KALERA

Group accounts 2019

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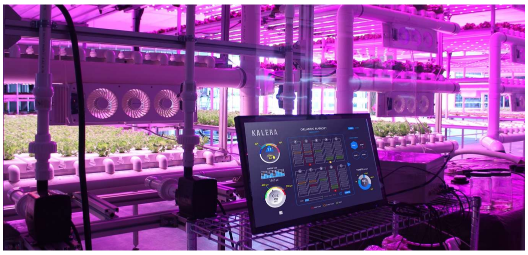
Kalera
Board of Directors Report 2019

Nature of Business and Localization

Kalera AS ("Kalera") develops, builds, and operates High-Precision Clean-Room Hydroponic Food Production systems. The company's headquarters are in Oslo (holding company) whereas the operating entity is located in Orlando, Florida.

Hydroponics



Kalera is a leader in urban food production technology systems. Kalera is a technology driven vertical farming company with unique growing methods that combine optimized nutrients and light recipes, precise environmental controls, and clean room standards to grow safe, highly nutritious, pesticide-free, non-GMO vegetables with consistent high quality and longer shelf life year-round.

The company is planting non-GMO seed, and has perfected over the past years plant and data science driven methods to optimize nutrient mixtures, light recipes, and environmental controls resulting in highly nutritious vegetables with consistent high quality year-round. By using a closed loop nutrient distribution system, Kalera's plants grow while consuming 95% less water compared to field farming. Kalera produces over 300 times more output per sq. ft. than traditional farming and without any seasons (365 days a year). Furthermore, the company utilizes cleanroom technology and processes to eliminate the use of chemicals and remove exposure to factors that can make people sick. With indoor facilities situated right where the demand is, Kalera is able to supply an abundance of produce locally, eliminating the need to travel long distances when shipping perishable products and ensuring the highest quality and freshness.

Kalera's innovative production method – involving Cloud-based and IoT-based automation and "big data" analytics and AI for precise control of air and water quality, temperature and humidity, light, and nutrients – allows for a steady yield of crisp, flavorful, and nutritious produce without seasonal and regional limitations.

The company's high-yield, automated, data-driven hydroponic production facilities have been designed for rapid rollout with industry leading payback times and grow vegetables faster, cleaner, at a lower cost, and with less impact on the environment. Using this platform, Kalera has started in 2019 to execute a strategy for rapid capacity expansion based on installing and operating large-scale production facilities. This strategy allows Kalera to expand its customer base to large, regional, national, and international accounts such as grocery chains, distributors/exporters, and contract food service companies.

In July 2019 Kalera started construction of its first large scale facility by retrofitting an existing warehouse in Orlando. The facility was completed and has started to operate in February 2020 - a record build-out time for the vertical farming industry. The Orlando facility is the highest production volume vertical farm in the Southeast and has the capacity to supply millions of heads of leafy greens per year to consumers in Florida.

In 2019, Kalera continued to operate its on-site hotel hydroponic system – the HyCube™ at Marriott Orlando World Center. The HyCube has a very high marketing value due its modern visual appearance, and supplies the hotel with fresh, on-site grown greens that can be plated within hours of harvesting. The company will continue to deploy smaller footprint on-site, highly visible HyCubes at high-end hotels or event venues in order to create and boost Kalera brand awareness in target metropolitan areas.

Additionally, Kalera operates an R&D facility at its Orlando headquarters, carrying technology development and plant science projects enabling the company to maintain its industry leadership. The company also collaborates with leading academic institutions such as University of Florida.

Kalera has spent years perfecting and fine-tuning it technology to place the company as one of the industry leaders in the local farming ag-tech revolution. As Kalera accelerates its growth over the next few years, it will build additional facilities, expanding production capacity throughout the US and internationally.

In April 2020, Kalera announced that it will open a new state-of-the-art growing facility in Atlanta, Georgia in early 2021. The new Atlanta facility is the next step in Kalera's domestic and international expansion plan focused on growing an abundance of leafy greens locally, right where the consumers are. Kalera has established a streamlined design and construction process which will be important for the scaling and expansion of its business.

During the spring of 2020, COVID-19 has had implications for the food industry. Some of Kalera's key customers such as US Foods, FreshPoint and Levy are predominantly distributors to the foodservice segment, and sales through these channels have been negatively impacted by the temporary shutdowns. On a positive note, Kalera recently started selling its produce to retailers like Publix - the largest grocery chain in Florida - offsetting some of the negative demand effects from the foodservice segment. In addition, on 17 April the company received a forgivable loan of USD 328' under the PPP stimulus package for SMEs following the COVID-19 outbreak.

Going Concern

The Board of Directors confirms that the financial statements are prepared under the assumption that there is no issue of going concern for the group.

Report on the Financial Statement and the Proposed Appropriation of Profits

Total revenues were USD 101 230 and total operating expenses were USD 4 410 294 in 2019. Total comprehensive income for the year was USD - 5 707 921. The Board states that the annual accounts represent a true and fair view on the Company's financial position at the turn of the year. The company ́s solvency and liquidity position is satisfactory. The company has concluded private placements of stock over the last 6 months.

The company is continuously engaged in product development.

Working Environment and Gender Equality

The working environment is considered healthy, something which is reflected in the recorded sick leave. Total sick leave during the year was 60 days, which represents approximately 0.9% of the total working days per year. There have not been specific measures taken to improve the working environment in 2019. No injuries or accidents have been reported.

The company's personnel policy is deemed to be gender neutral in all areas. There has not been any feedback that would indicate that employees consider the company's personnel policy to be discriminatory

27 May 2020

Bjørge Gretland
Chairman of the Board

Daniel Adam Malechuk
CEO

Øystein A. Landvik
Member of the Board

Erik Sauar
Member of the Board

Cristian E. Toma
Member of the Board

Sakip-Umur Hürsever
Member of the Board

Nigel Charles Mccleave
Member of the Board

To the General Meeting of Kalera AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kalera AS, which comprise:

- The financial statements of the parent company Kalera AS (the Company), which comprise the statement of financial position as at 31 December 2019, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Kalera AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019, the statement of income and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, 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.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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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T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27. May 2020
PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant

Consolidated income statement and other comprehensive income

Expressed in USD		Year ended 31 December	
Continuing operations	Note	2019	2018
Revenue		101 230	46 217
Total revenue		101 230	46 217
Raw materials and consumables used		12 890	2 176
Employee benefit expense	6	1 921 823	1 560 800
Depreciation and amortization expense	11, 12	404 481	99 064
Other expenses	14	1 508 692	1 440 919
Other gains and losses	8	-562 408	-403 156
Operating profit		-4 309 064	-3 459 899
Finance income	7	6 803	4 842
Finance costs	7, 16	227 434	-
Change in fair value of assets and liabilities		-1 027 286	-
Finance costs - net		-1 247 917	4 842
Share of profit of associates		-	-50 098
Profit/loss before income tax		-5 556 981	-3 505 155
Income tax expense	9	-	-
Profit/loss from the year from continuing operations		-5 556 981	-3 505 155
Profit of the year for discontinued operations		-	-
Profit/loss for the year		-5 556 981	-3 505 155
Profit attributable to:			
- Owners of the parent		-5 556 981	-3 505 155
Profit/loss for the year		-5 556 981	-3 505 155
Other comprehensive income:			
Currency translation differences	10	-150 940	-74 198
Other comprehensive income for the year, net of tax		-150 940	-74 198
Total comprehensive income for the year		-5 707 921	-3 579 353
Attributable to:			
- Owners of the parent		-5 707 921	-3 579 353
- Non-controlling interests		-	-
Total comprehensive income for the year		-5 707 921	-3 579 353

Consolidated statement of financial position

Expressed in USD		As at 31 December	
	Note	2019	2018
Assets			
Non-current assets			
Property, plant and equipment	11, 16	11 642 630	2 543 021
Intangible assets	12	685 732	685 732
Investments in associates		-	37 932
Trade and other receivables		389 945	337 388
		12 718 307	3 604 073
Current assets			
Trade and other receivables		6 348	16 316
Employee loans		-	124 719
Cash and cash equivalents including bank overdrafts	13	3 394 796	2 049 700
		3 401 144	2 190 735
Total assets		16 119 451	5 794 809
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	15	98 231	81 357
Share premium	15	21 901 473	14 178 644
Other reserves		-14 747 066	-9 039 145
Total equity		7 252 638	5 220 856
Liabilities			
Non-current liabilities			
Borrowings		157 422	41 963
Long term lease liabilites	16	3 475 669	-
		3 633 091	41 963
Current liabilities			
Trade and other payables		167	34 951
Accrued liabilities		592 087	487 235
Convertible loans	17	4 223 286	-
Provision for other liabilities and charges		4 681	9 804
Short term lease liabilities	16	413 501	-
Total liabilities		8 866 812	573 953
Total equity and liabilities		16 119 450	5 794 809

The notes 1 - 19 are an integrated part of these consolidated financial statements.

27 May 2020

Bjørge Gretland
Chairman of the Board

Daniel Adam Malechuk
CEO

Øystein A. Landvik
Member of the Board

Erik Sauar
Member of the Board

Cristian E. Toma
Member of the Board

Sakip-Umur Hürsever
Member of the Board

Nigel Charles Mccleave
Member of the Board

Consolidated statement of changes in equity
Expressed in USD

	Note	Share capital	Share Premium	Other Reserves	Total equity
Opening balance as at 1 January 2018		75 096	9 285 395	-560 285	8 800 208
Registration of shares issued in 2017		6 261	4 893 248	-4 899 508	-
Total comprehensive income for the year		-	-	-3 579 353	-3 579 353
Balance as at 31 December 2018		**81 357**	**14 178 643**	**-9 039 146**	**5 220 856**
Opening balance as at 1 January 2019		81 357	14 178 643	-9 039 146	5 220 856
Issue of shares	15	16 873	7 722 829	-	7 739 702
Total comprehensive income for the year			-	-5 707 921	-5 707 921
Balance as at 31 December 2019		**98 230**	**21 901 473**	**-14 747 067**	**7 252 638**

Consolidated statement of cash flows

Expressed in USD	Note	Year ended 31 December 2019	2018
Cash flows from operating activities			
Profit before income tax		-5 556 981	-3 505 155
Adjustments for:			
- Depreciations	11	404 481	99 064
- Finance costs - net accrued	7	226 513	-
- Trade and other receivables		82 131	-382
- Trade and other payables		-158 301	-462 651
- Net loss on operating assets		562 408	403 156
- Net share of profit and loss from associates		-	50 098
- Change in fair value of assets and liabilities		1 027 286	-
Net cash generated from operating activities		-3 412 464	-3 415 869
Cash flows from investing activities			
Purchase of property, plant and equipment	11	-5 540 332	-1 216 739
Purchase of intangible assets	12	-	-
Loans to associates		-127 628	-
Net cash generated from investing activities		-5 667 960	-1 216 739
Acquisition of shares in subsidiary, net of cash		-	-
Proceed from issuance of shares	15	7 739 702	-
Proceeds from borrowings	17	3 000 000	-
Repayment of loans	16	-237 388	-7 678
Net cash generated from financing activities		10 502 314	-7 678
Net change in cash and cash equivalents		1 421 891	-4 640 287
Cash at the beginning of the period	13	2 049 700	6 893 550
Exchange gains/losses on cash and cash equivalents		-76 794	-203 563
Cash and cash equivalents at end of year	13	3 394 796	2 049 700

1 **General information**

Kalera AS ("the Company") and its subsidiaries (together, "the Group") develop technologies and conducts operations related to hydroponic food production. In addition the company holds a license to patented technology related to geopolymer concrete. The company has two subsidiaries: Kalera Inc and Iveron Materials Inc.

The Group has operating hydroponic plants in Florida and is in the process of building new plants in new locations outside Florida.

The Company is a private limited liability company incorporated and domiciled in Norway. The address of its registered office is Tjuvholmen allé 19, 0252 OSLO.

2 **Summary of significant accounting principles**

2.1 **Basis for preparation**

The consolidated financial statements of Kalera AS have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements have been prepared on a going concern basis.

All financial numbers in the notes are presented in USD.

2.2 **Basis of Consolidation**

The Consolidated Financial Statements include the parent company Kalera AS and its subsidiaries Kalera Inc and Iveron Materials Inc. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when 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 over 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.

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 recognises 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 recognised amounts of acquiree's identifiable net assets.

2.3 **Segment reporting**

The Group is not obliged to report segment information under IFRS 8. Information on business areas are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

2.4 **Foreign currency translation**

Functional and presentation currency
Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in US Dollars (USD).

The functional currency of Kalera AS is Norwegian Kroner (NOK).
The functional currency of Kalera Inc is US Dollars (USD).
The functional currency of Iveron Materials Inc is US Dollars (USD)

Transactions and balances
Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or costs’.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 **Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Furniture, fittings and equipment 7 years
- Hydroponic systems: 15 years
- Vehicles: 6 years
- Right of use assets: Depreciated over the expected lifetime of underlying lease agreement

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 2.7).

2.6 **Intangible assets**

(a) Goodwill
Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over Kalera Inc's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Licenses
Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of spanning the life of the patent that the licenses grant access to.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life – for example, goodwill 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 recognised 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are classified as current assets if settlement is due within one year or less. If not, they are presented as non-current assets.

2.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or other equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the initial measurement and the principal value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.13 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Leases

The Group leases mainly property. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-ofuse asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2.16 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when control of a good or service transfers to a customer.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

2.18 Changes in accounting policies

From 1 January 2019 there are several new standards and amendments that are effective for the current reporting period. The most relevant of the new standards applied as of 1 January 2019 are:
IFRS 16 – Leases

The Group initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 16. On transition to IFRS 16, the Group applied the IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee
The Group leases mainly property. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 **Financial risk management**

3.1 The Group's activities expose it to a variety of financial risks: market risk (foreign exchange and interest risks) and liquidity risk. The Group seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk

The Group has funds in Norwegian kroners, which is subject to foreign currency translation risk in the financial statements.

Interest risk

The Group is currently not exposed to market risk in relation to interest rates on borrowings. However in the event of re-financing the market interest rates would constitute a risk for the Group. See also note 16 for information on current borrowings.

(b) Liquidity risk

Cash flow forecasting is performed in the Group. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance. The Group is in need of additional funding for maintaining an assumption of going concern.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2019	Less than one year
Borrowings	4 223 286
Trade and other payables	596 768
Lease liabilities	413 501

3.2 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to adjust the capital structure, the Group may issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2019 the Group's strategy, was to obtain funding, either as equity or foreign capital. The gearing ratio at 31 December was as follows:

	2019	**2018 (IFRS 16 adjusted)**	**2018**
Total borrowings	8 866 812	1 017 644	573 953
Less: cash and cash equivalents	-3 394 796	-2 049 700	-2 049 700
Net debt	5 472 017	-1 032 055	-1 475 747
Total Equity	7 252 638	5 239 158	5 239 158
Total capital	12 724 655	3 763 411	3 763 411
Gearing ratio	43 %	-27 %	-39 %

4 **Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are for 2019 based on expectations of future events that are believed to be reasonable under the circumstances.

4.1 **Critical accounting estimates and assumptions**

The Group 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.

(a) Other gains and losses

The Group has recognised impairment losses related to investments made in projects and assets that has been discontinued.

(b) Estimated impairment of goodwill and intangibles

The group tests annually whether goodwill or other intangibles has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal. See also note 12 for further considerations.

4.2 **Critical judgments in applying the entity's accounting policies**

There are no current critical judgements applied in the group financial statements.

5 **Business area information**

Management considers the business from both a geographic and products perspective. Management will use the following business areas for the purposes of allocating resources and assessing performance: Geopolymer and Hydroponics in Norway and US.

Assets and liabilities

	Year ended 31 December 2019				
	Net assets	Tangible assets	Intangible assets	Other assets	Liabilities
Norway	-2 113 240	-	-	2 110 046	-4 223 286
US	9 365 878	11 642 630	685 733	1 676 361	-4 638 845

	Year ended 31 December 2018				
	Net assets	Tangible assets	Intangible assets	Other assets	Liabilities
Norway	1 940 119	-	-	1 950 673	-10 554
US	3 280 738	2 543 021	723 665	577 451	-563 399

6 **Employee benefit expense**

	2019	**2018**
Wages and salaries	1 764 960	1 404 287
Social security costs	143 702	126 612
Other remuneration	13 161	29 902
Total	1 921 823	1 560 800

	CEO per year	Board
Salary terms	325 000	157 414
Other benefits*	92 500	-
Total	417 500	157 414

*Including one-off benefits

The Group has 52 employees per 31.12.19.

The Group has not established pension plans for it's employees following that there are no employees in locations where it's obligatory to establish such plans.

The Group has established a stock option plan. As of 31.12.19, a total of 5 000 000 options has been granted with a vesting periode of 25% per year.

There are no employee loans as of 31.12.19.

7 **Finance income and costs**

	2019	2018
Interest expense:		
- Borrowings	200 486	-
- Lease liabilities	26 948	
- Change in fair value of assets and liabilities	1 027 286	
Finance costs	1 254 719	-
Finance income		
- Interest income on short term bank deposits	6 803	4 842
Finance income	6 803	4 842
Net finance	1 247 917	4 842

8 **Other gains and losses**

The group has in 2019 recognised losses of 562 408 USD related to investments in projects under development that the Group has chosen not to proceed with as of December 31 2019.

9 **Income tax expense**

For the year ended 31 December 2019 there is nil taxable income, and thus no tax expense.
Accumulated loss carried forward is USD 14 997 499

Deferred tax assets are recognised in the statement of financial position based on expected utilization of tax losses carried forward and temporarily differences. The calculated deferred tax assets are not booked in the position of financial statement, but will be booked when the Group comes into tax position. This has no consequences on the future utilization of the tax benefits in the years to come.

Taxes

Deferred taxes	**2019**	**2018**
Temporary differences		
Fixed assets	-	-
Tax loss carried forward Norway	-1 846 254	-1 711 705
Tax loss carried forward US	-13 151 246	-8 563 014
Temporary differences, in total	**-14 997 499**	**-10 274 720**
Deferred tax assets	**-3 167 937**	**-2 174 808**
Not recognised deferred tax asset	3 167 937	2 174 808
Profit and loss before taxes	-5 515 907	-3 505 155
Tax rate Norway	22,00 %	22,00 %
Tax rate US	21,00 %	21,00 %

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Profit from continuing operations attributable to owners of the parent	-5 556 981
Total	-5 556 981
Weighted average number of shares	35 573 744
Earnings per share	**-0,156**

10 **Foreign currency translation**

The group is exposed to currency translation differences due to the functional currency of NOK in the parent company, ref. note 2.4

The following currency translation differences has been recognised in other comprehensive income

	2019	**2018**
Translation of intercompany balances	87	-44 675
Other translation differences	-151 027	-29 523
Total	**-150 940**	**-74 198**

11 Property, plant and equipment

	Furniture, fittings and equipment	Hydroponic demo system	HyCube	Tradeport Production Facility	Vehicles	Right of use asset	Total
Year ended 31 December 2018							
Opening net book amount	**117 253**	**296 560**	**925 441**	**270 187**	**55 641**	**-**	**1 665 081**
Additions	79 096	-	1 027 412	144 801	-700	-	1 250 610
Disposals	-	-	273 607	-	-	-	273 607
Depreciation charge	25 577	22 368	21 192	22 427	7 500	-	99 063
Closing net book amount	**170 773**	**274 192**	**1 658 054**	**392 561**	**47 441**	**-**	**2 543 021**
At 31 December 2018						**-**	
Cost or valuation	294 188	323 860	1 679 246	423 788	54 941	-	**2 776 023**
Accumulated depreciation	123 416	49 668	21 192	31 227	7 500	-	233 002
Net book amount	**170 773**	**274 192**	**1 658 054**	**392 561**	**47 441**	**-**	**2 543 021**

	Furniture, fittings and equipment	Hydroponic demo system	HyCube	Tradeport Production Facility	Vehicles	Right of use asset	Total
Year ended 31 December 2019							
Opening net book amount	170 773	274 192	1 658 054	392 561	47 441	-	2 543 021
IFRS 16 transition affects (see note 16)						425 386	425 386
Adjusted opening net book amount	**170 773**	**274 192**	**1 658 054**	**392 561**	**47 441**	**425 386**	**2 968 407**
Additions	102 455	-	5 280 452	37 041	120 384	3 659 783	9 200 115
Disposals	-	-	121 410	-	-		121 410
Depreciation charge	33 784	22 368	42 726	29 369	13 519	262 715	404 481
Closing net book amount	**239 443**	**251 824**	**6 774 370**	**400 233**	**154 306**	**3 822 453**	**11 642 630**
At 31 December 2019							
Cost or valuation	396 643	323 860	6 838 287	460 829	175 325	4 085 169	12 280 113
Accumulated depreciation	157 200	72 036	63 918	60 596	21 019	262 715	637 483
Net book amount	**239 443**	**251 824**	**6 774 370**	**400 233**	**154 306**	**3 822 453**	**11 642 630**

*Assets are depreciated when construction is finalized and is generating revenues

Depreciation rate	7 years linear	15 years linear	15 years linear*	15 years linear*	6 years linear	Liftetime of lease agreement	

12 Intangible assets

	Licenses	Goodwill	Total
Year ended 31 December 2018			
Opening net book amount	530 035	155 697	685 732
Additions	-	-	-
Amortization and	-	-	-
Closing net book amount	**530 035**	**155 697**	**685 732**
Year ended 31 December 2018			
Cost or valuation	**530 035**	**155 697**	**685 732**
Accumulated amortization and impairment	-	-	-
Net book amount	**530 035**	**155 697**	**685 732**
Year ended 31 December 2019			
Opening net book amount	530 035	155 697	685 732
Additions	-	-	-
Amortization and impairment	-	-	-
Closing net book amount	**530 035**	**155 697**	**685 732**
Year ended 31 December 2019			
Cost or valuation	**530 035**	**155 697**	**685 732**
Accumulated amortization and impairment	-	-	-
Net book amount	**530 035**	**155 697**	**685 732**
Depreciation rate	10-20 years linear*	Not applicable	

*Depreciation of licenses to begin when income is generated from assets.

Licenses arise from payments to the Catholic University of America (CUA) for exclusive access to the necessary patents the Geopolymer business model builds upon. When patents are approved in respective jurisdictions and revenue is recognised by the Group, CUA will receive royalty payments.

Goodwill arises from the business combination where Kalera Inc is the acquiring company from an accounting perspective (reverse takeover). Kalera AS is the legal acquirer. The transaction took place 4 July 2013.

Annual impairment testing of goodwill is performed. The Group has issued shares during 2019 at prices well above book equity in the Group. Goodwill is therefore assessed not to be impaired.

13 Cash and cash equivalents

	2019	**2018**
Cash at bank and in hand	3 394 796	2 049 700
Total	3 394 796	2 049 700
Cash at bank include a restricted account for tax purposes amounting to	6 753	6 597

14 **Other expenses**

Expenses	2019	2018
Rental of premises*	-	216 535
General administrative expenses	827 049	534 309
Research and development	23 334	58 793
Travel expenses	94 358	78 044
Legal/consulting Services	563 950	553 238
Loan expenses	-	-
Total	1 508 692	1 440 919

*Following implementation of IFRS 16, all lease expenses is classified as depreciation/interest.

Auditor remuneration* recognised as costs	2019	2018
Audit	31 237	46 104
Other confirmations	-	-
Tax related services	-	-
Other Services	14 199	3 842
Total	45 435	49 946

* incl. VAT

15 **Share capital and premium**

	Number of shares	Ordinary shares	Share face value	Share premium	Total*
At 1 January 2018	**53 673 188**	**53 673 188**			**14 260 001**
At 31 December 2018	**53 673 188**	**53 673 188**			**14 260 001**
At 1 January 2019	**53 673 188**	**53 673 188**			**14 260 001**
Share issue	10 461 962	10 461 962	0,0012	0,45	4 659 431
Share issue	4 098 328	4 098 328	0,0011	0,75	2 930 271
Share issue	200 000	200 000	0,0011	0,75	150 000
Currency exchange differences					
At 31 December 2019	**68 433 478**	**68 433 478**			**21 999 703**

* Net of transaction costs

16 **Leasing**

The Group has adopted IFRS 16 Leases from 1 January 2019 using the simplified transition approach in accordance with IFRS 16.C5(b) and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. For leases, which had previously been classified as operating leases under the principles of IAS 17 Leases, the lease liability upon adoption of IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The Group's incremental borrowing rate applied to the lease liabilities as of 31.12 2019 was 6%.

The associated right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 31 December 2018. For leases previously classified as financial leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 (1 January 2019) is the carrying amount of the lease asset and lease liability immediately before that date (31 December 2018), measured in accordance with IAS 17.

In applying IFRS 16 for the first time, the Group has used the following practical expedients as permitted by IFRS 16:
The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application. The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease. The reclassifications and adjustments arising from the new leasing rules are recognised in the 1 January 2019 opening balance sheet.

IFRS 16 Transition Table

Lease liability	
Operating lease commitment 31.December, as disclosed in the Groups consolidated fincancial statements	501 000
Discounted using the incremental borrowing rate 1. January 2019	443 692
Recognition exceptions for	
Short-term leases and leases of low-value assets	(18 306)
Lease liability recognised at 1. January 2019	**425 386**
New lease liabilities recognised in the year	3 659 783
Cash payments for the principal portion of the lease liability	(222 946)
Interest expense on lease liabilities	26 948
Total lease liabilities at 31. December.2019	**3 889 170**
Current lease liability	413 501
Non-current lease liability	3 475 669
Total cash outflow for leases	222 946

Right of use asset	
At initial recognition 1.January 2019	425 386
Lease liability recognised at 1. January 2019	**425 386**
Additions, new lease liabilities	3 659 783
Depretiation charge	(262 715)
Total right to use asset at 31. December 2019	**3 822 453**

Maturity analysis - Contractual undiscounted cash flows	2019	2018
Total leasing payments first 12 months*	485 771	209 304
Total leasing payments 2-5 years*	3 145 035	282 120
Total leasing payments more than 5 years*	13 834 801	9 576
Total minimum lease payments	17 465 607	501 000

* Including 11,1 mUSD in payments related to lease agreements commencing in 2020

17 **Loans from related parties**

The Group has in May of 2019 obtained a convertible loan of 3 MUSD from LGT Global Invest Limited. The loan agreement containes a clause of mandatory conversion in the event of a qualifying equity raise by the Group. Conversion price in the agreement is equal to the volume-weighted average price obtained in the qualifying equity raise less 30%.

The loan is in the Group financial statements recognised at fair value through profit or loss.
Fair value of the loan is calculated as the fair value of the shares that the Group will issue to settle the loan as of 31.12.2019. The recognised value will be based on the expected probability of the Group obtaining a qualifying equity raise. As of 31.12.2019 this is considered probable.

	2019	2018
- Loan from LGT Global Invest Limited		
Principal amount USD	3 000 000	-
Accrued interest USD	196 000	-
Fair value adjustment	1 027 286	-
Total NOK	**4 223 286**	**-**

Kalera AS management has no material ownership nor a controlling interest in any entity that trades with the Group.

18 **Shareholders**

Top 20 shareholders as of 31.12.19 was

	Shares	% Ownership
LGT Global Invest Limited	10 472 772	15,30 %
Ruth Ivanescu	7 198 746	10,52 %
Cristian Toma	5 347 412	7,81 %
Convexa AS	5 216 177	7,62 %
Chloe Ivanescu	4 749 214	6,94 %
UFI AS	3 791 345	5,54 %
Canica AS	3 424 155	5,00 %
Macama AS	3 137 474	4,58 %
Larsen Oil & Gas	2 062 073	3,01 %
Robert Ramsey	2 000 000	2,92 %
LANI Invest AS	1 798 702	2,63 %
Hans-Rune Wahlstrom	1 189 286	1,74 %
Jean-Sébastien Jacquetin	1 189 286	1,74 %
R.W. Vine	1 122 686	1,64 %
Weiliang Gong	954 600	1,39 %
Werner Lutze	954 600	1,39 %
Ian Pegg	954 600	1,39 %
Rolin Inc.	917 500	1,34 %
GLS Real Estate AS	804 249	1,18 %
KB Gruppen Kongsvinger AS	800 000	1,17 %
Other Shareholders	10 348 601	15,12 %
Total Outstanding Kalera AS Shares	68 433 478	100 %

Shares owned/controlled by members of the Board and senior management as of 31 December 2019

Shareholder	**Postition**	**Shares**	**% Ownership**
Bjørge Andre Gretland (Convexa AS)	Board chairman	5 216 177	7,62 %
Cristian Toma	Board member	5 347 412	7,81 %
Øystein Arnulf Landvik (UFI AS)	Board member	3 791 345	5,54 %
Erik Sauar (Sauar Invest AS)	Board member	650 000	0,95 %
Totals		15 004 934	21,93 %

19 **Events after the reporting period**

The group has in April 2020 secured further equity financing of approx. 15 MUSD and convertible loan recognised in the balance sheet as of 31.12.2019 has been converted in full. In April 2020, Kalera announced that it will open a new state-of-the art growing facility in Atlanta, Georgia in early 2021

During the spring of 2020, Covid-19 has had implications for the food industry. Some of Kalera's key customers such as US Foods, FreshPoint and Levy are predominantly distributors to the foodservice segment, and sales through these channels have been negatively impacted by the temporary shutdowns. On a positive note, Kalera recently started selling its produce to retailers like Publix - the largest grocery chain in Florida - offsetting some of the negative demand effects from the foodservice segment. In addition, on 17 April the company received a forgivable loan of USD 328' under the PPP stimulus package for SMEs following the COVID-19 outbreak.

Kalera AS
Income statement
Expressed in NOK

	Note	2019	2018
Payroll expenses	6	1 581 230	1 524 180
Other operating expenses	6,7	1 289 382	1 181 490
Total expenses		**2 870 612**	**2 705 670**
Operating result		**-2 870 612**	**-2 705 670**
Financial Income and Expenses			
Currency gains and losses		155 940	6 003 965
Other financial income	10	4 724 091	2 393 474
Other interest expenses	10	1 721 859	-
Net financial income and expenses		**3 158 171**	**8 397 439**
Ordinary result before tax		**287 559**	**5 691 769**
Income tax expense	4	-	-
Net result for the year		**287 559**	**5 691 769**

Kalera AS
Statement of financial position
Expressed in NOK

	Note	2019	2018
ASSETS			
Financial fixed assets			
Investments in subsidiaries	1	1 010 893	1 010 893
Loans to group companies	9	194 418 485	93 171 642
Total financial fixed assets		**195 429 378**	**94 182 535**
Cash and bank deposits	5	18 526 837	16 948 422
Loans to group companies	9	-	6 370 911
Total current assets		**18 526 837**	**23 319 333**
Total assets		**213 956 215**	**117 501 868**
EQUITY AND LIABILITIES			
Paid in Capital			
Share capital	2, 3	684 335	536 732
Share premium reserve	2, 3	184 761 718	116 770 004
Total paid in capital		**185 446 053**	**117 306 736**
Retained earnings			
Other equity	3	390 992	103 433
Total retained earnings		**390 992**	**103 433**
Total equity		**185 837 045**	**117 410 169**
Liabilities			
Current liabilities			
Convertible loans	8	28 061 839	-
Trade creditors		16 227	6 519
Public duties payable		41 104	85 180
Total current liabilities		**28 119 170**	**91 699**
Total liabilities		**28 119 170**	**91 699**
Total Equity and liabilities		**213 956 215**	**117 501 868**

27 May 2020

Bjørge Gretland
Chairman of the Board

Daniel Adam Malechuk
CEO

Øystein A. Landvik
Member of the Board

Erik Sauar
Member of the Board

Cristian E. Toma
Member of the Board

Sakip-Umur Hürsever
Member of the Board

Nigel Charles Mccleave
Member of the Board

Kalera AS

Statement of cash flows

Expressed in NOK		Year ended 31 December	
	Note	2019	2018
Cash flows from operating activities			
Profit before income tax		287 559	5 691 769
Adjustments for:			
- Trade and other payables		-34 368	-354 210
- Trade and other receivables		-	-63 565
- Net accrued interests, not paid		-2 991 194	-2 377 040
- Currency effects		-155 940	-6 003 965
Net cash generated from operating activities		-2 893 943	-3 107 012
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	1	-	-
Purchase of property, plant and equipment			
Purchase of intangible assets			
Investments in subsidiary		-	-
Net cash used in investing activities		-	-
Cash from financing activities			
Proceed from issuance of shares	3	68 139 317	-
Net borrowings to group companies	9	-90 163 799	-36 135 137
Proceeds from other borrowings	8	26 496 840	-
Net cash used in financing activities		4 472 358	-36 135 137
Net change in cash and cash equivalents		1 578 415	-39 242 149
Cash at the beginning of the period		16 948 422	56 190 571
Exchange gains/losses on cash and cash equivalents			
Cash and cash equivalents at end of year		18 526 837	16 948 422

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles for small companies generally accepted in Norway.
The financial statements are presented in Norwegian kroners (NOK).

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's installment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

General principle for assessment of balances
Assets are booked at the lowest of cost and fair value.

Investments in other companies
The cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Impairment tests are carried out if there is indication that the carrying amount of an investment exceeds the estimated recoverable amount.

Liabilities
Liabilities, with the exception of borrowings, are recognized in the balance sheet at nominal amount. Borrowings are recognized at amortized cost.

Foreign currencies
Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognized as operating income and cost of goods sold.

Tax
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses for tax purposes at the year-end. Deferred tax asset is not disclosed in the balance.

Note 1 Subsidiaries

	Office	Ownership	Equity 31.12	Booked value
Subsidiary				
Kalera Inc.	Orlando, Florida	100,0 %	-109 486 987	977 105
Iveron Materials Inc.	Orlando, Florida	100,0 %	-3 420 225	33 788
Sum				**1 010 893**

In June 2016 the Board of Kalera Inc decided to spin out the geoploymer business. In order to effect the spin out of the Geopolymer Concrete business, Iveron Materials Inc (which is a US corporation owned 100 % by Kalera AS) purchased and Kalera Inc sold certain assets in exchange for a promissory note payable to Kalera Inc as full consideration for the balance sheet entry for the assets.

Note 2 Share capital

Share capital and premium in NOK

	Number of shares	Ordinary shares	Share face value	Share premium	Total
At 1 January 2019	**53 673 188**	**53 673 188**			**117 306 736**
Share issue	10 461 962	10 461 962	0,1000	3,84	40 065 108
Share issue	4 098 328	4 098 328	0,1000	6,81	26 695 364
Share issue	200 000	200 000	0,1000	6,88	1 378 845
At 31 December 2019	**68 433 478**	**68 433 478**			**185 446 053**

Shareholders

Shareholder	Shares	% Ownership
LGT Global Invest Limited	10 472 772	15,3 %
Ruth Ivanescu	7 198 746	10,5 %
Cristian Toma	5 347 412	7,8 %
Convexa AS	5 216 177	7,6 %
Chloe Ivanescu	4 749 214	6,9 %
UFI AS	3 791 345	5,5 %
Canica AS	3 424 155	5,0 %
Macama AS	3 137 474	4,6 %
Larsen Oil & Gas	2 062 073	3,0 %
Robert Ramsey	2 000 000	2,9 %
LANI Invest AS	1 798 702	2,6 %
Hans-Rune Wahlstrom	1 189 286	1,7 %
Jean-Sébastien Jacquetin	1 189 286	1,7 %
R.W. Vine	1 122 686	1,6 %
Weiliang Gong	954 600	1,4 %
Werner Lutze	954 600	1,4 %
Ian Pegg	954 600	1,4 %
Rolin Inc.	917 500	1,3 %
GLS Real Estate AS	804 249	1,2 %
KB Gruppen Kongsvinger AS	800 000	1,2 %
Other Shareholders	10 348 601	15,1 %
Total Outstanding Kalera AS Shares	68 433 478	100,0 %

Shares owned/controlled by members of the Board and senior management as of 31 December 2018

Shareholder	Postition	Shares	% Ownership
Cristian Toma	Board member	5 347 412	7,81 %
Bjørge Andre Gretland (Convexa AS)	Board chairman	5 216 177	7,62 %
Øystein Arnulf Landvik (UFI AS)	Board member	3 791 345	5,54 %
Erik Sauar (Sauar Invest AS)	Board member	650 000	0,95 %
Totals		15 004 934	21,93 %

Note 3 Equity

	Share capital	Share premium reserve	Other equity	Total
Equity 31 December 2018	**536 732**	**116 770 004**	**103 433**	**117 410 169**
Share issue*	104 620	39 960 488		40 065 108
Share issue*	40 983	26 654 381		26 695 364
Share issue*	2 000	1 376 845		1 378 845
Result of the year			287 559	287 559
Equity 31 December 2019	**684 335**	**184 761 718**	**390 992**	**185 837 045**

* Net of transaction cots

Note 4 Tax

Calculation of deferred tax asset	**2019**	**2018**
Temporary differences	-	-
Net temporary differences	10 190 033	9 990 207
Loss carried forward	-16 210 662	-14 872 153
Reduction for costs related to incorporation booked towards equity	-	-
Basis for deferred tax	**-6 020 629**	**-4 881 946**
Deferred tax	-1 324 538	-1 074 028
Hereof not disclosed in the balance	1 324 538	1 074 028
Deferred tax in the balance	**-**	**-**
Deferred tax asset not in the balance	**1 324 538**	**1 074 028**

Note 5 Cash and bank deposits.

The company has cash holdings at the end of the year of 18 526 837 kr.
Of this restricted cash amounts to 59 290 kr.

Note 6 Payroll etc.

	2019	**2018**
The Company has no employees		
Remuneration for the board of directors	1 385 828	1 335 828
Social security tax	195 402	188 352
Other payroll cost	-	-
Total	**1 581 230**	**1 524 180**

Auditors fee	**2019**	**2018**
Audit fee	275 000	375 000
Fee for other services	125 000	31 250
Total	400 000	406 250

Note 7 Other expenses

	2019	**2018**
Other expenses (auditor fee, legal fee, office rent, travel expenses)	1 289 382	1 315 874
Total	**1 289 382**	**1 315 874**

Note 8 Convertible loans

The Group's primary source of financing is equity. In May 2019 the group raised USD 3 million in a convertible loan from LGT Global Investments Limited. In April of 2020 the loan including accumulated interests was converted to equity on line with the Convertible loan agreement.

	2019	2018
Debentures and other loans principal amount	26 340 900	-
Accrued interest	1 720 939	-
Total borrowings	**28 061 839**	**-**

For more information refer to note 16 in the group financial statements.

Note 9 Loan to subsidiary

	2019	2018
Loan to Kalera Inc	174 218 472	84 190 934
Accrued interest	10 009 980	5 297 847
Unrealized currency effects	10 190 033	9 990 207
Total	**194 418 485**	**99 478 988**

Note 10 Financial income and expense

	2019	2018
Interest expense convertible loan	1 720 939	-
Interest income loans to subsidiary	4 712 133	2 377 040
Other fiancial income or expense	166 977	6 020 399
Net financial income and expense	**3 158 171**	**8 397 439**

Note 11 Subsequent events

Refer to note 19 in the Group's financial statements.