

HALF-YEAR REPORT

01.01.2020 – 30.06.2020



KALERA 

REPORT 1ST HALF 2020

COMPANY OVERVIEW

Kalera is a technology driven vertical farming company with unique growing methods combining optimized nutrients and light recipes, precise environmental controls, and clean room standards to produce safe, highly nutritious, pesticide-free, non-GMO vegetables with consistent high quality and longer shelf life year-round. The company's high-yield, automated, data-driven hydroponic production facilities have been designed for rapid rollout with industry-leading payback times to grow vegetables faster, cleaner, at a lower cost, and with less environmental impact.

HIGHLIGHTS

KALERA REGISTERED ON THE NOTC-LIST

On the 21st of April 2020 Kalera AS was registered on the NOTC-list in Norway, a marketplace for unlisted shares owned and operated by NOTC AS, a wholly owned subsidiary of Oslo Børs ASA. Kalera is traded under the ticker "KALERA".

COMPLETION OF SEVERAL PRIVATE PLACEMENT ROUNDS

During first half of 2020, Kalera completed several private placement rounds totaling USD 47.5 million from existing shareholders and new institutional investors and family offices, both from Norway and internationally. The company is virtually debt free, and the net proceeds will be used to finance the company's expansion and the construction of several scale production facilities in the United States, each producing several millions of heads of greens annually.

OPERATING VERTICAL FARMS IN ORLANDO

The Company's first large scale facility in Orlando, Florida has been operational since February 2020 and is currently the largest volume producing vertical farm in Southeast United States. It was opened after an industry-leading construction time of only six months and has received much attention from both local and national dignitaries, including a visit from U.S. Secretary of Agriculture, Sonny Perdue in June. After an initial ramp up of the new Orlando facility to full capacity, the plant has been matching production needs with demand as dictated by the COVID-19 pandemic which has significantly impacted the foodservice industry in Central Florida and beyond. In April, Kalera partnered with Publix, the largest grocery retailer in Florida, in supplying lettuce to over 165 Central Florida stores. Kalera will be scaling to full production at the Orlando facility in the third quarter as demand increases, and Kalera continues to partner with all the top-tier foodservice distributors including Sysco, FreshPoint, and US Foods, for which the Orlando facilities capacity was originally planned for and remains a key sales channel for the company. This, combined with the new sales channel into retail that Kalera established, will lead to increased volume and demand as the foodservice industry regains momentum. Furthermore, Kalera has been operating its on-site HyCube installation at Marriott's Orlando World Center since April 2018. The company has used the COVID-19 related slow-down of hotel activities to perform system updates and clean-up, readying the facility for a quick restart as soon as tourism activities ramp-up again and the resort reopens.

NEW INDOOR VERTICAL FARMING FACILITY IN ATLANTA

Kalera announced on the 21st of April 2020 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 rapid domestic and international expansion plan to bring consumers fresh leafy greens right where they are. By placing its farms directly in the communities that they serve, Kalera is able to supply national retailers and foodservice distributors without a long haul across the country, guaranteeing that its leafy greens are fresher longer, and much safer

than field-grown lettuce. At this time, the project is on-time and on-budget. The design phase has been completed, permitting is in progress, and preliminary construction activities are underway.

TECHNOLOGY

Kalera continues to be on the forefront of indoor farming technology. In June 2020 the company announced the development of effective light recipes to increase the nutritional quality of indoor-grown red-leaf lettuce. Kalera's proprietary technology continuously collects data and automates plant management. Real-time data points such as temperature, humidity, light intensity, productivity, plant weight and health are all collected and reported as KPIs to support data driven decisions.

EXECUTIVE TEAM – KEY HIRES

Kalera continues its momentum of building a world-class management team with the addition of several key hires in the first half of 2020 including: Jeremy Johnston, Chief Information Officer (April 2020), Austin Martin, Chief Operations Officer (May 2020), and Fernando Cornejo, Chief Financial Officer (July 2020).

NON-RECURRING EXPENSES

In connection to the private placements completed in April and June, the Company incurred non-recurring fee of USD 2.0 million which are booked against equity.

The USD 3.0 million convertible loan obtained in April 2019 from LGT Global Invest Limited was converted to equity in April 2020. The loan was measured at fair value through profit and loss at the end of 2019. The difference between the principal amount including interests and the market value of the loan at the time of conversion amounts to a cost of USD 1.409 million where USD 1.027 million was recognized through profit and loss in 2019 and USD 0.382 million is recognized through profit and loss in H1 2020. These charges are non-cash charges reflecting the conversion discount in the convertible loan agreement.

Further, as a result of recruitment of key personnel to the management team, the Company has incurred one-time recruitment costs of USD 0.25 million during the first half year.

EVENTS AFTER 30 JUNE

Out of the USD 47.5 million raised, Kalera received payment of USD 37.5 million through June 2020. The payment from the latest private placement of USD 10.0 million took place in early July after the new shares from this placement were registered in the Register of Business Enterprises and is not included in the balance sheet as of June 30, 2020. The corresponding fee of USD 0.5 million will be charged against equity and included in the report for the second half year.

OUTLOOK

Kalera is poised to continue executing its sustained growth plans throughout the rest of 2020. On July 13, 2020 the company announced that in the first half of 2021 it will open a production facility in Houston, which will be the largest indoor vertical farm in the state of Texas, and one of the largest in the US. The company is also very well-positioned to continue its industry-leading aggressive expansion plan both domestically and internationally in the near future.

CONSOLIDATED INCOME STATEMENT

USD 1000	H1 2020 (unaudited)	Full year 2019 (audited)
<i>Continuing operations:</i>		
Revenues	243	101
Total revenues	243	101
Raw materials and consumables used	91	13
Employee benefit expenses	1 868	1 922
Depreciation and amortization	434	404
Other operating expenses	871	1 509
Other gains and losses	0	-562
Operating profit	-3 021	-4 309
Financial income	0	7
Financial costs	213	227
Change in fair value of assets and liabilities (convertible loan)	-382	-1 027
Net financial items	-595	-1 248
Share of profit from associates	0	0
Profit/(loss) before income tax	-3 617	-5 557
Income tax expense	0	0
Profit/loss from the year from continuing operations	-3 617	-5 557
Profit of the year for discontinued operations	0	0
Profit/loss for the year	-3 617	-5 557
<i>Profit attributable to:</i>		
- Owners of the parent	-3 617	-5 557

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss) for the period	-3 617	-5 557
<i>Other comprehensive income:</i>		
Currency translation differences	246	-151
Total other comprehensive income, net of tax	246	-151
Total comprehensive income/(loss) for the period	-3 371	-5 708
<i>Attributable to:</i>		
- Owners of the parent	-3 371	-5 708
- Non-controlling interests	0	0
Total comprehensive income for the year	-3 371	-5 708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD 1000	30.06.2020 (unaudited)	31.12.2019 (audited)
Assets		
Non-current assets		
Property, plant and equipment	13 400	11 643
Intangible assets	686	686
Investments in associates		
Trade and other receivables	698	390
Total non-current assets	14 784	12 718
Current assets		
Trade and other receivables	211	6
Cash and cash equivalents incl. Bank overdrafts	34 482	3 395
Total current assets	34 693	3 401
Total assets	49 478	16 119
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	151	98
Share capital - not yet registered	3	0
Share premium	59 654	21 901
Share premium - not yet registered	2 176	0
Other reserves	-18 118	-14 747
Total equity	43 865	7 253
Liabilities		
Non-current liabilities		
Borrowings	571	157
Long term lease liabilities	3 351	3 476
Total non-current liabilities	3 922	3 633
Current liabilities		
Trade and other payables	258	0
Accrued liabilities	0	592
Convertible loans	0	4 223
Provision for other liabilities and charges	992	5
Short term lease liabilities	441	414
Total current liabilities	1 691	5 234
Total liabilities	5 613	8 867
Total equity and liabilities	49 478	16 119

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD 1000	Share capital	Share Premium	Other reserves	Total equity
Opening balance at 1st January 2019	81	14 179	-9 039	5 221
Issue of shares	17	7 723	0	7 740
Total comprehensive income for the year	0	0	-5 708	-5 708
Balance at 31st December 2019	98	21 901	-14 747	7 253
Opening balance at 1st January 2020	98	21 901	-14 747	7 253
Issue of shares	52	37 752	0	37 805
Issue of shares (not yet registered)*	3	2 176	0	2 179
Total comprehensive income for the year	0	0	-3 371	-3 371
Balance at 30th June 2020	154	61 829	-18 118	43 865

STATEMENT OF CASH FLOWS

USD 1000	H1 2020 (unaudited)	Full year 2019 (audited)
Cash flows from operating activities		
Profit before income tax	-3 617	-5 557
<i>Adjustments for:</i>		
- Depreciations	434	404
- Finance costs - net accrued	213	227
- Trade and other receivables	-513	82
- Trade and other payables	-653	-158
- Net loss on operating assets	0	562
- Change in fair value of assets and liabilities	382	1 027
Net cash flows from operating activities	-3 754	-3 412
Cash flows from investing activities		
Purchase of property, plant and equipment	-2 192	-5 540
Loans to associates	0	-128
Net cash flows from investing activities	-2 192	-5 668
Cash flows from financing activities		
Proceeds from issuance of shares	36 716	7 740
Proceeds from borrowings	438	3 000
Repayment of loans	-24	-237
Net cash flows from financing activities	37 130	10 502
Net change in cash and cash equivalents	31 184	1 422
Cash at the beginning of the period	3 395	2 050
Exchange gains/losses on cash and cash equivalents	-97	-77
Cash and cash equivalents at the end of the period	34 482	3 395

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

NOTE 1: SHARE CAPITAL

Kalera has, through a number of transactions, increased the share capital during the first half year. In April 2020, the company completed a private placement of USD 15.0 million and at the same time converted a convertible loan of USD 3.0 million. Furthermore, Arctic Securities received a fee through the issuance of 300.000 shares. In June 2020, the company completed two private placements of USD 22.5 million and USD 10.0 million, respectively. In total the Company has raised USD 47.5 million during the first half year in addition to the conversion of the USD 3.0 million loan. Following registration of all new shares related to these transactions the Company has 129.790.906 shares outstanding.

Out of the USD 47.5 million raised, Kalera received payment for USD 37.5 million per June 2020. The payment from the last private placement of USD 10.0 million was paid in early July after the new shares from this placement were registered in the Register of Business Enterprises.

	<i>Number of shares</i>	<i>Ordinary shares</i>	<i>Share face value</i>	<i>Share premium</i>	<i>Total*</i>
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
At 31 December 2019	68 433 478	68 433 478			21 999 703
At 1 January 2020	68 433 478	68 433 478			21 999 703
Share issue	20 000 000	20 000 000	0,0010	0,75	15 000 000
Conversion of loan	6 265 762	6 265 762	0,0010	0,52	3 267 020
Share issue	300 000	300 000	0,0010	0,76	228 786
Share issue	25 401 600	25 401 600	0,0011	0,80	19 308 780
Share issue	2 723 400	2 723 400	0,0011	0,80	2 178 720
At 30 June 2020	123 124 240	123 124 240			61 983 009

* Net of transaction cost

NOTE 2: TOP 20 SHAREHOLDERS AS OF JULY 20, 2020

Investor	Number of shares	% of total	Type	Country
1 Citibank, N.A.	25 000 111	19,26 %	Nominee	Ireland
2 LGT BANK AG	20 071 866	15,46 %	Nominee	Liechtenstein
3 CANICA AS	9 433 473	7,27 %	Ordinary	Norway
4 J.P. Morgan Securities LLC	8 500 000	6,55 %	Nominee	United States
5 Brown Brothers Harriman & Co.	5 613 627	4,33 %	Nominee	United States
6 CONVEXA AS	5 216 177	4,02 %	Ordinary	Norway
7 MACAMA AS	5 127 269	3,95 %	Ordinary	Norway
8 LANI INVEST AS	4 500 000	3,47 %	Ordinary	Norway
9 UFI AS	4 458 011	3,43 %	Ordinary	Norway
10 Goldman Sachs & Co. LLC	3 838 435	2,96 %	Nominee	United States
11 PERSHING LLC	3 479 388	2,68 %	Nominee	United States
12 VERDIPAPIRFONDET KLP AKSJENORGE	2 670 000	2,06 %	Ordinary	Norway
13 State Street Bank and Trust Comp	2 278 037	1,76 %	Nominee	United States
14 FIRST SOUTHWEST COMPANY	1 917 500	1,48 %	Ordinary	United States
15 LARSEN OIL & GAS AS	1 871 070	1,44 %	Ordinary	Norway
16 KOMMUNAL LANDSPENSJONSKASSE	1 794 333	1,38 %	Ordinary	Norway
17 Citibank, N.A.	1 222 686	0,94 %	Nominee	Ireland
18 WAHLSTRØM HANS RUNE	1 189 286	0,92 %	Ordinary	Norway
19 PORTIA AS	1 155 000	0,89 %	Ordinary	Norway
20 GLS REAL ESTATE AS	1 134 249	0,87 %	Ordinary	Norway
<i>Total number owned by top 20</i>	<i>110 470 518</i>	<i>85,11 %</i>		
<i>Total number of shares</i>	<i>129 790 906</i>	<i>100,0 %</i>		

NOTE 3: IFRS 16 TRANSITION TABLE

Lease liability	
Total lease liabilities at 1 January 2020	3 889 170
New lease liabilities recognised in the year	-
Cash payments for the principal portion of the lease liability	(208 398)
Interest expense on lease liabilities	110 511
Total lease liabilities at 30 June 2020	3 791 283
Current lease liability	440 746
Non-current lease liability	3 350 537
Total cash outflow for leases	(208 398)
Right of use asset	
Total right to use asset at 1 January 2020	3 822 453
Additions, new lease liabilities	-
Depreciation charge	(226 620)
Total right to use asset at 30 June 2020	3 595 834

Maturity analysis - Contractual undiscounted cash flows	30.06.2020	2019
Total leasing payments first 12 months*	684 783	485 771
Total leasing payments 2-5 years*	3 894 775	3 145 035
Total leasing payments more than 5 years*	13 336 642	13 834 801
Total minimum lease payments	17 916 201	17 465 607

* Including USD 11.1 million in payments related to lease agreements commencing in H2 2020.

NOTE 4: 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 2019							
Opening net book amount	170 773	274 192	1 658 054	392 561	47 441	-	2 543 021
IFRS 16 transition affects						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
Period ended 30 June 2020							
Opening net book amount	239 443	251 824	6 774 370	400 233	154 306	3 822 453	11 642 630
Additions	414 923	-	1 773 350	3 718	-	-	2 191 991
Disposals	-	-	-	-	-	-	-
Depreciation charge	18 888	11 184	152 628	15 396	9 768	226 620	434 484
Closing net book amount	635 478	240 640	8 395 091	388 555	144 538	3 595 834	13 400 137
At 30 June 2020							
Cost or valuation	811 566	323 860	8 611 637	464 547	175 325	4 085 169	14 472 104
Accumulated depreciation	176 088	83 220	216 546	75 992	30 787	489 335	1 071 967
Net book amount	635 478	240 640	8 395 091	388 555	144 538	3 595 834	13 400 137
<i>*Assets are depreciated when construction is finalized and is generating revenues</i>							
Depreciation rate	7 years linear	15 years linear	15 years linear*	15 years linear*	6 years linear	Lifetime of lease agreement	

NOTE 5: PROVISION FOR OTHER LIABILITIES AND CHARGES

Provision for other liabilities and charges includes USD 0.979 million management fee payable to Arctic Securities.

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