Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 994 464 663 |
| Organisasjonsform: | Allmennaksjeselskap |
| Foretaksnavn: | HOFSETH BIOCARE ASA |
| Forretningsadresse: | Keiser Wilhelms gate 24<br>6003 ÅLESUND |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2024 - 31.12.2024 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

**Regnskapsregler**

| | |
|---|---|
| Regler for små foretak benyttet: | Nei |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | IFRS |
| Benyttet ved utarbeidelsen av årsregnskapet til konsernet: | IFRS |

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Leif Arne Giske |
| Dato for fastsettelse av årsregnskapet: | 11.04.2025 |

**Grunnlag for avgivelse**

År 2024: Årsregnskapet er elektronisk innlevert

År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 31.07.2025

# Resultatregnskap

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 3,6 | 256 699 000 | 190 720 000 |
| Annen driftsinntekt | 3,6,22 | 10 327 000 | 27 698 000 |
| **Sum inntekter** | | **267 026 000** | **218 418 000** |
| **Kostnader** | | | |
| Varekostnad | 2,4,6 | 168 537 000 | 149 195 000 |
| Lønnskostnad | 5 | 60 304 000 | 51 659 000 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 10,11, 12 | 36 023 000 | 32 188 000 |
| Annen driftskostnad | 4,6,14 | 90 589 000 | 71 821 000 |
| **Sum kostnader** | | **355 453 000** | **304 863 000** |
| **Driftsresultat** | | **-88 427 000** | **-86 445 000** |
| **Finansinntekter og finanskostnader** | | | |
| Annen finansinntekt | 7 | 11 837 000 | 7 933 000 |
| **Sum finansinntekter** | | **11 837 000** | **7 933 000** |
| Annen finanskostnad | 6,7,12, 22 | 21 308 000 | 14 484 000 |
| **Sum finanskostnader** | | **21 308 000** | **14 484 000** |
| **Netto finans** | | **-9 471 000** | **-6 551 000** |
| **Resultat før skattekostnad** | | **-97 898 000** | **-92 996 000** |
| Skattekostnad | 8 | 0 | 0 |
| **Årsresultat** | | **-97 898 000** | **-92 996 000** |
| **Overføringer og disponeringer** | | | |
| Overføringer til/fra annen egenkapital | | 97 898 000 | 92 996 000 |
| **Sum overføringer og disponeringer** | | **97 898 000** | **92 996 000** |

# Balanse

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Utvikling | 2,10 | 42 430 000 | 55 284 000 |
| **Sum immaterielle eiendeler** | | **42 430 000** | **55 284 000** |
| **Varige driftsmidler** | | | |
| Maskiner og anlegg | 11,12 | 115 769 000 | 138 897 000 |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 11 | 2 458 000 | 3 290 000 |
| **Sum varige driftsmidler** | | **118 227 000** | **142 187 000** |
| **Finansielle anleggsmidler** | | | |
| Investering i datterselskap | 7,22 | 11 231 000 | 11 231 000 |
| Investeringer i tilknyttet selskap | 22 | 47 081 000 | 33 033 000 |
| Andre fordringer | 15 | 1 247 000 | 439 000 |
| **Sum finansielle anleggsmidler** | | **59 559 000** | **44 703 000** |
| **Sum anleggsmidler** | | **220 216 000** | **242 174 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Varer | 2,6,19 | 55 202 000 | 81 438 000 |
| **Sum varer** | | **55 202 000** | **81 438 000** |
| **Fordringer** | | | |
| Kundefordringer | 2,6,20 | 18 716 000 | 14 094 000 |
| Andre fordringer | 5,20 | 59 885 000 | 36 259 000 |
| **Sum fordringer** | | **78 601 000** | **50 353 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 21 | 23 232 000 | 22 751 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **23 232 000** | **22 751 000** |
| **Sum omløpsmidler** | | **157 035 000** | **154 542 000** |
| **SUM EIENDELER** | | **377 251 000** | **396 716 000** |

# Balanse

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 5,24 | 4 111 000 | 3 951 000 |
| Annen innskutt egenkapital | | 116 311 000 | 70 661 000 |
| **Sum innskutt egenkapital** | | **120 422 000** | **74 612 000** |
| **Sum egenkapital** | | **120 422 000** | **74 612 000** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| **Annen langsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 6,12,13 | 96 922 000 | 80 248 000 |
| **Sum annen langsiktig gjeld** | | **96 922 000** | **80 248 000** |
| **Sum langsiktig gjeld** | | **96 922 000** | **80 248 000** |
| **Kortsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 6,12,13,16 | 57 162 000 | 37 303 000 |
| Leverandørgjeld | 6,23 | 88 659 000 | 49 037 000 |
| Annen kortsiktig gjeld | 23 | 14 086 000 | 155 516 000 |
| **Sum kortsiktig gjeld** | | **159 907 000** | **241 856 000** |
| **Sum gjeld** | | **256 829 000** | **322 104 000** |
| **SUM EGENKAPITAL OG GJELD** | | **377 251 000** | **396 716 000** |

# Konsernets resultatregnskap

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 3,6 | 256 825 000 | 190 815 000 |
| Annen driftsinntekt | 3,6,22 | 8 714 000 | 27 696 000 |
| **Sum inntekter** | | **265 539 000** | **218 511 000** |
| **Kostnader** | | | |
| Varekostnad | 2,4,6 | 169 553 000 | 150 687 000 |
| Lønnskostnad | 5 | 70 670 000 | 58 275 000 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 10,11, 12 | 39 781 000 | 36 413 000 |
| Annen driftskostnad | 4,6,14 | 90 617 000 | 75 665 000 |
| **Sum kostnader** | | **370 621 000** | **321 040 000** |
| **Driftsresultat** | | **-105 082 000** | **-102 529 000** |
| **Finansinntekter og finanskostnader** | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | 22 | -7 484 000 | 2 541 000 |
| Annen finansinntekt | 7 | 9 015 000 | 6 597 000 |
| **Sum finansinntekter** | | **1 531 000** | **9 138 000** |
| Annen finanskostnad | 6,7,12, 22 | 21 749 000 | 13 293 000 |
| **Sum finanskostnader** | | **21 749 000** | **13 293 000** |
| **Netto finans** | | **-20 218 000** | **-4 155 000** |
| **Resultat før skattekostnad** | | **-125 300 000** | **-106 684 000** |
| Skattekostnad | 8 | 0 | 0 |
| **Årsresultat** | | **-125 300 000** | **-106 684 000** |
| Minoritetsinteresser | | -2 000 | -1 000 |
| **Årsresultat etter minoritetsinteresser** | | **-125 298 000** | **-106 683 000** |
| **Overføringer og disponeringer** | | | |

## Konsernets resultatregnskap

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| Overføringer til/fra annen egenkapital | | 125 298 000 | 106 683 000 |
| **Sum overføringer og disponeringer** | | **125 298 000** | **106 683 000** |

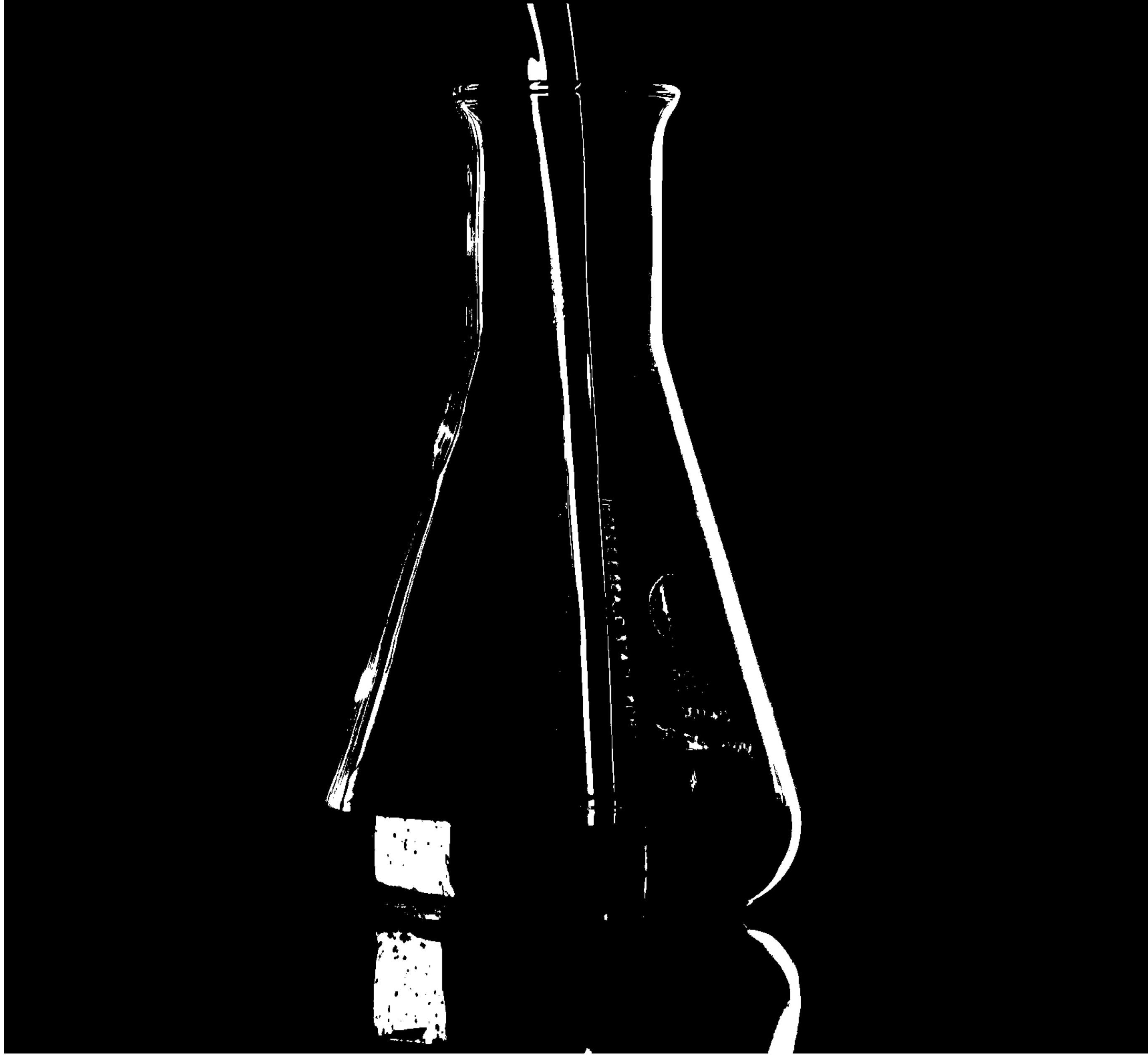
# Konsernets balanse

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Utvikling | 2,10 | 42 430 000 | 55 284 000 |
| **Sum immaterielle eiendeler** | | **42 430 000** | **55 284 000** |
| **Varige driftsmidler** | | | |
| Maskiner og anlegg | 11,12 | 135 525 000 | 162 413 000 |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 11 | 2 458 000 | 3 290 000 |
| **Sum varige driftsmidler** | | **137 983 000** | **165 703 000** |
| **Finansielle anleggsmidler** | | | |
| Investeringer i tilknyttet selskap | 22 | 45 699 000 | 37 691 000 |
| Andre fordringer | 15 | 1 247 000 | 439 000 |
| **Sum finansielle anleggsmidler** | | **46 946 000** | **38 130 000** |
| **Sum anleggsmidler** | | **227 359 000** | **259 117 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Varer | 2,6,19 | 55 917 000 | 82 542 000 |
| **Sum varer** | | **55 917 000** | **82 542 000** |
| **Fordringer** | | | |
| Kundefordringer | 2,6,20 | 18 853 000 | 14 849 000 |
| Andre fordringer | 5,20 | 11 716 000 | 9 721 000 |
| **Sum fordringer** | | **30 569 000** | **24 570 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 21 | 25 577 000 | 23 890 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **25 577 000** | **23 890 000** |
| **Sum omløpsmidler** | | **112 063 000** | **131 002 000** |
| **SUM EIENDELER** | | **339 422 000** | **390 119 000** |

## Konsernets balanse

| Beløp i: NOK | Note | 2024 | 2023 |
|---|---|---|---|
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 5,24 | 4 111 000 | 3 951 000 |
| Annen innskutt egenkapital | | 55 934 000 | 37 876 000 |
| **Sum innskutt egenkapital** | | **60 045 000** | **41 827 000** |
| **Opptjent egenkapital** | | | |
| Minoritetsinteresser | 22 | -689 000 | -687 000 |
| **Sum opptjent egenkapital** | | **-689 000** | **-687 000** |
| **Sum egenkapital** | 2,6 | **59 356 000** | **41 140 000** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| **Annen langsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 6,13 | 25 100 000 | 271 000 |
| Øvrig langsiktig gjeld | 6,12,13 | 86 543 000 | 96 831 000 |
| **Sum annen langsiktig gjeld** | | **111 643 000** | **97 102 000** |
| **Sum langsiktig gjeld** | | **111 643 000** | **97 102 000** |
| **Kortsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 6,16,13 | 59 238 000 | 39 687 000 |
| Leverandørgjeld | 6,23 | 93 628 000 | 55 161 000 |
| Annen kortsiktig gjeld | 23 | 15 557 000 | 157 029 000 |
| **Sum kortsiktig gjeld** | | **168 423 000** | **251 877 000** |
| **Sum gjeld** | | **280 066 000** | **348 979 000** |
| **SUM EGENKAPITAL OG GJELD** | | **339 422 000** | **390 119 000** |

ANNUAL REPORT 2024 | CORPORATE GOVERNANCE | THE BOARD OF DIRECTORS' REPORT | FINANCIAL STATEMENTS | AUDITORS REPORT



HBC®
Science-led marine nutrition™

# Annual Report 2024

# Content



**Approved by the Board of Directors in Hofseth BioCare ASA 11 April 2025**
Hofseth BioCare ASA is committed to maintaining high standards of corporate governance that will strengthen confidence in the company among shareholders, capital market and among other stakeholders, thereby contributing to the greatest possible value creation over time. The aim of corporate governance is to regulate the roles of shareholders, board and management beyond what is required by legislation.

The company reports in accordance with the recommendation of 30 October 2014, last updated 17 October 2018 («the Recommendations») issued by the Norwegian Corporate Governance Board (NUES). The rules on the continuing obligations of listed companies at www.oslobors.no and guidelines are available at www.nues.no
Compliance is based on a «comply or explain» principle, which means that the company must comply with all recommendations or explain why they have chosen an alternative approach to specific recommendations. The following explains the company's compliance with the 15 sections and addresses the additional requirements set out in the Accounting Act § 3-3b. Any deviation from the Code of Conduct will be explained under the appropriate section.

This report is part of the company's annual report. The report is also available on Hofseth BioCare's website www.hofseth-biocare.com, along with more information about the company's business.




# Corporate governance

## Content



# Corporate governance

The Board of Directors of Hofseth BioCare ASA (HBC or the company) has the ultimate responsibility to ensure that the company is practicing good corporate governance. The company's Board of Directors and management conducts a thorough review and assessment of its principles of corporate governance annually.

Hofseth BioCare is a Norwegian public limited company and is listed on Oslo Stock Exchange. The Norwegian Accounting Act and the rules of the Continuing Obligations for stock listed companies impose a duty on the Company to issue its principles and practice for corporate governance in the annual report.

## Values and guidelines for business ethics and corporate social responsibility

The company's values are an important premise for corporate governance. Trust in HBC as a company, and in the business, is crucial for the company's future competitiveness.

Hofseth BioCare is committed to transparency about its guidelines for management of the Company. This strengthens the value creation, builds internal and external confidence and promotes a code of ethics and a sustainable approach to business.

HBC is founded on the core value of sustainability and optimal use of natural resources. The Company aspires to create a healthy company culture based on these core values. The Board of Directors has approved the Code of Conduct for business ethics and corporate social responsibility. The Company's customization of the Code of Conduct and the internal guidelines ensures a proper division of roles and responsibilities and well-functioning cooperation among the Company's shareholders, the Board of Directors and its management, and that the business is subject to satisfactory controls. An appropriate distribution of roles, effective collaboration and satisfactory controls contributes to the best possible value creation over time, for the benefit of its owners and other stakeholders.

The company's Code of Ethics covers the handling of impartiality, conflicts of interest, relationships with customers and suppliers, relations with the media, insider trading and relevant financial interests of a personal nature. The core of the concept of CSR is the company's responsibility for people, communities and environment affected by operations and typically addresses:

- **Human rights** which means that the company carries out its operations in accordance with the international agreements and conventions that are fundamental rights for every human being, regardless of race, gender, religion or other status.
- **Anti-corruption** which means that the organization mandates that it should not demand, receive or accept an offer of an improper advantage in connection with a position, office or assignment.
- **Employee relations** where AMLs (Working Environment Act) provisions concerning employment contracts, working hours, insurance, pension, vacation, sick monitoring etc. embodied in internal guidelines and be followed throughout the organization. The employees are organized, and there is established good communication channels between employee representatives and management.
- **HSE** (Health, Security and Environment) is the company's top priority. Through guidelines and incorporate routines that safety inspections, preventive maintenance routines, etc. all the employee are involved. A safety delegate system is implemented in the organization.
- **Discrimination** where the Company endeavours to ensure that there shall be no discrimination or unequal treatment which has its basis in individuals, genders, ethnicities, nationalities, religious communities and the like.
- Environmental which is a key factor in the company's social responsibility. Emissions to water and air are continuously monitored. Regular meetings are held with local authorities and municipal bodies.

**Business**
The aim of Hofseth BioCare is defined in the Company's Articles of Association, which inter alia, states:

- Hofseth BioCare's business is development, manufacturing, marketing and sale of marine ingredients such as oil, calcium and protein products, as well as cooperation with, and the participation and ownership in businesses engaged in related businesses.
- The Company's board of directors shall have from 3 to 10 members according to the resolution of the General Meeting.
- The company shall have an audit committee.
- Please refer to the Articles of Association for Hofseth BioCare, last modified 4 January 2024, which are available at the company's website www.hofsethbiocare.com.

## Equity and dividend

**Equity**
Hofseth BioCare shall have an equity ratio which is appropriate in relation to its objectives, strategy and risk profile, and the Board of Directors will continually assess the capital situation.

The Company's Board of Directors and management have used the following instruments to have a customized equity at any given time

- Private placement/capital increase
- Shareholder loans (subordinated loan) that can be deemed part of the company's equity
- Sales-enhancing and cost-cutting measures

As of 31 December 2024, the group had an equity of NOK 59.4 million, corresponding to an equity ratio of 17.5 %. For the Parent compnay the equity was NOK 120.4 million and a equity ratio of 31.9%. The board considers an equity ratio of more than 25 per cent to be at a satisfactory and prudent level. The parent company's long-term debt financing has financial covenant requirements of 25 % equity, including subordinated loans, and the Company had an equity ratio of over 25 per cent and not in breach with its financial covenants.

The board will at all times consider various instruments to ensure

## Content



that the company has sufficient equity, including an authorization given to the board at the general meeting on 10 May 2024 to issue up to approximately 79 million new shares intended to be used in the event of a need for additional equity and liquidity. It is the Board's intention to ask the General Meeting for a similar authorization for the coming period.

**Dividend**
HBC aims to give its shareholders a competitive rate of return based on the company's earnings. Dividends will be considered in the context of HBC's financial position, loan terms and capital requirements for existing and new projects.

**Mandates of the board of directors**
Mandates granted to the Board of Directors, either to increase the company's share capital or to buy its own shares, will generally be limited to defined purposes and usually limited in time until the date of the next ordinary general meeting.

As of 31 December 2024, the Board of Directors in HBC holds an authorization to increase the company's share capital by issuing new shares with a total face value of up to NOK 790,162 equivalent to 79,016,200 shares, each with a nominal value of NOK 0.01.

The authorization can be used in connection with the issuance of shares to investors who are considered to have strategic importance for the company as well as to repair any issues as a result of such, or any other private equity issues.

In accordance with this power of attorney to the Board of Directors will also be able to offer shares to the people or companies who are not shareholders of the company. Existing shareholders' preferential right may be waived.

The Board of Directors is given the authority to change the Articles of Association stating the share capital size in accordance with the shares the Board decides under this authorization. The authorization was granted at the Ordinary General Assembly 10 May 2024 and is valid until the Ordinary General Assembly in 2025, however not longer than 30 June 2025.

**Equal treatment and transactions with related parties**
Hofseth BioCare has two classes of shares, ordinary class A shares with voting rights, and class B shares which not hold any voting rights but will carry a preferential right to receive dividends and a preferred right in the case of liquidation or other distribution of the Company's assets. Each class A share in the Company carries one vote.
As a main rule, all transactions in the company's own shares shall take place through the stock exchange or at the stock market price if traded outside of the stock exchange, or in a way so all shareholders shall be treated on an equal basis.

**Transactions with related parties**
Included in the rules of procedures for the Board are guidelines for how the members of the Board and the CEO shall act in discussions or decisions related to issues which are of special personal importance to them, or to any related parties to the member in question.

Transactions with related parties are governed by market terms and conditions in accordance with the «arm's length principle».

The Company's shareholders, Board and management, and their related parties, as well as all companies in the Hofseth group, including RH Industri AS and Hofseth International AS, will be related parties to Hofseth BioCare.

Transactions with related parties are further described in note 6 to the financial statements.

**Freely tradable shares**
All ordinary class A shares in Hofseth BioCare are freely tradable with no limitations in the Articles of Association. Any transfer of B-Shares is subject to consent of the Company's board of directors.

**The general meeting**
Through the general meeting the shareholders exercise the highest authority in Hofseth BioCare. All shareholders are entitled to submit items to the agenda, meet, speak and vote at general meetings in accordance with the provisions of the Norwegian Public Limited Companies Act. The Board of Hofseth BioCare strives to ensure that the general meetings are an effective forum for communication between shareholders and the Board, and the Board shall take steps to ensure that as many shareholders as possible may exercise their rights by participating in the general meetings.

The annual general meeting is held each year before the end of May. Extraordinary general meetings may be called by the Board at any time. Hofseth BioCare's auditor or shareholders representing at least five percent of the total share capital may demand an extraordinary General Meeting to be called.

The notice calling the annual general meeting is made available on the Company's website and sent to shareholders with known addresses by post no later than 21 days prior to the date of the meeting. Article 9 in the Company's Article of Associations states that documents related to matters on the agenda of a general meeting can be made available on the Company's website rather than being sent to shareholders by post. The supporting documentation will be available at the same date as the notice calling the meeting and provides all the necessary information for shareholders to form a view on the matters to be considered. The deadline for registration for the annual General Meeting is at the latest 3 days before the general meeting takes place. Shareholders who cannot attend the general meetings in person shall be given the opportunity to vote, and the Company shall provide information and nominate an available person who may vote on behalf of the shareholders in this respect.

The general meeting elects the members and deputy members of the Board, determines the remuneration of the members of the Board, approves the annual financial statements, discusses the Board of Director's guidelines on management remuneration and decides such other matters which by law or Hofseth BioCare's Articles of Association are to be transacted at the General Meeting.

The Board of Directors, the Nomination Committee and the auditor's attendance at the General Meeting is waived from the recommendation if a review of the agenda, the availability and physical location would suggest this is not practical). Under the General Meeting for the adoption of the financial statements for 2023 one member participated. The auditor did not participate.

**Nomination committee**
The General Meeting has chosen a Nomination Committee to ensure objectivity regarding the shareholders' interests.

The company shall have a nomination committee consisting of 3 members where the majority of the members shall be independent of the board of directors and the management. The members of the nomination committee shall be elected for terms of two years.

The nomination committee shall propose candidates for the board of directors and the nomination committee, including remuneration to the board of directors and the members of the nomination committee. Members of the Nomination Committee are Geir Even Håberg, Lennart Clausen and Svein Myhre. The remuneration to the Nominating Committee shall be determined by the General Meeting.

The nomination committee shall evaluate the need for changes of the board and the nomination committee. To have the best possible basis for their deliberations, the committee should be in contact with the directors and the CEO.

Furthermore, the Nomination Committee should consult relevant shareholders for nominations and for consensus in its decisions. The board's evaluation report (ref. Paragraph 9 on the Board's work) should be treated separately by the Nomination Committee. The recommendations of the nomination committee shall include a justification as to how the best interest of the shareholders and the Company has been secured.

**The board of directors, composition and independence**
The Board of Hofseth BioCare includes six members, of which three are female, corresponding with the Company's Articles of the Associations Section 5, stating that the Board should have from three to ten members.

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Members of the Board are selected in the light of an evaluation of the Company's needs for expertise, capacity and balanced decision-making, and with the aim of ensuring that the Board of Directors can operate independently of any special interests and function effectively as a collegiate body.

The majority of the Board of Directors shall be independent of Hofseth BioCare's management and its main business connections. At least two of the members of the Board shall be independent of the Company's main shareholder(s). The Board of Directors does not include executive personnel.

Director of the Board, Roger Hofseth, is as of 31 December 2024 CEO of Hofseth International AS, one of the Company's largest shareholders, and director of the Board, Dr. Crawford Currie is Head of Medical R&D in the Company. Both are related to several of the Company's business connections and is thus not considered independent.

The Chair of the Board, Linda Christin Hoff, Director Christoph Baldegger, Director Amy Novogratz and Director Maria Bech are considered independent of management, business connections and the Company's main shareholders.

The term of office for members of the Board of Directors is two years. An updated overview of the members of the Board of Directors of Hofseth BioCare, including their employment, education and professional background is provided at the Company's website www.hofsethbiocare.com.

Members of the Board of Directors are encouraged to own shares in the company.

The General Meeting elects the Chair of The Board of Directors.

## The work of the board of directors

### The Board

The Board of Directors has the overall responsibility for the management of Hofseth BioCare. This includes a responsibility to supervise and exercise control of the Company's activities.

Furthermore, this includes developing the Company's strategy and monitoring its implementation. In addition, the Board of Directors exercises supervision responsibilities to ensure that the company manages its business and assets and carries out risk management in a prudent and satisfactory manner. The Board of Directors is also responsible for the appointment of the Chief Executive Officer (CEO).

A separate instruction for the board of directors is implemented and the Board develops a yearly plan for their work.

In accordance with the provisions of Norwegian company law, the case processing and responsibilities of the board are governed by a set of rules and procedures. The chair of the board is responsible for ensuring that the work of the board is carried out in an efficient and responsible manner in accordance with the legislation.

The board has established instructions for the work of the CEO. There is a clear separation of work between the board and the general manager. The CEO is responsible for the operational management of the Company.

The board conducts an annual evaluation of its work, form of work and competence.

The Board of Directors has adopted an audit committee (the "Audit Committee") in accordance with the Company's Articles of Association § 6 and the Code of Practice. There is a separate instruction for the Audit Committee.

According to the company's articles of association, section 6, the board decides the members of the committee. The members of the audit committee in Hofseth BioCare are Linda Christin Hoff (chair) and Roger Hofseth.

The company has established its own compensation committee in accordance with the company's articles of association, section 11. The member of the compensation committee is Christoph Baldegger.

### Risk management and internal control

The Board of Hofseth BioCare shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and the systems should also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

Risk management and internal control is performed through various processes within the Company, both though the Board of Directors work and the operational management of the Company.

The Board of Directors receives weekly reports from management outlining the financial and operational performance of the Company. The administration's reporting is based on input according to key reporting from the chain of command, as updated accounting and valuation of accounting items, including relevant operating data of importance for the assessment of accounting records. Monthly operating reports are evaluated and decided by the top management of the group.

There must be sufficient qualified resources to carry out appropriate reports which will contribute to effective decision making and continuous control of the Group's financial performance.

In connection with the budget work and approval of the budget, the board considers the internal control systems and the most important risk factors are taken into account that the company may be confronted with. In light of the company's growth strategy, the board is ensuring that the internal control systems apply to all aspects of the company's operations, including strategic, operational and financial risk. The board also assesses the need for any further measures in relation to the risk factors.

The Board of Directors has adopted guidelines that encompass the Company's corporate and ethical values and corporate social responsibility, cf. Section 1 (Code of Ethics).

The preparation of interim reports and annual reports shall be in accordance with Norwegian and international principles for accounting and as further set out in the rules of procedure for Board of Directors.

The Group's control environment is assessed as satisfactory, and the Group has a satisfactory accounting and controlling department. Parts of the payroll functions are outsourced to an external accounting firm.

Operative internal control is safeguarded through established procedures and guidelines to be followed up through line management and management reporting. Likewise, continuous risk analysis and control activities are executed. The Board believes that the scope and level of the said areas is satisfactory to the Group's size and complexity.
The Board of Directors, through its Audit Committee and together with its independent auditor, carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board of Directors describes in the annual report the main features of the Company's internal control and risk management systems related to the Company's financial reporting.

### Remuneration of the board of directors

The compensation to the Board shall reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration paid to the members of the Board will be decided by the General meeting. The remuneration paid to the members of the committees will be decided by the general meeting having considered proposals by the Board in line with the Code. Information about the fee paid to the Board and committees is stated in the annual report.

There is an authorization the board may use in connection with the issuance of shares to directors and employees of the Company. In addition to moderate board remuneration, it was considered that options are the most appropriate way to honor board members.

## Content



**Remuneration of executive personnel**
The Board of Directors prepares guidelines for the remuneration of the executive personnel. The guidelines have been communicated to the general meeting through a management salary statement. The Company's performance-related remuneration of the executive personnel are linked to value creation for shareholders or the Company's earnings performance over time and the Company strives to ensure that its arrangements are in line with the guidelines.

**Information and communications**
Hofseth BioCare's information policy shall be based on openness and equal treatment of all shareholders and the Company has resolved to comply with the Oslo Børs' Code of Practice for Reporting IR Information.

Hofseth BioCare strives to continuously publish all relevant information to the market in a timely, effective and non-discriminatory manner. All stock exchange announcements are made available both on the Company's website and on the Oslo Stock Exchange news website www.newsweb.no and are also distributed to news agencies (via GlobeNewswire).

The Company publishes its preliminary annual financial statements by the end of February, together with its fourth quarter results.

The complete annual report and financial statements are made available to shareholders no later than three weeks prior to the annual general meeting, or, at the latest, by 30 April each year, which is the last date permitted by the Securities Trading Act. For 2023 the complete annual report and financial statements were approved and published 19 April 2024.
Quarterly results are normally published at the latest within two months after the close of the quarter.

The Company's financial calendar for the coming year is published no later than 31 December in accordance with the rules of the Oslo Stock Exchange. The financial calendar is available on the company's website and on the Oslo Stock Exchange website.

Quarterly reports and presentation material are available on the Company's website, www.hofsethbiocare.com.

**Take-overs**
It is a fundamental principle to Hofseth BioCare that all shareholders are treated equally. Openness in respect of take-over situations is considered to be important in ensuring equal treatment of all shareholders.

The Company will not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this.
In the event of a take-over bid for the Company's shares, the Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for the Company's shares, the Company's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board of Director's statement on the offer should make it clear whether the views expressed are unanimous. If this is not the case, it should explain the basis on which specific members of the Board of Directors have excluded themselves from the Board of Directors' statement. The Board of Directors should arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the statement.

Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

**Auditor**
EY is the auditor for Hofseth BioCare and is appointed by the Assembly General Meeting.

The auditor shall annually submit to the audit committee the main features of the plan for the auditing work. Furthermore, the auditor shall at least once a year prepare a report containing its opinions on the Company's accounting policies and internal control. The auditor participates in board meetings dealing with the consolidated financial statements for the Group and the company. In meetings with the audit committee and the board auditor shall explain any material changes in the company's and Group's accounting policies, the assessment of the significant estimates and all significant matters that there has been disagreement about between the company and the auditor. The Board has annual meetings with the auditors without the group management teams present.

There are no written guidelines for executive management's use of auditors for services other than auditing. This differs from «Norwegian recommendation for corporate governance.» The auditor explains, however, the audit committee for which services other than auditing provided the Group and company. However, the auditor reports to the audit committee on which non-audit services have been provided to the group and the company. Throughout the year, the audit committee is responsible for approving the services provided by the auditor, as well as the fees for these.

The Audit Committee in conjunction with the annual report in 2024 received a written confirmation from the auditor that he satisfies established and legitimate independence requirements.

Information about the auditor's remuneration for auditing and other services will be provided to the Annual General Meeting. The auditor's remuneration is disclosed in note 5 to the financial statements.

# The board of director's report 2024

## Content



# The board of director's report 2024

## Important events in 2024

### First quarter

The first quarter of 2024 was marked by strong commercial performance, demonstrating sustained growth despite seasonal challenges. This was particularly notable given the seasonal downturn in the salmon oil market. The primary driver of this revenue growth was the increased demand for hydrolyzed protein products across all key regions. The premium pure SPH product gained significant traction in the pet food market, while human-grade salmon oil also experienced rising demand, leading to higher unit prices.

The consumer health segment reported exceptional growth, and this surge was fueled by strong demand in Asia and Europe for core consumer health ingredients such as ProGo®, OmeGo® Full Spectrum Omegas, and CalGo®. China emerged as a particularly promising market, with the company participating in the Food Ingredients China exhibition in Shanghai, strengthening distributor relationships. Additionally, the Brilliant Petcare portfolio expanded with the successful e-commerce launch of two new products. The Brilliant Salmon Oil brand maintained robust growth, supported by new retail listings, expanded distributor partnerships, and organic market expansion. Although some operational hurdles, such as global shipping constraints and Brexit-related requirements, limited additional sales growth, these issues were temporary.

The company also reported substantial growth in online sales, with its Amazon business in the U.S. increasing revenue by over 100%. This growth was driven by a partnership with e-commerce specialists who are now managing global online sales efforts. A private label agreement with a major European pet retailer was also finalized, setting the stage for continued strong performance going forward.

The company made significant advancements in its R&D initiatives during the quarter, focusing on product validation, new partnerships, and ongoing clinical trials. Clinical research progressed with the completion of recruitment for the allergic asthma trial early in the quarter. The bioavailability analysis of CalGo® demonstrated promising results for marine collagen's effectiveness in joint health. A new collaboration with the University of Manchester was launched to assess the antioxidant and anti-inflammatory effects of bioactive peptides in ProGo® for lung health.

Scientific research continued to gain recognition with the publication of a peer-reviewed study on ProGo®'s glucoregulatory properties in the journal Marine Drugs. This study highlighted its potential for managing diabetes and improving energy metabolism. Further research confirmed the GLP-1 and GIP agonist activity of ProGo® peptides, paving the way for potential applications in weight management and metabolic health.

The company expanded its pipeline by developing SPHi peptides for gastrointestinal health, with Stanford research indicating promising anti-inflammatory effects. Preclinical research on MA-022s, a synthetic analogue of bioactive lipopeptides found in OmeGo®, showed strong potential in treating eosinophilic (allergic) asthma. Ongoing assessments of FTH1 bioactive peptides for iron metabolism suggest potential applications in prostate cancer treatment and restless leg syndrome.

The company completed a successful financial restructuring in January, converting accounts payables into newly issued preference B-shares, which significantly improved the equity ratio to 40%. This enhancement positioned the company for future growth and stability.

### Second quarter

The second quarter of 2024 was a period of strong financial growth and market expansion for the company. The performance was driven by increased demand across major markets, particularly in the pet sector, where functional ingredients and palatability enhancers experienced rising interest from key customers. Production volumes also saw a significant increase, rising 9% from the previous quarter and 31% year-over-year, supported by the successful integration of new raw material suppliers.

Consumer health sales demonstrated robust momentum, where the European market played a crucial role in this growth, driven primarily by demand for CalGo®, which continued to secure repeat orders from B2B customers launching new products. International exposure was further strengthened through participation in industry events such as Vitafoods in Geneva and targeted customer visits in Southeast Asia. These efforts helped to drive new product launches in key markets, including China and Thailand, reinforcing the company's global positioning.

The Brilliant Petcare portfolio maintained its positive trend, securing new retail listings in major markets such as Scandinavia, Italy, and Singapore. Additionally, a successful launch on Chewy.com, North America's largest online pet retailer, positioned the brand for continued sales growth in the upcoming quarters.

The company made significant advancements in R&D during the second quarter, further strengthening its position as a leader in marine-derived health solutions. A key breakthrough was the identification of GLP-1 bioactivity within the smallest peptide fraction of ProGo®, opening new possibilities for metabolic health applications, including weight management and muscle protection. This discovery has prompted plans for clinical trials evaluating lower-dose applications, which could lead to cost-effective solutions for managing obesity and metabolic disorders.

The company also completed its CalGo® joint health study, with initial findings suggest that even low doses of CalGo® can provide significant benefits for individuals suffering from joint issues such as mild osteoarthritis. These insights may lead to enhanced product positioning for both B2B and direct-to-consumer markets, reinforcing the company's commitment to scientifically validated health solutions.

Another milestone was the transfer of the pharmaceutical lead candidate MA-022a to HBC Immunology, a joint venture U.S. entity . Early studies indicate that MA-022a significantly reduces asthma-related symptoms by targeting eosinophilic inflammation, positioning it as a potential breakthrough treatment for allergic asthma. This development aligns with the company's broader strategy of leveraging marine-derived bioactive compounds for pharmaceutical innovation.

Further, the company published a peer-reviewed study on the immune-modulating properties of OmeGo® in the *International Journal of Molecular Science*. This research highlights OmeGo®'s potential role in supporting immune system recovery following acute respiratory infections, providing further validation of its health benefits.

The company continued to strengthen its operational and financial position during the quarter. A key milestone was the accreditation

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of its laboratory in Midsund to ISO 17025 standards, enabling in-house microbiological analyses. This certification improves quality control and reduces reliance on third-party laboratories, enhancing operational efficiency.

### Third quarter

The third quarter of 2024 marked another period of sustained revenue growth for the company. However, this revenue growth came at the expense of a temporary gross margin reduction, driven by one-off production issues that have since been fully resolved. New management with focus on operational efficiency and accountability, led to improved capacity utilization and production quality.

In the business-to-business (B2B) human nutrition segment, revenue surged by 91% compared to the previous year. This growth was primarily driven by strong demand in Europe for CalGo® and increased ProGo® sales in Asia. The company strengthened its distributor network and conducted key customer meetings across Asia, including Japan, Indonesia, Thailand, and Taiwan. Participation in the Food Ingredients Asia event in Indonesia provided additional market exposure and new business opportunities.

Consumer and pet health sales continued to expand, with Brilliant Petcare securing a key agreement for Brilliant Salmon Oil to enter the Fressnapf marketplace, Europe's largest pet retailer. Core product sales remained strong, with the 100ml trial-size Brilliant Salmon Oil performing well in Italy and the Calcium Collagen Powder showing positive sales momentum in the UK. As a result, retailers such as Pets at Home UK expanded their offerings, further boosting category performance.

The company continued to make progress in R&D, publishing a groundbreaking White Paper on OmeGo® titled *"Viral Recovery and Enhanced Immune Health with Natural, Full-Spectrum Omega Salmon Oil"*. Another significant research milestone was the publication of a study in the journal Marine Drugs, demonstrating that ProGo®'s clinically significant 6-7% weight loss effect over six to eight weeks is attributed to GLP-1 modulation. These findings provide a strong foundation for further exploration into identifying the specific peptide responsible for this effect, with planned studies in 2025. Advancements were also made in drug discovery, when HBC Immunology completed preclinical xenograft studies on FT-002a, a peptide derived from ProGo® intended as a co-therapy for prostate cancer. The novel oral formulation, FT-002a-O, demonstrated significant enhancement of the anti-tumor effects of enzalutamide, the market-leading androgen receptor inhibitor. Further studies will continue, with an Investigational New Drug (IND) application on track for the second half of 2025.

In clinical trials, the company completed a 120-subject study on the effects of OmeGo® in urban environments with high pollution exposure. This study, designed based on the successful COVID-19 pilot trial, evaluated cough and sleep improvement as primary and secondary endpoints. Preliminary results are encouraging. Research also progressed on SPHi peptides for gastrointestinal health, with Stanford University preparing for a proof-of-concept clinical trial in inflammatory bowel disease, pending regulatory approval.

The company continued expanding its raw material sourcing capabilities, increasing annualized capacity utilization to 78% in the third quarter. To support future scalability, the cold storage expansion project was started, addressing a critical bottleneck in capacity utilization.

### Fourth quarter

HBC continued to build on a year of strong performance, ending the quarter with renewed momentum across all segments. This strong performance was driven primarily by the high-margin human nutrition business, where a shift toward premium products has resulted in over 100% year-on-year growth in the quarter. Notably, the B2B segment recorded strong sales of CalGo® and OmeGo®, with B2B gross margins improving.

The pet and feed segment also delivered record-high long-term contracts, underpinning the company's competitive position even in a challenging commodity pricing environment. Consumer health returned to growth in Q4, with revenue in this segment increasing by 33% compared to the same quarter in 2023. Enhanced retail distribution channels, including renewed traction in both brick-and-mortar and e-commerce, further contributed to this rebound.

A strategic expansion in the U.S. market was a key focus during the quarter with new strategic retail partnerships and signed a significant U.S. brand launch for OmeGo® scheduled for the end of Q1 2025, thereby laying the groundwork for sustained future growth.

The fourth quarter saw continued strides in scientific research and clinical validation, bolstering the company's reputation for innovation. In the realm of human nutrition, a key R&D highlight was the publication in the peer-reviewed journal *"Marine Drugs"*. The paper detailed the GLP-1 and GIP agonist activities of ProGo®, elucidating the mechanism behind its weight loss effect in overweight adults. This publication not only reinforces the product's efficacy but also sets the stage for further dose-optimization studies aimed at achieving similar benefits at lower doses.

OmeGo® research has also advanced significantly. A dedicated clinical study investigating its immune-supporting properties in urban-dwelling subjects, exposed to particulate matter pollution, demonstrated promising improvements in respiratory function, sleep quality, and reduced coughing symptoms. These encouraging top-line results will be submitted for publication early in 2025, further substantiating the health benefits of our unrefined salmon oil.

The bone health portfolio continued to yield encouraging findings. Interim analysis from the ongoing CalGo® study has indicated its potential in preventing further bone thinning in osteopenic women, with early signs of increased bone mass. Full results are anticipated in the end of 2025 and are expected to underscore CalGo®'s role in the prevention of osteoporosis.

Additional preclinical work on osteoarthritis has shown that the novel NT-II™ formulation may offer superior joint healing effects when compared to traditional alternatives. Meanwhile, research into the oncology pipeline has progressed with animal model studies on the peptide candidate FT-002a. Early data demonstrate significant anti-tumor activity in models of aggressive prostate cancer, and further studies are underway, with more detailed results expected early in 2025.

In parallel, studies on MA-022s, an analogue derived from OmeGo®, have provided promising data in animal models of eosinophilic (allergic) asthma, showing reductions in key pathological markers such as goblet cell hyperplasia and smooth muscle hypertrophy. HBC will prepare a clinical trial of its SPHi peptides for inflammatory bowel disease in H1 2025, a project that will be spearheaded by Stanford's School of Medicine pending IND approval. These R&D efforts collectively reinforce the company's leadership in leveraging marine-based bioactives for advanced nutritional and therapeutic applications.

Operational efficiency was a central theme in the fourth quarter, and the company executed a significant restructuring program to create a leaner and more scalable organization moving into 2025.

Product mix improvements and higher pricing in key segments drove a notable increase in gross margins and operational metrics also improved markedly with capacity utilization reaching 89% in the quarter, a reflection of both enhanced production efficiency and optimized supply chain management.

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## Financial results

### Revenues and profits

The Group generated gross operating revenues of NOK 265.5 million in 2024, including net revenues from the sale of patents of NOK 8.1 million, up from NOK 218.5 million in 2023. Correspondingly, the parent company recorded gross revenues of NOK 267.0 million, compared to NOK 218.4 million in 2023. Operating costs, excluding depreciation and amortization, amounted to approximately NOK 330.8 million in 2024, compared with NOK 284.6 million in 2023. For the parent company, operating expenses were around NOK 319.4 million in 2024 versus NOK 272.7 million in 2023.

The Group reported an operating loss of NOK 105.1 million in 2024, compared with a loss of NOK 102.5 million in 2023, while the parent company's operating loss was NOK 88.4 million in 2024 versus NOK 86.4 million in 2023. Net financial result for the Group was NOK -20.2 million in 2024, compared with NOK -4.2 million in 2023; for the parent company, the net financial result was NOK -9.5 million in 2024 and NOK -6.6 million in 2023.

Consequently, the Group's loss before tax amounted to NOK 125.3 million in 2024, as opposed to NOK 106.7 million in 2023, while the parent company's loss before tax was NOK 97.9 million in 2024 compared to NOK 93.0 million in 2023. With no tax expense recognized in either period, the Group's net loss for the year stood at NOK 125.3 million in 2024, compared with a net loss of NOK 106.7 million in 2023; correspondingly, the parent company recorded a net loss of NOK 97.9 million in 2024 versus NOK 93.0 million in 2023..

### Financial position

As of 31 December 2024, the Group's consolidated balance sheet totaled NOK 339.4 million, down from NOK 390.1 million at the end of 2023. The Group's equity increased to NOK 59.4 million in 2024, corresponding to an equity ratio of 17.5%, compared to NOK 41.1 million 10.5% equity ratio) at the end of 2023. The parent company's balance sheet total was NOK 377.3 million in 2024 compared to NOK 396.7 million in 2023, with equity amounting to NOK 120.4 million in 2024 versus NOK 74.6 million in 2023; the corresponding equity ratio for the parent company was 31.9% in 2024 versus 18.8% at the end of 2023.

At year-end 2024, the Group held cash and cash equivalents of NOK 25.6 million, up modestly from NOK 23.9 million at the end of 2023. Including available credit facilities, the Group had total liquidity of NOK 44.8 million.

At the end of 2024 the Group had NOK 25.1 million in long-term interest-bearing debt, compared to NOK 0.3 million last year. The parent company had NOK 25.1 million and NOK 0 million respectively. The group had NOK 86.6 million in long term lease liabilities per year end and NOK 71.9 million in 2023. The parent company had NOK 96.8 million and NOK 80.3 million respectively. The Group had short-term interest-bearing debt of NOK 48.0 million from draw down credit facilities, compared to NOK 28.9 million last year. The parent company had NOK 47.7 million and NOK 28.4 million for 2024 and 2023 respectively. Short-term lease obligations amounted to NOK 11.2 million per year end of 2024, compared to NOK 10.8 million in 2023 for the Group. The parent company had short-term lease liabilities of NOK 9.4 million and NOK 8.9 million for 2024 and 2023. Other current liabilities amounted to NOK 15.6 million for the Group, compared to NOK 157.0 million per year end 2023. New share issue in January 2024, of NOK 144 million, led to reduction of other current liabilities of NOK 144 million, and strengthened the equity with NOK 144 million.

### Cash flows

For the full year 2024, the Group's cash flow from operating activities amounted to NOK −9.8 million, compared to a positive cash flow of NOK 2.8 million in 2023. Net cash flow from investing activities was NOK −4.1 million in 2024, an improvement over NOK −15.0 million in 2023. Financing activities generated a net cash inflow of approximately NOK 15.5 million in 2024, compared to NOK 3.7 million in 2023. Consequently, the net change in cash and cash equivalents for 2024 was NOK 1.7 million, resulting in an ending balance of NOK 25.6 million, up from NOK 23.9 million at the close of 2023. The parent company's cash flows were as follows: operating activities of NOK 6.5 million, investing activities of NOK -4.0 million, and financing activities of NOK -2.0 million for 2024, compared with NOK 15.3, NOK -14.9 and NOK -8.9 million in each category in 2023.

### Going concern

In accordance with the accounting act § 3-3a we confirm that the condition for continued operations is present and that the annual report have been prepared based on the going concern assumption.

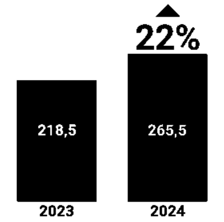
The company has a credit facility of 67 million, whereas 19.3 million is available as of the end of the year. Additionally, the board has been authorized by the general meeting held on 10 May 2024 to issue up to 79,016,200 new shares. These authorizations are intended to be utilized in case the parent company requires additional equity and liquidity.

As of 31 December 2024, the Company is not in breach with any covenants or loan conditions. Refer to note 16 for more details on the group's and the parent company's interest-bearing debt conditions, as well as note 18 for information on liquidity risk and maturity structure of the group's liabilities.

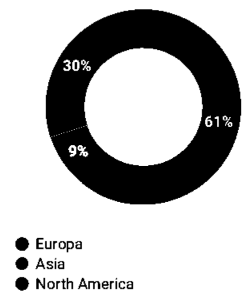
The operations of the Group are subject to uncertainty with respect to its ability to sell products at favourable margins and maintain adequate cash reserves. If additional resources are needed to ensure continuity of operations and support planned activities aimed at generating positive cash flow and profitability, the Board will consider appropriate measures such as obtaining loans or equity.

The current outlook indicates a positive trend, and the Board will take necessary steps to sustain this momentum. If the group and the parent company do not achieve planned market measures adequately, new loan facilities or share issues will be established in 2025.
Due to the factors described above, there is uncertainty for the Company to continue as a going concern over the next 12 months. Assuming a going concern, the group's and the parent company's assets and values are currently present. However, the value of some of the group's and the parent company's assets may be lower than their carrying amounts in a potential forced sale related to liquidation. This uncertainty is primarily related to the value of intangible assets, fixed assets, financial assets, and investments, as well as the value of inventories.

Total operating revenue
NOKm




Geografical spread revenue




Consolidated balance
NOKm

339.4
2024

390,0
2023

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**Allocation of earnings**
Net loss for the parent company Hofseth BioCare ASA is NOK -97.9 million in 2024. The board proposes the following allocation of the loss:

| | |
|---|---|
| Uncovered loss: | -97.9 million |
| Total: | -97.9 million |

## Risk and risk management

**Risk management**
The Group operates in an industry exposed to multiple risk factors. These risks stem not only from inherent production processes but also from external factors such as supplier conditions, customer dynamics, evolving regulatory frameworks, and broader market trends. Any adverse developments in these areas may negatively affect the Group's business, financial position, and its ability to execute projects. For a more detailed discussion, please refer to note 18 "Financial Risk Management" in the financial statements.

**Operational risk**
The biotechnology sector is characterized by tightly integrated and interdependent production processes. At Hofseth BioCare, production is highly integrated across various stages, meaning that any disruption in a single step could halt part or all the production line. In recent years, significant improvements have been made to the production lines, providing enhanced resilience in the event of a breakdown in one component. Comprehensive monitoring systems are in place, and staff continuously optimize processes to maintain operational continuity. Contingency measures have been implemented and are monitored in real time to ensure that, should a critical function fail, alternative processes can be quickly activated. The expertise and stability of the workforce, especially at the Midsund plant, where most production occurs, remain essential in mitigating downtime and protecting revenues.

**Market risk**
The Group mitigates market risk by diversifying its geographical footprint and market segments. With distributors operating in more than 60 countries, local market expertise is leveraged to tailor sales strategies across Europe, North America, and Asia. In addition to targeting multiple segments within human nutrition, such as sports nutrition, supplements, and health foods, the Group also serves the pet and feed industries, further reducing reliance on any single market.

Recent geopolitical uncertainties, including ongoing wars and significant political changes observed in 2024 and anticipated into 2025, have added a layer of complexity to the global market environment. These developments can disrupt supply chains, alter regulatory landscapes, and affect consumer confidence, potentially leading to fluctuations in demand and pricing. The Group actively monitors these geopolitical risks and is prepared to adjust its market strategies to mitigate any adverse impacts on sales and overall business performance.

**Foreign exchange risk**
Hofseth BioCare conducts transactions in multiple currencies, primarily US dollars and Euros. Exchange rate fluctuations inherently affect both the cost of raw materials and the pricing of products sold internationally. The uncertainty stemming from global geopolitical tensions, exacerbated by conflicts and political shifts seen in 2024 and expected to continue into 2025, has increased the volatility of currency markets. These uncertainties can lead to unpredictable swings in exchange rates, impacting revenue streams and cost structures.

To manage this exposure, the Group employs currency hedging strategies designed to stabilize cash flows and provide more predictable cost bases. However, despite these measures, residual volatility remains a challenge. Continuous monitoring and agile financial planning are essential to navigate these turbulent conditions, ensuring that the Group can respond effectively to rapid changes in the global economic landscape.

**Interest rate risk (own financing, deposits)**
Changes in general interest rates can influence the cost of financing as well as the value of the Group's assets. Given the reliance on external financing and the management of deposits, fluctuations in interest rates are closely monitored as part of the broader risk management strategy.

**Credit risk**
To minimize potential losses from customer defaults, the Group continuously assesses the creditworthiness of its customers. All receivables are either insured through Coface Norway or secured via upfront cash payments prior to shipment. By targeting medium to large, well-established business associates with robust credit ratings, Hofseth BioCare limits its exposure to credit risk while supporting a stable marketing and distribution strategy.

**Financial and liquidity risk**
Liquidity management is a central component of the Group's risk strategy. As of 31 December 2024, the Group reported cash and cash equivalents of NOK 25.6 million, with total available liquidity, including credit facilities, amounting to NOK 44.8 million. The Group closely monitors its cash flow forecasts monthly to ensure that adequate cash reserves and credit lines are maintained.

The credit facility balance drawn and the total facility amount are reported as NOK 48 million and NOK 67 million, respectively. These measures help safeguard against unforeseen cash shortages and support ongoing investment and operational needs.

**Risk insurance**
While proactive risk management is in place, certain risks cannot be entirely eliminated through internal controls. Hofseth BioCare mitigates these residual risks through a comprehensive insurance portfolio. The insurance coverage includes business interruption, equipment and property damage, third-party and product liability, directors' and officers' liability, as well as various personnel-related risks.

**Injury and illness absence**

| | Berkåk 2024 | Midsund 2024 | Adm. 2024 | Group 2024 |
|---|---|---|---|---|
| Total absence (%) | 1.65 | 6.05 | 2.50 | 4.56 |
| Total working hours (all) | 13 536 | 69 423 | 30 760 | 113 719 |
| -specification: | | | | |
| Short term absence (%) | 1.65 | 4.40 | 0.86 | 3.14 |
| Long term absence (%) | 0.00 | 1.61 | 1.64 | 1.43 |
| Number of injuries | 2 | 4 | 0 | 6 |
| Number of work-related accidents | 0 | 8 | 0 | 8 |

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**Organization**
Hofseth BioCare AS was founded in 2009, with the conversion to a publicly listed company (ASA) in 2011. At the end of 2024, Hofseth BioCare Group had a total of 78 employees. The company`s work related to the Equality statement(ARP statement) is described in the company`s ESG report, which is avaliable on the company`s webpage.

**Working environment**
The group's working environment is considered good. The Board emphasizes great importance and priority to reduce absenteeism and preventing injuries. One work-related accident occurred during the year that resulted in absence. Long-term absence in 2024 was 1.43%, compared to 2.32 % in 2023, shortterm absence was 3.14 %, compared to 1.55 % in 2023. Total absence was 4.56 % in 2024 compared to 3.87 % in 2023. Risk analysis is the basis for measures to be taken to prevent damage or other adverse events to occur. This is a key element in Hofseth BioCare's work with HSE. Understanding risk is essential to prevent dangerous situations. This will be handled continuously and HSE training is considered good. Risk analysis work is being followed up continuously. If HSE non-conformities occur, measures will be put in place to prevent such non-conformities from happening again. Further training on preventive measures, food safety procedures and emergency drills were initiated during 2023. Hofseth BioCare has a partnership with Medi3 who takes care of occupational health in the Group. All employees will also in 2024 undergo a medical examination. For HBC Berkåk AS an occupational health agreement has been established with Falck. This is a requirement for all companies that belong to our industry group ref. Section 13 of the Regulations for organization, leadership, and participation.

**Equality**
Hofseth BioCare aims to practice equality and avoid discrimination in all aspects of our HR and recruitment policies. Hofseth BioCare actively works consciously to equally promote recruitment of female and male managers and employees. At the end of 2024, 17 of 78 employees in Hofseth BioCare were female, 1 of 4 members of the management team were female, and on the Board of Directors, 3 of 6 members were female.

**Environment**
Hofseth BioCare is working to reduce its environmental impact in several areas. The main environmental impact is related to the plant in Midsund. The emissions are mostly associated with the production process which incur some emissions to air and sea, although we aim to always satisfy the restrictions for such emission.

Hofseth BioCare is also working on minimizing its total energy consumption. All organic material that has not been heat-treated goes through a treatment plant and is treated with acid with the right pH and holding time before it is discharged into the sea. Hofseth BioCare has routines for sampling and measurement of wastewater to be within the imposed requirements. All waste from the production at Midsund are sorted and delivered to recycling, or disposal as hazardous waste. Organic waste from the process is delivered to approved manufacturers of biogas. Residual waste is collected in a separate compactor and delivered to the incinerator. Plastic, cardboard and paper are sorted and delivered to recycling. Waste from our laboratory is collected and delivered in special containers as special waste. Steel and electric waste is delivered to an approved landfill.

Hofseth BioCare transports mainly by road and sea. This applies to both inbound transport of raw materials and outbound products to our customers around the world. Through the optimization of transport and raw material sourcing within Møre og Romsdal, the group aims to reduce the need for long-haul operations. Transport of finished products are mainly to Europe, Asia and the United States. For Europe, transport by road, by railway, or sea. To the United States and Asia, we transport by sea. The group intends to transport more goods by rail and boat if solutions for such transport can compete with road transport regarding speed and infrastructure.

**Corporate social responsibility.**
See separate ESG report prepared about the strategy to take an active responsibility around our business. This is published on the company`s webpage at the date of publication of the Annual report.

**Transparancy act**
The company will publish a separate report on the company`s webpage before 30.06.2025.

**Shareholders**
At the end of the year the company had 1,520 shareholders. For further details about the shareholders, see note 24 to Hofseth BioCare ASA's financial statements. The company has no provisions restricting the right to sell the Company's shares.

**Related parties**
Related party transactions are made on commercial terms in accordance with the «arm's length» principle. A complete and detailed overview of transactions with related parties is included in note 6 to Hofseth BioCare ASA's financial statements.

**Corporate governance**
Hofseth BioCare ASA aims to maintain a high standard of corporate governance. A healthy corporate culture is the key to retain confidence in the company, ensuring access to capital and ensuring a high degree of value creation over time. All shareholders are treated equally and there should be a clear divide of roles and responsibilities between the Board and management.

Hofseth BioCare follows the Norwegian Code of Practice for Corporate Governance of 30 October 2014. A more complete description of how Hofseth BioCare follows the recommendation and the 15 provisions, can be found on https://hofsethbiocare.com/investors/corporate-governance

**Outlook**
Hofseth BioCare enters 2025 with renewed determination to advance its sustainable business model and realize our vision of improving lives through science-led marine nutrition. Building on the strong foundations and strategic achievements of 2024, including robust market performance, significant R&D progress, and resilience in a complex global environment, we are confident in our ability to drive continued growth and innovation in both human and pet nutrition.

Total employees
Hofseth BioCare Group

**78**

## Content



During 2024, the Group achieved meaningful market expansion while reinforcing our commitment to clinical research and product development. As we look ahead, we will further broaden our geographical footprint and deepen our presence in high-value market segments by leveraging our diverse portfolio of traceable marine ingredients and finished products. Our targeted international promotions, strategic e-commerce initiatives, and close collaboration with key distribution partners will help us navigate ongoing geopolitical uncertainties and adjust our strategies as needed.

Our commitment to R&D remains the cornerstone of our differentiation. Collaborating with esteemed research institutions and clinical partners, we will further elucidate the therapeutic benefits of our products, paving the way for new applications and innovative formulations that address evolving consumer needs. Strengthened by an improved financial position and prudent cost management, we are well positioned to capitalize on emerging growth opportunities. Our focus in 2025 is on achieving further sales growth and transitioning to a positive EBITDA while upholding rigorous financial discipline and long-term value creation.

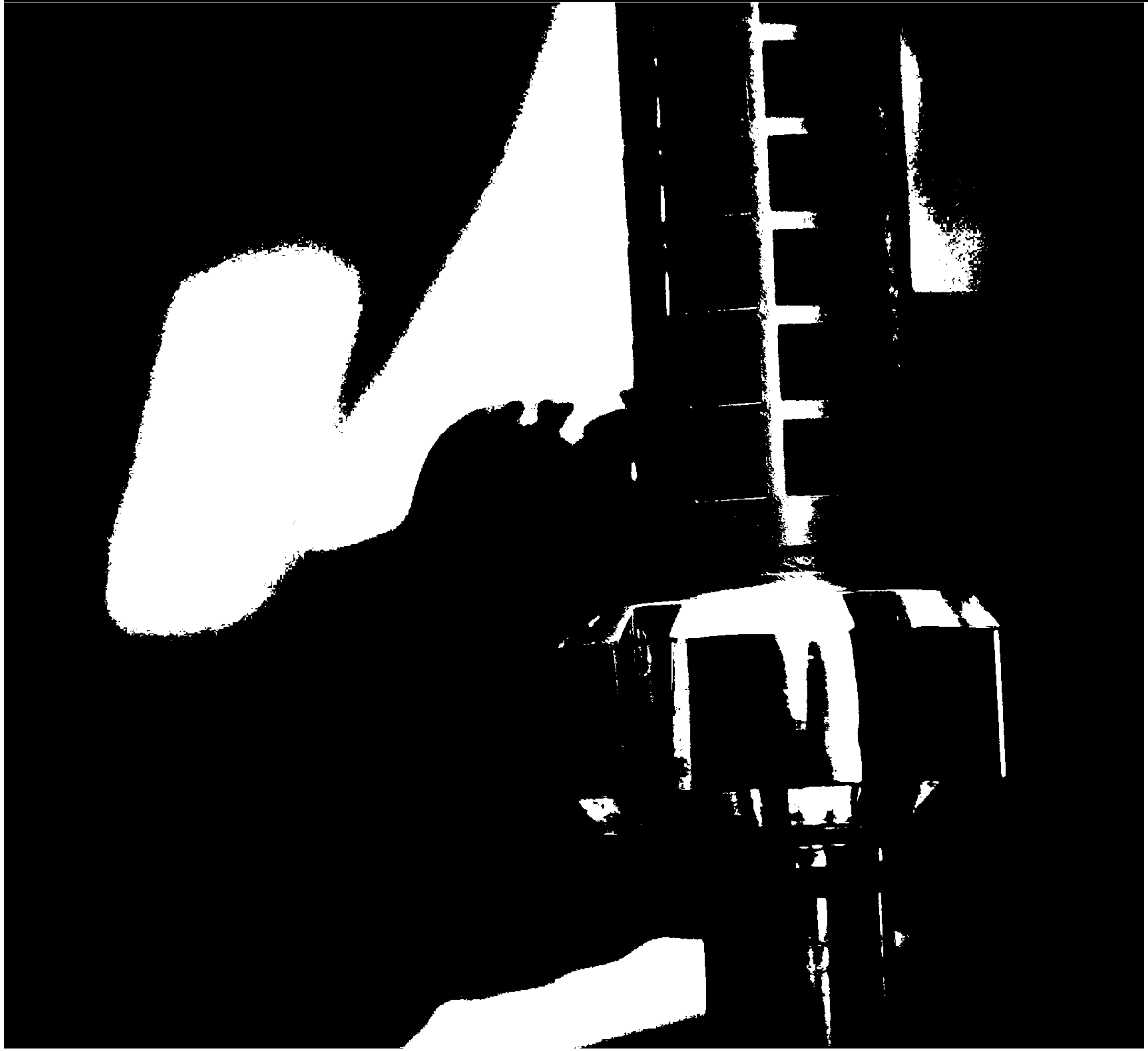
Sustainability continues to be deeply embedded in our DNA as we upcycle fresh marine resources into high-value bioactive ingredients, contributing to both improved health outcomes and a circular economy.

A key strategic initiative for the next two years, is the expansion of our production capacity at the Berkåk facility. In a strategic partnership with Symrise, which invested EUR 5 million and an exclusive global distribution agreement for their key customers, we will convert the Berkåk site into a state-of-the-art enzymatic hydrolysis plant. This investment, supported by bank and leasing facilities, will triple our current production capacity. We expect to start production medio 2027.

With a dedicated team, a robust portfolio, and clear strategic priorities, Hofseth BioCare is well-prepared to navigate the challenges and opportunities of the coming year. As we move into 2025, our focus remains on sustainable growth, innovation, and creating long-term value for our stakeholders, all while transforming fresh marine resources into premium nutritional ingredients.

Hofseth BioCare ASA Board of Directors,
Ålesund, 11 April 2025

| | | |
|---|---|---|
| Linda Christin Hoff<br>Chair of the board | Maria Bech<br>Board member | Crawford Currie<br>Board member |
| Christoph Baldegger<br>Board member | Amy Novogratz<br>Board member | Roger Hofseth<br>Board member |
| | Jon Olav Ødegård<br>CEO | |



# Financial statements

## Consolidated and parent company

## Content



# Content Financial statements and notes

## Content



# Statement of comprehensive income

**Hofseth BioCare ASA – 1 January – 31 December**

| | | Consolidated (IFRS) | | Parent company (IFRS) | |
|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Note | **31.12.2024** | 31.12.2023 | **31.12.2024** | 31.12.2023 |
| **Operating revenues and expenses** | | | | | |
| Sales revenues | 3, 6 | 256 825 | 190 815 | 256 699 | 190 720 |
| Gain on sale of assets | 3, 6, 22 | 8 122 | 23 637 | 8 122 | 23 637 |
| Other income | 3 | 592 | 4 059 | 2 206 | 4 061 |
| **Total operating revenue** | | **265 539** | **218 511** | **267 026** | **218 418** |
| Cost of sales | 2, 4, 6 | 169 553 | 150 686 | 168 537 | 149 196 |
| Salaries and other payroll expenses | 5 | 70 670 | 58 275 | 60 304 | 51 659 |
| Other operating expenses | 4, 6, 14 | 90 617 | 75 665 | 90 589 | 71 821 |
| Depreciation and Write-downs | 10, 11, 12 | 39 781 | 36 413 | 36 023 | 32 188 |
| **Operating profit/loss (EBIT)** | | **-105 081** | **-102 529** | **-88 427** | **-86 445** |
| Profit/loss(-) from associated company/joint venture | 22 | -7 484 | 2 541 | 0 | 0 |
| Financial income | 7 | 9 015 | 6 597 | 11 837 | 7 933 |
| Financial expenses | 6, 7, 12, 22 | 21 749 | 13 293 | 21 308 | 14 484 |
| **Net financial expenses** | 15, 18 | **-20 219** | **-4 155** | **-9 470** | **-6 551** |
| **Loss before taxes** | | **-125 300** | **-106 684** | **-97 898** | **-92 996** |
| Tax expense | 8 | 0 | 0 | 0 | 0 |
| **Net loss for the period** | 2 | **-125 300** | **-106 684** | **-97 898** | **-92 996** |
| Other comprensive income and costs | | 0 | 0 | 0 | 0 |
| **Total comprehensive income** | | **-125 300** | **-106 684** | **-97 898** | **-92 996** |
| Comprehensive income attributable to: | | | | | |
| Shareholders in HBC ASA | | -125 298 | -106 684 | | |
| Non-controlling interest | | -2 | -1 | | |
| **Total** | | **-125 300** | **-106 684** | | |

| | | Consolidated (IFRS) | | Parent company (IFRS) | |
|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Note | **2024** | 2023 | **2024** | 2023 |
| **Earnings per share** | | | | | |
| Basic earnings per share | 9 | -0.30 | -0.27 | -0.24 | -0.24 |
| Diluted earnings per share | 9 | -0.30 | -0.27 | -0.24 | -0.24 |

## Content



# Statement of financial position

**Hofseth BioCare ASA – 1 January – 31 December**

| (Amounts in NOK 1 000) | Note | Consolidated (IFRS) 31.12.2024 | Consolidated (IFRS) 31.12.2023 | Parent company (IFRS) 31.12.2024 | Parent company (IFRS) 31.12.2023 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Non-current assets | | | | | |
| R&D, patents etc. | 2, 10 | 42 430 | 55 284 | 42 430 | 55 284 |
| **Total intangible assets** | | **42 430** | **55 284** | **42 430** | **55 284** |
| Machinery and equipment | 11 | 41 802 | 52 775 | 38 622 | 48 135 |
| Right of use assets | 12 | 93 724 | 109 638 | 77 147 | 90 762 |
| Fixtures and fittings | 11 | 2 458 | 3 290 | 2 458 | 3 290 |
| **Total fixed assets** | 2 | **137 983** | **165 703** | **118 227** | **142 187** |
| Investment in subsidiary | 7, 22 | 0 | 0 | 11 231 | 11 231 |
| Investment in associate and joint venture | 22 | 45 699 | 37 691 | 47 080 | 33 033 |
| Non-current financial assets | 15 | 1 247 | 439 | 1 247 | 439 |
| **Total non-current financial assets** | | **46 946** | **38 130** | **59 559** | **44 703** |
| **Total non-current assets** | | **227 359** | **259 116** | **220 216** | **242 174** |
| Current assets | | | | | |
| Inventory | 2, 6, 19 | 55 917 | 82 542 | 55 203 | 81 439 |
| Trade receivables | 2, 6, 20 | 18 853 | 14 849 | 18 716 | 14 094 |
| Other current receivables | 5, 20 | 11 716 | 9 721 | 59 885 | 36 259 |
| Cash and cash equivalents | 21 | 25 577 | 23 890 | 23 232 | 22 751 |
| **Total current assets** | 14, 15 | **112 063** | **131 003** | **157 035** | **154 543** |
| **Total assets** | 2, 25 | **339 422** | **390 119** | **377 251** | **396 716** |

| (Amounts in NOK 1 000) | Note | Consolidated (IFRS) 31.12.2024 | Consolidated (IFRS) 31.12.2023 | Parent company (IFRS) 31.12.2024 | Parent company (IFRS) 31.12.2023 |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| Equity | | | | | |
| Paid in equity | | | | | |
| Share capital | 5, 24 | 4 111 | 3 951 | 4 111 | 3 951 |
| Share premium | | 55 934 | 37 876 | 116 311 | 70 661 |
| Other paid in equity | | 0 | 0 | 0 | 0 |
| **Total paid in equity** | | **60 044** | **41 827** | **120 422** | **74 612** |
| Retained earnings | | | | | |
| Other paid in equity | | 0 | 0 | 0 | 0 |
| Total retained earnings (+) Uncovered loss (-) (attributable to equity holders of the parent) | | 0 | 0 | 0 | 0 |
| Non-controlling interests | 22 | -689 | -687 | 0 | 0 |
| **Total equity** | 2, 6 | **59 356** | **41 140** | **120 422** | **74 612** |
| Non-current liabilities | | | | | |
| Interest-bearing loans and borrowings | 6, 13 | 25 100 | 271 | 25 100 | 0 |
| Lease liabilities | 6, 12, 13 | 86 543 | 96 831 | 71 822 | 80 248 |
| **Total non-current liabilities** | 16, 17, 18 | **111 643** | **97 102** | **96 922** | **80 248** |
| Current liabilities | | | | | |
| Interest-bearing loans and borrowings | 6, 16, 13 | 48 020 | 28 893 | 47 750 | [illegible] 353 |
| Lease liabilities | 6, 12, 13 | 11 217 | 10 794 | 9 412 | [illegible] 950 |
| Trade payables | 6, 23 | 93 629 | 55 161 | 88 659 | [illegible] 037 |
| Other liabilities | 23 | 15 557 | 157 029 | 14 087 | [illegible] 518 |
| **Total current liabilities** | 16, 17, 18 | **168 424** | **251 877** | **159 908** | **241 857** |
| | | | | | |
| **Total liabilities** | 14, 16, 18 | **280 067** | **348 979** | **256 829** | **[illegible] 104** |
| **Total equity and liabilities** | 2, 25 | **339 422** | **390 119** | **377 251** | **396 716** |

Linda Christin Hoff
Chair of the board

Maria Bech
Board member

Crawford Currie
Board member

Christoph Baldegger
Board member

Amy Novogratz
Board member

Roger Hofseth
Board member

Jon Olav Ødegård
CEO

## Content



# Statement of cash flows

**Hofseth BioCare ASA – 1 January – 31 December**

| | | Consolidated (IFRS) | | Parent company (IFRS) | |
|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Note | **31.12.2024** | 31.12.2023 | **31.12.2024** | 31.12.2023 |
| **Cash flow from operating activities** | | | | | |
| Loss before tax | | -125 300 | -106 684 | -97 898 | -92 996 |
| Paid tax | 8 | 0 | 0 | 0 | 0 |
| Write down shares | 22 | 0 | 0 | 1 444 | 0 |
| Gain on sale of assets | 22 | -8 122 | -23 488 | -8 122 | -23 488 |
| Depreciation and impairment | 2, 10, 11, 12 | 39 781 | 36 413 | 36 023 | 32 188 |
| Result from associated company/joint venture | 22 | 7 484 | 2 541 | 0 | 0 |
| Change in inventory | 19 | 26 626 | 33 983 | 26 236 | 34 544 |
| Change in trade receivables | 20 | -4 004 | -777 | -4 622 | -291 |
| Change in trade payables | 23 | 38 468 | -90 591 | 39 622 | -91 514 |
| Change in other accruals | | -144 399 | 141 870 | -143 940 | 149 260 |
| Capital increase without cash effect | 23 | 144 000 | 0 | 144 000 | 0 |
| Items classified as financing activities | | 15 685 | 9 493 | 13 803 | 7 626 |
| **Net cash flows from operating activities** | | **-9 780** | **2 761** | **6 547** | **15 328** |
| | | | | | |
| **Cash flow from investing activities** | | | | | |
| Aquisition of tangible fixed assets | 11 | -2 444 | -8 194 | -2 411 | -8 187 |
| Proceed from sale of fixed assets | | 0 | 685 | 0 | 685 |
| Investment in associated company/joint venture | | 0 | -1 615 | 0 | -1 615 |
| Investment in intangible assets | 10 | -1 629 | -5 868 | -1 629 | -5 868 |
| **Net cash flow from investing activities** | | **-4 074** | **-14 992** | **-4 040** | **-14 985** |
| | | | | | |
| **Cash flow from financing activities** | | | | | |
| Transaction costs on issue of shares | | -292 | -215 | -292 | -215 |
| Proceeds from new borrowings | 6, 16, 13 | 25 100 | 0 | 25 100 | 0 |
| Payment of interest | 6, 7, 12, 13 | -15 685 | -9 493 | -13 803 | -7 626 |
| Net change credit facility | 6, 16, 13 | 19 397 | 28 353 | 19 397 | 28 353 |
| Repayment of borrowings | 6, 16, 13 | -541 | -541 | 0 | 0 |
| Payment of lease liabilities | 6, 12, 16, 13 | -12 440 | -13 639 | -10 503 | -11 230 |
| Payment borrowings from subsidiary/joint venture | 23 | 0 | -771 | -21 925 | -18 210 |
| **Net cash flow from financing activities** | 17, 18 | **15 539** | **3 694** | **-2 026** | **-8 928** |
| | | | | | |
| Cash and cash equivalents at 1 January | | 23 890 | 32 427 | 22 751 | 31 335 |
| Net change in cash and cash equivalents | | 1 686 | -8 537 | 481 | -8 585 |
| **Cash and cash equivalents at 31 December** | 21 | **25 577** | **23 890** | **23 232** | **22 751** |

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# Statement of changes in equity

**Consolidated (IFRS)**

| (Amounts in NOK 1 000) | Note | Share capital | Share premium | Other paid in capital | Uncovered loss | Non-con-trolling interests | Total equity |
|---|---|---|---|---|---|---|---|
| As of 1 January 2023 | | 3 951 | 144 765 | 0 | 0 | -686 | 148 030 |
| Share based payment program | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share issue cost | | 0 | -215 | 0 | 0 | 0 | -215 |
| Other changes | | 0 | 9 | 0 | 0 | 0 | 9 |
| Net loss for the period | | 0 | -106 682 | 0 | 0 | -1 | -106 684 |
| Other income and costs | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | -106 682 | 0 | 0 | -1 | -106 684 |
| **As of 31 December 2023** | 2, 5, 24 | **3 951** | **37 876** | **0** | **0** | **-687** | **41 140** |
| | | | | | | | |
| As of 1 January 2024 | | 3 951 | 37 876 | 0 | 0 | -687 | 41 140 |
| Share issue January 4th 2024* | | 160 | 143 840 | 0 | 0 | 0 | 144 000 |
| Share issue cost | | 0 | -292 | 0 | 0 | 0 | -292 |
| Other changes | | 0 | -193 | 0 | 0 | 0 | -193 |
| Net loss for the period | | 0 | -125 298 | 0 | 0 | -2 | -125 300 |
| Other income and costs | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | -125 298 | 0 | 0 | -2 | -125 300 |
| **As of 31 December 2024** | 2, 5, 24 | **4 111** | **55 934** | **0** | **0** | **-689** | **59 356** |

On 4th of January 2024 the extraordinary general meeting of HBC approved the offsetting of NOK 144 million into preference class B shares.
Since there is no contractual obligation to repay the amount, nor principal amount or interests, this is classified as equity.

See also note 23.

**Parent company (IFRS)**

| (Amounts in NOK 1 000) | Note | Share capitall | Share premium | Other paid in equity | Uncovered loss | Total equity |
|---|---|---|---|---|---|---|
| As of 1 January 2023 | 2, 5, 24 | 3 951 | 163 872 | 0 | 0 | 167 823 |
| Share based payment program | 5 | 0 | 0 | 0 | 0 | 0 |
| Share issue cost | | 0 | -215 | 0 | 0 | -215 |
| Net loss for the period | | 0 | -92 996 | 0 | 0 | -92 996 |
| Other income and costs | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | -92 996 | 0 | 0 | -92 996 |
| **As of 31 December 2023** | 2, 5, 24 | **3 951** | **70 661** | **0** | **0** | **74 612** |
| | | | | | | |
| As of 1 January 2024 | 2, 5, 24 | 3 951 | 70 661 | 0 | 0 | 74 612 |
| Share issue January 4th 2024* | | 160 | 143 840 | 0 | 0 | 144 000 |
| Share issue cost | | 0 | -292 | 0 | 0 | -292 |
| Net loss for the period | | 0 | -97 898 | 0 | 0 | -97 898 |
| Other income and costs | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | -97 898 | 0 | 0 | -97 898 |
| **As of 31 December 2024** | 2, 5, 24 | **4 111** | **116 311** | **0** | **0** | **120 422** |

Content



# Notes to the accounts

## Note 1 Accounting policies

**General information**
Hofseth BioCare ASA ia a public limited liability company domiciled in Ålesund, Norway. The company`s headquarter is in Keiser Wilhelmsgate 24 in Ålesund, with one manufacturing facility in the municipality of Molde and one manufacturing facility in the municipality of Rennebu. The annual financial statements were approved for issuance by the board of directors 11 April 2025.
The Group`s operation is the processing of fish offcuts into high quality protein and other food supplements.

The company's consolidated financial statements for 2024 consist of the parent company and the subsidiaries HBC Berkåk AS, HBC Therapeutics AS, Hofseth BioCare Rørvik AS, HBC Switzerland GmbH, Hofseth Biocare UK Limited and Hofseth Biocare Americas Holdings Inc. (the Group).

**Basis of preparation**
The consolidated financial statements and the parent company financial statements of Hofseth BioCare ASA have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU as of 31 December 2024, as well as the additional disclosure requirements following from the Norwegian accounting act as of 31 December 2024.

The consolidated financial statements and the parent company financial statements are prepared on the historical cost basis, with the exception of financial instruments that are measured at fair value with changes in value through profit or loss.

The consolidated financial statements and the parent company financial statements have been prepared applying consistent accounting policies for similar transactions and event.

**Basis for consolidation**
(i) Subsidiaries
The consolidated financial statements include Hofseth BioCare ASA and companies controlled by Hofseth BioCare ASA. Companies are determined to be controlled when the Group is exsposed to, or has rights to, variable returns as a result of the involvement from the Group, and the Group is able to influence the returns through its power over the company. All the following criteria must be fulfilled:
- power over the company
- exposed to, or have rights to, variable returns from its involvement in the company invested in, and
- possibility to exercise its power over the company to influence the amount of the returns

(ii) Associated companies
Associated companies are units in which the group has significant influence, but not control over the financial and operational management (normally with an ownership share between 20% and 50%). Significant influence is the power to participate in financial and operational decisions in principle in the company, but where Hofseth BioCare still has no control or joint control. In the case of an ownership interest of less than 20%, in order to be treated as an associated company, it must be clearly demonstrated that significant influence exists, for example through shareholder agreements. The consolidated financial statements include the group's share of profit from associated companies recognized according to the equity method from the time significant influence is achieved and until such influence ceases. When the group's share of negative profit exceeds the value of the investment, the carrying amount of the investment decreases to zero and recognition of additional negative profit ceases. The exception is those cases where the group has an obligation to cover negative results.

(iii) Joint venture
A joint venture is a type of joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exests only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(iv) Elimination of transactions in the consolidation
Group internal balances and any unrealised gains or losses or revenues and costs related to intra Group transactions, are eliminated in full in the consolidated financial statements.

(v) The non-controlling interest in the consolidated financial statements is the non-controlled share to of the Group's equity. In business combinations the non-controlling interest is measured including the non-controlling interest's share of the acquired entity's identifyable net assets. The subsidiary's annual result, together with the individual components recognized in other comprehensive income, is attributable to the parent company and the non-controlling interests. Total comprehensive income is attributed to the share holders of the parent company and to the non-controlling interests even if this results in negative non-controlling interests.

**Functional currency and presentation currency**
The Group's presentation currency is NOK, which is also the functional currency of all Norwegian companies in the Group. The Companies abroad uses local currency as their functional currency. All amounts are presented in NOK 1 000 unless specifically noted.

**Use of estimates when preparing the annual financial statements**
Management has to some extent used estimates and assumptions which have affected assets, liabilities, revenues, expenses, and information of potential commitments. Future events may cause changes in the estimates. Estimates and the underlying assumptions are assessed continuously. Changes in accounting estimates are recognized in the period the changes occur. To the extent the changes also affect future periods, the effect is allocated over the current and future periods. See note 2.

**Foreign currency**
Transactions in foreign currency are translated at the exchange rates prevailing at the date of the transaction. Monetary items in foreign currency are translated at the exchange rate at the balance sheet date. Currency exchange gains and losses are recognized in the income statement and presented as financial income/financial expense.

## Content



**Revenue recognition policies**
Revenues are primarily generated from manufactured own goods within the following product types:
› Salmon oil (OmeGo®)
› Water-soluble protein (ProGo®)
› Calcium (CalGo®)
› Non-soluble protein (PetGo™)

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers with an amount that reflects the consideration that the Group expects to be entitled to in exchange for delivered goods and services. Control is normally transferred to the customer when goods are sent from the warehouse to the customer.

To the extent the customers enter into a contract for the purchase of goods, which the customers wish to continue to store at Hofseth BioCares' warehouse, the consideration is recognized as revenue when control has passed to the purchasing party. The customers have a desire to continue storing on the group's stock as a result of requirements for moisture, temperature, etc. when storing the goods, especially Calcium and Protein. In such sales, there is an agreement of control transfer to the customers for the actual delivery of the goods. The parent company and the group also earn revenues from the service of storing the goods, which are recognized at a fixed price per month in storage.
The Group assesses whether there are obligations in the sales contracts that are separate performance obligations, and for which parts of the transaction price must be allocated or agreed variable payment terms in the contracts. The parent company and the group have offered rights of return when selling from the web-stores to customers in the human market and have factored in an estimated level of returns when calculating revenue. Furthermore, the Group also assesses whether there are significant financing components in the sales contracts (advance payment, extra long credit terms, etc.).

**Trade receivables**
A receivable represents the Group's right to payment of an amount which is unconditional (i.e. the agreed credit time before payment of the consideration falls due). See accounting principles for financial assets' initial recognition and subsequent measurement. Payment terms in the group's customer contracts vary from 0 days to 90 days.

**Segments**
An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses.The Group's operating results are regularly reviewed by the managing director to monitor the Group's results and make decisions about resource allocations.

As the Group has one common and not separable manufacturing process for its products, management focuses its financial review on revenues and quality generated from the manufacturing process. Management monitors the financial results at Group level and, hence, the Group only has one segment. Information about products is presented in note 3.

**Government grants**
Government grants are recognised at the time it is reasonably assurance that the company complies with the requirements stated to be eligible for the grants and will receive payment. Grants relating to operating expenditures are recognised systematically over the grant period. Grants are recognised against the costs the grant is meant to cover. Grants for investments are recognised systematically over the asset's useful lives. Grants for investments are recognised as a reduction to the related assets' carrying amount.

**Employee benefits**
Defined contribution pension plan
A defined contribution pension plan is an arrangement in which the employer pays fixed constributions to a fund or a pension fund, and in which the parent company and the group has no further legal or constructive obligations to pay additional contributions. The contributions are recognized in the income statement as salary related costs in the period in which the employee renders the service.

**AFP pension plan**
The group is affiliated with the AFP scheme, which is a collective pension scheme for the collectively agreed sector in Norway.
Accounting-wise, the scheme is considered a defined benefit multi-employer scheme. However, the group is unable to identify its share of the scheme's underlying financial position and performance with sufficient reliability. Therefore, the scheme is accounted for as a defined contribution scheme.
As a result, obligations from the AFP scheme are not recognized on the balance sheet. Premiums to the scheme are expensed as they accrue.

**Financial income and financial expenses**
Financial income consists of interest income, dividends, foreign exchange gains and gains from sale of financial instruments. Interest income is recognised when earned, calculated using the effective interest rate method, while dividends are recognised on the date of the general meeting approving the dividends.

Financial expenses consist of interest expenses, guarantee commissions, foreign exchange losses and losses from sale of financial instruments. Interest expenses and guarantee commissions are recognized when incurred, calculated using the effective interest rate method.

**Income taxes**
Income tax expenses consist of current taxes payable and changes in deferred taxes. Current taxes payable are taxes payable or tax receivables related to taxable income or loss for the year, based on tax rates substantively enacted at the balance sheet date. Changes in calculated current taxes payable related to prior years are included in the amount.

Deferred tax/deferred tax assets are calculated on all temporary differences between carrying amounts and tax bases for all assets and liabilities on the balance sheet date.
Deferred taxes are calculated using the tax rate expected to be applicable at the time of reversal of the temporary differences.

Deferred tax assets are recognised to the extent the company is expected to have sufficient taxable income in future periods to utilize the tax benefit.The companies recognize previously unrecognized deferred tax assets to the extent it has become likely that the company may utilize the deferred tax benefit. Likewise, the company will reduce deferred tax assets to the extent the company no longer expects that it will be able to utilise the deferred tax benefit.

Deferred tax and deferred tax assets are measured at nominal values. Deferred tax liabilities are presented as provisions/long term liabilities in the balance sheet, while deferred tax assets are presented as intangible assets.

**Intangible assets**
Intangible assets acquired separately are recognised at their cost price. The cost price for intangible assets acquired are recognised at fair value in the Group. Recognised intangible assets are accounted for at cost less any depreciation and impairment write-down.

Internally generated intangibe assets, except for recognised development costs, are not recognised but expensed as incurred.

Intangible assets with finite useful life are depreciated over their useful lives and tested for impairment when impairment indicators are present. Depreciation methods and useful lives are assessed annually.

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as a minimum. Changes to depreciation method and/or useful life are accounted for as estimate changes.

**Patents and licences**
Acquisition costs for patents and licences are recognised and depreciated over their estimated useful lives.

**Development activities**
Expenditures on research are recognised in the income statement as incurred. Expenditures on development activities, including product development (new or improved products) are recognized when all the following criteria are fullfilled:

- It is technically possible to complete the asset / product in such a way that the Group may use or sell the asset /product in the future
- It is management's intention to complete the asset / product, as well as to use or sell the asset / product
- It is possible to use the asset / sell the product
- How the asset / product will generate future revenues can be proven
- The Group has sufficient technological and financial ressources available to complete the asset / development of the product
- The costs can be reliably measured

Recognised costs include cost of material, consultant fees and direct salary costs. Other development costs are recognized in the income statement as incurred. Previously expensed development costs are not subsequently capitalized. Recognised development costs are depreciated on a straight-line basis over the assets / products estimated useful lives.

**Fixed assets**
Fixed assets are measured at cost, less accumulated depreciations and impairment write- downs. Fixed assets are derecognized when sold or disposed of and any gains or losses are recognized in the income statement.
Acquisition cost for fixed assets is the cost price and costs directly associated wih getting the asset ready for its intended use.

Expenditures incurred after recognition of the fixed asset, such as day-to-day maintenance, are recognized in the income statement as incurred, while expenditures expected to generate future economic benefits are recognized in the carrying amount. Depreciation period, depreciation method and residual values are assessed annually.

Fixed assets are carried at cost until manufacturing or development has been completed. Fixed assets under construction are not depreciated until the assets are ready for their intended use.

When significant components of a property, plant and equipment are determined to have different useful lives, they are accounted for as separate components.

Each component of property, plant and equipment is depreciated on a straight-line basis over its estimated useful life, as this is considered to best represent the consumption of the future economic benefits of the assets. Land is not depreciated. Estimated useful life for the current period and depreciation periods are disclosed in note 11. Depreciation method, useful life and residual values are reassessed at the balance sheet date and adjusted if found necessary. When the carrying amount of a fixed asset or a cash-generating unit is higher than the recoverable amount, the asset is written-down to its recoverable amount. Recoverable amount is the higher of value in use and fair value less costs of disposal.

**Investment in subsidiaries, associated companies and joint ventures**
Investments in subsidiaries, associated companies and joint ventures are assessed according to the cost method in the company financial statements. Investments are valued at acquisition cost, unless impairment has been necessary. Write-downs have been made at fair value when impairment is due to reasons that cannot be expected to be temporary. Impairment losses are reversed when the basis for impairment is no longer present.

Dividends and other distributions are recognized as income when adopted at the general meeting of the subsidiaries. If dividends exceed the retained earnings after the acquisition, the excess part represents repayment of invested capital, and the dividends are deducted from the value of the investment in the balance sheet.

**Leases**
For contracts constituting or containing a lease, the company and the group separate lease components if the underlying asset may be used either on its own or together with other resources easily available to the company and the group, and the underlying asset is neither dependent nor interrelated on other underlying assets in the contract. The company and the group then account for each single lease component in the contract as one lease contract separately from the non-lease component in the contract.

At the time of commencement of a lease contract the company and the group recognize a lease liability and a corresponding right of use asset for all leases, except for the following excemptions elected under the standard:

- Short-term leases (lease term of 12 months or less)
- Low value assets

For such leases the company and the group recognize the lease payments as other operating expenses in the profit or loss when incurred.

**Lease liabilities**
The company and the group measure the lease liabilities at the present value of the lease payments to be made over the lease term at the commencement date. The lease term is the non-cancellable period of the lease, in addition to periods covered by options to extend or terminate the lease if it is reasonably certain that the group will (will not) exercise the option.

The lease payments included in the measurement of the lease liability consist of:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable
- Variable lease payments which are dependant on an index or rate, measured for the first time using the index or rate applicable at the commencement date
- Amounts expected to be payable by the company and the group under residual value guarantees
- The exercise price for an option to purchase the asset, if it is reasonably certain that the company and the group will exercise this option
- Termination fee, if the lease term has been determined on the basis that the company and the group will exercise an option to terminate the lease

The lease liability is subsequently remeasured by increasing the carrying amount by an accretion amount on the lease liability, and reduce the carrying amount for lease payments made, as well as potential reassessments or changes to the lease agreement, or to reflect adjustments to lease payments as a result of a change in an index or a rate.

The company and the group do not include variable lease payments in the lease liability. Variable payments are recognized in the profit or loss as incurred. The company and the group presenter the lease liabilities in separate line items in the statement of financial position.

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**Right of use assets**
The company and the group measures right of use assets at cost, less accumulated depreciations and impairment losses, adjusted for potential new measurements of the lease liability.

Cost for the right of use assets comprise:
- The amount established at initial recognition of the lease liabiilty
- All lease payments made at or before the commencement date, less lease incentives received if any
- All direct expenditures incurred for the company and the group related to entering into the agreement

The group applies the depreciation provisions in IAS 16 Property, plant and equipment when depreciating the right of use asset, except for the fact that the right of use asset is depreciated from the date of commencement until the end of the lease period or the end of the asset's useful life, whichever is expected to take place first, unless there is an option to purchase the asset which has been determined to be exercised with reasonable certainty, in which case the right of use asset is depreciated over the expected economic life of the underlying asset.

The group applies IAS 36 «Impairment of assets» in order to determine whether the right of use asset has been impaired and, if this is the case, write it down for impairment.

**Impairment of non-financial assets**
Depreciable fixed assets and intangible assets are assessed for impairment when impairment indicators are identified. Impairment write-downs for the difference between the carrying amount and the recoverable amount are recognised in the income statement.

The recoverable amount for an asset or a cash generating unit is the higher of value in use and fair value less costs of disposal. When assessing value in use, estimated future cash flows are discounted to net present value using a pre-tax market-based discount rate. The discount rate includes the time value of money and asset specific risk. When testing for impairment, assets which are not tested individually are tested at a Group level representing the lowest level of identifiable cash flows which are independent of cash flows from other assets or Groups of assets (cash generating units or CGUs).

Impairment write-downs are recognised to the extent the carrying amount of an asset or cash generating unit exceed the estimated recoverable amount. When recognizing impairment write-downs related to cash generating units, any goodwill impairment is recognized first. Any remaining impairment amount is split pro-rata on other assets in the cash generating unit (Group of cash generating units). Impairments are presented in the line item depreciations and impairments.

For other assets an assessment as to whether there are indications that the impairment is no longer present or reduced is made on the balance sheet date (reporting date). Impairments are reversed if the estimates in the calculation have favourably changed the recoverable amount. Impairment reversals are limited to the carrying amounts being equal to what it would have been if no impairment had been recognised.

**Financial assets**
Financial assets are classified at initial recognition and are subsequently measured at amortized cost, at fair value through other comprehensive income (OCI) or at fair value through profit or loss.

The classification of financial assets on initial recognition depends on both the characteristics of the financial assets' contractual cash flows and the Group's business model for managing these. The Group's business model for managing financial assets refers to how the Group manages its financial assets to generate cash flows. The business model determines whether cash flows will arise by receiving contractual cash flows, or by selling the financial assets or both.

Accounts receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with IFRS 15, see the accounting policies in section on revenue from contracts with customers, and then measured at amortized cost.

Other long-term and short-term receivables, as well as cash and cash equivalents, are recognized at fair value on initial recognition and subsequently at amortized cost.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss, or financial assets that are required to measure at fair value. Financial assets are classified as held for trading if they are purchased for the purpose of being sold or repurchased within a short period of time. Derivatives are also classified as held for trading.

Financial assets at fair value through profit or loss are recognized in the balance sheet at fair value with net changes in fair value recognized in the income statement. The category includes derivative instruments (forward contracts in foreign currency) and long-term equity investments. Dividends on equity investments are recognized as financial income in the income statement when there is a right to payment of dividends. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or the Group has transferred its rights to receive cash flows from the assets.

**Impairment of financial assets**
For accounts receivables and contract assets, the Group uses a simplified approach to calculating expected credit losses (ECL). The Group therefore does not track changes in credit risk, but instead recognizes a loss provision based on expected credit losses over the life of the trade receivable and the contract asset on each reporting date. The Group has established a provision matrix that is based on historical losses, adjusted for future-oriented factors that are specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when it is more than 60 days overdue. In some cases, however, the Group may also consider that a financial asset is in default when internal or external information indicates that the Group is unable to receive the outstanding contract amounts in its entirety before taking into account any credit insurance that the Group has. A financial asset is recognized as a loss when there is no reasonable expectation of receiving contractual cash flows.

Further information on any impairment of financial assets is provided in notes 20, 21 and 22.

**Inventory**
Inventories are measured at the lower of cost and net realisable value. Net realisable value has been estimated as selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for marketing and distribution. Cost is allocated using the FIFO-method and includes expenditures incurred in purchasing the goods, raw material, costs to bring the goods and the raw material to their current condition and location. Owned goods are valued at manufacturing cost and include raw material costs, as well as other variable and fixed production costs that can be allocated based on normal capacity utilization. See note 2 and 19 for more information.

**Cash and short-term deposits**
Cash and short-term desposits in the statement of financial position comprise cash at banks and on hand and short-term higly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to a insignificant risk of change in value.

**Financial liabilities**
Financial liabilities are initially recognized as financial liabilities at fair value through profit or loss.

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Interest-bearing debt and other liabilities are recognized at fair value less transaction costs at the time of establishment. In subsequent periods, loans are recognized at amortized cost using the effective interest rate. For more information see note 16.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading purposes and financial liabilities designated at initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading purposes if they are contractual for the purpose of being sold or repurchased within a short period of time. This category also includes derivative instruments (currency forward contracts). Gains or losses on liabilities held for trading are recognized in the income statement, see note 7.

### Derivatives
The Group uses financial forward exchange contracts (derivatives) to hedge the Group's currency risk. The forward exchange contracts are recognized in the balance sheet at fair value at the time the contract is entered into with the credit institutions, and subsequently the portfolio of forward exchange contracts is adjusted continuously at fair value through profit or loss. The forward exchange contracts are capitalized as financial assets when fair value is positive and as financial liabilities when fair value is negative. See notes 7, 15 and 18.

The Group does not have forward exchange contracts or other derivatives that are considered hedging instruments in hedging terms as defined in IFRS 9.

### Provisions
A provision is recognised when the company has an obligation (legal or constructive) as a result of a past event, it is likely (more likely than not) that payment will be made as a result of the liability and the amount can be measured reliably. If the effect is significant, the provision is measured at the discounted value of future cash outflows using a pre-tax discount rate reflecting the market's pricing of the time value of money and, if relevant, the risks specifically related to the liability.
A provision for a guarantee is recognised when the underlying products or services are sold. The provision is based on historical information about guarantees and a weighting of potential outcomes against their likelihood of occuring.

Provisions for onerous contracts are recognised when the company's expected revenues from a contract is lower than the unavoidable costs of meeting the obligations under the contract.

### Contingent liabilities and contingent assets
Contingent liabilities for which it is not likely that the liability will incur are not recognized in the financial statements. Significant contingent liabilities are disclosed, except for contingent liabilities related to which it is remote that payment will have to be made.

Contingent assets are not recognised in the financial statements unless they are virtually certain. Other contingent assets are disclosed if it is likely that an economic benefit will be received by the Group.

### Going concern
In accordance with the accounting act § 3-3a we confirm that the condition for continued operations is present and that the annual report have been prepared based on the going concern assumption.

The company has a credit facility of 67 million, whereas 19.3 million is available as of the end of the year. Additionally, the board has been authorized by the general meeting held on 10 May 2024 to issue up to 79,016,200 new shares. These authorizations are intended to be utilized in case the parent company requires additional equity and liquidity.

As of 31 December 2024, the Company is not in breach with any covenants or loan conditions. Refer to note 16 for more details on the group's and the parent company's interest-bearing debt conditions, as well as note 18 for information on liquidity risk and maturity structure of the group's liabilities.

The operations of the Group are subject to uncertainty with respect to its ability to sell products at favourable margins and maintain adequate cash reserves. If additional resources are needed to ensure continuity of operations and support planned activities aimed at generating positive cash flow and profitability, the Board will consider appropriate measures such as obtaining loans or equity.

The current outlook indicates a positive trend, and the Board will take necessary steps to sustain this momentum. If the group and the parent company do not achieve planned market measures adequately, new loan facilities or share issues will be established in 2025.
Due to the factors described above, there is uncertainty for the Company to continue as a going concern over the next 12 months. Assuming a going concern, the group's and the parent company's assets and values are currently present. However, the value of some of the group's and the parent company's assets may be lower than their carrying amounts in a potential forced sale related to liquidation. This uncertainty is primarily related to the value of intangible assets, fixed assets, financial assets, and investments, as well as the value of inventories.

### Financial implications of climate change
While it is widely recognized that continued emission of greenhouse gases will cause further warming of the planet and this warming could lead to damaging economic and social consequences, the exact timing and severity of physical effects for HBC are difficult to quantify. The large-scale and long-term nature of the problem makes it uniquely challenging, especially in the context of economic decision making.

While changes associated with a transition to a lower-carbon economy present risk, HBC also creates significant opportunities in the nature of our business model. Turning waste streams into high-end human and pet nutrition is important for the environment and out teams at the facilities are focused on climate change mitigation and adaptation of new technology solutions.

Circular economy initiatives which HBC is a part of, and the strive to reduce greenhouse gases is high on the agenda with the Board and management of HBC and the Group has invested significant amounts in both machinery and knowledge since we joined the Global Reporting Initiative (GRI) in 2019.

In a carbon constraint world, climate change is confronting HBC with totally new challenges. One way the Group deal with the impacts of climate change is to comprehend them as risks and analyse possible effects as we do elsewhere in our organization by the combination of probability and its consequence. Therefore, HBC view climate risks as the possible impacts of climate change with the potential to influence positively or negatively the future development of the HBC Group, and together with the rest of the Hofseth Group.

The risks and opportunities for HBC from climate change are classified as direct or indirect. Direct climate risks and opportunities are resulting out of changing natural conditions as rising temperatures, sea levels or an increasing number of extreme weather events. Indirect climate risks and opportunities seems to have much more implications than the direct ones. Examples of indirect risks are regulatory or litigation, credit risk, market risk and reputation risk.

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As previously mentioned, these risks are also great opportunities for HBC. However, risks and opportunities HBC as an organization face today related to climate change, are difficult to estimate, and mitigate or explore. HBC has a work group among the management team, led by the head of Sustainability, that analyse climate risks and utilize the opportunities that arise from climate change. As of the end of 2024, the financial implications of climate change are very limited. As of today, there are few requirements for sustainability in the finished product, no distinctly strict emission rules at the factories, no external influence (e.g. sea level rise). The management expect increased focus on impairment testing as the Group grow and increase its asset base in the future.

**New accounting standards**
In 2024 new standards and amendments to existing standards have become effective. This is related to the following standards:
-Lease liability in a sale leaseback(amendments to IFRS 16)
-Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants(amendments to IAS 1)
-Supplier Finance Arrangements(Amendments to IAS 7 and IFRS 7)

The amendments had no impact on the Group`s consolidated financial statements.

**The following revised IFRS`s have been issued, but are not yet effective, and in some cases have not been adopted by EU.**
-Lack of Exchangeability(amendment to IAS 21, The effects of Changes in Foreign Exchange Rates)
-Amendments to the Classification and Measurement of Financial Instruments(amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments, Disclosures)
-IFRS 18 Presentation and Disclosure in Financial Statements

The Group is assesing the impact of IFRS 18 - Presentation and Disclosures in Financial Statements, which introduces new presentation and disclosure requriements. The assesment is ongoing, and any necessary adjustments will be made in line with the standard`s effective date and regulatory requriements.

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# Note 2 Accounting estimates and management judgement and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments when choosing and applying accounting principles. Further, IFRS requires the management to make estimates based on judgments, and that estimates and assumptions are realistic. All estimates are considered to be the expected value based on the management's best knowledge.

The Group's most significant accounting estimates and areas of judgment are the following:
- Allocation of production costs in manufactruring cost of finished product cost
- Transactions with related parties
- Recognition of intangible assets
- Inventory - obsolescence

### Allocation of production costs in manufactruring cost of finished product cost

Four types of finished products are produced from a common production process based on the same input factors. The value of the individual finished product is based on the allocation of production costs determined based on the finished product's relative share of production yield multiplied by the expected sales value. The same model has been used for allocating production costs over several years. The determination of expected sales value as a basis for allocating production costs has significant discretionary assessments and has a significant effect on the calculation of the cost of production of the various finished product products. The group and the parent company are still in a start-up and development phase, but management's judgment has based on agreed prices in historical sales transactions and expected sales value at the reporting date. See notes 4, 6 and 19.

### Transactions with related parties

Transactions with related parties constitute a significant part of the Group's and the parent company's ordinary operating revenues and costs, and where the determination of arm's length pricing is largely based on judgment. The transactions also affect liquidity and financial carrying capacity for the Group's and the parent company's operations.

The most significant transactions with related parties are sale of finished goods, purchase of raw materials (fish trimmings), ongoing rental obligations related to production equipment and factory buildings Midsund and Berkåk, as well as agreements on short-term, long-term and subordinary loan financing.

Hofseth BioCare ASA has a 5 years agreement starting 01.01.2022, and gives the company the exclusive right to buy all the by-products from the production of HofsethSales AS. Judgment has been applied when setting conditions for the purchase of raw materials. See notes 4 and 6.

Hofseth BioCare ASA has sold finished goods to related parties in 2023 and 2024. Prices are determined on the basis of current and historical transactions with independent parties in 2023 and 2024. Discretion has been used in determining conditions for the sale of finished goods, see notes 3 and 6.

Leases of production equipment, leases of factory facilities at Midsund and Berkåk, as well as agreements for long-term and subordinated loans. When agreeing financial terms in leases, agreements for long-term loans in 2019 and 2020 a subordinated loan in 2019, historical terms with third parties, achieved by the group and the parent company, have been referred to. Judgement has been applied when setting the financial terms. See notes 6, 12, 13, 16 and 18.

Hofseth Biocare ASA sold a patent to HBCI in 2024. The patent was valued at TNOK 47 750, and the company booked a gain of TNOK 8 122 in Q2 2024.

### Recognition of intangible assets

The Group has come far in the development phase of establishing production at the targeted level and with the quality that the business model has been based on. The Group invests in research and development activities on an ongoing basis. Uncertainties exist relating to the timing of when the requirements for recognition of intangible assets have been met. The management's starting point is that development activities are capitalized when there is an identifiable asset or product that is controlled by the company that is expected to result in future economic benefits. Uncertainties also exist relating to the assessment and estimation of the cost price for the intangible assets, and mainly relating to the estimation of cost price for developing intangible assets and product development. Development activities that qualify for capitalization are capitalized both in the Group and parent company. See note 10.

### Inventories

Goods in stock are valued at the lower of cost and net realisable value. It is used judgment in relation to quality and durability. The Group uses a model in which provision is made for obsolescence gradually if goods in stock approach the expiration of the shelf life. It is set aside TNOK 43,125 for obsolescence, see note 19.

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# Note 3 Segment information

The processing plants of the parent company are situated in Norway, where the production is according to the standard for human consumption. The Group operates solely in the production of marine ingredients, namely salmon oil (OmeGo®), hydrolyzed soluble protein (ProGo®), Calcium/Collagen (CalGo® or NT-II™), and non- soluble protein (PetGo™), all of which are produced in the Midsund plant.

For the production of these products, the raw material is sourced fresh, and stored cold before hydrolysis and separation into product fractions. The unique production process involves the release of oil from the raw material using enzymes, resulting in fresh salmon oil with a long shelf life. OmeGo® is stored in nitrogen-filled tanks to preserve its quality after the manufacturing process.

ProGo® is a fully hydrolyzed protein and has good solubility in water. The protein production process has been optimized for increased capacity and quality throughout the last years and incremental improvements are made on a continuous basis.

CalGo® or NT-II™ are processed by separating the bones from the raw material, drying and milling the fraction into a powder, stored in small bags or big bags.

PetGo™ holds non-soluble proteins, excess oil and small bones fractions, which is separated and dried into a high-quality protein powder, typically for the pet food industry. Although all four products are produced in the same process and from the same raw material supply, the revenue is split by product. The Production Manager manages production by tracking the raw material input and finished goods output of the different products to monitor yields and margins per product.

**Revenue per product**

| | Group | | Parent | |
|---|---|---|---|---|
| **Revenue per product** | **2024** | 2023 | **2024** | 2023 |
| **By product** | | | | |
| Salmon Oil (OmeGo®) | 157 976 | 129 469 | 157 850 | 129 730 |
| SolubleProtein Hydrolysate (ProGo®) | 59 724 | 23 901 | 59 724 | 23 901 |
| Calcium (CalGo®) | 5 431 | 2 603 | 5 431 | 2 603 |
| Non-soluble Protein (PetGo™) | 33 694 | 33 254 | 33 694 | 33 254 |
| Other income | 592 | 2 387 | 2 209 | 2 033 |
| Sum revenue | 257 418 | 191 614 | 258 904 | 191 521 |
| Gain on sale of asset | 8 122 | 23 637 | 8 122 | 23 637 |
| Insurance claim settlement | 0 | 3 260 | 0 | 3 260 |
| **Total revenues** | **265 539** | **218 511** | **267 026** | **218 418** |
| **By region** | | | | |
| Norway | 12 865 | 9 096 | 12 069 | 8 742 |
| United Kingdom | 16 594 | 19 890 | 18 878 | 20 151 |
| France | 11 473 | 40 342 | 11 473 | 40 342 |
| Belgium | 52 445 | 26 493 | 52 445 | 26 493 |
| Italia | 34 795 | 3 733 | 34 795 | 3 733 |
| Germany | 15 270 | 7 743 | 15 270 | 7 743 |
| Europe excl.NO,UK,FR,BE,IT,GE | 13 815 | 25 048 | 13 815 | 25 048 |
| Japan | 18 485 | 18 331 | 18 485 | 18 331 |
| Asia excl.JP | 3 797 | 5 775 | 3 797 | 5 775 |
| USA | 77 878 | 46 639 | 77 878 | 46 639 |
| **Total revenues** | **257 418** | **191 614** | **258 904** | **191 521** |

In 2024 goods totaling TNOK 150,068 were sold to three customers, each of which accounted for more than 10 % of total turnover. The sales to each of these customers are TNOK 65,876, TNOK 51,763, and TNOK 32,429, respectively. In 2023, goods totaling TNOK 106,768 were sold to three customers, each of which accounted for more than 10 % of total turnover. The sales to each of these customers are TNOK 40,342, TNOK 39,933, and TNOK 26,493. The company has no contractual assets or liabilities as of 31 December 2024.

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## Note 4 Cost of sales and other operating expense

**Cost of sales**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Raw material | 80 301 | 58 356 | 80 769 | 59 011 |
| Freight | 36 360 | 33 066 | 35 710 | 32 590 |
| Purchased services | 25 771 | 24 044 | 24 936 | 22 374 |
| Obsolescence cost | 3 479 | 20 501 | 3 479 | 20 501 |
| Change in inventory | 23 643 | 14 721 | 23 643 | 14 721 |
| **Total cost of sales** | **169 553** | **150 686** | **168 537** | **149 196** |

**Other operating expenses**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Leases of equipment | 3 359 | 2 342 | 3 148 | 2 179 |
| Leases of warehouses and factories | 2 014 | 2 151 | 2 010 | 2 164 |
| Travelling cost | 2 606 | 3 310 | 2 473 | 3 226 |
| Internal consultant fees | 18 851 | 9 481 | 22 724 | 9 481 |
| Consultant fees and tax advisory | 1 840 | 2 341 | 1 642 | 2 094 |
| Lawyers | 1 370 | 2 651 | 1 370 | 2 651 |
| Consulting | 5 586 | 7 520 | 6 438 | 7 315 |
| Advertising | 15 326 | 13 486 | 14 119 | 12 306 |
| R&D and patents | 9 323 | 11 012 | 9 312 | 10 998 |
| Repair and maintenance | 20 258 | 14 311 | 19 805 | 12 749 |
| Other operating expenses | 10 274 | 7 889 | 7 738 | 7 488 |
| Public grants | -189 | -830 | -189 | -830 |
| **Total** | **90 617** | **75 665** | **90 589** | **71 821** |

The Group recieved public grants of TNOK 1,227 (TNOK 2,255 in 2023), split by TNOK 189 in other operating expenses and TNOK 1,039 in salaries. Corresponding numbers was TNOK 1,227 (TNOK 2,255 in 2023) for parent company, split by TNOK 189 in other operating expenses and TNOK 1,039 in salaries. See note 5.

## Note 5 Employment costs and expenses for employees and benefits for senior employees

**Salaries**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Salaries | 59 463 | 47 773 | 50 150 | 42 235 |
| Social security costs | 6 772 | 6 096 | 6 348 | 5 685 |
| Pension costs | 3 072 | 3 924 | 2 666 | 3 513 |
| Other employee benefits | 2 401 | 2 157 | 2 179 | 1 901 |
| Public grants | -1 039 | -1 674 | -1 039 | -1 674 |
| **Total employee benefit expenses** | **70 670** | **58 275** | **60 304** | **51 659** |
| Average number of FTE's | 67 | 65 | 60 | 57 |

**Remuneration to executive management team**

| | Group | |
|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 |
| **Management team** | | |
| Salaries | 10 692 | 9 172 |
| Bonus | 0 | 1 229 |
| Benefits in kind | 73 | [illegible] |
| Pension costs | 235 | [illegible] |
| Other employee benefits | 5 126* | [illegible] |
| **Total remuneration** | **16 126** | [illegible] |

* Includes remuneration of TNOK 5 126 for managing R&D (TNOK 5 924 in 2023). Remuneration for R&D is split in other operating expenses and capitalized development costs in 2024 and 2023

No loans or guarantees are granted to members of the management team, Board of Directors or other elected bodies. Reference is made to the Executive Remuneration Report which will be available on the company's website before the annual general meeting.

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**Defined contribution pension scheme**
The parent company and the group have a statutory obligation to comply with the law on mandatory occupational pensions and have a pension scheme that satisfies the requirements of this Act. Contributions have been expensed in the Group by TNOK 2,986 in 2024 (TNOK 3,420), in the parent company TNOK 2,616 (TNOK 3,009). The group had cost for AFP of TNOK 86 in 2024 (TNOK 504), and TNOK 50 in 2024 (TNOK 504) in the parent company

**Options**
The fair value of Jon Olav Ødegård's options have been calculated at the time of grant, 30 August 2022, and expensed over the vesting period up until 1 November 2022. The fair value of the program has been estimated to TNOK 1,170 in 2022. Fair value of the options has been estimated using the Black-Scholes option pricing model. The options exerciable up until 31 October 2025. Other inputs used in the model are:
› Spot price: NOK 3.39 per option
› Strike price: NOK 3.63 per option
› Volatility: 48.0%
› Dividend: 0.0%
› Risk-free rate: 3.58%

As partial payment for work performed for the company, Tenet Brandlogic Corp. was granted options in the company. The options are expensed over the vesting period in 2021(TNOK 1,462). Total expensed in 2024 is TNOK 0 (TNOK 0 in 2023). No share options were exercied in the agreement, and all 172 000 options has expired per 31.12.2024.

**Options**

| (Amounts in NOK 1 000) Group | 2024 number | 2024 WAEP | 2023 number | 2023 WAEP |
|---|---|---|---|---|
| Outstandig 01.01. | 1 172 | 3.10 | 1 172 | 3.10 |
| Exerciable 01.01 | 1 172 | 3.10 | 1 172 | 3.10 |
| Granted during the year | 0 | 0 | 0 | 0 |
| Forfeited during the year | 0 | 0 | 0 | 0 |
| Exercised during the year | 0 | 0 | 0 | 0 |
| Expired during the year | 172 | 0.01 | 0 | 0 |
| Outstandig 31.12. | 1 000 | 3.63 | 1 172 | 3.10 |
| Exerciable 31.12. | 1 000 | 3.63 | 1 172 | 3.10 |

**Auditors's Fee**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Audit fees | 1 730 | 1 804 | 1 575 | 1 632 |
| Other confirmations | 67 | 0 | 67 | 0 |
| Tax advice | 0 | 0 | 0 | 0 |
| Other services | 44 | 0 | 0 | 0 |
| **Total** | **1 840** | **1 804** | **1 642** | **1 632** |

VAT is not included in the amounts above.

## Content



# Note 6 Related party transactions

The Group's related parties include shareholders, board members and the senior management and their related parties. RH Industri AS, Hofseth Property AS, Hofseth International AS, Hofseth Logistics AS, Hofseth AS, Hofseth Sales AS, Hofseth North America, Hofseth Processing AS, Ålesund Kipervikgate 13 AS and Finnvik Eiendom AS are considered to be related parties to Hofseth BioCare ASA. In these companies, board member and shareholder in Hofseth Biocare ASA, Roger Hofseth, has significant influence through ownership interests, leading positions and board memberships. Further is shareholder Yokorei CO. Ltd.considered a related party.

All related party transactions have been made in the ordinary course of the business at the arms length principle.The main transactions made in 2023 and 2024:

- Purchase of raw materials from Hofseth Sales AS. See further details in the agreement below.
- 12 of the company's (16 in the group) lease agreement for production equipment that are active in 2024 have been entered into with Hofseth AS, Hofseth International AS, Finnvik Eiendom AS and RH Industri AS and subleased to Hofseth BioCare ASA with a mark-up up to 10 % on monthly instalments.
- Other minor administration costs are invoiced from Hofseth International AS.
- Hofseth North America has purchased goods worth TNOK 1,080 in 2024 (TNOK 39,933 in 2023).
- Yokorei Co. Ltd. has purchased goods worth TNOK 126 in 2024 (TNOK 47 in 2023).
- The Group rents factory buildings at Midsund and Berkåk from Hofseth Property AS at a cost of TNOK 12,558 in 2024 (TNOK 12,070 in 2023). The agreement is signed for 15 years, until 2032.
- In 2024 a new patent was transferred to HBCI as a contribution in kind, with a gain of TNOK 8 122. See note 22 for further information.

The statement of profit and loss and the balance sheet include the following transactions with shareholders and related parties to shareholders:

**Balance sheet items**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Right of use assets | 91 959 | 106 574 | 75 592 | 88 829 |
| Trade receivables | 86 | 3 458 | 86 | 3 458 |
| Loan from shareholders | 0 | -144 000 | 0 | -144 000 |
| Other receivables | 0 | 0 | 0 | 27 787 |
| Leasing liabilities | -90 112 | -99 050 | -73 592 | -80 734 |
| Trade payables | -72 510 | -41 828 | -69 956 | -37 485 |
| **Total** | **-70 576** | **-174 846** | **-67 869** | **-142 145** |

**Profit and loss items**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Sales revenue | 1 403 | 41 391 | 1 403 | 41 391 |
| Interest income | 0 | 0 | 2 847 | 1 341 |
| **Total income** | **1 403** | **41 391** | **4 250** | **42 732** |
| Cost of sales | 58 816 | 55 651 | 58 816 | 55 651 |
| Other operating expenses | 3 692 | 8 675 | 3 692 | 5 817 |
| Financial expenses | 7 846 | 8 507 | 6 116 | 6 618 |
| **Total costs** | **70 354** | **72 833** | **68 624** | **68 086** |

### Raw Material agreement

The company has a 5-year agreement with Hofseth Sales AS on exclusive rights to all by-products from Hofseth Sales`s suppliers starting 01.01.2022. Hofseth Sales AS is a 100 % subsidiary of RH Investments AS, which is closely related to Roger Hofseth.

The statement of profit and loss and the balance sheet include the following transactions between parent companies, subsidiaries and associated companies:

| Balance sheet items | Parent | | Profit and loss items | Parent | |
|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | | **2024** | 2023 |
| **Loan from parent to** | | | **Sold services and goods** | | |
| HBC Berkåk AS | 45 947 | 24 283 | | 1 464 | 0 |
| HBC Therapeutics AS | 25 | 0 | | 0 | 0 |
| Hofseth Biocare Rørvik AS | 0 | 0 | | 0 | 0 |
| Hofseth Biocare UK Limited | 2 970 | 2 733 | | 2 481 | [illegible] |
| Hofseth Biocare Americas Inc. | 0 | 0 | | 65 878 | 0 |
| HBC Immunology Inc(Joint venture) | 771 | 771 | | 0 | 0 |
| **Trade receivables from parent** | | | **Bought services** | | |
| HBC Berkåk AS | 0 | 0 | | 575 | [illegible] |
| Hofseth Biocare UK Limited | 1 074 | 0 | | 368 | [illegible] |
| Hofseth Biocare Americas Inc. | 6 033 | 0 | | 13 628 | [illegible] |
| HBC Immunology Inc(Joint venture) | 0 | 0 | | 474 | 0 |
| HBC Switzerland GmbH | 0 | -156 | | 40 | [illegible] |
| **Total** | **56 819** | **27 631** | | **84 907** | **[illegible]** |

Transfered patent from Hofseth Biocare ASA to HBC Immunology Inc. with a gain of TNOK 8 122 in 2024.

## Content



## Note 7 Financial income and expenses

**Financial income**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Interest income | 790 | 550 | 3 612 | 1 890 |
| Foreign exchange gains | 8 225 | 6 047 | 8 225 | 6 043 |
| **Total** | **9 015** | **6 597** | **11 837** | **7 933** |

**Financial expenses**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Interest expenses | 15 685 | 7 543 | 13 803 | 5 506 |
| Impairment of shares in associated company | 0 | 0 | 1 444 | 3 074 |
| Impairment of financial assets | 0 | 0 | 0 | 162 |
| Foreign exchange losses | 6 064 | 5 750 | 6 061 | 5 742 |
| **Total** | **21 749** | **13 293** | **21 308** | **14 484** |

## Note 8 Income taxes

**Income taxes**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Income tax expense | | | | |
| Prior year taxes | 0 | 0 | 0 | 0 |
| Tax expense | 0 | 0 | 0 | 0 |
| **Calculation of taxable income** | | | | |
| Loss before tax | -125 300 | -106 684 | -97 898 | -92 996 |
| Permanent differences | 7 483 | 1 230 | -1 | 1 230 |
| Change in temporary differences | 8 551 | 32 555 | 6 392 | 21 840 |
| Taxable result | -109 266 | -72 899 | -91 507 | -69 626 |
| **Temporary differences** | | | | |
| Fixed assets | 1 684 | 6 839 | -2 285 | 711 |
| Loss carry forward | -1 216 949 | -1 107 683 | -1 132 401 | -1 041 082 |
| Other temporarydifferences | -43 768 | -40 372 | -43 768 | -40 372 |
| Total | -1 259 033 | -1 141 216 | -1 178 454 | -1 080 743 |
| Calculated deferred tax asset 22% | 276 987 | 251 068 | 259 260 | 237 763 |

Deferred tax assets are not recognised in the balance sheet due to lack of convincing evidence for supporting capitalization.

**Reconcilitation of tax expense**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Loss before tax | -125 300 | -106 684 | -97 898 | -92 996 |
| Tax 22% | 1 646 | -23 470 | -21 538 | -20 459 |
| Permanent differences | 0 | 271 | 0 | [illegible] |
| Defered tax assest, not recognized | 25 920 | 23 200 | 21 538 | 20 189 |
| Total tax expense | 0 | 0 | 0 | 0 |

## Content



## Note 9 Earnings per share

The Group's earnings per share are calculated by dividing the profit for the year attributable to share holders by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to the share holders by the weighted average number of shares outstanding during the year.

**Earnings per share**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| **Profit attributable to share holders** | **-125 300** | **-106 684** | **-97 898** | **-92 996** |
| Weighted average number of shares outstanding | 410 906 | 395 081 | 410 906 | 395 081 |
| Earnings per share | | | | |
| -ordinary | -0.30 | -0.27 | -0.24 | -0.24 |
| -diluted | -0.30 | -0.27 | -0.24 | -0.24 |

## Note 10 Intangible asset

| 2023 | Group and Parent | | | | |
|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | R&D | IT-systems | Patents | Other | Sum |
| Cost at 01.01.2023 | 77 579 | 6 780 | 4 714 | 2 627 | 91 899 |
| Additions | 0 | 325 | 0 | 0 | 325 |
| Internally developed | 5 543 | 0 | 0 | 0 | 5 543 |
| Disposal | 4 486 | 0 | 0 | 0 | 4 486 |
| Cost at 31.12.2023 | 78 636 | 7 104 | 4 914 | 2 627 | 93 281 |
| Depreciation at 01.01.2023 | 23 451 | 1 478 | 3 754 | 2 627 | 31 311 |
| Depreciation charge of the year | 5 333 | 1 208 | 145 | 0 | 6 686 |
| Impairment | 0 | 0 | 0 | 0 | 0 |
| Impairment and depreciation at 31.12.2023 | 28 784 | 2 686 | 3 899 | 2 627 | 37 997 |
| Net book value at 31.12.2023 | 49 851 | 4 418 | 1 015 | 0 | 55 284 |
| Economic life | 10 years | 5-10 years | 10 years | 5-10 years | 5-10 years |
| Method of depreciaton | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation |

| 2024 | Group and Parent | | | | |
|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | R&D | IT-systems | Patents | Other | Sum |
| Cost at 01.01.2024 | 78 636 | 7 104 | 4 914 | 2 627 | 93 281 |
| Additions | 1 629 | 0 | 0 | 0 | 1 629 |
| Internally developed | 0 | 0 | 0 | 0 | 0 |
| Disposal | 7 371* | 0 | 0 | 0 | 7 371 |
| Cost at 31.12.2024 | 72 894 | 7 104 | 4 914 | 2 627 | 87 539 |
| Depreciation at 01.01.2024 | 28 784 | 2 686 | 3 899 | 2 627 | 37 997 |
| Depreciation charge of the year | 5 660 | 1 327 | 124 | 0 | 7 112 |
| Impairment | 0 | 0 | 0 | 0 | 0 |
| Impairment and depreciation at 31.12.2024 | 34 444 | 4 013 | 4 024 | 2 627 | 45 108 |
| Net book value at 31.12.2024 | 38 449 | 3 091 | 890 | 0 | 42 430 |
| Economic life | 10 years | 5-10 years | 10 years | 5-10 years | 5-10 years |
| Method of depreciaton | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation |

*Project sold to HBCI, see note 23 for more information.

## Content



Throughout 2024, HBC R&D has continued its relentless pursuit of innovation by refining its products and processes. Extensive research efforts have further validated the positive health effects of our key ingredients, reinforcing the critical role of development in differentiating HBC's product portfolio. Core activities, including research, development, and documentation, remain key to our R&D strategy. During the year, investments were made to further research, document and test our trademarked products, including ProGo®, CollaGo®, OmeGo®, CalGo® and NT-II™, to demonstrate their efficacy and unique attributes for both marketing and sales purposes.

In 2024, our R&D activities were integral not only to enhancing product quality but also to increasing production efficiency. By leveraging advanced equipment and managing necessary downtime for maintenance and process optimization, we have continued to push the boundaries in converting raw salmon off-cuts into high-value bioactive ingredients, including implementing new management and goals. Our ongoing research into the ingredients has yielded deeper insights into the biological effects, with some of these health benefits gaining recognition from health authorities both in the US and Europe.

To meet environmental and health standards, our development initiatives have focused on innovating more efficient production methods and improving the usability of our products for human consumption. The R&D process at HBC is built on five key pillars: further developing the enzymatic hydrolysis process to maximize the unique health benefits of our ingredients; optimizing the handling of raw materials and finished products across the value chain; advancing technology to yield higher quality product fractions of protein, calcium, and oil; identifying, researching, and documenting the bioactivity of our products; and establishing comprehensive evidence of biosafety, bioavailability, and biological effects through both "in-vitro" and "in-vivo" studies.

These continued efforts in 2024 not only enhance our product offerings but also ensure that HBC remains at the forefront of marine nutrition innovation. Total research and development costs for 2024 were TNOK 17,452 (2023 TNOK 20,917). Of this, TNOK 1,629 has been capitalized in 2024 (2023: TNOK 5,543).

The Group has registered its trademarks under the international Madrid Protocol. The trademarks are OmeGo®, ProGo®, CalGo®, NT-II™, PetGo™ and Brilliant™.

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# Note 11 Fixed assets

| 2023 | Group | | | Parent | | |
|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Machinery and equipment | Fixtures and fittings | Total | Machinery and equipment | Fixtures and fittings | Total |
| Cost at 01.01.2023 | 188 715 | 15 581 | 204 296 | 178 102 | 13 431 | 191 534 |
| Additions | 8 194 | 0 | 8 194 | 8 187 | 0 | 8 187 |
| Cost at 31.12.2023 | 196 909 | 15 581 | 212 490 | 186 289 | 13 431 | 199 720 |
| Depreciations at 01.01.2023 | 132 608 | 11 259 | 143 868 | 126 081 | 11 176 | 137 258 |
| Depreciations for the year | 11 608 | 949 | 12 557 | 10 101 | 936 | 11 038 |
| Depreciations at 31.12.2023 | 144 219 | 12 209 | 156 425 | 136 183 | 12 113 | 148 295 |
| **Book value 31.12.2023** | **52 693** | **3 372** | **56 065** | **50 107** | **1 318** | **51 425** |
| Economic life | 5-10 years | 3-10 years | | 5-10 years | 3-10 years | |
| Method of depreciation | Straigt line depreciation | Straigt line depreciation | | Straigt line depreciation | Straigt line depreciation | |

| 2024 | Group | | | Parent | | |
|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Machinery and equipment | Fixtures and fittings | Total | Machinery and equipment | Fixtures and fittings | Total |
| Cost at 01.01.2024 | 196 909 | 15 581 | 212 490 | 186 289 | 13 431 | 199 720 |
| Additions | 1 996 | 448 | 2 444 | 1 963 | 448 | 2 411 |
| Cost at 31.12.2024 | 198 905 | 16 029 | 214 934 | 188 252 | 13 879 | 202 1[illegible] |
| Depreciations at 01.01.2024 | 144 216 | 12 209 | 156 425 | 136 183 | 12 113 | 148 2[illegible]5 |
| Depreciations for the year | 12 887 | 1 363 | 14 250 | 11 384 | 1 373 | 12 [illegible]7 |
| Depreciations at 31.12.2024 | 157 103 | 13 572 | 170 675 | 147 567 | 13 486 | 161 [illegible]2 |
| **Book value 31.12.2024** | **41 802** | **2 458** | **44 260** | **40 686** | **394** | **41 [illegible]0** |
| Economic life | 5-10 years | 3-10 years | | 5-10 years | 3-10 years | |
| Method of depreciation | Straigt line depreciation | Straigt line depreciation | | Straigt line depreciation | Straigt line depreciation | |

The company has pledged assets as collateral for loans. See more in note 16.

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# Note 12 Leases

**The company and the group as lessee**

The company and the group's right of use assets include manufacturing facilities, machinery and equipment and fixtures and fittings:

| 2023 | Group | | | | Parent | | | |
|---|---|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Manufacturing facilities | Machinery and equipment | Fixtures and fittings | Total | Land, manufacturing facilities | Machinery and equipment | Fixtures and fittings | Total |
| Cost 01.01.2023 | 100 594 | 58 413 | 2 118 | 161 125 | 77 054 | 52 692 | 1 585 | 131 331 |
| Additions | 7 608 | 10 834 | 0 | 18 442 | 7 608 | 10 352 | 0 | 17 690 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Costs at 31.12.2023 | 108 202 | 69 247 | 2 118 | 179 567 | 84 662 | 63 044 | 1 585 | 149 291 |
| Depreciations 01.01.2023 | 25 672 | 26 510 | 577 | 52 759 | 19 165 | 24 377 | 523 | 44 065 |
| Depreciations for the year | 9 267 | 7 858 | 45 | 17 170 | 7 413 | 7 006 | 45 | 14 464 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciations per 31.12.2023 | 34 939 | 34 368 | 622 | 69 929 | 26 578 | 31 383 | 568 | 58 529 |
| **Carrying amounts 31.12.2023** | **73 263** | **34 880** | **1 496** | **109 639** | **58 084** | **31 661** | **1 017** | **90 762** |
| Shortest of lease term or economic life | 15 years | 5 years | 3-5 years | | 15 years | 5 years | 3-5 years | |
| Depreciation method | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | |

| 2024 | Group | | | | Parent | | | |
|---|---|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Manufacturing facilities | Machinery and equipment | Fixtures and fittings | Total | Land, manufacturing facilities | Machinery and equipment | Fixtures and fittings | Total |
| Cost 01.01.2024 | 108 202 | 69 247 | 2 118 | 179 567 | 84 662 | 63 044 | 1 585 | 149 291 |
| Additions | 0 | 2 575 | 0 | 2 575 | 0 | 2 540 | 0 | 2 540 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Costs at 31.12.2024 | 108 202 | 71 822 | 2 118 | 182 142 | 84 662 | 65 584 | 1 585 | 151 831 |
| Depreciations 01.01.2024 | 34 939 | 34 368 | 622 | 69 929 | 26 578 | 31 383 | 568 | 58 529 |
| Depreciations for the year | 9 223 | 7 700 | 1 496 | 18 420 | 7 932 | 7 206 | 1 017 | 16 155 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciations per 31.12.2024 | 44 162 | 42 068 | 2 118 | 88 348 | 34 510 | 38 589 | 1 585 | 74 684 |
| **Carrying amounts 31.12.2024** | **64 040** | **29 754** | **0** | **93 793** | **50 152** | **26 995** | **0** | **77 147** |
| Shortest of lease term or economic life | 15 years | 5 years | 3-5 years | | 15 years | 5 years | 3-5 years | |
| Depreciation method | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | | Straigt line depreciation | Straigt line depreciation | Straigt line depreciation | |

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**Lease liabilities:**

| | Group | | Parent | |
|---|---|---|---|---|
| (AmountsinNOK1000) | **2024** | 2023 | **2024** | 2023 |
| **Undiscounted lease liabilities and due dates for payments** | | | | |
| Less than 1 year | 19 994 | 20 402 | 16 618 | 16 683 |
| 2-5 years | 72 733 | 67 989 | 59 776 | 56 348 |
| More than 5 years | 33 628 | 39 857 | 26 407 | 23 383 |
| **Total undiscounted lease liabilities 31.12** | 126 355 | 128 248 | 102 802 | 96 414 |
| | | | | |
| Changes in lease liabilities | | | | |
| Total lease liabilities 1.1 | 107 625 | 102 815 | 89 197 | 82 547 |
| New/changed lease liabilitie srecognized in the period | 2 575 | 18 442 | 2 540 | 17 960 |
| Payment of principal amounts | -12 440 | -13 632 | -10 503 | -11 310 |
| Payment of interest amounts | -8 180 | -8 775 | - 6 433 | -7 000 |
| Interest related to the lease liabilities | 8 180 | 8 775 | 6 433 | 7 000 |
| **Total lease liabilities 31.12** | **97 760** | **107 625** | **81 234** | **89 197** |
| Current lease liabilities 31.12 (note16) | 11 217 | 10 794 | 9 412 | 8 950 |
| Non-current lease liabilities 31.12 (note16) | 86 543 | 96 831 | 71 822 | 80 248 |
| Cash outflows for lease liabilities | -20 582 | -22 414 | -16 968 | -18 230 |
| Total cash outflows for leases | -24 307 | -23 480 | -20 478 | -20 381 |

The lease agreements do not restrict the parent company's and the group's dividend policy or financing opportunities. The parent company and the group do not have significant residual value guarantees in the lease agreements.

The parent company and the group's leases of machinery and equipment include, in addition to lease payments, a requirement to maintain and secure the assets (right of use assets). The terms in the lease agreements varies from 3-5 year, and several of the agreements include an option to extend the lease. At the expiry date of the main term of the lease, the lease og the machinery and equipment may be continued for a lease payment of 1/12 of the lease payments in the main lease period. The company may also request to purchase the equipment.

The company and the group's leases of manufacturing facilities (Midsund og Berkåk) have lease terms of 15 years, no extension options, and the leases expire 31 March 2032. When entering into an agreement the group assesses whether it is reasonably certain to exercise an option to purchase the assets. The leases of the manufacturing facilities have no options to purchase.

Leases of fixtures and fittings in the table above contain no extension or purchase options. The group's potential future lease payments which have not been included in the lease liabilities relating to purchase options were TNOK 0 as of 31 December 2024.

**Applied practical expedients**
The company and the group lease warehouses in which both the lessor and the company / group have the right to terminate the agreements on a 3-6 months notice period. For such agreements the company and the group do not recognize lease liabilities and related right of use assets. Such lease payments are expensed when incurred.

Lease payments for the abovementioned leases amounted to TNOK 1,711 (TNOK 1,066 in 2023) for fixture and fittings for the Group and TNOK 2,014 (TNOK 2,151 in 2023) for storage, and for the parent company TNOK 1,500 (TNOK 903 in 2023) for fixture and fittings TNOK 2,010(TNOK 2,164 i 2023) for storage (see note 4). Cash flow from these lease obligations is approximately equal to the amount expensed and is included in net cash flow from operating activities.

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# Note 13 Changes in liabilities from financial activities

**Group**

| (Amounts in NOK 1 000) | 01.01.2023 | Downpayment | Withdrawals | New leases | Adjustments | 31.12.2023 |
|---|---|---|---|---|---|---|
| Short-term interestbearing liabilities (excl. posts below) | 540 | -540 | 28 353 | 0 | 540 | 28 893 |
| Short-term leasing liabilities | 12 855 | -13 632 | 0 | 0 | 11 571 | 10 794 |
| Long-term interest-bearing debt (excl. posts below) | 812 | 0 | 0 | 0 | -540 | -272 |
| Long-term leasing liabilities | 89 960 | 0 | 0 | 18 442 | -11 571 | 96 831 |
| **Total** | **104 167** | **-14 172** | **28 353** | **18 442** | **0** | **136 790** |

**Parent**

| (Amounts in NOK 1 000) | 01.01.2023 | Downpayment | Withdrawals | New leases | Adjustments | 31.12.2023 |
|---|---|---|---|---|---|---|
| Short-term interest-bearing liabilities (excl. posts below) | 0 | 0 | 28 353 | 0 | 0 | 28 353 |
| Short term leasing liabilities | 10 055 | -11 310 | 0 | 0 | 10 205 | 8 950 |
| Long-term interest-bearing debt (excl. posts below) | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term leasing liabilities | 72 492 | 0 | 0 | 17 960 | -10 205 | 80 247 |
| **Total** | **82 547** | **-11 310** | **28 353** | **17 960** | **0** | **117 550** |

**Group**

| (Amounts in NOK 1 000) | 01.01.2024 | Downpayment | Withdrawals | New leases | Adjustments | 31.12.2024 |
|---|---|---|---|---|---|---|
| Short-term interestbearing liabilities (excl. posts below) | 28 893 | -541 | 19 397 | 0 | 271 | 48 02[illegible] |
| Short-term leasing liabilities | 10 794 | -12 440 | 0 | 0 | 12 863 | 11 21[illegible] |
| Long-term interest-bearing debt (excl. posts below) | 272 | 0 | 25 100 | 0 | -271 | 25 10[illegible] |
| Long-term leasing liabilities | 96 831 | 0 | 0 | 2 575 | -12 863 | 86 5[illegible] |
| **Total** | **136 790** | **-12 981** | **44 497** | **2 575** | **0** | **170 88[illegible]** |

**Parent**

| (Amounts in NOK 1 000) | 01.01.2024 | Downpayment | Withdrawals | New leases | Adjustments | 31.12.2024 |
|---|---|---|---|---|---|---|
| Short-term interest-bearing liabilities (excl. posts below) | 28 353 | 0 | 19 397 | 0 | 0 | 47 750 |
| Short-term leasing liabilities | 8 950 | -10 503 | 0 | 0 | 10 965 | 9 41[illegible] |
| Long-term interest-bearing debt (excl. posts below) | 0 | 0 | 25 100 | 0 | 0 | 25 1[illegible] |
| Long-term leasing liabilities | 80 247 | 0 | 0 | 2 540 | -10 965 | 71 82[illegible] |
| **Total** | **117 550** | **-10 503** | **44 497** | **2 540** | **0** | **154 08[illegible]** |

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# Note 14 Fair value measurement

The following tables provide fair value measurement hierarchy of the group's financial liabilities.
The fair value of financial assets is not disclosed as the fair value is approximately book value.

**Liabilities measured at fair value, Group**

| (Amounts in NOK 1 000) | Date of measurement | Amount | Active markets (Level 1) | Observed market pries (Level 2) | Non-observed input (Level 3) |
|---|---|---|---|---|---|
| **Liabilities in which fair value is stated in note 18:** | | | | | |
| **Interest-bearing loans** | | | | | |
| Interest-bearing loans floating interest rate | 31.12.23 | 811 | 0 | 0 | 811 |
| Interest-bearing loans fixed interest rate | 31.12.23 | 0 | 0 | 0 | 0 |

**Liabilities measured at fair value, parent company**

| (Amounts in NOK 1 000) | Date of measurement | Amount | Active markets (Level 1) | Observed market prices (Level 2) | Non-observed input (Level 3) |
|---|---|---|---|---|---|
| **Liabilities in which fair value is stated in note 18:** | | | | | |
| **Interest-bearing loans** | | | | | |
| Interest-bearing loans floating interest rate | 31.12.23 | 0 | 0 | 0 | 0 |
| Interest-bearing loans fixed interest rate | 31.12.23 | 0 | 0 | 0 | 0 |
| Interest-bearing loans floating interest rate from subsidiaries | 31.12.23 | 0 | 0 | 0 | 0 |

**Liabilities measured at fair value, Group**

| (Amounts in NOK 1 000) | Date of measurement | Amount | Active markets (Level 1) | Observed market prices (Level 2) | Non-observed input (Level 3) |
|---|---|---|---|---|---|
| **Liabilities of which the fair value has been provided in note 18:** | | | | | |
| **Interes-bearing loan** | | | | | |
| Interest-bearing loan floating interest rates | 31.12.24 | 271 | 0 | 0 | 271 |
| Interest-bearing loan fixed interest rates | 31.12.24 | 0 | 0 | 0 | 0 |

**Liabilities measured at fair value, parent company**

| (Amounts in NOK 1 000) | Date of measurement | Amount | Active markets (Level 1) | Observed market prices (Level 2) | Non-observed input (Level 3) |
|---|---|---|---|---|---|
| Liabilities of which the fair value has been provided in **note 18:** | | | | | |
| Interes-bearing loan | | | | | |
| Interest-bearing loan floating interest rates | 31.12.24 | 0 | 0 | 0 | 0 |
| Interest-bearing loan fixed interest rates | 31.12.24 | 0 | 0 | 0 | 0 |
| Interest-bearing loan from subsidiary floating interest rates | 31.12.24 | 0 | 0 | 0 | 0 |

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## Note 15 Financial assets

**Financial assets**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| **Amortized cost receivables:** | | | | |
| Accounts receivable | 18 853 | 14 849 | 18 716 | 14 094 |
| Other current receivable | 771 | 771 | 49 712 | 27 787 |
| **Total financial assets** | **19 624** | **15 620** | **68 429** | **41 881** |
| **Total current financial assets** | **19 624** | **15 620** | **68 429** | **41 881** |
| **Total non-current financial assets** | **0** | **0** | **0** | **0** |

IFRS 9 requires the Group's to recognize a provision for expected credit losses for all debt instruments that are not held at fair value through profit or loss, and for contract assets. The company and the group have a high degree of collateral for credit insurance on all accounts receivables and collaterals on other receivables and loans and, hence, no significant provisions have been made in relation to these, see note 20.

## Note 16 Interest-bearing debt and borrowings

| **Non-current debt** | | | Group | | Parent | |
|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Effective interest rate | Maturity | **2024** | 2023 | **2024** | 2023 |
| Rennebu Municipality | 6.70% | 2026- | 0 | 271 | 0 | 0 |
| Loan | 10.00% | 2026- | 25 100 | 0 | 25 100 | 0 |
| Lease liability | 6.86% | 2026- | 86 543 | 96 831 | 71 822 | 80 248 |
| **Total** | | | **111 643** | **97 102** | **96 922** | **80 248** |

| **Current debt** | | | Group | | Parent | |
|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | Effective interest rate | Maturity | **2024** | 2023 | **2024** | 2023 |
| Rennebu Municipality | 6.70% | 2025 | 271 | 540 | 0 | 0 |
| Credit facility | 7.73% | 2025 | 47 750 | 28 353 | 47 750 | 28 353 |
| Lease liability | 6.86% | 2025 | 11 217 | 10 794 | 9 412 | 8 950 |
| **Total** | | | **59 238** | **39 687** | **57 162** | **37 303** |
| **Sum interest bearingdebt** | | | **170 881** | **136 789** | **154 084** | **117 550** |

The parent company has a credit facility in bank with a credit limit of TNOK 67,000. As of 31 December 2024 the company have used TNOK 47,750 of this credit (TNOK 28,353 as of 31 December 2023)
In addition to the above, the parent company had a current interest-bearing liabilities towards the subsidiary HBC Berkåk AS amounting to TNOK 45,947 as of 31 December 2024 (TNOK 24,283 as of 31 December 2023). The interest rate had been agreed to NIBOR + 3 %.

### Collaterals

Credit facility in parent company is secured in trade receivable and inventory.

| (Amounts in NOK 1 000) | **2024** | 2023 |
|---|---|---|
| Fixed assets | 41 080 | 51 [illegible] |
| Trade receivable | 18 716 | 14 094 |
| Inventory | 55 203 | 81 [illegible] |
| **Total** | **114 999** | **146 [illegible]** |

The Group insures significant receivables against credit risk. The insurance is limited to a maximum of TNOK 18,700 and a coverage rate of 90%.

### Financial covenants

Credit facility Sparebank1 Nordmøre As of 30 June and 31 December each year, the company will have a liquidity reserve of at least NOK 10 million in the form of cash and unused drawing rights in operating credit facility. The book value of equity in Hofseth BioCare ASA shall at all times amount to at least 25% of the book value of the company's assets. The company was not in breach with covenants per 31.12.2024, but due to increased loans in 2025 the equity ratio will drop and there is a risk that the company will be in breach with covenants within the next twelve months.

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## Note 17 Financial assets and liabilities by category

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| **Financial assets at amortized cost:** | | | | |
| Long-term financial lending and deposit | 0 | 0 | 0 | 0 |
| Accounts receivable | 18 853 | 14 849 | 18 716 | 14 094 |
| Bank deposits | 25 577 | 23 890 | 23 232 | 22 751 |
| Other financial loans (see note 15) | 771 | 771 | 49 712 | 27 787 |
| **Total financial assets amortized cost** | **45 201** | **39 511** | **91 660** | **64 632** |
| **Total financial assets** | **45 201** | **39 511** | **91 660** | **64 632** |
| Fair value is equal to carrying amount. | | | | |
| | | | | |
| **Financial liabilities at amortized cost:** | | | | |
| Interest-bearing short-term debt | 48 020 | 0 | 47 750 | 0 |
| Accounts payable | 93 629 | 55 161 | 88 659 | 49 037 |
| Interest-bearing short-term debt subsidiaries | 0 | 0 | 0 | 0 |
| Other short-term debt (note 23) | 15 557 | 157 029 | 14 087 | 155 518 |
| Non-current interest-bearing debt | 25 100 | 271 | 25 100 | 0 |
| Non-current leasing obligations | 86 543 | 96 831 | 71 822 | 80 248 |
| **Total financial liabilities amortized cost** | **268 849** | **309 292** | **247 417** | **248 802** |

**Level 3, parent**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | Booked value | Fair value | Booked value | Fair value |
| Current interest-bearing liabilities | 57 162 | 57 162 | 37 303 | 37 303 |
| Non-current interest-bearing liabilities | 96 922 | 100 548 | 80 248 | 80 248 |
| | | | | |
| Level 3, group | | | | |
| Current interest-bearing liabilities | 59 238 | 59 538 | 39 687 | 39 687 |
| Non-current interest-bearing liabilities | 111 643 | 115 270 | 97 102 | 97 102 |

Presentation of fair value measurements by level in the fair value hierarchy:

**Level 1**: Quoted prices in active markets for identical assets or liabilities

**Level 2:** Valuation based on other observable factors either directly (price) or indirectly (derived from price) than the quoted price (used in level 1) for the asset or liability

**Level 3**: Valuation based on factors not obtained from observable market data (unobservable conditions)

The fair value of interest-bearing current and long-term fixed rate debt (level 3) is calculated by comparing the Group and parent company's conditions with market terms for debt with similar maturity and credit risk.

The company has no other financial instruments measured at fair value, except for forward exchange contracts. The carrying value of cash and cash equivalents, short-term receivables, and short-term payables approximates fair value as these instruments have short maturities, and «ordinary» conditions.

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# Note 18 Financial risk management

### Financial risk
Through its activities, the Group is exposed to various types of financial risks: market risk, credit risk and liquidity risk. Management monitors these risks continuously and establishes guidelines for their management. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial results. The Group may use financial derivatives to hedge against certain risks. The company has loans from credit institutions and financial leasing arrangements with the purpose of obtaining capital for investments in the Groups operations. In addition, the company has financial instruments such as accounts receivable and accounts payable, etc., which are directly related to the daily operational activities.

### Interest rate risk
Since the company and the group have no significant interest-bearing assets, the exposure to interest rate risk is through their financing activities. The company's and the group's interest rate risk is related to non-current interest-bearing loans, current interest-bearing loans and lease liabilities. Loans with floating interest rates lead to interest rate risk for the company's and the Group's cash flow. See note 17 for the book value and fair value of the financing activities and note 16 for interest rate terms relating to interest-bearing financing obligations as of 31 december 2024.

For the company's and the Group's loan portfolios that have floating interest rates, this means that the company is affected by changes in the interest rate level. The loans are recognized at amortized cost. The following table shows the Group's sensitivity to interest rate fluctuations. The calculation includes all interest-bearing instruments and financial interest rate derivatives to the extent that they are present.

| Interest rate group – sensitivity year | Effect on interest rate – basis-point | Effect on profit – before tax (Amounts in NOK 1 000) |
|---|---|---|
| 2023 | +100 | -1 368 |
| | -100 | 1 368 |
| **2024** | +100 | -1 458 |
| | -100 | 1 458 |

The following table shows the parent company's sensitivity to interest rate fluctuations. The calculation includes all interest-bearing instruments and financial interest rate derivatives to the extent that they are present.

| Interest rate parent company– sensitivity year | Effect on interest rate – basis-point | Effect on profit – before tax (Amounts in NOK 1 000) |
|---|---|---|
| 2023 | +100 | -1 176 |
| | -100 | 1 176 |
| **2024** | +100 | -1 290 |
| | -100 | 1 290 |

Average interest rates on financial instruments were as follows:

| Average interest rate in % | **2024** | 2023 |
|---|---|---|
| Unsecured debt | 10.00 | n/a |
| Credit line | 7.73 | 7.99 |
| Secured debt | 6.70 | 6.73 |
| Lease liabilities | 6.86 | 5.45 |

### Foreign exchange risk
The parent company and the group have a foreign exchange loan in CHF and a large part of their operating income in foreign currency and, to a lesser extent, the purchase of input factors in foreign currency, and are therefore exposed to currency risk. Management has monitored movements in the foreign exchange market and has assessed hedging strategies in 2024 based on the parent company's and the group's contractual and predictable income streams. The parent company and the group therefore entered into forward exchange contracts both in 2023 and in 2024 in order to secure the Group's budgeted future sales in foreign currency (Euro and USD), but have not used hedge accounting. The Group and the parent company had none such forwards per 31.12.2024. The parent company and the group had the following positions per 31 December 2023:

| Date | Amount | Rate |
|---|---|---|
| 15.02.24 | EUR 300,000 | 11.[illegible] |
| 25.04.24 | EUR 300,000 | 11.[illegible] |
| 13.06.24 | EUR 300,000 | 11.[illegible] |
| 22.08.24 | EUR 300,000 | 11.[illegible] |

The below table demonstrates the sensitivity of possible changes in EUR, USD, CHF and GBP when all other variables are constant. The effect on the parent company's and the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities, including forward exchange contracts. If the company had used hedge accounting, a currency change would also have resulted changes to the OCI. The company does not use hedge accounting.

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| Change in currency | Change in NOK | Effect on profit before tax | | | Effect on balance | | |
|---|---|---|---|---|---|---|---|
| (Amounts in NOK 1 000) | to foreign currency | EUR | USD | GBP | USD | EUR | CHF |
| 2023 | +10% | 9 722 | 6 414 | 1 941 | n/a | 1 355 | n/a |
| | -10 % | -9 722 | -6 414 | -1 941 | n/a | -1 355 | n/a |
| **2024** | +10% | 13 019 | 10 670 | 1 547 | 102 | 839 | -2 510 |
| | -10% | -13 019 | -10 670 | -1 547 | -102 | -839 | 2 510 |

### Credit risk

The parent company and the Group are exposed to credit risk primarily related to accounts receivable, non-current financial loans, current financial loans, as well as other financial activities including cash and cash equivalents (bank deposits).

The Group limits its exposure to credit risk through a credit rating of its customers before credit is given. The Group has credit insurance for all its significant accounts receivable through Coface Norway (see 20 for further information on credit exposure and maturity analyzes on accounts receivable).

The maximum risk exposure of trade receivables for the group as of 31 December 2024 is TNOK 18,853 (TNOK 14,849 as of 31 December 2023), and for parent company TNOK 18,716 (TNOK 14,094 as of 31 December 2023). The risk of loss on accounts receivable is considered low and there has been no need to provide for losses. See note 20 for further information.

Loan to subsidary of TNOK 45,947 (TNOK 27,787 in 2023), where credit risk is considered low. (see note 15, 17 and 20 for further information on financial loans and other current receivables).

Credit risk for cash and cash equivalents, including bank deposits, is managed by the Group's management. The Group's surplus liquidity is invested by bank deposits with a financial counterparty with low credit risk. The Group has no investments in excess liquidity in debt or equity instruments.

The Group has not provided any guarantees for third-party debt.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to liquidity management is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Cash flows are regularly monitored by the finance department to ensure that the parent company has sufficient cash to meet operational commitments, and at any time to maintain sufficient flexibility in the form of credit facilities so that it does not violate limits or covenants for any of the loans. The parent company and the Group aims to have sufficient cash, cash equivalents or credit opportunities in the medium term to cover interest and principal payments in the short term. Please also refer to note 1 section Going concern.

As of 31 December 2024 the group had MNOK 25,6 in cash, of which MNOK 3,0 were restricted cash.
As of 31 December 2023 the group had MNOK 23,9 in cash, of which MNOK 3,0 were restricted cash.

The group expects to have a stable production level with stable quality which satisfies the requirements for human quality. The activities to increase sales to existing customers, as well as the expectation of increased sales of oil, water-soluble protein, non-soluble protein and calcium could result in significant improvement in the company's cash flows. Expected cash flows are subject to uncertainties related to achieved sales prices and volume.

Risk factors should be considered in conjunction with the risk factors described in note 2 accounting estimates.

The table below shows the maturity profile of the Group's financial liabilities, both interest and installments, based on contractual undiscounted payments, classified according to maturity structure, that is, taken into account contracts with fixed maturity dates. When the counterparty can make an election of when an amount is to be paid, the liability is included in the basis covering the earliest date on which the entity can be required to pay. Financial liabilities that may be required to be paid on demand are included in the «within 1-3 months»

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**Group**

2023

| (Amounts in NOK 1 000) | 1-3 months | 4-6 months | 7-9 months | 10-12 months | 2025 | 2026 | 2027 | 2028 | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Interest bearing debt to financial institutions | 0 | 298 | 0 | 289 | 280 | 0 | 0 | 0 | 0 | 866 |
| Credit line | 28 353 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28 353 |
| Lease libilities | 5 311 | 5 171 | 4 996 | 4 924 | 18 828 | 17 876 | 17 128 | 14 157 | 39 857 | 128 247 |
| Trade payables | 50 160 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 160 |
| Other current liabilities | 7 851 | 5 178 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 029 |
| **Total** | **86 675** | **10 646** | **4 996** | **5 213** | **19 107** | **17 876** | **17 128** | **14 157** | **39 857** | **220 655** |

**Group**

2024

| (Amounts in NOK 1 000) | 1-3 months | 4-6 months | 7-9 months | 10-12 months | 2026 | 2027 | 2028 | 2029 | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Interest bearing debt to financial institutions | 0 | 280 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 280 |
| Loan and subordinated loan | 0 | 0 | 2 713 | 0 | 2 510 | 27 610 | 0 | 0 | 0 | 32 833 |
| Credit line | 47 750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47 750 |
| Lease libilities | 5 165 | 5 106 | 5 042 | 4 681 | 19 714 | 19 272 | 18 997 | 14 750 | 33 628 | 126 355 |
| Trade payables | 93 629 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 93 629 |
| Other current liabilities | 9 597 | 5 960 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 557 |
| **Total** | **156 141** | **11 345** | **7 755** | **4 681** | **22 224** | **46 882** | **18 997** | **14 750** | **33 628** | **316 403** |

**Parent**

2023

| (Amounts in NOK 1 000) | 1-3 months | 4-6 months | 7-9 months | 10-12 months | 2025 | 2026 | 2027 | 2028 | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit line | 28 353 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28 353 |
| Lease libilities | 4 342 | 4 200 | 4 103 | 4 038 | 15 747 | 15 008 | 14 264 | 11 329 | 23 383 | 96 [illegible] |
| Trade payables | 49 001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 49 001 |
| Other current liabilities | 6 952 | 4 566 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 [illegible] |
| **Total** | **83 648** | **8 766** | **4 103** | **4 038** | **15 747** | **15 008** | **14 264** | **11 329** | **23 383** | **185 [illegible]** |

**Parent**

2024

| (Amounts in NOK 1 000) | 1-3 months | 4-6 months | 7-9 months | 10-12 months | 2026 | 2027 | 2028 | 2029 | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Loan and subordinated loan | 0 | 0 | 2 713 | 0 | 2 510 | 27 610 | 0 | 0 | 0 | 32 833 |
| Credit line | 47 750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47 750 |
| Lease libilities | 4 219 | 4 156 | 4 154 | 4 089 | 16 210 | 15 845 | 15 440 | 12 281 | 26 407 | 102 [illegible] |
| Trade payables | 88 659 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 88 659 |
| Other current liabilities | 8 771 | 5 316 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 087 |
| **Total** | **149 399** | **9 472** | **6 867** | **4 089** | **18 721** | **43 455** | **15 440** | **12 281** | **26 407** | **286 [illegible]** |

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The group and the parent company signed in December 2023 a increased credit facility for up until TNOK 67,000 with SpareBank 1 Nordmøre for working capital need related to future sales contracts. In addition to the available cash and cash equivalents as of 31 December 2024, this secures the group and the company sufficient liquidity for 2025.See note 16 on interest-bearing debt for further information.

In the future, the management and the board will continue to prioritize the work on an appropriate and long-term financing of Hofseth BioCare ASA.

### Capital structure and equity

The group and the parent company's objectives with respect to capital management is to ensure the continuation as a going concern, to provide returns to shareholders and other stakeholders, and to maintain an optimal capital structure to reduce capital costs. By ensuring sound ratios between equity and debt the group and the parent company will support its operations, thus maximizing the value of its shares.

The parent company manages its capital structure and makes necessary changes to it on the basis of an ongoing assessment of the financial conditions under which the business is run, and the prospects seen in the short and medium term, including any adjustment of dividend shares, buyback of own shares, reduction of share capital or issuance of new shares. There has been no change in the policy in this area in 2024. The Group completed a convertion of debt to equity 4 January 2024, and strengthened the equity with TNOK 144,000. The Group's equity ratio was 17.9 % as of 31 December 2024 and (10.5 % as of 31 December 2023). The parent company's equity ratio was 31.9 % as of 31 December 2024 (18.8 % as of 31 December 2023).

## Note 19 Inventory

**Inventory**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Salmon oil | 12 506 | 10 645 | 12 506 | 10 645 |
| Soulible protein | 9 262 | 29 735 | 9 262 | 29 735 |
| Calcium | 11 220 | 15 499 | 11 220 | 15 499 |
| Non-soluble protein and other | 1 417 | 1 913 | 1 417 | 1 913 |
| Consumer products | 7 511 | 10 488 | 7 025 | 9 817 |
| **Total finished goods** | **41 916** | **68 280** | **41 430** | **67 610** |
| Packaging and auxiliary materials | 14 000 | 14 262 | 13 773 | 13 829 |
| **Total inventory** | **55 917** | **82 542** | **55 203** | **81 439** |

Provision for obsolescence of TNOK 43,125 as of 31 December 2024 compared to TNOK 39,646 as of 31 December 2023. Profit effect change in obsolescence provisions is included in cost of goods with TNOK 3,479 in 2024 (TNOK 20,501 in 2023). See notes 2, 3 and 4 for more information.

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# Note 20 Trade receivables and other current receivables

**Trade receivables**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2022 |
| Trade receivables USA | 6 190 | 3 458 | 6 190 | 3 458 |
| Trade receivables Belgium | 6 166 | 1 757 | 6 166 | 1 757 |
| Trade receivables Italia | 2 140 | 707 | 2 140 | 707 |
| Trade receivables France | 555 | 4 170 | 555 | 4 170 |
| Trade receivables other | 3 802 | 4 756 | 3 665 | 4 002 |
| **Sum trade receivables** | **18 853** | **14 849** | **18 716** | **14 094** |
| Trade receivables related parties | 7 106 | 3 458 | 7 106 | 3 458 |
| Provision for expected credit losses | 0 | 0 | 0 | 0 |

Accounts receivable are not interest-bearing receivables and general terms and conditions for paymentare from 7 to 120 days. All significant accounts receivables are credit secured by Coface Norway, limited to a maximum of MNOK 11.5 and with a coverage rate of 90 %.
Historical credit losses for customers over the past five years are approximately TNOK 499.

**Aging of trade receivables - Group**

| (Amounts in NOK 1 000) | Total | Not due | <30d | 30-60d | 60-90d | >90d |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Accounts receivables | 18 854 | 17 695 | 1 078 | 0 | 0 | 81 |
| Credit-secured share | 10 350 | 10 317 | 0 | 27 | 0 | 5 |
| Expected loss | 0 | 0 | 0 | 0 | 0 | 0 |
| 2023 | | | | | | |
| Accounts receivables | 14 849 | 13 287 | 692 | 345 | 32 | 492 |
| Credit-secured share | 10 260 | 8 746 | 692 | 316 | 31 | 475 |
| Expected credit loss | 0 | 0 | 0 | 0 | 0 | 0 |

**Aging of trade receivables - Parent**

| (Amounts in NOK 1 000) | Total | Not due | <30d | 30-60d | 60-90d | >90d |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Accounts receivables | 18 716 | 17 557 | 1 078 | 0 | 0 | 81 |
| Credit-secured share | 10 350 | 10 317 | 0 | 27 | 0 | 5 |
| Expected loss | 0 | 0 | 0 | 0 | 0 | 0 |
| 2023 | | | | | | |
| Accounts receivables | 14 094 | 12 532 | 692 | 345 | 32 | 492 |
| Credit-secured share | 10 260 | 8 746 | 692 | 316 | 31 | 475 |
| Expected credit loss | 0 | 0 | 0 | 0 | 0 | 0 |

The Group has established a model in which the Group calculates provisions for credit losses by multiplying the expected credit losses by the proportion of non-credit-secured accounts receivable. The Group uses an increasing factor for expected credit losses according to maturity analyzes above. When analyzing future information about the Group's customers and markets, no future challenges are listed today which indicate that there will be a significant credit loss in the future (see and note 18 on credit risk). The Group and the parent company have TNOK 0 in provisions for losses on accounts receivable both in 2024 and 2023.

**Other current receivables**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Prepayments | 4 587 | 2 551 | 4 371 | 2 585 |
| VAT receivable | 4 519 | 3 292 | 3 859 | 2 906 |
| Intercompany Group | 0 | 0 | 49 712 | 27 016 |
| Benefit funds | 1 227 | 2 255 | 1 227 | 2 255 |
| Other | 1 384 | 1 623 | 715 | 1 497 |
| **Total** | **11 716** | **9 721** | **59 885** | **36 259** |

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# Note 21 Cash and cash equivalents

Deposits with a credit institution totaled TNOK 25,577 as of 31 December 2024 and TNOK 23,890 as of 31 December 2023 and the Group earns interest income according to agreed floating interest rate terms.

At 31 December 2024, restricted funds for the Group amounted to TNOK 3,013 which derives from the employees' tax deductions. As of 31 December 2023, this amounted to TNOK 3,019.

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# Note 22 Equity investments

| Subsidiaries | Country | Head office | Share capital | Ownership | Voting share | Earnings 2024 | Equity 31.12.2024 |
|---|---|---|---|---|---|---|---|
| HBC Berkåk AS | Norway | Rennebu | 100 | 100% | 100% | -20 907 | 10 546 |
| HBC Therapeutics AS | Norway | Ålesund | 2 000 | 100% | 100% | -52 | -341 |
| HBC Switzerland GmbH | Switzerland | Zürich | CFH20 | 100% | 100% | -26 | 16 |
| Hofseth BioCare Rørvik AS | Norway | Rørvik | 100 | 51% | 51% | -4 | -1 421 |
| Hofseth Biocare Americas Holdings Inc. | USA | Mendham, NJ | 0 | 100% | 100% | 588 | 588 |
| Hofseth Biocare UK Ltd. | UK | Brentford | 0 | 100% | 100% | -231 | -2 356 |

| Company | Country | Head office | Share capital | Ownership | Voting share |
|---|---|---|---|---|---|
| HBC Immunology Inc. | USA | Delaware | 0 | 71% | 50% |
| Atlantic Delights Ltd. | Hong Kong | Hong Kong | HKD 6 163 | 34% | 34% |

**Atlantic Delights ltd**
The parent company and the group acquired 34 % of Atlantic Delights Ltd., Hong Kong on 27 August 2020, through a share issue with a nominal value of TNOK 6,517 in the company. Estimated surplus value related to customer base amounts to TNOK 3,395 calculated at the time of acquisition and which is depreciated on a straight-line basis over 5 years. Profit share from the company in the ownership period is included after tax expense and amortization of surplus value.

**HBC Immunology Inc.**
During Q2 2023 HBC established HBCI. HBC transfered one patent, and a licence free non-exclusive right to apply data from another of HBC`s patent. Hofseth Biocare ASA's contribution in kind of intangible assets was accounted as a partial gain, since the ownership after the transaction was 75%. 25% gain on the transaction of TNOK 23,488 is classified as other income.

The Group has as at 31 December 2023 71% interest in HBCI, a joint venture that aims to develop a co-treatment for use in treatment of prostate cancer. Since HBC only votes for 50% of the shares, and one other party votes for the remaining 50%, the interest is accounted for under the equity method in the consolidated financial statements. During Q3 and Q4 the ownership percentage has been diluted from 75% to 71% ownership as a result of external capital increases in HBCI. The dilution effect is accounted for under share of profit and loss. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:
In 2024, a new patent from HBC was transferred to HBCI as a contribution in kind. The patent was valued at TNOK 47 750(TUSD4,500), including the other joint venture partners contribution (25%), and the gain booked in HBC was TNOK 8 122. The gain was accounted for as partial gain, due to that HBC own 71% after the transaction.

## Content



**Investment in associated company Atlantic Delights Ltd**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Net asset 1.1. | 3 443 | 5 559 | 3 443 | 6 517 |
| Access | 0 | 0 | 0 | 0 |
| Amitization added value | -679 | -679 | 0 | 0 |
| Profit share after tax | -765 | -1 438 | 0 | 0 |
| Impairment shares | 0 | 0 | -1 444* | -3 074 |
| **Net asset 31.12.** | **1 999** | **3 443** | **1 999** | **3 443** |

* Shares are written down to fair value

**Investment in joint venture HBC Immunology Inc.**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Net asset 1.1. | 34 247 | 0 | 29 589 | 0 |
| Access | 15 493 | 29 589 | 15 493 | 29 589 |
| Dillution effect | -329 | 5 789 | 0 | 0 |
| Profit share after tax | -5 711 | -1 130 | 0 | 0 |
| **Net asset 31.12.** | **43 700** | **34 247** | **45 082** | **29 589** |

**Financial information in associated company and joint venture**

| | Atlantic Delights Ltd. | | HBC Immunology Inc. | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Current assets | 2 551 | 3 358 | 5 117 | [illegible] |
| Fixed assets | 66 | 65 | 192 780 | [illegible] |
| Current liabilities | 1 554 | 1 468 | 0 | [illegible] |
| Non-current liabilities | 11 002 | 9 595 | 1 134 | [illegible] |
| Operating revenue | 1 620 | 1 700 | 475 | 0 |
| Total earnings | -2 251 | -4 228 | -5 393 | -1 602 |

## Content



## Note 23 Accounts payable and other short-term liabilities

**Accounts payable**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2023 | **2024** | 2023 |
| Accounts payable | 21 120 | 13 560 | 18 703 | 11 787 |
| Accounts payable related companies | 72 510 | 41 601 | 69 956 | 37 249 |
| **Total** | **93 629** | **55 161** | **88 659** | **49 037** |

Accounts payable are not interest-bearing and normal maturity is from 0 to 60 days. For settlement and terms for accounts payable with related parties, see information in note 6.

**Other short-term liabilities**

| | Group | | Parent | |
|---|---|---|---|---|
| (Amounts in NOK 1 000) | **2024** | 2022 | **2024** | 2023 |
| Public duties payable | 5 030 | 4 903 | 4 277 | 4 251 |
| Accrued holiday pay | 5 960 | 5 178 | 5 316 | 4 566 |
| Other accrued costs | 4 567 | 2 948 | 4 494 | 2 701 |
| Short-term debt to related companies* | 0 | 144 000 | 0 | 144 000 |
| **Total** | **15 557** | **157 029** | **14 087** | **155 518** |

On 4th of January 2024 the extraordinary general meeting of HBC approved the offsetting of NOK 144 million into preference class B shares.
Since there is no contractual obligation to repay the amount, nor principal amount or interests, this is classified as equity.

The B-Shares will not hold any voting rights and will carry a preferential right to receive dividends over the Company's ordinary shares (listed on the Oslo Stock Exchange under ticker code "HBC") (the "Ordinary Shares").

Following a minimum of five (5) years after the issuance of the B-Shares, Hofseth International can request the B-Shares to be converted into Ordinary Shares. The subscription price shall be NOK 9 per new Ordinary Share. If conversion rights are exercised after seven (7) years, a subscription price of NOK 12 per new Ordinary Share shall apply. Such conversion into Ordinary Shares will technically be done through a redemption value, equivalent to the Investment Value in addition to the Preferred Amount.

## Note 24 Share capital, shareholders and dividends

As of 31 December 2024, Hofseth BioCare ASA had NOK 411,081,030 in share capital, divided into 395,081,030 A-shares, and 16 000 000 B-shares, each with a nominal value of NOK 0.01. All shares are fully paid.
B-shares has no voting rights. B-Shares carry a preferential rights to dividens over the Companys A-shares. The 20 largest shareholders of Hofseth BioCare ASA as of 31 December 2024 are:

| Largest shareholders | # A shares | # B shares | % share |
|---|---|---|---|
| SIX SIS AG | 91 475 100 | | 23.15 |
| RH INDUSTRI AS | 69 300 190 | | 17.54 |
| HOFSETH INTERNATIONAL AS | 59 611 772 | 16 000 000* | 15.09 |
| YOKOREI CO. LTD | 40 951 333 | | 10.37 |
| GOLDMAN SACHS INTERNATIONAL | 22 450 000 | | 5.68 |
| BRILLIANT INVEST AS | 11 000 000 | | 2.78 |
| UBS SWITZERLAND AG | 10 978 069 | | 2.78 |
| GOLDMAN SACHS & CO. LLC | 9 251 830 | | 2.34 |
| CITIBANK, N.A. | 8 015 022 | | 2.03 |
| JPMORGAN CHASE BANK, N.A., LONDON | 4 606 816 | | 1.17 |
| BOMI FRAMROZE HOLDING AS | 3 453 370 | | 0.87 |
| LGT BANK AG | 3 248 329 | | 0.82 |
| SAXO BANK A/S | 3 190 979 | | 0.81 |
| BNP PARIBAS | 2 827 628 | | 0.72 |
| CLEARSTREAM BANKING S.A. | 2 322 933 | | 0.59 |
| VERDIPAPIRFONDET DNB SMB | 2 317 100 | | 0.59 |
| ØDEGÅRD PROSJEKT AS | 2 174 039 | | 0.55 |
| INTERACTIVE BROKERS LLC | 2 135 280 | | 0.54 |
| SINKABERG AS | 1 764 107 | | 0.45 |
| CITIBANK, N.A. | 1 627 423 | | 0.41 |
| In total, the 20 largest shareholders | 352 701 320 | 16 000 000 | 89.27 |
| **Total others** | **42 379 710** | **0** | **10.73** |
| **Total number of shareholders** | **395 081 030** | **16 000 000** | **100.00** |

*No voting rights
Total no. of shareholders: 1,520

| Shares owned by CEO and the Board | **2024** | 2023 |
|---|---|---|
| Jon Olav Ødegård[1] | 3 084 039 | 3 084 039 |
| Roger Hofseth[1] | 129 098 628 | 128 863 421 |
| Christoph Baldegger | 2 547 853 | 800 000 |
| Crawford Currie[1] | 750 000 | 750 000 |
| **Total** | **135 480 520** | **133 497 460** |

[1] Includes shares owned by related companies and persons.

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## Note 25 Subsequent events

On 21 February 2025, HBC partnered with Symrise to expand its manufacturing and market reach. Symrise has provided a €5 million loan to fund HBC's second enzymatic hydrolysis plant in Berkåk, tripling production capacity. HBC also signed an exclusive distribution agreement for OmeGo®, ProGo®, and NT-II™ with Symrise's global key accounts. With an additional NOK 60 million loan from Sparebank 1 Nordmøre, the project has started, and construction is set to begin after approvals in Q2 2025, with production expected before Q3 2027.

On 10 March 2025, HBC engaged Novum Asset Management AG to investigate the potential issuance of CHF-denominated unsecured bonds of maximum CHF 8 million and a tenor of three years, to secure growth and working capital for the Group. The bonds are targeted towards investors in Switzerland and Liechtenstein. HBC may also contact investors in Norway directly.

For going concern, please refer to note 1.

## Content



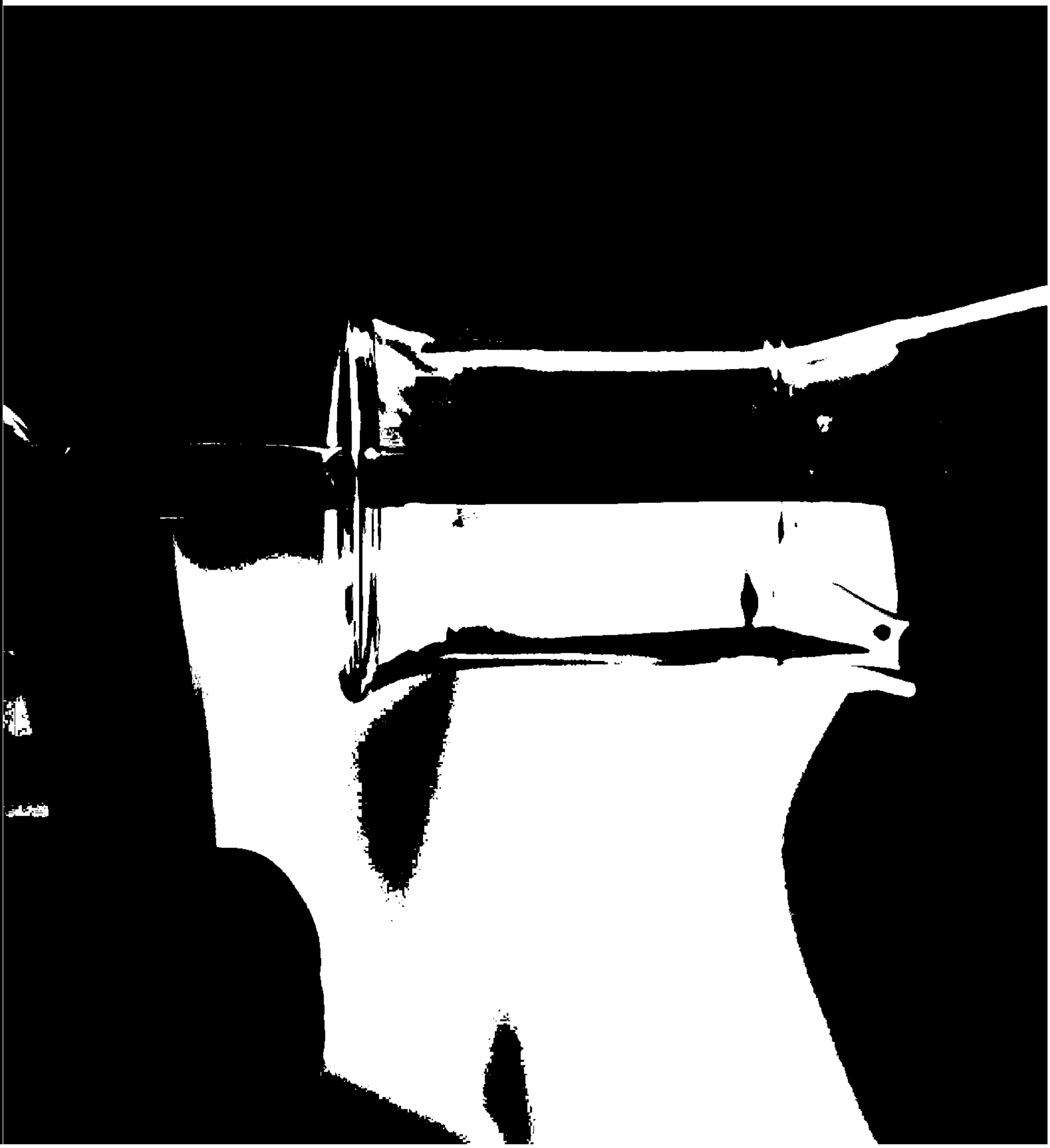
# Declaration of the Board of Directors and CEO in Hofseth BioCare ASA

We confirm that the financial statements for the period 1 January to 31 December 2024 to the best of our knowledge, have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU / applicable accounting standards and that the financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operations, and that the annual report gives a fair view of the financial performance and position of the Group, together with a description of the main risks and uncertainties faced by the Group.

Hofseth BioCare ASA Board of Directors,
Ålesund, 11 April 2025

| | | |
|---|---|---|
| Linda Christin Hoff<br>Chair of the board | Maria Bech<br>Board member | Crawford Currie<br>Board member |
| Christoph Baldegger<br>Board member | Amy Novogratz<br>Board member | Roger Hofseth<br>Board member |
| | Jon Olav Ødegård<br>CEO | |

# Auditors report



## Content

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Medlemmer av Den norske Revisorforening


To the General Meeting in Hofseth Biocare ASA

**INDEPENDENT AUDITOR'S REPORT**

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Hofseth Biocare ASA (the Company) which comprise:

- The financial statements of the Company, which comprise the statement of financial position as at 31 December 2024, 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, and
- The financial statements of the Group, which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of cash flows and statement of changes in equity 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 2024 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

### 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 in accordance with the requirements of the 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)* (the 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 11 years from the election by the general meeting of the shareholders on 22 July 2014 for the accounting year 2014.

### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements and the Board of Director's report, which describes that the Company and Group are dependent on sale of products at favorable margins and maintain adequate cash reserves, and or additional capital inflows through loans or equity in 2025 to





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continue as going concern. These events or conditions, along with other matters as set forth in note 1 and the Board of Director's report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Allocation of production costs as part of manufacturing cost of finished products**

| *Basis for the key audit matter* | *Our audit response* |
| --- | --- |
| The Hofseth BioCare Group had inventory of TNOK 55 917 and the parent company had inventory of TNOK 55 203 per 31 December 2024. Four types of finished goods are produced from a common production process based on the same input factors. Allocation of production costs is calculated on the basis of the expected sales values of the individual finished products multiplied with the relative share of the production yield. As the allocation of production costs involve significant judgement, this was a key audit matter. | We evaluated the management`s sales values in the model, by comparing the sales values against representative prices achieved through sales in 2024. We tested the production yield in the model against reported numbers from factory, and production costs in the model against actual costs. We tested the model for allocation of production costs being mathematically correct. We refer to note 2, 3, 6 and 19. |

### Other information

The Board of Directors and the Chief Executive Officer (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information consists of the information included in the annual report other than the financial statement and our auditor's report. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. 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.

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Our statement on the Board of Directors' report applies correspondingly for the statement on Corporate Governance.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial





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statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### Report on compliance with regulation on European Single Electronic Format (ESEF)

*Opinion*

As part of the audit of the financial statements of Hofseth Biocare ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name hofsethbiocareasa-2024-12-31-0-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (the ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

*Management's responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

*Auditor's responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL

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tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 11 April 2025
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Jørn Knutsen
State Authorised Public Accountant (Norway)

**Hofseth BioCare ASA**
Keiser Wilhelms gate 24, 6003 Aalesund, Norway

www.hofsethbiocare.com

Skatteetaten

| Vår dato | Din/Deres dato | Saksbehandler |
|---|---|---|
| 07.11.2022 | 21.10.2022 | Vibeke Horne |
| 800 80 000 | Din/Deres referanse | Telefon |
| Skatteetaten.no | AR512021688 | 90518192 |
| Org.nr | Vår referanse | Postadresse |
| 974761076 | 2022/5865574 | Postboks 9200 Grønland 0134 OSLO |

HOFSETH BIOCARE ASA
Kipervikgata 13
6003 ÅLESUND

Att. Leif Arne Giske

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Hofseth Biocare ASA, org.nr. 994 464 663

Vi viser til deres brev av 21. oktober 2022 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Hofseth Biocare ASA.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Hofseth Biocare ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

**Bakgrunn**
Hofseth Biocare ASA har norske og utenlandske eiere, både private og profesjonelle og er notert på Oslo Børs.

Selskapet driver virksomhet innen bearbeiding og omsetning av fisk og fiskeprodukter, herunder håndtering av fiskeavfall. Selskapet har hovedsakelig utenlandske kunder.

Selskapet har utenlandske styremedlemmer og all kommunikasjon og rapportering foregår på engelsk.

**Skattekontorets vurdering**
Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> "Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,

> f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet har norske og utenlandske eiere, både private og profesjonelle og er notert på Oslo Børs. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*