	2,216
Current tax liabilities	0	0	0	0	0
Borrowings	0	0	0	0	0
Lease liabilities	185	186	188	188	699
Public duties payables	154	156	782	488	1,135
Provisions	0	0	0	0	0
Total current liabilities	8,573	9,080	14,580	7,626	5,033
Total equity and liabilities	61,337	196,937	220,010	205,536	189,258

Pronofa – Cash flow statement

Consolidated Group figures 31.12.2022

Amounts in NOK'000	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022
CASH FLOW FROM OPERATIONS						
Profit before income taxes	-9,707	-6,487	-7,489	-7,685	-13,315	-34,976
Depreciation, intangible and fixed assets	260	172	174	509	707	1,561
Net interest expense	22	6	6	30	52	94
Change in accounts receivable	-1	0	0	186	-65	121
Change in inventory	-29	0	0	0	0	0
Change in accounts payable	11	0	0	0	0	0
Change in other accruals	2,064	1	4,757	-8,169	-1,487	-4,898
Net cash flow from operations	-7,379	-6,309	-2,553	-15,128	-14,109	-38,098
CASH FLOW FROM INVESTMENTS	0	0	0	0	0	0
Purchase of fixed assets	-602	-1,188	-2,589	-4,157	124	-7,810
Sale of fixed assets	0	0	0	0	0	0
Purchase of intangible assets	0	0	0	0	-124	-124
Investments in subsidiaries net of cash acquired	-1,703	0	-16,317	0	0	-16,317
Investments in subsidiaries	0	0	0	0	0	0
Net cash flow from investments	-2,305	-1,188	-18,906	-4,157	-1	-24,251
CASH FLOW FROM FINANCING						
Proceeds from capital contributions	56,827	142,221	-113	-69	-1,542	140,498
Received intra-group loans	0	0	0	0	0	0
Given intra-group loans	0	0	0	0	0	0
Lease payments for the principal portion of lease liability	-102	-46	-46	-46	-158	-296
Interest payments	-22	-6	-6	-30	-52	-94
Net cash flow from financing	56,703	142,169	-165	-145	-1,751	140,108
Net changes in cash for the period	47,019	134,673	-21,624	-19,430	-15,861	77,759
Cash and cash equivalents IB	0	47,019	181,692	160,068	140,639	47,019
Cash and cash equivalents OB	47,019	181,692	160,068	140,639	124,778	124,778

Comments

- Conservative cash use
- Solid financial position post private placements in 2021 and Q1 2022

Shareholder overview as of March

Shareholders as of March 2022

Number	Name	Shares	%	
1	DENOFA AS	20,070,511	29.86%	
2	KREANO AS	6,570,511	9.78%	Bjørge Gretland (CoB)
3	REITAN KAPITAL AS	6,474,360	9.63%	
4	CANICA AS	6,474,357	9.63%	
5	SILVERCOIN INDUSTRIES AS	6,132,353	9.12%	Haakon Sæter (Board member)
6	MACAMA AS	3,423,081	5.09%	
7	FARVATN PRIVATE EQUITY AS	2,638,990	3.93%	
8	LANI INVEST AS	1,250,000	1.86%	
9	GODTHÅB HOLDING AS	1,164,746	1.73%	
10	Nordnet Bank AB	982,287	1.46%	Fredrik Norèn (CEO Marine Taste AB)
11	HORN, HANS HERMAN	917,325	1.36%	
12	ANDERSEN HOLDING AS	843,335	1.25%	
13	SINKABERGHANSEN AS	769,230	1.14%	
14	ROMAR INVEST AS	765,626	1.14%	Ecoprot AS - Family Office
15	ARILD STEN LARSEN AS	753,095	1.12%	
16	DOMAREN I GÖTEBORG AKTIEBOLAG	734,615	1.09%	
17	SALTHAVN AS	615,384	0.92%	
18	SVENSKA HANDELSBANKEN AB	602,046	0.90%	
19	The Bank of New York Mellon	536,000	0.80%	
20	NORUS HOLDING DATTER AS	530,000	0.79%	
TOP 20 Shareholders		62,247,852	92.62%	
TOTAL		67,204,662	100%	

Comments

- The largest shareholder is industrial partner Denofa with 30% of the shares



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