PRONOFA ASA
ANNUAL REPORT 2023

Pronofa ASA was established in 2021 as a «spin-off» from Denofa AS (est. 1912), a Norwegian industrial company that processes non-GMO, sustainable soybeans.

The Company is now on the brink of commercial success with food products made from the marine protein source tunicates, cultivated in Norway and Sweden.

Pronofa is a trailblazer for new and sustainable protein sources.

CEO Introduction

Hans Petter Olsen, CEO

The U.N. predicts that we will need to increase global food production by 60-70% by 2050. Much more food must be produced from marine sources, and we also need to utilize new and sustainable protein sources to meet the growing demand.

Pronofa's ambition and commitment to play a substantial role in the future of food production remains unchanged. We are encouraged by the massive strides our organization has taken in 2023 in this respect.

Our tunicate cultivation and production in Sweden has been significantly ramped up by the completion of a new production facility that can support the production of 600-800 metric tons of Ciona meat. We have also secured new local aquaculture licenses in Stenungsund, Sweden. Moreover, we have completed preparations to establish the first production facility in Norway, tentatively in 2024-25, at a location called Hustadvika in the Kristiansund area.

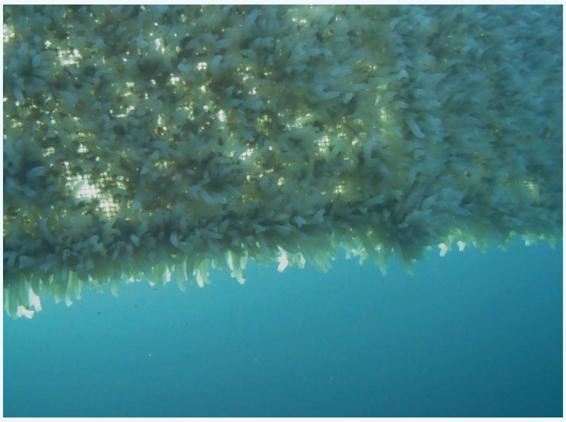
Yet, the highlight of 2023 must surely be our breakthrough in product development; We knew that we had a very exciting raw material with great qualities as food. We even knew that we could make a pretty good hamburger out of it. However, "pretty good" is not good enough. Throughout the year our product development team has worked intensely to perfect the Ciona meat recipes – and even created ready-made dishes such as Lasagna, Chili con carne, and Meatballs that are fit for market.

The status by the end of the year is that we can say with confidence that we are finally on the brink of commercial success. The feedback for our test products is amazing, and we have a product that will likely be well-received by the market. Thankfully, our supportive investors share our positive outlook.

This Annual Report will provide an overview of Pronofa's endeavors over the previous year. Still, it cannot fully convey the hard work and spirit shown by our dedicated teams in Norway and Sweden who help realize this immense business opportunity – which even the environment will profit from. Thank you for your continued support and for being on this journey with us.

Hans Petter Olsen
CEO

Board of Directors Report



Ciona tunicates underwater

Pronofa ASA *(«Pronofa» or the «Company», and with its subsidiaries the «Group»)* is at the forefront of pioneering new and sustainable protein sources that can be locally produced in Scandinavia. The Group's primary focus is its Tunicates business, using the local variant called Ciona. This unique raw material offers a range of possibilities. Particularly, it has a demonstrated potential to serve as a tasty and nutritious food, which can be cultivated in a very cost-efficient and sustainable way.

There are approximately 3,000 different species of tunicates in the World. Some are eaten as raw delicacies in countries like South Korea *("Meongge")*, Chile *("Piure")*, and France *("Figue du Mer")*. Pronofa ASA is, however, the first to use tunicates to make minced meat – with similar properties as traditional minced meats.

Moreover, the tunicate species Ciona is abundant along the coast of Norway and Sweden, offering a large volume potential. They can be cultivated vertically at up to 25 meters depth and thrive in clusters, resulting in an area efficiency that is unmatched in other agriculture or aquaculture industries. The tunicates are fully grown in less than 5 months, which is a shorter production cycle than other farmed protein sources, such as beef, Atlantic salmon, lamb, or pork. Pronofa aims to take the leading role in developing what could become a new industrial adventure for tunicate cultivation, inspired by the Norwegian salmon industry.

In 2023 the Group completed its first full-scale tunicate production facility for producing Ciona meat in Stenungsund, Sweden. This was a culmination of the work that Pronofa AB *(formerly Marine Feed Sweden AB, which was incorporated in the Group in 2022)*, had worked on for more than a decade – since 2008. Our cultivating and harvesting techniques for the tunicates, combined with increased production capacity at the new facility, offer a solid foundation for ramping up production as planned.

Products containing Ciona meat have been served at several public and private events in Sweden and Norway since 2021. However, during the previous year, the recipe for the minced Ciona meat was greatly improved. Ready-made dishes were also developed in cooperation with professional food producers. Frozen Lasagna and Chili con Carne dishes using Ciona meat mimicked or even surpassed the taste of similar existing frozen products on the market, which could be a "game-changer".

The raw material Pronofa utilizes is called tunicates, more specifically the local species called Ciona. They are marine low-trophic animals that grow naturally at sea and feed exclusively on plant plankton. Thus, they require no feeding. Because plankton is essentially made up of nitrogen, carbon, and phosphorus, filter-feeders like tunicates help to absorb and concentrate these nutrients from the sea, resulting in better water quality, less eutrophication, and improved biodiversity. Ciona meat is thus the world's most eco-friendly meat, with just 0.8 kg CO_2e per kg *protein* logged in preliminary LCA calculations. If reflected by an in-depth and verified LCA report for the Ciona minced meat too, this equals a more than 20 times lower CO_2e value than red meat and even a 50% lower carbon footprint compared to poultry or fish.

By the end of 2023, Pronofa ASA was well-positioned to scale up production substantially to meet the fast-growing demand for Ciona meat. The Company held tunicate aquaculture licenses at Stenungsund (Djupvik and Åbyfjorden) and Hustadvika (Ramsvikneset). The Group also had additional pending licenses at five different locations in Norway and Sweden. Should all be approved, this amounts to a total cultivation area of 5.594.000 m² *(– or three times the size of Monaco, for comparison)*. Tunicate cultivation is done vertically at sea at up to 20-25 m depth, which illustrates the potential to create massive volumes of raw material in the long term.

The Company conducted an extensive market analysis and possible brand strategy with the aid of the renowned international brand agency Everland. This process would ensure all options were kept open in terms of future sales and marketing strategies. A brand ("Purply") was developed to be ready for a possible private label listing in the retail market at a later stage.

The Company produces the Ciona minced meat in-house, which is highly suitable for further processing into ready-made consumer products. This enhancement is currently done by the food producer Matprodusenten AS: It provides more flexibility in operations, logistics, and packaging, and ensures top-quality end-products reach consumers. Going forward, the Ciona meat could be offered to similar food producers to craft different end-products, or the Company could decide to produce and distribute in-house. The partnership with Matprodusenten AS is, however, beneficial in terms of cutting initial production costs and securing that high-quality consumer products reach the market. The Ciona minced meat could also be mixed in with traditional minced meat types to reduce the overall climate footprint or fat content.

Ciona meat is comparable to traditional minced meat when it comes to taste and can be used in popular dishes such as Lasagna, Tacos, Chili con carne, Pizza, Burgers, and Meatballs. Because tunicates are marine animals, they contain essential amino acids. The texture and nutritional qualities of Ciona meat mimic other meat types. Their nutritional value is like that of traditional minced meat types, only with less fat and a much lower CO_2e value. The latter is mainly because Ciona grows naturally and does not require any feeding. Using a raw material that is almost at the bottom of the food chain to produce food for humans offers an unrivaled score for sustainability.

Excess volumes of the tunicate raw material can potentially also be used in pet food or animal- or fish feed. During the previous year, the Company was included in a large field study to assess the use of tunicate meal in salmon feed. In-house, the Company also conducted promising palatability tests with dogs and cats.

The Group is still exploring other exciting alternative protein sources, particularly for use in animal or fish feed. Notably, a small lab has been established in Fredrikstad for Black Soldier Fly larvae - this work is primarily focused on research and development. For this endeavor, we are focusing on an asset light, partnering model with no investments, i.e. we have an agreement with the insect producer Enorm to sell volumes via Pronofa's sales channels in Norway.

Business model and strategy

By 2050, the world population will have reached a staggering 9,7 billion according to the predictions from the United Nations. Consequently, global food production must increase by 60-70% in the same period. This enormous task will require a sensible allocation of the traditional protein sources used for food and feed. More importantly, however, a significant portion of the expected increase in food production must be based on new and sustainable protein sources.

The Group has identified tunicates as one of the protein sources with the highest potential. Pronofa's core advantages regarding this novel raw material stem from biological experience and expertise built around tunicates since 2008. This experience and know-how are vital when scaling the business, as it affects all parts of the production value chain: From cultivating biomass to processing the raw material, producing finished products, and retaining Intellectual Property (IP).

Being part of majority shareholder Denofa's ecosystem provides an industrial edge through alliances across a range of disciplines, access to expertise within R&D, operational and technical capabilities, and commercial synergies. Denofa's other business areas include running an ISPS commercial port, producing steam energy, and real estate management. The professional environment and industrial competence that Denofa offers, continue to be a major asset for the development and organization of Pronofa.

The Group ultimately wants to produce tunicates on an industrial scale in Scandinavia. It offers attractive unit economics with a disruptive cost structure, due to a range of biological factors. Most importantly, the tunicates require no feeding, water, or fertilization. These marine animals grow naturally at sea and feed solely on plant plankton. Production facilities have relatively low CAPEX and a short construction time, which allows the Company to scale quickly when needed. Ultimately, the margins are good enough to compete on level terms with other traditional minced meat producers. Thus, customers do not need to pay a premium for the added benefits Ciona meat offers.

As both a food and feed resource, they have a naturally high content of protein and even contain Omega-3 fatty acids and other nutrients. Tunicates also contain glucosamines which have pharmaceutical applications. Pronofa is working with several industrial partners and research agencies to drive this development.

The local tunicate variant Ciona has already been identified as a raw material with exceptional potential as both a food and a feed source. At the same time, Pronofa is exploring other high-potential protein sources that could prove beneficial in the longer term, including Black Soldier Fly (BSF) larvae. The Group has continued its R&D work to assess alternative proteins, yet with a limited allocation of resources. Following the conclusion of a BSF pilot in Norway last year, this unit remains focused on monitoring industry shifts and exploring biotechnological breakthroughs at the lab level.

Having established an organization to cover all its current business areas, Pronofa is well-positioned to take even greater strides in the years to come. The Company will continue to broaden its portfolio by exploring selective M&A opportunities and strategic partnerships. Norway and Sweden remain the initial focus areas geographically, but a global market launch is on the horizon.

Ciona tunicates – the world's most climate-friendly meat (0,8 kg CO_2 EQ per kg protein)

Pronofa ASA is already considered a leading company for producing new and sustainable protein sources and will likely make a significant impact on agriculture, aquaculture, and biotech in the future.

Disrupting traditional food and feed industries is not only necessary to ensure a more sustainable way of life but can also lead to substantial value creation.

Key developments in 2023

Many of the highlights of 2023 were linked to the "soft launch" of the Ciona meat and the completion of a significantly upgraded full-scale production facility in Stenungsund.

In preparation for a full market launch for the Company's Ciona meat product, the internationally renowned brand agency Everland was chosen to do a market analysis and develop a strategy in cooperation with Pronofa's sales & marketing division. In addition to mapping target groups and stand-alone features, they helped to envision different ways to present the product in the consumer market. One option to explore further was to create a new brand, "Purply", with the prospect of a private label listing in the retail markets in the future. Nevertheless, co-branding or White Label still seems more feasible for entering the consumer market.

Simultaneously, crucial product development was taking place to perfect the recipe for the Ciona minced meat. The texture, mouthfeel, and taste were finally at a satisfactory level with a pending market launch in 2024 in mind.

The real test came in August 2023 at the annual political conference Arendalsuka. At Pronofa's event, 900 portions of different tapas-style Ciona meat dishes were served, receiving glowing remarks from the crowd. Guest speakers, which included Christer Rødseth (celebrity chef), Lise Finckenhagen (celebrity chef), Anja Bakken Rise (The Future in Our Hands), Olav Kjørven (EAT), Hanne Lene Dahlgren (food influencer), and Anja Lidbom (Reitan Retail) were all talking positively about the prospect of launching sustainable food made from Ciona.

Products with the new recipe were also tested at other smaller events and dinners before and after Arendalsuka; Prime Minister Jonas Gahr Støre ate Ciona meatballs at a seafood event. Crown Prince Haakon Magnus of Norway was served the same dish at a project presentation at NOFIMA in Bergen. EAT Foundation, founded by Gunhild Stordalen, even served Ciona meat at their exclusive Halloween party in October.

The buzz created for the novel Ciona meat also got more media attention in Norway than ever before in 2023. Newspapers and radio programs were starting to take interest, highlighting the same benefits as the Company does.

Towards the end of the year, the completion of the new tunicate production facility at Stenungsund, Sweden, was getting closer. The Company's new facility was put into operation in November and supports an initial yearly production of 600-800 metric tons of Ciona meat. This is a key accomplishment in terms of reaching full-scale production, which is a requirement for entering the market with Ciona meat products. Moreover, the Company believes the capacity at the tunicate production facility could be vastly expanded over the next few years. Simultaneously, work began to recruit additional harvesting crews and production facility workers to prepare for 2024.

The Group also started to prepare for establishing the first tunicate production facility in Norway at Hustadvika to the south of Kristiansund. This facility could unlock a tenfold increase Pronofa's total production capacity. The Group's subsidiary Tunicat AS had already functioned as an R&D division and delivered technological advances for tunicate cultivation and harvesting, as well as demonstrated professionalism and know-how in the field. This facility has the potential to process over ten times the volumes of our current plant in Sweden.

The workforce was strengthened by several new hires, with responsibility for quality, harvesting & production, and sales & marketing, respectively. Gearing up for a full launch sometime in 2024 also meant mapping and evaluating different sales & marketing strategies and initiating contact with potential customers in the HoReCa and food retail industries.

As a side note, the Company continued its R&D work on Black Soldier Fly larvae in the lab at Fredrikstad, Norway throughout 2023. A deal was struck with an international insect producer to supply 200 metric tons of larvae meal to test market response in Norway the following year.

Subsequent events

The operation at the new Stenungsund tunicate production facility in Sweden is up and running, and the Group has also secured a new aquaculture permit at a nearby location called Lilla Brattön. This is important to increase volumes for the next cultivation seasons.

The Group is pleased to partner with the renowned food producer Matprodusenten from Norway who can ensure a high-quality and professional product development at the final stage. Having produced food products for popular brands such as Saritas and Fly Chicken, as well as private label products for the grocery delivery chain Oda, Matprodusenten seems to be an ideal match for Pronofa. They offer extensive competence in terms of product development, production lines, flexibility for product offerings, in addition to market access.

Matprodusenten produced several test dishes with the Ciona meat, which were used as product samples when initially meeting with HoReCa and grocery chains. Products for the initial launch have been narrowed down to a ready-made Lasagna and a Chili con carne dish, based on input from the food industry.

The cooperation with Matprodusenten has worked smoothly, resulting in end-products that equal or exceed similar frozen dishes in. Matprodusenten continues to adapt and adjust according to the feedback the Company gets from potential customers in the HoReCa and grocery chain industries.

In addition to product development, and sales & marketing initiatives, the Group has focused a great deal on securing new aquaculture permits in Hustadvika and Averøy in Norway (south of Kristiansund). With more and more pieces coming together, Pronofa is now preparing 7 new rigs (acquired), a new boat for harvesting (lease agreement), as well as a property to construct a full-scale production facility.

The Group has signed a lease for a 2.000 m^2 property which is suitable for constructing a production facility adjacent to the location where Tunicat AS currently holds an aquaculture permit. Furthermore, the Group has applied for two larger permits in the area.

At two public meetings in Hustadvika and Averøy respectively, Pronofa and Tunicat AS' representatives received substantial support from the community. The happening even received national media attention with NRK showing highlights and interviews in their main news broadcast Dagsrevyen with a positive sentiment.

If all goes to plan, the first tunicate production facility in Norway will be constructed in Hustadvika and should be fully operable by 2025. This facility can initially support a maximum production of up to 5,000 metric tons of Ciona meat per year. Should the Group obtain additional aquaculture licenses nearby, the capacity could likely be increased at the same location.

Financial Performance – Going Concern

Pronofa's annual accounts consist of the consolidated financial statements which include Pronofa Blue Holding AS (Pronofa AB, Tunicat AS, Pronofa Sales AS) and Pronofa Green Holding AS (Pronofa Protein AS). Pursuant to section 3-3a of the Norwegian Accounting Act, it is confirmed that the accounts have been prepared on the assumption that Pronofa is a going concern, and the Board confirms that this assumption continues to apply.

Income statement

The Group had operating revenues of NOK 564,747 (NOK 233,965). Total operating expenses came in at NOK 51,334,955 (NOK 51,480,433). Expenses consisted mainly of personnel expenses, R&D, third-party consultants.

Depreciation and amortization amounted to NOK 4,520,266 (NOK 1,896,525).

Net financial income was NOK 3,015,871 (NOK 761,894).

Pre-tax profit (loss) of NOK (47,754,337) (NOK (52,008,362)) and profit (loss) for the period showed a (loss) of NOK (42,232,725) (NOK (51,713,468)).

The Company had NOK 57,425 (NOK 0) in revenues, NOK 30,913,252 (NOK 23,172,624) in operating expenses, NOK 812,061 (NOK 177,087) in depreciation, NOK (26,950,031)

(NOK (48,624,333)) in Pre-Tax profit (loss) and a profit (loss) for the period of NOK (26,950,031) (NOK (48,624,333)).

Balance sheet

The Group's total assets amounted to NOK 138,309,489 (NOK 179,294,825). Total non-current assets ended at NOK 71,969,930 (NOK 49,785,969).

Current assets were NOK 66,339,560 (NOK 129,508,856). Cash position amounts to NOK NOK 57,982,292 (124,590,559).

Current liabilities amounted to NOK 13,739,673 (NOK 7,534,793), while non-current liabilities totaled NOK 6,944,236 (NOK 13,064,771). The Group had interest-bearing debt of NOK 303,900 (NOK 661,708).

The Group's equity ratio was 85.0 percent (88.5 percent).

The Company’s total assets amounted to NOK 145,502,619 (NOK 175,017,310), total non-current assets ended at NOK 92,278,586 (NOK 49,342,410), current assets were NOK 53,224,032 (NOK 125,674,900) and the cash position amounts to NOK 46,848,647 (NOK 119,743,547). Current liabilities amounted to NOK 8,407,718 (NOK 5,558,626), and non-current liabilities of NOK 0 (NOK 5,413,753). The Company’s equity ratio was 94.2 percent (93.7% percent).

Cash flow statement

The Group's cash balance was NOK 57,982,292 (NOK 124,590,558). The Group’s net cash flow from operations amounted to negative NOK 42,679,977 (negative NOK 41,112,804). Net cash flow from investment activities totaled negative NOK 23,094,168 (negative NOK 22,946,772).

Net cash flow from financing activities amounted to negative NOK 834,121 (NOK 141,630,836).

The Company’s cash balance was NOK 46,848,647 (NOK 119,743,547). The Company’s net cash flow from operations amounted to negative NOK 27,036,948 (negative NOK 26,164,464), net cash flow from investment activities of negative NOK 702,821 (negative NOK 17,420,579), net cash flow from financing activities amounted to negative NOK 45,155,131 (NOK 129,156,851).

Allocation of loss and dividend

The Board of Directors has not proposed payment of a dividend for 2023. The Group’s net loss for the year of NOK 42,232,725 is allocated to retained earnings.

Management model, corporate governance, control, and compliance

Good corporate governance provides the foundation for long-term value creation, for the benefit of shareholders, employees, and other stakeholders.

Pronofa is a public limited liability company organized under Norwegian law and with a governance structure based on Norwegian corporate law, other regulatory requirements, and the guidelines of the Norwegian Corporate Governance Board (the Norwegian Code of Practice for Corporate Governance). Pronofa is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act.

Pronofa’s Board of Directors consists of 7 members, two of whom represent Denofa AS. The majority of the shareholder-elected board members are independent of executive personnel and material business contacts. The Chair of the Board is elected by the General Meeting.

The directors and officers of Pronofa ASA are covered under a Director & Officer’s Liability Insurance (D&O). The insurance covers personal legal liabilities including defense- and legal costs.

The Pronofa Board establishes the overall principles for governance and control in Pronofa through the adoption of governing documents.

Pronofa’s corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance. The Company's practice is largely in accordance with these recommendations.

Board of Directors’ activities

The Board prepares an annual plan for its work, which includes recurring key topics, such as strategy review, investment planning, risk and compliance oversight, financial reporting, and budget review. Pronofa’s’ Board of Directors held 8 meetings in 2023.

Business and Society

Pronofa is a planet-positive company that aims to create value for customers, shareholders, employees, partners, and society at large by developing a company that solves fundamental sustainability challenges. As such, sustainability is at the core of Pronofa’s mission and business operations.

Sustainability comprises Environmental, Social, and Governance (ESG) factors and relates to how Pronofa creates long-term value by implementing strategies that incorporate ESG dimensions. These include environmental issues such as climate change and resource scarcity, social issues such as labor practices, and governance matters such as corporate governance and business ethics.

Pronofa is building its reputation as an attractive employer and a preferred partner for business relations, as well as a respected social actor and corporate citizen. Pronofa’s most important contribution to society is to solve fundamental problems related to a sustainable existence and to create value by developing a responsibly run company. Sustainability and profitability are prerequisites for achieving these goals.

People

Pronofa ASA in Fredrikstad had 12 employees as of 31 December 2023. Pronofa AB had 10 employees. The Group had a gender split of 77% men and 23% women. Pronofa has also leveraged Denofa's ecosystem by utilizing key personnel within management, finance, and R&D. All business between Pronofa and Denofa is done with arms-length agreements which are approved by the Board. Pronofa will continue to work systematically for equality, diversity, and inclusion throughout its business. During 2023 the Company had immaterial sick leave and no reported injuries.

Health, Safety, Security and Environment (HSSE)

Pronofa works to ensure a secure working environment, which provides a basis for healthy and meaningful working conditions and ensures complete safety from harmful physical and mental influences and a standard of welfare consistent with the level of technological and social development of society. Pronofa shall strive to ensure non-excessive working hours and safeguard employees' work-life balance. Moreover, the Group works systematically to promote health, safety, and wellbeing, and strive for zero harm and for continuous improvements throughout the value chain. As part of Denofa's ecosystem, Pronofa has adapted their high HSSE standards.

Risks and risk management

Pronofa is exposed to financial risk, including currency and interest rate risk and liquidity risk, in addition to market risks, legal and compliance risks, climate risk, and project and operational risks.

The company has established a process for risk management based on the assessment and monitoring of major financial, strategic, legal, climate-related and operational risk factors. Mitigating actions have been identified for key risks and their implementation is assured and monitored. Risks and how they are managed are reported to Pronofa's Board on a regular basis.

Pronofa is dependent on functioning debt and equity markets to fund future growth, and access to external financing may affect the liquidity situation. Pronofa seeks to reduce the risk by maintaining a solid liquidity reserve, by proactively planning and diversifying sources of funding.

Outlook

The agriculture industry is tasked with supplying nutrition to a rapidly growing global population with limited sustainable available land, while reducing GHG emissions. Balancing these two issues will be critical over the next decades.

The world population is estimated to reach almost 10 billion by 2050. Government agencies estimate the need for 60-70% more food at the end of this period which will put further pressure on an already strained agriculture industry.

The transition towards an emissions-free world, exemplified by the UN-backed global campaign rallying non-state actors, including companies, cities, regions, financial institutions to reduce emissions across all scopes in line with the Paris Agreement, is a long-term and global development that drives sustainable investment technologies. Government policies, company emission reduction targets and private capital inflows are expected to continue to support this trend.

Government agencies are setting sustainable agriculture high on the agenda. EU Green Deal 2030 ambitions has stated focus areas and goals including (i) organic farming and sustainable farming models, (ii) food waste reduction and sustainable diets and (iii) reduction of chemical pesticides.

The USDA has its own stated Agriculture Innovation Agenda which cements the need for increased food production while dramatically reducing its global footprint; (i) cutting environmental footprint of US farmers in half by 2050 and (ii) increase agricultural production by 40 percent.

Pronofa's business model is set up to accelerate and scale the solution for sustainable agriculture while driving reductions in harmful emissions.

Fredrikstad 17 April, 2024

Bjørge Gretland
Chair

Terje Andersen

Hege Buer

Hans Martin Kjernsbæk

Hilde Christin Talseth

Haakon Morten Sæter

Hege Rivedal Ødegaard

Hans Petter Olsen
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK for the period ended 31 December	**Notes**	**2023**	**2022**
Revenue	5	564 747	167 760
Other operating income		-	66 206
Total revenue		**564 747**	**233 965**
Raw materials and consumables used		1 462 828	426 856
Salaries and personnel expense	6	19 432 234	11 439 645
Depreciation and amortization expense	10, 11, 12	4 520 266	1 896 525
Other operating expense	6, 7	25 919 627	21 800 925
Impairment of assets	12	-	15 916 483
Total operating expenses		**51 334 955**	**51 480 433**
Operating profit (loss)		**-50 770 208**	**-51 246 468**
Interest income		3 049 490	14 572
Other financial income		1 070 345	58 120
Total financial income	8	**4 119 835**	**72 692**
Interest expense		-194 869	-99 426
Other financial expense		-909 095	-735 159
Total financial expense	8	**-1 103 964**	**-834 586**
Profit (loss) before income tax		**-47 754 337**	**-52 008 362**
Income tax	9	5 831 943	232 357
Profit (loss) for the year		**-41 922 394**	**-51 776 005**
Other comprehensive income			
Currency translation differences that may be reclassified to P&L		-310 331	62 537
Total comprehensive income (loss) for the year		**-42 232 725**	**-51 713 468**
Profit (loss) for the year attributable to:			
Owners of Pronofa ASA		-41 922 394	-51 776 005
Non-controlling interests		-	-
Total comprehensive income (loss) for the year attributable to:			
Owners of Pronofa ASA		-42 232 725	-51 713 468
Non-controlling interests		-	-
Basic earnings per share	16	-0,63	-0,77
Diluted earnings per share	16	-0,63	-0,77

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK	***Notes***	**31.12.2023**	**31.12.2022**
ASSETS			
Non-current assets			
Property, plant and equipment	10	27 998 765	3 589 328
Research and development	12	24 503 356	26 733 491
Right-of-use assets	11	1 176 772	1 745 015
Goodwill	12, 17	17 718 135	17 718 135
Other non-current assets		572 902	-
Total non-current assets		**71 969 930**	**49 785 969**
Current assets			
Inventories	13	1 994 597	95 154
Accounts receivable	5	698 724	-
Receivables	14	5 663 947	4 823 144
Cash and bank deposits	15	57 982 292	124 590 559
Total current assets		**66 339 560**	**129 508 856**
Total assets		**138 309 489**	**179 294 825**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK	*Notes*	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	16	1 612 912	1 612 912
Other paid in capital		219 361 747	219 361 746
Share based compensation	6	2 072 593	909 548
Retained earnings		-105 421 672	-63 188 947
Total Equity		**117 625 580**	**158 695 260**
Non-current liabilities			
Borrowings		303 900	661 708
Lease liabilities	11	539 984	1 157 367
Deferred tax	9	-	5 831 943
Earn-out Liability	17	6 100 352	5 413 753
Total non-current liabilities		**6 944 236**	**13 064 771**
Current liabilities			
Trade and other payables		9 167 272	5 841 943
Accruals and Other Payables		2 051 325	-
Borrowings		202 600	-
Lease liabilities	11	679 295	609 937
Public duties payables		1 639 181	1 082 914
Total current liabilities		**13 739 673**	**7 534 793**
Total equity and liabilities		**138 309 489**	**179 294 825**

Fredrikstad, 17.04.2024

Hans Petter Olsen CEO		Bjørge Gretland Chairman
Haakon Morten Sæter Board member	Terje Andersen Board member	Hans Martin Kjernsbæk Board member
Hege Buer Board member	Hege Rivedal Ødegaard Board member	Hilde Christin Talseth Board member

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK	Notes	Share capital	Other paid in capital	Retained earnings	Share based compensatio	Total majority	Minority interests	Total equity
Equity 01.01.2022		**1 000 000**	**55 827 164**	**-9 444 426**	**-**	**47 382 738**	**4 859 573**	**52 242 311**
Comprehensive income								
Profit/(loss) for the year		-	-	-51 776 005	-	**-51 776 005**	-	**-51 776 005**
Other comprehensive income for the year		-	-	62 537	-	**62 537**	-	**62 537**
Transaction with owners								
Capital increase january	16	553 846	141 444 023	-	-	**141 997 869**	-	**141 997 869**
Capital increase july	16	40 691	15 218 309	-	-	**15 259 000**	-	**15 259 000**
Share based compensation	6	-	-	-	909 548	**909 548**	-	**909 548**
Buyout of non-controlling interests		18 375	6 872 250	-2 031 052	-	**4 859 573**	-4 859 573	**-**
Equity 31.12.2022		**1 612 912**	**219 361 746**	**-63 188 946**	**909 548**	**158 695 260**	**-**	**158 695 260**
Comprehensive income								
Profit/(loss) for the year		-	-	-41 922 394	-	**-41 922 394**	-	**-41 922 394**
Other comprehensive income for the year		-	-	-310 331	-	**-310 331**	-	**-310 331**
Transactions with owners								
Share based compensation	6	-	-	-	1 163 045	**1 163 045**	-	**1 163 045**
Equity 31.12.2023		**1 612 912**	**219 361 746**	**-105 421 672**	**2 072 593**	**117 625 580**	**-**	**117 625 580**

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in NOK for the period ended 31 December	**Notes**	**2023**	**2022**
CASH FLOW FROM OPERATIONS			
Profit (loss) before income tax		-47 754 337	-52 008 362
Depreciation, intangible and fixed assets	10, 11, 12	4 520 266	1 896 525
Net interest income / expense		-2 854 621	84 854
Impairment of assets	3, 12	-	15 916 483
Change in accounts receivable		-698 724	-113 259
Change in inventory	13	-1 899 443	-
Change in accounts payable		3 325 329	-
Change in other accruals		2 681 554	-6 889 045
Net cash flow from operations		**-42 679 977**	**-41 112 804**
CASH FLOW FROM INVESTMENTS			
Purchase of fixed assets	10	-26 143 658	-6 486 466
Purchase of intangible assets		-	-158 307
Investments in subsidiaries net of cash aquired	17	-	-16 316 571
Interest received		3 049 490	14 572
Net cash flow from investments		**-23 094 168**	**-22 946 772**
CASH FLOW FROM FINANCING			
Proceeds from capital contributions	16	-	141 997 869
Lease payments for the principal portion of lease liability	11	-639 252	-267 607
Interest payments		-194 869	-99 426
Net cash flow from financing		**-834 121**	**141 630 836**
Net changes in cash for the period		**-66 608 266**	**77 571 260**
Cash and cash equivalents as of 1.1		124 590 558	47 019 299
Cash and cash equivalents as of 31.12	15	**57 982 292**	**124 590 558**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Pronofa ASA is a limited liability company incorporated and domiciled in Norway, and the head office is in Fredrikstad, Norway. The company was incorporated 19.01.2021.

Pronofa ASA ("the Company") and its subsidiaries Pronofa Green Holding AS, Pronofa Blue Holding AS, Pronofa AB, Tunicat AS, Pronofa Protein AS and Pronofa Sales AS (together the "Group") specialize in the development and production of human and animal nutrition products from tunicates and insects. The Group is headquartered in Fredrikstad, where management, technical and R&D competence is centered.

Within the tunicate division, the Group is developing its first production facility focused on consumer products at Pronofa AB's facility in Stenungsund Sweden. The Group is also focusing R&D efforts at Tunicat AS, located in Eide Norway, to improve cultivation and harvesting techniques, as well as develop products towards the feed market.

Within the insect division, commercial, technical and R&D activities are undertaken at Pronofa's headquarters in Fredrikstad.

The consolidated financial statements incorporate the financial statements of companies controlled (as set out below) by Pronofa ASA.

Company	Location	Ownership
Pronofa ASA	Fredrikstad	(Parent)
Pronofa Green Holding AS	Fredrikstad	100 %
Pronofa Blue Holding AS	Fredrikstad	100 %
Pronofa AB	Stenungsund	100 %
Tunicat AS	Eide	100 %
Pronofa Protein AS	Fredrikstad	100 %
Pronofa Sales AS	Fredrikstad	100 %

NOTE 2 – ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and throughout the report. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS FOR PREPARATION

The Group's consolidated financial statements are prepared in accordance with IFRS® Accounting Standards, as adopted by the European Union and the Norwegian Accounting Act 1998.

Pronofa ASA was established in January 2021. The Company has adopted IFRS for its consolidated financial statements as of 19 January 2021. The Group is assumed to be one segment.

New and revised standards that are adopted or not yet effective are not expected to have a material impact on the Group's consolidated financial statements.

2.2 CONSOLIDATION

The consolidated financial statements are prepared using the historical cost approach, except for certain financial instruments measured at fair value. The consolidated financial statements are presented in NOK.

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. All transactions and balances between Group companies are eliminated on consolidation, including intercompany loans, interest and unrealized gains and losses on transactions between Group companies. Accounting policies of subsidiaries have been harmonized where necessary to ensure consistency with the policies adopted by the Group.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group

recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

2.3 FOREIGN CURRENCY TRANSLATIONS

Each entity in the group determines its functional currency based on the economic environment in which it operates, and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of Pronofa ASA, Pronofa Green Holding AS, Pronofa Blue Holding AS, Tunicat AS, Pronofa Protein AS and Pronofa Sales AS is Norwegian kroner (NOK). The functional currency of Pronofa AB is Swedish kroner (SEK).

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss. The presentation currency of the consolidated financial statements is NOK.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Group management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 IMPAIRMENT OF ASSETS

As required, the Company has conducted impairment tests to ensure that the Company's assets are not carried at more than their recoverable amount. Based on secondary transactions of the Company's shares, the Company sees values significantly above Balance Sheet values. The basis of this assessment is transactions that occurred during October 2023 where approximately 15% of the Company's outstanding shares were traded as Godthåp Holding AS increased its stake.

3.2 EARN-OUT LIABILITY

The Group has an earn-out liability that is assessed to fair value. For further information, see note 17.

NOTE 4 – FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

4.1 MARKET RISK

(i) Foreign Exchange Risk: The risk of changes in foreign currency relates primarily to the ongoing business transactions in different currencies and in connection with clinical trial runs in different countries. At 31.12.2023 the Swedish subsidiary holds cash of SEK 10.2 million, see note 15, and inventory of SEK 2 million. The impact on the Company's income statement is limited and not material.

(ii) Interest risk: The Group is equity financed and holds no long-term borrowings or bank deposits as of year-end 2023. The interest risk is therefore considered to be immaterial.

4.2 CREDIT RISK

The Group is in a R&D phase and turnover are to be considered as immaterial. Other short-term receivable mainly consists of government grants with no or very limited credit risk. Cash is held at bank institutions with low credit risk. Therefore, the credit risk is to be considered as immaterial.

4.3 LIQUIDITY RISK

Being in a development phase, the Company is reliant on capital contributions to finance its operations. Management monitors on a high frequency the liquidity forecasts to ensure that there is sufficient cash to meet the Company's strategic growth plans. As a part of the liquidity management, the Company received NOK 150 million in funding in 2022 through private placements.

The Group holds no long-term borrowings. Long term earn-out liability is described in note 17. The earn-out is a financial liability. The maturity profile (nominal values) of lease liabilities is presented in note 11. The Group holds short-term liabilities of (except lease liabilities) of NOK 9,369,872 (NOK 5,841,943) as of year-end 2023 (2022), with a maturity of less than 12 months.

4.4 CAPITAL MANAGEMENT

The primary focus of the Group's capital structure is to safeguard its ability to continue as a going concern and to manage its financing structure and cash flow requirements in response to the Group's strategy and objectives, which are principally related to the build-up of the Group's operations including M&A activities and R&D activities.

As of 31 December 2023, the Group was in a development phase with no or little cash generation arising from contracts with customers. The Group held no significant bank borrowings as of 31 December 2023 and its main source of liquidity has historically been through equity injections, and to a lesser extent, government grants. As of 31 December, the Group had cash and bank deposits of NOK 58 million, total equity of NOK 117.6 million and NOK 1.7 million in interest bearing debt whereas NOK 1.2 million were related to leases and NOK 507 thousand were related to bank borrowings.

NOTE 5 – REVENUE

Revenue derives from the marine proteins and taste enhancers. As of 2023 the sales relate to low volume products deriving from the pilot facility in Stenungsund, Sweden and from Fredrikstad, Norway. In 2022, sales were related to the pilot facility in Stenungsund, Sweden and from the pilot facility in Meløy, Norway.

The Group recognizes revenue at the time when the Group transfers the control of a product or service to the customer. Revenue is measured at the fair value of the consideration the Group expects to receive for goods transferred to the customer, net of discounts, returns and sales taxes. No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Sales revenue	**2023**	**2022**
Norway	57 425	44 126
Sweden	507 322	123 634
Total sales revenue	**564 747**	**167 760**

Accounts receivable	**2023**	**2022**
Norway	556 250	-
Sweden	142 474	-
Total accounts receivable	**698 724**	**-**

Accounts receivable at 31.12.2023 in Norway relates to invoice to Denofa concerning cooperation on work force. The allocation of this invoicing is presented as a cost reduction in other operating expense where cost from Denofa is recognized.

NOTE 6 – EMPLOYEE REMUNERATION

The salary mainly relates to the R&D activities in Pronofa AB and remuneration to employees in the head office in Fredrikstad. The Group has allocated share options to certain key employees and has in place a share option program from 2021. Under the Share Option Program, five employees of Pronofa and its subsidiaries are granted options. As of the date of this Information Document, the total number of outstanding options is 1,400,000, of which 700,000 options have a strike price of NOK 6.50 and 700,000 options have a strike price of NOK 9. The options vest with ¼ each year in a period of 4 years from the date they were granted. If all options are exercised the Company’s shares will be diluted by 2.08%, based on the Company's current share capital. The options can be exercised from May 2025 to August 2026, and the corresponding expiration dates are between May 2026 and August 2027.

The Black-Scholes model has been used to calculate share-based compensation. The key factors in the model are a risk-free interest rate as of December 31, 2023, at 4.5% and volatility at 30%. Refer to the expense recognition in the table below and the accumulated amount of NOK 2,072,563, as seen in the Consolidated Statement of Changes in Equity.

Salaries and payroll expense	**2023**	**2022**
Salary expenses including bonuses, vacation pay and other costs	11 801 924	8 028 481
Social security cost	3 436 695	1 357 601
Share based compensation	1 163 045	909 548
Pension benefit expense	667 711	142 096
Remuneration to board of directors	1 100 000	575 000
Other benefits	1 262 858	426 919
Total Personnel expenses	**19 432 234**	**11 439 645**
Average number of employees	19	9

The CEO of Pronofa ASA holds a 50 % position in the company and does not receive any remuneration directly from the Company. The CEO is outsourced from Denofa AS. In 2023 (2022), total invoiced amount for the CEO position from Denofa AS is NOK 2,874,810 (NOK 2,675,888) - ex. VAT. The invoiced amount for the CEO is included in other operating expenses, see note 7.

The Board of Directors have received NOK 1,100,000 (NOK 575,000) in remuneration in 2023 (2022). No loans or guaranties are held toward the CEO nor any member of the Board.

NOTE 7 – OTHER OPERATING EXPENSES AND AUDIT FEE

A large part of the company's operating costs is related to R&D activities. In 2022, expenses relating to ongoing R&D activities have been recognized through profit and loss. Based on management's assessment it is concluded that the ongoing R&D activities do not meet the requirements in IAS 38 to be capitalized as intangible assets as it is not possible to demonstrate that all the requirements in the standard are met (IAS 38.57). Management will continuously assess when the requirements for capitalization are satisfied.

Other operating expenses by nature	**2023**	**2022**
Legal/Consulting fees/Accounting/Audit	15 993 831	13 551 292
Repair and maintenance expense	656 748	634 379
Other operating expenses	9 269 048	7 615 253
Total other operating expenses	**25 919 627**	**21 800 924**

Auditor's remuneration	**2023**	**2022**
Audit services	641 493	261 514
Other assurance services	105 513	42 813
Tax advice	-	74 730
Other non-assurance services	387 250	400 490
Total auditor's remuneration	**1 134 257**	**779 547**

NOTE 8 – FINANCE INCOME AND FINANCE EXPENSES

Finance Income	**2023**	**2022**
Interest income	3 049 490	14 572
Other finance income	1 070 345	58 120
Total finance income	**4 119 835**	**72 692**

Finance Cost	**2023**	**2022**
Interest expense on lease liabilities	71 898	15 437
Fair value change on earn-out	686 599	313 753
Other interest expense	122 971	83 989
Other financial expense	222 496	421 407
Total finance expense	**1 103 964**	**834 586**

NOTE 9 – CURRENT AND DEFFERED INCOME TAX

Tax expenses consist of the tax payable and changes to deferred tax. Tax is recognized in the accompanying consolidated financial statements of operations, except that is relates to items recognized in OCI or directly in equity.

Deferred tax assets are recognized in the statement of financial position based on expected utilization of tax losses carried forward and temporary differences. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized. As of 31.12.2023 and 31.12.2022 no deferred tax asset has been recognized.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Tax expense/(income)	**2023**	**2022**
Tax payable	-	-
Change in deferred tax	-5 831 943	-232 357
Total tax expense	**-5 831 943**	**-232 357**

Deferred Tax	**2023**	**2022**
(Amounts in NOK)		
Tax loss carried forward Norway	-72 950 529	-35 540 677
Tax loss carried forward Sweden	-30 037 869	-6 772 779
Temporary differences fixed assets	-	11 500
Temporary differences intangible assets	24 548 657	26 661 040
Other temporary differences	-358 449	117 300
Temporary differences not recognized in the balance sheet	78 798 190	42 032 499
Basis for defered tax / deferred tax asset (-)	**-**	**26 508 883**
Deferred tax / deferred tax asset (-)	**-**	**5 831 943**
Tax rate Norway	22,0 %	22,0 %
Tax rate Sweden	20,6 %	20,6 %

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially stated at cost. Subsequent expenditures are included in the asset's carrying value when it is probable that the expenditure will provide a future economic benefit and can be measured reliably. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. For more information on useful life, see table below.

The Group considers the need for an impairment review when events occur that indicate the book value of a long-life asset may exceed its recoverable amount. Expenditures for repair and maintenance are charged to other expenses in the period incurred. Assets under construction are not depreciated until completed and ready for their intended use, at which point they are transferred to their own asset category.

2023	Assets under construction	Machinery, fixtures and fittings	Total
Cost 01.01.2023	-	4 362 412	**4 362 412**
Acquired through business combinations	-	-	**-**
Additions in period	-	26 143 658	**26 143 658**
Impairment / disposal	-	-	**-**
Currency translation effects	-	-291 136	**-291 136**
Cost 31.12.2023	**-**	**30 214 934**	**30 214 934**
Accumulated depreciation 01.01.2023	-	773 084	**773 084**
Acquired through business combinations	-	-	**-**
Depreciation in period	-	1 622 681	**1 622 681**
Impairment / disposal	-	-	**-**
Currency translation effects	-	-179 596	**-179 596**
Accumulated depreciation 31.12.2023	**-**	**2 216 169**	**2 216 169**
Net book value 31.12.2023	**-**	**27 998 765**	**27 998 765**
Useful life	Idefinite	2-15 years	NA
Depreciation method	NA	Straight line	NA

Geographical location:

Net book value	2023	2022
Norway	986 797	1 228 459
Sweden	27 011 968	2 360 869
Total net book value	**27 998 765**	**3 589 328**

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2022	Assets under construction	Machinery, fixtures and fittings	Total
Cost 01.01.2022	3 575 246	266 200	**3 841 446**
Acquired through business combinations	-	1 080 144	**1 080 144**
Additions in period	3 317 843	3 168 623	**6 486 466**
Impairment / disposal	-6 893 089	-124 800	**-7 017 889**
Currency translation effects	-	-27 755	**-27 755**
Cost 31.12.2022	**-**	**4 362 412**	**4 362 412**
Accumulated depreciation 01.01.2022	-	17 103	**17 103**
Acquired through business combinations	-	428 565	**428 565**
Depreciation in period	-	345 468	**345 468**
Impairment / disposal	-	-9 000	**-9 000**
Currency translation effects	-	-9 053	**-9 053**
Accumulated depreciation 31.12.2022	**-**	**773 084**	**773 084**
Net book value 31.12.2022	**-**	**3 589 328**	**3 589 328**
Useful life	Idefinite	5-15 years	NA
Depreciation method	NA	Straight line	NA

NOTE 11 – LEASE LIABILITY AND RIGHT-OF-USE ASSETS

The Group leases various offices, production facilities and other equipment. The Group recognizes a right-of-use (RoU) asset and a lease liability lease contracts that exceeds a rental period of more than 12 months. Payments associated with short-term leases and all leases of low-value assets are recognized through profit or loss.

The RoU is initially measured at cost, which includes the amount of lease liabilities recognized, plus initial direct costs towards the lease, less incentives received. The RoU is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The RoU is adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of the future lease payments as of the commencement date, discounted using the interest rate implicit in the lease. If an implicit rate cannot be readily determined, the Group uses the incremental borrowing rate as the discount rate. The lease payments include fixed payments and variable payments that depend on an index or rate. Variable lease payments that do not depend on an index or rate are recognized as expenses. The lease liability is measured at amortized cost using the effective interest rate method. The lease liabilities are remeasured when there is a change in future lease payments arising from a change in index or rate, or a change in the assessment of whether to exercise an extension or termination option.

2023 **Right-of-use asset**	**Offices**	**Equipment**	**Total**
Right-of-use asset (net) 01.01.2023	1 401 269	343 746	**1 745 015**
Additions	-	-	**-**
Depreciation charge	522 441	135 930	**658 371**
Impairment / disposal	-	-	**-**
Currency effects	67 537	22 591	**90 128**
Total right-of use asset (net) 31.12.2023	**946 365**	**230 407**	**1 176 772**

Lease liability	**Offices**	**Equipment**	**Total**
Lease liability 01.01.2023	1 420 835	346 469	**1 767 304**
Additions	-	-	**-**
Principal payment	564 733	146 418	**711 151**
Interest paid	56 956	14 943	**71 898**
Impairment / disposal	-	-	**-**
Currency effects	68 343	22 884	**91 227**
Total lease liability 31.12.2023	**981 401**	**237 878**	**1 219 279**

Lease liability	**Offices**	**Equipment**	**Total**
Current lease liability	538 895	140 400	**679 295**
Non-current lease liability	442 505	97 478	**539 984**
Total lease liabilities	**981 401**	**237 878**	**1 219 279**

Amount recognized in income statement	**Offices**	**Equipment**	**Total**
Interest expense	56 956	14 943	**71 898**
Expense relating to short-term leases	480 940	468 197	**949 137**
Expense relating to leases of low-value assets	-	274 939	**274 939**
Expense relating to variable lease payments	-	-	**-**

Contractual maturities (nominal values)	**Offices**	**Equipment**	**Total**
Less than 1 year	566 496	147 000	**713 496**
1-3 years	447 664	98 000	**545 664**
4-5 years	-	-	**-**
more than 5 years	-	-	**-**
Total contractual cash-flows	**1 014 160**	**245 000**	**1 259 160**

Geographical location:

Right-of use asset	**2023**	**2022**
Norway	246 522	356 088
Sweden	930 249	1 388 928
Total right-of use asset	**1 176 772**	**1 745 016**

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2022 **Right-of-use asset**	Offices	Equipment	Total
Right-of-use asset (net) 01.01.2022	465 653	233 586	**699 240**
Additions	1 157 372	381 038	**1 538 410**
Depreciation charge	240 587	43 136	**283 722**
Impairment / disposal	-	-233 586	**-233 586**
Currency effects	18 831	5 843	**24 674**
Total right-of use asset (net) 31.12.2022	**1 401 269**	**343 746**	**1 745 016**

Lease liability	Offices	Equipment	Total
Lease liability 01.01.2022	471 861	234 979	**706 840**
Additions	1 157 372	381 038	**1 538 410**
Principal payment	261 131	46 464	**307 595**
Interest paid	33 907	6 081	**39 987**
Impairment / disposal	-	-234 979	**-234 979**
Currency effects	18 826	5 814	**24 640**
Total lease liability 31.12.2022	**1 420 835**	**346 469**	**1 767 304**

Lease liability	Offices	Equipment	Total
Current lease liability	485 159	124 778	**609 937**
Non-current lease liability	935 387	221 980	**1 157 367**
Total lease liabilities	**1 420 546**	**346 758**	**1 767 304**

Amount recognized in income statement	Offices	Equipment	Total
Interest expense	33 907	6 081	**39 988**
Expense relating to short-term leases	187 908	-	**187 908**
Expense relating to leases of low-value assets	-	227 179	**227 179**
Expense relating to variable lease payments	-	-	**-**

Contractual maturities (nominal values)	Offices	Equipment	Total
Less than 1 year	542 076	138 959	**681 036**
1-3 years	943 461	231 599	**1 175 059**
4-5 years	30 000	-	**30 000**
more than 5 years	-	-	**-**
Total contractual cash-flows	**1 515 537**	**370 558**	**1 886 095**

NOTE 12 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets have been recognized through the acquisition of subsidiaries Ecoprot AS and Pronofa Protein AS (previously Flying Feed Fredrikstad AS) in 2021, and Pronofa AB (previously Marine Feed AB) and Tunicat AS in 2022. Goodwill was recorded based on the difference between the purchase price and the fair value of identifiable assets and liabilities of the companies. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

The majority of the Group's R&D per year end 2022 have been recognized through the acquisition of Pronofa AB. Pronofa AB gave Pronofa a "tunicate team" with experience from 2012 and experience from industrial feed trials and products. Thus, Pronofa AB gave valuable input and footprint into the consumer/food market. The company has an operating processing pilot which Pronofa can utilize for studies.

2023 **Goodwill and intangible assets**	**Goodwill**	**R&D**	**Total**
Cost 01.01.2023	17 718 135	28 106 271	45 824 406
Acquired through business combinations	-	-	-
Additions	-	-	-
Impairment / disposal	-	-	-
Currency effects	-	4 476	4 476
Cost 31.12.2023	**17 718 135**	**28 110 747**	**45 828 882**
Accumulated impairment / amortization 01.01.2023	-	1 372 780	1 372 780
Amortization in period	-	2 239 213	2 239 213
Impairment / disposal	-	-	-
Currency effects	-	-4 602	-4 602
Accumulated impairment / amortization 31.12.2023	-	**3 607 391**	**3 607 391**
Net book value 31.12.2023	**17 718 135**	**24 503 356**	**42 221 491**
Useful life	Indefinite	5-15 years	
Depreciation method	NA	Straight-line	

Geographical location:

R&D	**2023**	**2022**
Norway	1 494 500	1 926 500
Sweden	23 008 856	24 806 991
Total R&D	**24 503 356**	**26 733 491**

Goodwill	**2023**	**2022**
Norway	1 235 624	1 235 624
Sweden	16 482 511	16 482 511
Total goodwill	**17 718 135**	**17 718 135**

2022 **Goodwill and intangible assets**	**Goodwill**	**R&D**	**Total**
Goodwill and intangible assets	**Goodwill**	**R&D**	**Total**
Cost 01.01.2022	1 968 218	2 000 000	3 968 218
Acquired through business combinations	17 052 419	27 947 964	45 000 383
Additions	-	158 307	158 307
Impairment / disposal	-1 302 502	-2 000 000	-3 302 502
Cost 31.12.2022	**17 718 135**	28 106 271	**45 824 406**
Accumulated impairment / amortization 01.01.2022	-	133 333	133 333
Amortization in period	-	1 372 780	1 372 780
Impairment / disposal	-	-133 333	-133 333
Accumulated impairment / amortization 31.12.2022	-	**1 372 780**	**1 372 780**
Net book value 31.12.2022	**17 718 135**	**26 733 491**	**44 451 626**
Useful life	Indefinite	5-15 years	
Depreciation method	NA	Straight-line	

Goodwill and intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Goodwill is monitored at segment level. As of today, the Group has only one segment and therefore the value of the shares in Pronofa ASA is a good starting point for assessing fair value of the group operations less cost to sell. Based on secondary transactions in Pronofa ASA shares in October 2023 where approximately 15% of the Company's outstanding shares were traded at a value significantly above Balance Sheet values there are no impairment indicators.

For more information on goodwill and intangible assets, please refer to note 17 – Business Combinations.

As per 31.12.2022 there was recorded an impairment of assets regarding the decision to dissolve Ecoprot AS. 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 rules and regulations do not allow for retention of this value on the Group's balance sheet. Net assets in Ecoprot AS was written down to NOK 0 per 31.12.2022. P&L effects for the 2022 operations in Ecoprot was included in the consolidated financial statements and accounts for negative NOK 5.5 million. In addition, impairment of net assets equal to NOK 15.9 million was recognized in the P&L.

Impairment of net assets Ecoprot	**2022**
Goodwill	1 302 502
R&D	1 866 667
Property, plant & Equipment	7 008 889
Inventory	236 416
Rigth of Use asset	233 586
Other assets (net)	5 503 402
Right of use liability	-234 979
Total impairment	**15 916 483**

NOTE 13 – INVENTORY

Inventories are measured at the lower of cost or net realizable value under the first-in-first-out (FIFO) principle. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes both the production and acquisition costs of goods and components. Booked value of inventory is NOK 1,994,597 (NOK 95,154) in 2023 (2022) and is held at cost (no write-downs recognized).

There are no biological assets (IAS 41) included in the inventory. The inventory consists of raw materials and ingredients of long shelf life. The inventory is located in Sweden.

NOTE 14 – RECEIVABLES

Short term receivables er specified in the table below.

Receivables	2023	2022
Receivable VAT	1 863 133	2 310 466
Receivable Skattefunn	1 476 494	-
Pre-paid cost	2 287 586	2 352 583
Other receivables	36 734	160 095
Total receivables	**5 663 947**	**4 823 144**

NOTE 15 – CASH AND CASH EQUIVALENT

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. As of year-end 2023 and 2022 the Group did not have any outstanding bank overdrafts.

Cash is initially recognized at fair value and subsequently measured at amortized cost.

Total cash in the Group is NOK 57,982,292 (NOK 124,590,559) as per 31.12.2023 (31.12.2022) which of NOK 1,235,855 (NOK 546,026) are restricted cash in the form of employee tax deduction accounts.

Geographically, cash at 31.12.2023 is held in Norway with NOK 47,689,131 and in Sweden with SEK 10,161,067 (NOK 10,293,161).

NOTE 16 – SHARE CAPITAL AND EARNINGS PER SHARE

Share capital	**# shares**	**Face value**	**Total face value**
At 01.01.2022	41 666 670	0,024	**1 000 000**
Capital increase January 2022	23 076 923	0,024	**553 846**
Capital increase July 2022	2 461 069	0,024	**59 066**
At 31.12.2022	**67 204 662**	**0,024**	**1 612 912**
At 31.12.2023	**67 204 662**	**0,024**	**1 612 912**

The top 20 shareholders per 31.12	**# Shares**	**Ownership**
DENOFA AS	20 070 511	29,86 %
GODTHÅB HOLDING AS	11 481 414	17,08 %
CONVEXA ASYMMETRIC AS	6 570 511	9,78 %
REITAN KAPITAL AS	6 474 360	9,63 %
SILVERCOIN INDUSTRIES AS	6 132 353	9,12 %
FARVATN PRIVATE EQUITY AS	3 404 616	5,07 %
LANI INVEST AS	1 250 000	1,86 %
NORDNET BANK AB	1 050 890	1,56 %
NORUS HOLDING DATTER AS	857 325	1,28 %
ANDERSEN HOLDING AS	843 335	1,25 %
SINKABERGHANSEN AS	769 230	1,14 %
ARILD STEN LARSEN AS	753 095	1,12 %
DOMAREN I GÖTEBORG AKTIEBOLAG	734 615	1,09 %
SALTHAVN AS	615 384	0,92 %
THE BANK OF NEW YORK MELLON	536 000	0,80 %
SVENSKA HANDELSBANKEN AB	533 443	0,79 %
NORUS HOLDING AS	530 000	0,79 %
HAAS AS	517 965	0,77 %
SULEFJELL AS	461 538	0,69 %
PRE INVEST AS	374 165	0,56 %
OTHER	3 243 912	4,83 %
Total	**67 204 662**	**100,00 %**

Earnings per share

Basic and diluted earnings per share are calculated by dividing total comprehensive income (loss) for the year attributable to shareholders by weighted average number of ordinary shares outstanding during the year.

Number of ordinary shares outstanding	67 204 662	67 204 662

Share based compensation and earn-out are the only diluting elements. There are outstanding options that could be dilutive in future periods, see note 6 for share based compensation.

NOTE 17 – BUSINESS COMBINATIONS

There have been no business combinations in 2023. In 2022 there were two businesses combinations.

(a) Pronofa AB

The Group purchased 100 % of the outstanding shares of Pronofa AB (renamed from Marine Feed AB) on May 25th, 2022, for a purchase price of NOK 34.2 million. The purchase price consisted of a cash payout, share consideration, and estimated earn-out calculated at fair value. The earn-out is presented as non-current liability in the balance sheet, and the fair value change on the earn-out is presented as finance expense. The exercise date of the earn-out is set to be June 2025 and the estimated end value of the earn-out is NOK 7.3 million.

Earn-out	2023	2022
Earn-out at fair value 01.01. (for 2022 at purchase date)	5 413 753	5 100 000
Fair value change on earn-out	686 599	313 753
Earn-out at fair value 31.12.	**6 100 352**	**5 413 753**

See table below for the purchase price allocation.

Assets acquired and liabilities assumed	2022
Cash aquired	-178 039
Research & Development	25 815 464
Trade and other receivables	252 237
Property plant and equipment	755 815
Trade and other payables	-564 295
Borrowings	-1 118 527
Payables to previous owner	-1 682 857
Deferred tax (R&D)	-5 611 100
Net identifiable assets acquired	**17 668 698**
Goodwill	16 482 511
Consideration	**34 151 209**

Fair value of identified assets and liabilities is mainly based on booked value of the assets and liabilities, except from R&D. When estimating the fair value of R&D, management applied the relief from royalty method. Future revenues, royalty rate and discount rate are the assumptions of most significance. Management applied a discount rate of 13%, a royalty rate of 6 % and future revenues in line with the business case.

Consideration	2022
Cash consideration	14 792 208
Share consideration	14 259 001
Earn-out estimated at fair value	5 100 000
Total consideration	**34 151 209**
Cash aquired	-178 039
Cash consideration net of cash aquired	**14 970 247**

Turnover recognized in the Group's consolidated financial statement for the period 25.05-31.12.2022 is NOK 123,634, and net profit contributed for the same period is NOK -4,351,983.

(b) Tunicat AS

The Group purchased 100 % of the outstanding shares of Tunicat AS on June 15th, 2022, for a purchase price of NOK 2.1 million (cash consideration and share consideration).

See table below for the purchase price allocation.

Assets acquired and liabilities assumed	**2022**
Cash aquired	9 797
Research & Development	2 132 500
Other assets	3 087
Borrowings	-126 712
Deferred tax (R&D)	-453 200
Net identifiable assets acquired	**1 565 472**
Goodwill	569 909
Consideration	**2 135 381**

Fair value of identified assets and liabilities is mainly based on booked value of the assets and liabilities, except from R&D. The key asset of Tunicat at the time of the transaction was its know-how and its developed R&D (as it was at the time of the transaction). Due to the early-stage nature of the company, and the relatively immaterial size of the investment, management allocated most of the excess value to R&D in respect of this transaction.

Consideration	**2022**
Cash consideration	1 135 382
Share consideration	999 999
Total consideration	**2 135 381**
Cash aquired	9 797
Cash consideration net of cash aquired	**1 125 585**

Turnover recognized in the Group's consolidated financial statement for the period 15.06-31.12.2022 is NOK 0, and net profit contributed for the same period is NOK -265,338.

NOTE 18 – GOVERNMENT GRANTS AND OTHER GRANTS

Government grants are recognized in the financial statements when there is a reasonable assurance that the requirements of the grants will be complied with and that the grants will be received. Grants related are presented as reduction of expenses they are intended to compensate for. Government grants that relate to assets are recognized as a reduction in the acquisition cost of the asset. The grant reduces the depreciation of the asset.

The Group recognized NOK 4,136,669 (NOK 2,432,553) in government grants in 2023 (2022). Of this amount, NOK 4,136,669 (NOK 906,462) was recognized as reduced expenses, while NOK 0 (NOK 1,526,091) was recognized as a reduction of the acquisition cost of the asset concerned. The grants in Norway, NOK 3,002,585 are provided by Fredrikstad kommune and Skattefunn on research and development projects. In addition, Pronofa AB got approved the EU project Aquabioprofit in early 2023, amounting to NOK 1,131,084.

NOTE 19 – SUBSEQUENT EVENTS

There are no significant subsequent events.

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Pronofa ASA

Revenue statement
Balance sheet
Cash flows
Notes to the Accounts

Org.no.: 926 501 836

Revenue statement

Pronofa ASA

Operating income and operating expenses	Note	2023	2022
Revenue		57 425	0
Total income		57 425	0
Employee benefits expense	1, 2, 3	13 282 861	7 756 144
Depreciation and amortisation expenses	4	812 061	177 087
Other expenses	1, 2, 3, 5	16 818 331	15 239 393
Total expenses		30 913 252	23 172 624
Operating profit		-30 855 827	-23 172 624
Financial income and expenses			
Other interest income		4 074 668	14 526
Other financial income		62 646	25 733
Write down of investment in subsidiary		0	24 756 790
Other interest expenses		12 798	313 755
Other financial expenses		218 719	421 423
Net financial items	6	3 905 797	-25 451 709
Net profit before tax		-26 950 031	-48 624 333
Income tax expense	7	0	0
Net profit after tax		-26 950 031	-48 624 333
Net profit or loss	8	-26 950 031	-48 624 333
Attributable to			
Allocated to other paid in capital		-26 950 031	0
Allocated to retained earnings		0	48 624 333
Total		-26 950 031	-48 624 333

Balance sheet

Pronofa ASA

Assets	Note	2023	2022
Non-current assets			
Property, plant and equipment			
Equipment and other movables	4	986 797	1 212 220
Total property, plant and equipment	4	986 797	1 212 220
Non-current assets			
Investments in subsidiaries	9	45 045 082	36 786 590
Loan to group companies	10	46 232 981	11 343 600
Investments in shares		13 726	0
Total non-current financial assets		91 291 789	48 130 190
Total non-current assets		92 278 586	49 342 410
Current assets			
Debtors			
Accounts receivables		556 250	0
Other short-term receivables	11	4 964 042	4 231 353
Receivables from group companies	10	855 094	1 700 000
Total receivables		6 375 386	5 931 353
Cash and cash equivalents	12	46 848 647	119 743 547
Total current assets		53 224 032	125 674 900
Total assets		145 502 619	175 017 310

Balance sheet

Pronofa ASA

Equity and liabilities	Note	2023	2022
Equity			
Paid-in capital			
Share capital	13	1 612 912	1 612 912
Other paid in capital		135 481 988	219 361 746
Total paid-up equity		137 094 900	220 974 659
Retained earnings			
Uncovered loss		0	-56 929 728
Total retained earnings		0	-56 929 728
Total equity	8	137 094 900	164 044 931
Liabilities			
Provisions			
Other provisions	9	0	5 413 753
Total provisions		0	5 413 753
Other non-current liabilities			
Current liabilities			
Trade payables		5 892 743	577 245
Public duties payable		1 149 005	951 838
Other current liabilities		1 365 971	4 029 543
Total current liabilities		8 407 718	5 558 626
Total liabilities		8 407 718	10 972 379
Total equity and liabilities		145 502 619	175 017 310

Balance sheet

Pronofa ASA

Fredrikstad, 17.04.2024
The board of Pronofa ASA

Hans Petter Olsen CEO		Bjørge Gretland Chairman
Haakon Morten Sæter Board member	Terje Andersen Board member	Hans Martin Kjernsbæk Board member
Hege Buer Board member	Hege Rivedal Ødegaard Board member	Hilde Christin Talseth Board member

Indirect cash flow

Pronofa ASA

	Note	2023	2022
Cash flows from operating activities			
Profit/loss before tax		-26 950 031	-48 624 333
Ordinary depreciation	4	812 061	177 087
Write down of investment in subsidiary		0	24 756 790
Change in accounts receivable		-556 250	0
Change in accounts payable		5 315 498	0
Change in other accrual items		-5 658 225	-2 474 007
Net cash flows from operating activities		-27 036 948	-26 164 462
Cash flows from investment activities			
Payments to buy tangible assets	4	-586 638	-1 272 250
Payments to buy shares and participations in other con	9	-116 183	-16 148 329
Net cash flows from investment activities		-702 821	-17 420 579
Cash flows from financing activities			
Proceeds from shareholder contributions		0	141 997 869
Given intra-group loans	10	-45 155 131	-12 841 018
Net cash flows from financing activities		-45 155 131	129 156 851
Net change in cash and cash equivalents		-72 894 899	85 571 810
Cash and cash equivalents at the start of the period	12	119 743 547	34 171 738
Cash and cash equivalents at the end of the period	12	46 848 647	119 743 548

GENERAL INFORMATION AND ACCOUNTING POLICIES

Pronofa ASA is a limited liability company incorporated and domiciled in Norway, and the head office is in Fredrikstad, Norway.

GENERAL
The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

USE OF ESTIMATES
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also requires management to apply assessments. In areas which either to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, these are described in the notes.

CLASSIFICATION OF BALANCE SHEET ITEMS
Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year instalments on long-term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

CURRENCY
The parent company accounts are reported in Norwegian kroner (NOK) which is also the Functional currency for the parent company. Monetary balance sheet items in foreign currency are recorded at year-end exchange rates. Realized currency exchange gains or losses are recorded at the time of payment in other financial income or expenses.

CASH FLOW STATEMENT
The cashflow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Note 1 Government grants and other grants

Government grants are recognized in the financial statements when there is a resonable assurance that the requirements of the grants will be complied with and that the grant will be received. Grants related are presented as reduction of expenses they are intended to compensate for.

Pronofa ASA recognized NOK 3 002 585 in government grants in 2023. The grant provided by Fredrikstad Kommune NOK 1 526 091 are presented as reduction of Employee benefits expense. NOK 1 476 494 in grant regarding Skattefunn on research and development project are presented as reduction in cost. NOK 620 416 as reduction of Employee benefits expense and NOK 8 56 078 as reduction of Other expenses.

Note 2 Salary costs and benefits and auditor

Salary costs

	2023	2022
Salaries	12 093 707	6 399 324
Employment tax	2 035 950	930 911
Pension costs	532 316	112 957
Other benefits	-1 379 112	312 952
Total	13 282 861	7 756 144

In 2023 the company average employed 11. In 2022 the company average employed 5.
Government grants and other grants are included in other benefits. Grants are presented as a reduction of cost.

The CEO of Pronofa ASA holds a 50 % position in the company and does not receive any remuneration directly from the Company. The CEO is outsourced from Denofa AS. In 2023 total invoiced amount for the CEO position from Denofa AS is 2 874 810 NOK, in 2022 it was 2 675 888 NOK.

The Board of Directors has received 1 100 000 NOK in remuneration in 2023, in 2022 the remuneration was 575 000 NOK. No loans or guaranties is held toward the CEO nor any member of the Board.

Pension liabilities
The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

Auditor
Audit fees expensed for 2023 amount to NOK 473 656 ex. vat.
In addition there is a fee for other services of NOK 387 250 ex. vat.

Note 3 Related party transactions

The following internal transactions have taken place in 2023:

	Amount
Sale of goods to Pronofa AB	2 693 709
Sale of services to Denofa AS	445 000
Purchase of services from Denofa AS	6 646 844

The sale are recognized as a reduction in the expenses they are intended to compensate for.

Note 4 Property plant and equipment

	Fixtures and fittings	Total
Purchase cost as of 01.01.23	1 392 750	1 392 750
+ Inflow purchased fixed assets	586 638	586 638
= Acquisition cost 31.12.23	1 979 388	1 979 388
Accumulated depreciation 31.12.23	992 591	992 591
= Book value 31.12.23	986 797	986 797
This year's ordinary depreciations	812 061	812 061
Useful life	2-5 years	
Depreciation method	Straight line	

Note 5 Operating expenses

Operating expenses by nature	2023	2022
Legal/consulting fees/accounting/audit	10 903 777	12 069 048
Office rental	525 030	253 620
Repair and maintanance expense	253 411	51 515
Marketing	445 290	210 148
Other operating costs	4 690 823	2 655 062
Total operating costs	16 818 331	15 239 393

Note 6 Finance income and finance expenses

Financial income	2023	2022
Interest income from companies in the same group	1 048 761	0
Other interest income	3 025 907	14 526
Other financial income (agio)	62 646	25 733
Total financial income	4 137 314	40 259

Financial costs	2023	2022
Write-down of investment in subsidiary	0	24 756 790
Other interest costs	12 798	313 755
Other financial costs (disagio)	218 719	421 423
Total financial cost	231 518	25 491 968

Note 7 Tax

This year's tax expense	2023	2022
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0
Taxable income:		
Result before tax	-26 950 031	-48 329 883
Permanent differences	-1 375 903	16 802 450
Changes in temporary differences	475 749	-96 643
Taxable income	-27 850 185	-31 624 075
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	0	0
Calculation of effective tax rate		
Profit before tax	-26 950 031	-48 329 883
Calculated tax on profit before tax	-5 929 007	-10 632 574
Tax effect of permanent differences	-302 699	3 696 539
Total	-6 231 705	-6 936 035
Effective tax rate	23,1 %	14,4 %

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2023	2022	Difference
Tangible assets	-358 449	117 300	475 749
Total	-358 449	117 300	475 749
Accumulated loss to be brought forward	-70 906 841	-43 056 656	27 850 185
Not included in the deferred tax calculation	71 265 290	42 939 356	-28 325 934
Deferred tax assets (22 %)	0	0	0

Deferred tax not included in the balance sheet.

Note 8 Equity capital

	Share capital	Other paid in capital	Retained earnings	Total equity capital
As at 01.01.2023	1 612 912	219 361 746	-56 929 728	164 044 931
Result for the year		-26 950 031		-26 950 031
Reallocation		-56 929 728	56 929 728	0
As at 31.12.2023	1 612 912	135 481 988	0	137 094 900

Note 9 Investments in subsidiaries

Subsidiaries	Location	Ownership/ voting right	Book value at cost	Profit/loss
Pronofa Blue Holding AS	Fredrikstad	100 %	44 286 990	-604 645
Pronofa Green Holding AS	Fredrikstad	100 %	758 092	-51 936

As part of the reorganization of the company Pronofa ASA investments in Pronofa AB, Pronofa Protein AS and Tunicat AS have been used as contributions in kind in Pronofa Blue Holding AS and Pronofa Green Holding AS. 8,2 million of the contributions in kind were loan to the Pronofa AB, Pronofa Protein AS and Tunicat AS.
The provision in relation to the acquisition of Pronofa AB has been transferred to Pronofa Blue Holding AS as part of the contribution in kind.

Ecoprot AS was declared dissolved in 2023, the loss on the investment was recognized in 2022.

Note 10 Loans to companies in the group

	2023	2022
Loan to Tunicat AS	139 499	1 500 000
Loan to Pronofa Blue Holding AS	46 189 890	0
Loan to Pronofa Green Holding AS	43 092	0
Loan to Pronofa AB	715 595	11 343 600
Loan to Pronofa Protein AS	0	200 000
Total loan to companies in the group	47 088 075	13 043 600

Pronofa ASA has paid out NOK 45 million in loans to its subsidiaries during 2023. 8,2 million of this was used as contributions in kind, see note 9.

Note 11 Other short-term receivables

	2023	2022
Receivable VAT	1 461 117	1 949 751
Receivable Skattefunn	1 476 494	0
Pre-paid cost / receivable	2 026 431	2 168 417
Other receivables	0	113 185
Total short-term receivables	4 964 042	4 231 353

Note 12 Cash and cash equivalent

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three moths or less that are redily convertilble to known amounts of cash and wich are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. AS of year-end 2023 the company did not have any outstanding bank overdrafts.

Total cash in the Company is 46 848 647 (119 743 547) per 31.12.2023 (31.12.2022) which of 720 724 NOK (546 026 NOK) are restricted cash in the form of employee tax deduction accounts.

Note 13 Share Capital

The share capital og NOK 1 612 912 consist of 67 204 662 shates with a nominal value of NOK 0,024 each. Top 20 shareholders as of 31.12.2023 was:

The top 20 shareholders per 31.12	Shares	Ownership
DENOFA AS	20 070 511	29,86 %
GODTHÅB HOLDING AS	11 481 414	17,08 %
CONVEXA ASYMMETRIC AS	6 570 511	9,78 %
REITAN KAPITAL AS	6 474 360	9,63 %
SILVERCOIN INDUSTRI AS	6 132 353	9,12 %
FARVATN PRIVAT EQUITY AS	3 404 616	5,07 %
LANI INVEST AS	1 250 000	1,86 %
NORDNET BANK AB	1 050 890	1,56 %
NORUS HOLDING DATTER AS	857 325	1,28 %
ANDERSEN HOLDING AS	843 335	1,25 %
SINKEBERGHANSEN AS	769 230	1,14 %
ARILD STEN LARSEN AS	753 095	1,12 %
DOMAREN I GÖTEBORG AKTIEBOLAG	734 615	1,09 %
SALTHAVN AS	615 384	0,92 %
THE BANK OF NEW YORK MELLON	536 000	0,80 %
SVENSKA HANDELSBANKEN AB	533 443	0,79 %
NORUS HOLDING AS	530 000	0,79 %
HAAS AS	517 965	0,77 %
SULEFJELL AS	461 538	0,69 %
PRE INVEST AS	374 165	0,56 %
OTHER	3 243 912	4,83 %
TOTAL	67 204 662	100,00 %

To the General Meeting of Pronofa ASA

Independent Auditor's Report

Opinion

We have audited the financial statements of Pronofa ASA, which comprise:

- the financial statements of the parent company Pronofa ASA (the Company), which comprise the balance sheet as at 31 December 2023, the revenue statement and indirect cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Pronofa ASA and its subsidiaries (the Group), which comprise the statement of financial postition as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Oslo, 17 April 2024
PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Haglund, Geir	BANKID_MOBILE	2024-04-18 16:03

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