



# PRONOFA | Q2 2023 Presentation

August 24<sup>th</sup> 2023

PRONOFA



# Agenda

**Main developments**

Company Highlights

Financial Summary

# Main developments (1/2)

## Main developments for the Tunicate business

- Pronofa still on track to launch our own branded *consumer* products towards potential customers within retail, food service, as well as industrial partners (potential white-label) – Q3/Q4 this year
- Construction of the first plant geared towards *consumers* started during Q1 and will be completed during September; as planned. When completed, we will start harvesting tunicates for production
- Product development has advanced with initials recipes set. Consumer tests have been conducted with positive results. During “Arendalsuka” we hosted an event (17/8) where we served 700 portions of varied meals including burgers, meatballs and tacos, which received very positive feedback
- Development of our marketing and branding campaign, together with leading Nordic company Everland, has also been set. We have initiated a process to develop marketing material for the new brand (such as website and other) which will be ready in the near future
- Pronofa’s R&D efforts towards developing sustainable and locally produced products for the *pet food* and broader *feed* market are also advancing
- We have completed initial trials for canine (dogs) and felines (cats) which look very promising. The next step will be to run trials with pet food manufacturers. We expect this to start in Q3/Q4 this year with the goal of introducing products to the market in Q3/Q4 2024
- Toward the broader *feed* market we have been conducting initial trials with players in the aquaculture industry to gain a better understanding of processing methods which can enhance product quality



# Main developments (2/2)

## Main developments for the Insect business

- Pronofa is close to finalizing an agreement with an insect company where we will enter the Norwegian market together in 2024. We have been in dialog with companies in both green and blue sector and are planning feed trials with potential clients during Q3/Q4 2023. This will provide us with valuable insight into product qualities as well as demand and prices for 2024
- Our R&D team in Fredrikstad has continued focus on improving biology and substrate mix, conducting various tests with climate chambers. We also have ongoing tests of insect frass with industrial partners. The results from these trials are expected during Q4/Q1'23/24

## Financial status

- Solid cash balance - NOKm 100 at end of Q2 2023 (vs. NOKm 118 at end of Q1 2023)
- Conservative cost base and capex





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# 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 with sales during Q3/Q4 2024



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

First plant to create foundation for scaling beyond 2023

Pronofa near completion (September) of first plant for products geared towards the consumer market – 1.400 ton capacity (one shift)

- Pronofa will launch our own branded *consumer* products towards potential customers within retail, food service, as well as industrial partners (potential white-label) – Q3/Q4 this year
- 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 plant will utilize proven and tested equipment thus minimizing risk
- The initial recipe is set and we have concluded our marketing and branding strategy
- We are in dialog with potential clients in all segments (retail/HORECA/industrial) and plan to test our product with them in the upcoming months

Product development, branding strategy and product testing

Market launch in Q3/Q4 '23



Sales channels

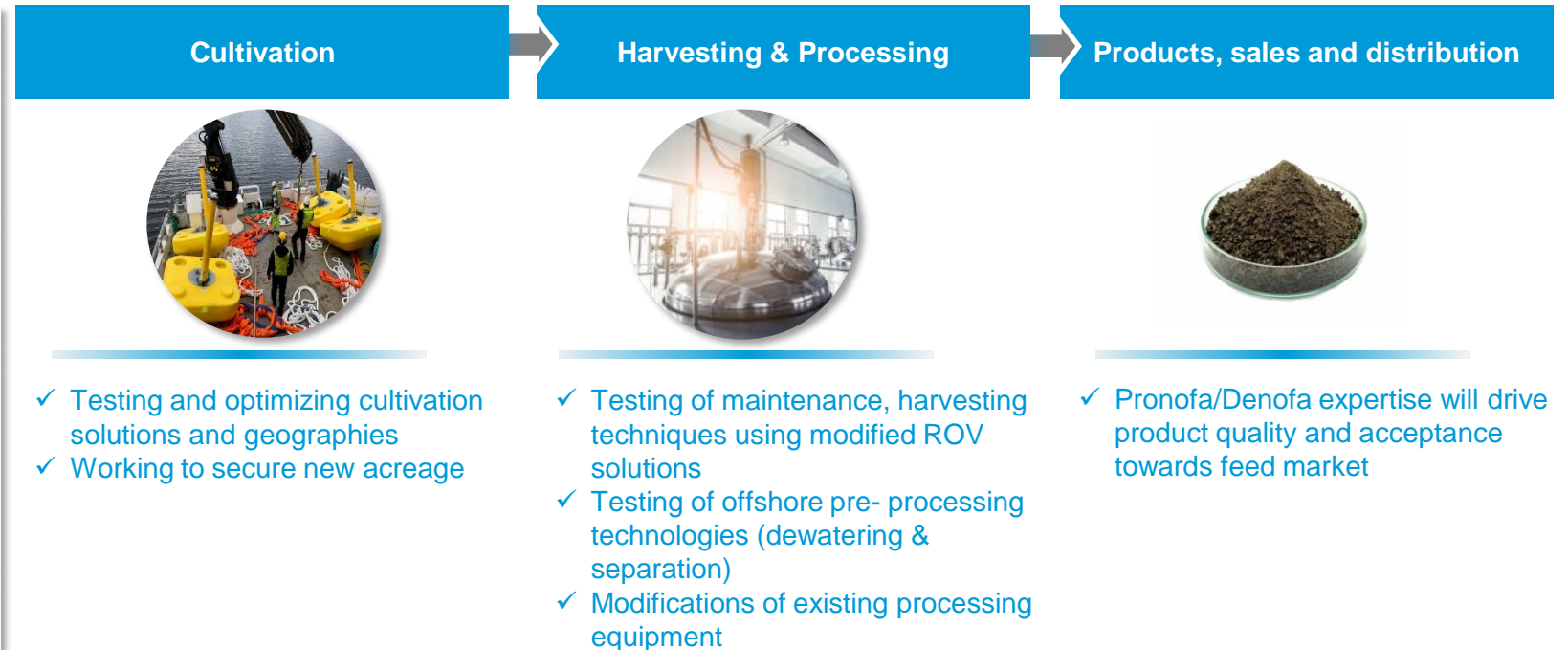
- Retail
- Food Service
- Potential “white label”

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
- We are also working with seaweed farmers to unlock potential synergies between the two industries
- Pronofa is developing products for the *pet food* and plan to bring our first products to market in early 2024
  - We have completed initial trials for canine food (dogs) and felines (cats) which look very promising. The next step will be to run trials with pet food manufacturers. We expect this to start in Q3/Q4 this year
- For the *feed* market we are conducting various research products together with partners in i.e. the aquaculture industry
- We are also working with seaweed farmers to unlock potential synergies between the two industries



*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

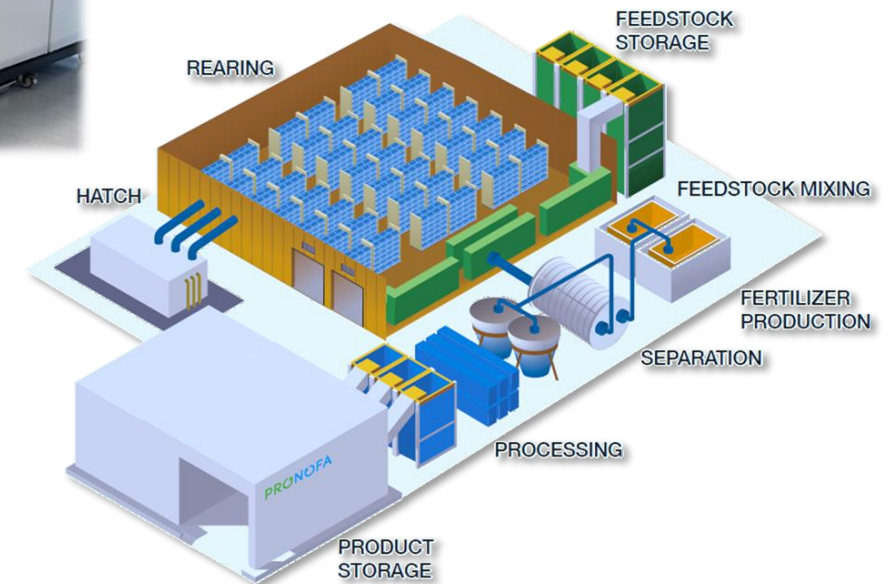
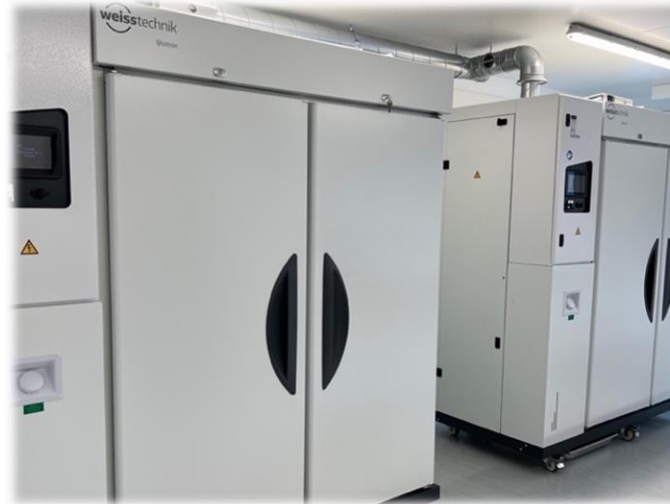


# Pronofa - focusing on an asset light model for insects

## 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
- Pronofa is close to finalizing an agreement with an insect company where we will enter the Norwegian market together in 2024. We have been in dialog with companies in both green and blue sector and are planning feed trials with potential clients during Q3/Q4 2023.
- Our R&D team in Fredrikstad has continued focus on improving biology and substrate mix, conducting various tests with climate chambers. We also have ongoing tests of insect frass with industrial partners. The results from these trials are expected during Q4/Q1'23/24
- From a technical standpoint we have the knowhow to develop a large-scale facility. Pronofa will over the next couple of years continuously assess whether to build its own large-scale facility, based on a sufficiently strong economic viability





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# Pronofa - financial summary

## Strong financial position with conservative cash burn

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### Solid financial position

- Q2 2023 ended with a cash balance of NOKm 100
- 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 30.06.2023

Amounts in NOK'000	2022	Q1 2023	Q2 2023	H1 2023
Revenue	168	143	162	305
Other operating income	66	0	0	0
<b>Total revenue</b>	<b>234</b>	<b>143</b>	<b>162</b>	<b>305</b>
Raw materials and consumables used	427	387	608	995
Salaries and personnel expense	11 440	4 744	6 174	10 918
Depreciation and amortization expense	1 897	949	1 010	1 959
Other operating expense	21 801	4 823	6 174	10 996
Impairment of assets	15 916	0	0	0
<b>Total operating expenses</b>	<b>51 480</b>	<b>10 903</b>	<b>13 965</b>	<b>24 869</b>
<b>Operating profit</b>	<b>-51 246</b>	<b>-10 761</b>	<b>-13 803</b>	<b>-24 563</b>
Interest income	15	0	0	0
Other financial income	58	147	-373	-226
<b>Total financial income</b>	<b>73</b>	<b>147</b>	<b>-373</b>	<b>-226</b>
Interest expense	-99	-34	-42	-76
Other financial expense	-735	-166	-206	-372
<b>Total financial expense</b>	<b>-835</b>	<b>-200</b>	<b>-248</b>	<b>-448</b>
<b>Profit before income tax</b>	<b>-52 008</b>	<b>-10 814</b>	<b>-14 423</b>	<b>-25 238</b>
Income tax expense	232	116	116	232
<b>Net profit /(loss) for the year</b>	<b>-51 776</b>	<b>-10 698</b>	<b>-14 307</b>	<b>-25 005</b>
<b>Other comprehensive income</b>	<b>63</b>	<b>-541</b>	<b>263</b>	<b>-277</b>
<b>Total comprehensive (loss) for the year</b>	<b>-51 713</b>	<b>-11 239</b>	<b>-14 044</b>	<b>-25 283</b>

## Comments to P&L

- Revenue for H1 2023 stem from sale of products from Marine Feed – taste enhancers

# Pronofa - Balance Sheet

## Consolidated Group figures 30.06.2023

Amounts in NOK'000	31.12.2022	31.03.2023	30.06.2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 589	4 681	8 593
Research and development	26 733	26 216	26 316
Right-of-use assets	1 745	1 674	1 485
Goodwill	17 718	17 718	17 718
Investment in associated companies	0	0	0
Deferred tax assets	0	0	0
Other non-current assets	0	0	0
<b>Total non-current assets</b>	<b>49 786</b>	<b>50 289</b>	<b>54 112</b>
<b>Current assets</b>			
Inventories	0	0	0
Other current assets	0	0	0
Accounts receivable	95	10	565
Other receivables	4 823	2 583	3 108
Cash and bank deposits	124 591	117 926	99 758
<b>Total current assets</b>	<b>129 509</b>	<b>120 518</b>	<b>103 431</b>
<b>Total assets</b>	<b>179 295</b>	<b>170 807</b>	<b>157 543</b>

Amounts in NOK'000	31.12.2022	31.03.2023	30.06.2023
<b>EQUITY AND LIABILITIES</b>	0	0	0
<b>Equity</b>	0	0	0
Share capital	1 613	1 613	1 613
Other paid in capital	219 362	219 361	219 360
Share based compensation	910	1 253	1 550
Retained earnings	-63 189	-74 417	-88 464
Minority Interests	0	0	0
<b>Total Equity</b>	<b>158 695</b>	<b>147 810</b>	<b>134 059</b>
<b>Non-current liabilities</b>			
Borrowings	662	673	397
Lease liabilities	1 157	1 051	869
Deferred tax	5 832	5 716	5 600
Provisions	5 414	5 578	5 747
<b>Total non-current liabilities</b>	<b>13 065</b>	<b>13 018</b>	<b>12 612</b>
<b>Current liabilities</b>			
Trade and other payables	5 842	8 620	4 716
Accruals and Other Payables	0	0	3 846
Current tax liabilities	0	0	0
Borrowings	0	0	0
Lease liabilities	610	653	652
Public duties payables	1 083	706	1 658
Provisions	0	0	0
<b>Total current liabilities</b>	<b>7 535</b>	<b>9 979</b>	<b>10 872</b>
<b>Total equity and liabilities</b>	<b>179 295</b>	<b>170 807</b>	<b>157 543</b>

# Pronofa - Cash flow statement

## Consolidated Group figures 30.03.2023

Amounts in NOK'000	2022	Q1 2023	Q2 2023	H1 2023
<b>CASH FLOW FROM OPERATIONS</b>				
Profit before income taxes	-51 997	-10 814	-14 423	-25 238
Depreciation, intangible and fixed assets	1 722	949	1 010	1 959
Net interest expense	60	34	42	76
Impairment of assets	15 916	0	0	0
Change in accounts receivable	-113	-85	764	679
Change in inventory	0	0	0	0
Change in accounts payable	0	0	2 736	2 736
Change in other accruals	-6 889	5 154	-3 059	2 096
Effect of exchange fluctuations	0	-541	-119	-659
<b>Net cash flow from operations</b>	<b>-41 300</b>	<b>-5 302</b>	<b>-13 049</b>	<b>-18 351</b>
<b>CASH FLOW FROM INVESTMENTS</b>				
Purchase of fixed assets	-6 486	-1 162	-4 237	-5 399
Sale of fixed assets	0	0	-690	-690
Purchase of intangible assets	-158	-10	10	0
Investments in subsidiaries net of cash acquired	-16 317	0	0	0
Investments in subsidiaries	0	0	0	0
<b>Net cash flow from investments</b>	<b>-22 961</b>	<b>-1 172</b>	<b>-4 917</b>	<b>-6 089</b>
<b>CASH FLOW FROM FINANCING</b>				
Proceeds from capital contributions	141 998	0	0	0
Received intra-group loans	0	0	0	0
Given intra-group loans	0	0	0	0
Lease payments for the principal portion of lease liability	-105	-155	-162	-317
Interest payments	-60	-34	-42	-76
<b>Net cash flow from financing</b>	<b>141 833</b>	<b>-189</b>	<b>-203</b>	<b>-393</b>
<b>Net changes in cash for the period</b>	<b>77 571</b>	<b>-6 664</b>	<b>-18 169</b>	<b>-24 833</b>
<b>Cash and cash equivalents IB</b>	<b>47 019</b>	<b>124 591</b>	<b>117 927</b>	<b>124 591</b>
<b>Cash and cash equivalents OB</b>	<b>124 591</b>	<b>117 927</b>	<b>99 758</b>	<b>99 758</b>

## Comments

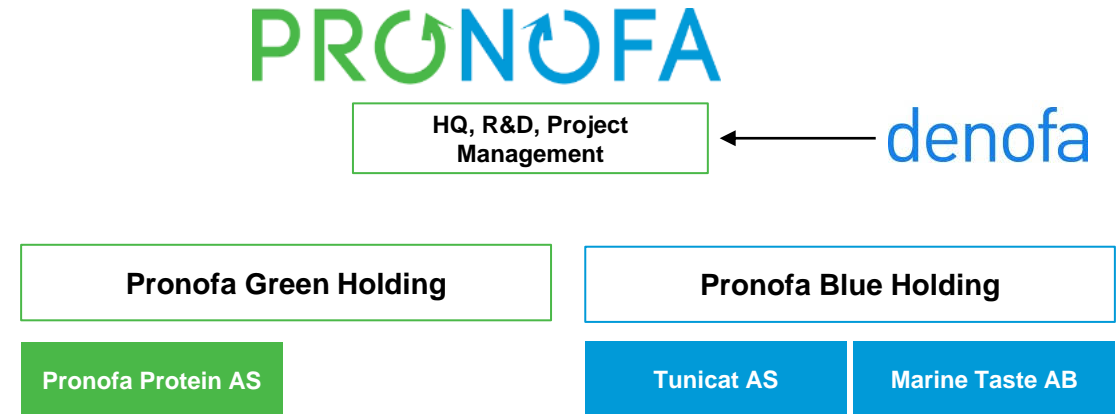
- Conservative cash use
- Solid financial position

# Shareholder overview as of August

## Shareholders as of August 15<sup>th</sup> 2023

#	Name	Shares	%	Comment
1	DENOFA AS	20 070 511	29,9 %	
2	CONVEXA 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	NORUS HOLDING DATTER AS	1 387 325	2,1 %	
9	LANI INVEST AS	1 250 000	1,9 %	
10	GODTHÅB HOLDING AS	1 164 746	1,7 %	
11	Nordnet Bank AB	1 050 890	1,6 %	Fredrik Noren (CEO Marine Feed)
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	HAAS AS	517 965	0,8 %	
20	SULEFJELL AS	461 538	0,7 %	
<b>TOTAL TOP 20</b>		<b>63 167 355</b>	<b>94,0 %</b>	
<b>TOTAL TOP 20</b>		<b>67 204 662</b>	<b>100,0 %</b>	

## Corporate Structure







THANK YOU

PRONOF A