PROXIMAR

SEAFOOD

Annual Report 2021

Contents

Introduction

Proximar in brief

Proximar Seafood AS (Proximar) is a land-based salmon farming company in the process of constructing the first large-scale fish farm for Atlantic salmon in Japan. From the foot of Mount Fuji, only 1.5 hours driving distance from Tokyo, the company will be able to deliver sustainably produced Atlantic salmon to a strong Japanese market.

The location of Proximar's production enables the company to supply an attractive market without the need of comprehensive transport. This gives Proximar competitive advantages in terms of carbon footprint, costs and the freshness of the product.

The company expects its facility to be completed in the third quarter of 2023 and to produce an annual head-on-gutted volume of 5 300 tonnes when fully operational. The first harvest is expected to happen in 2024.

Highlights 2021

- **Construction work kicked off in Japan** medio March, bringing Proximar a major step closer to the production of Atlantic salmon at the foot of Mount Fuji. Contract partner Daiwa House
- **On time, on budget.** Construction progressed according to the plan. Most contracts settled on fixed prices, and expected completion date unchanged
- **Successful private placement** of NOK 400 million and admission for trading on Euronext Growth Oslo
- **Highest sustainability rating awarded** by Cicero for green debt financing
- **Key partnerships established.** Memorandum of Understanding signed with Marubeni for discussion of sales and marketing agreement. Framework agreement with Benchmark Genetics securing high-quality roe
- **Katrine Trovik and Fridtjof Falck** elected new chair and director of the board
- **Debt financing secured.** Loan agreement with JA Mitsui Leasing securing up to JPY 2.5 billion. Progress on other financing dialogues.

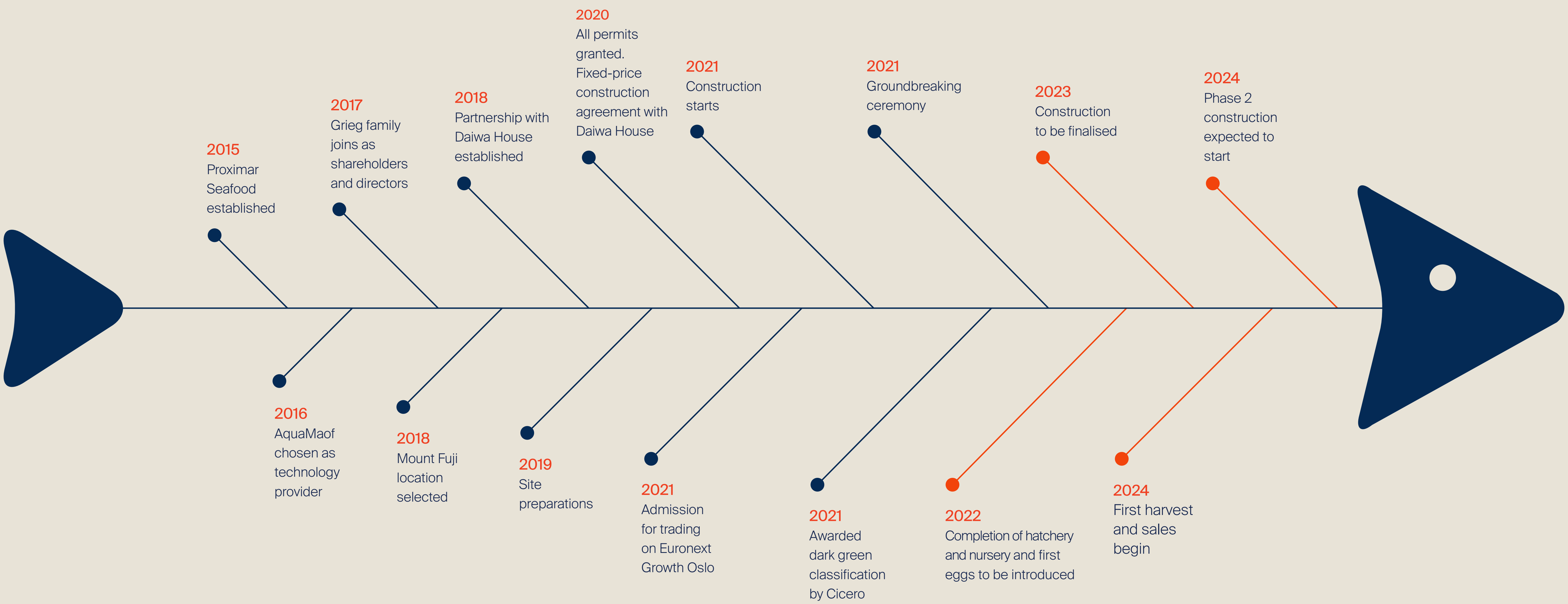
Adjacent market
~38
million people

First harvest
2024
Q2

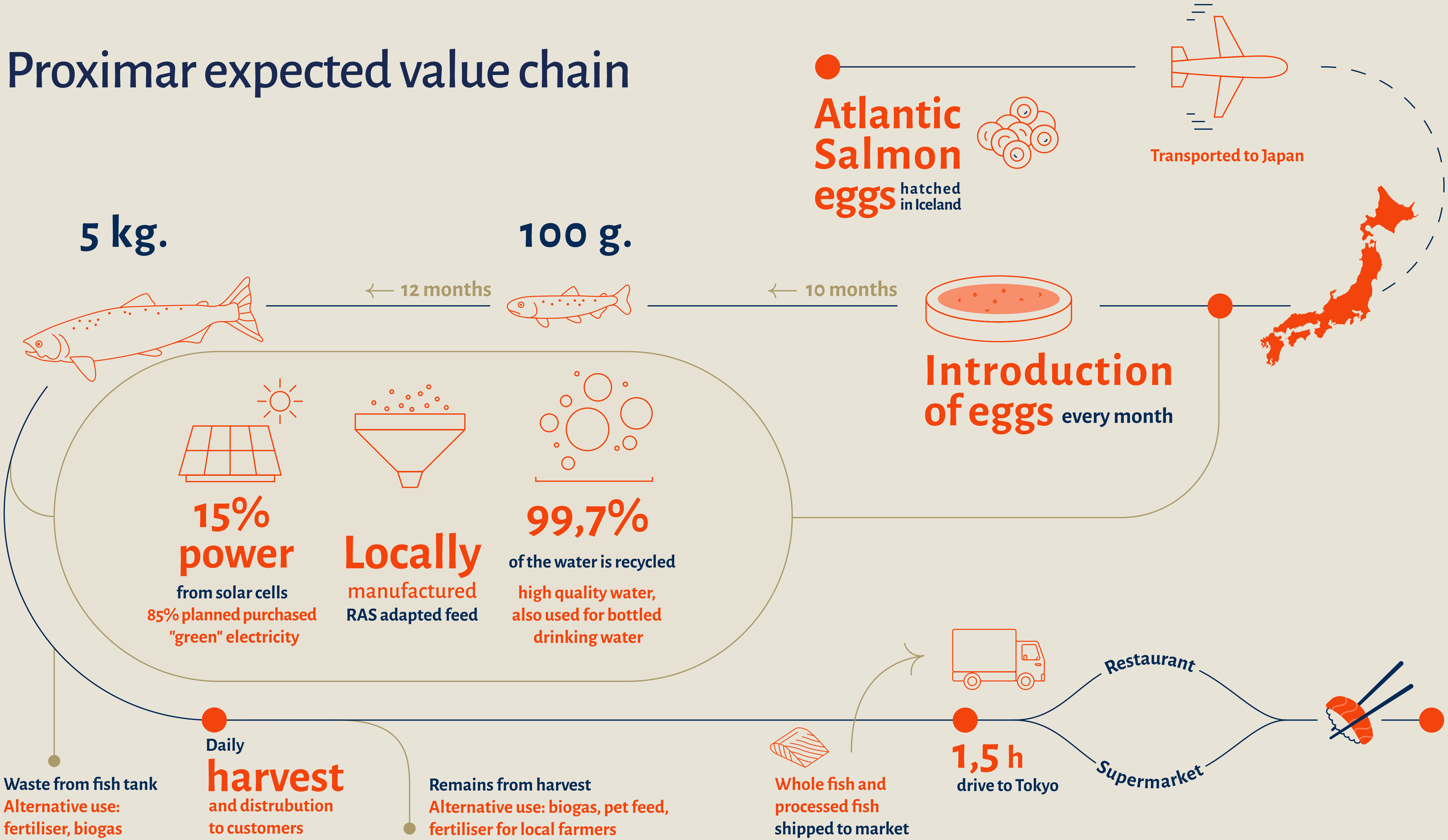
Phase 1 production
5 300
tonnes

Phase 2 production
21 000
tonnes

Proximar – history and future



Proximar expected value chain



Letter from the CEO

A big step closer to the production of Atlantic salmon in Japan

Proximar aims to be a leading provider of sustainably produced seafood and contribute to feed a growing population with protein. In 2021, we have made important progress for the realisation of this vision.

After six years of planning and preparations, we finally moved into the construction stage. Our 5 300-tonne recirculating aquaculture system (RAS) facility for Atlantic salmon will be located at the foot of Mount Fuji in Japan. We are now a big step closer to serving fresh Atlantic salmon to Japanese households and restaurants, locally produced and with a low carbon footprint.

On time, on budget

Even though the pandemic still affects our everyday lives, we have progressed as planned. This is thanks to our great colleagues and partners, who have all made the extra effort necessary to avoid delays in our schedule. With more than 95 per cent of the capital expenditure based on fixed contracts, we have a clear perception of our construction costs. We are therefore well positioned to have a robust business going forward.

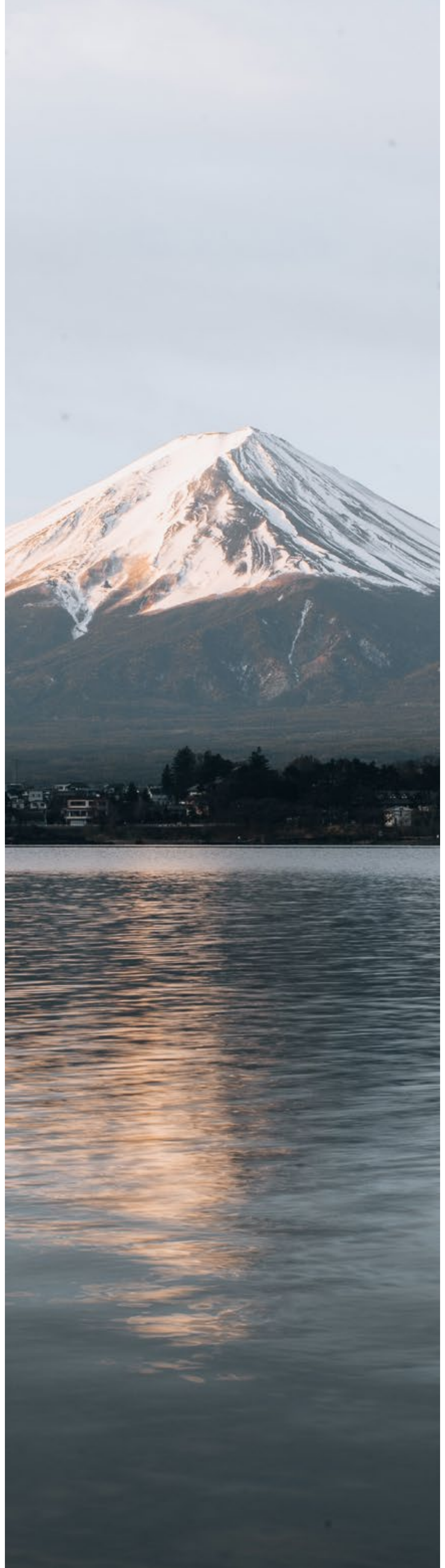
Sustainable salmon farming

In a global perspective, the potential of aquaculture is underutilised. A gradual shift from animal-based proteins to plant-based and aquatic proteins will contribute to combat hunger, mitigate climate change, halt the loss of nature and biodiversity, and improve the health of humans. The climate emergency and nature crisis have created a bottom-up demand for systemic change from consumers worldwide. We believe that our commitment to produce salmon sustainably and in proximity to the market will be our long-term advantage.

We were proud to be the first company in our industry to receive Cicero's highest grade for sustainability (the dark-green shade), both at a company level and with regards to debt financing. Cicero's rating regime provides investors and financial institutions with better insight into the environmental quality of companies.

Significant progress

- We started off 2021 by successfully raising NOK 400 million in a private placement. Subsequently, we were admitted for trading on Euronext Growth Oslo. Shortly after, we signed a land purchase agreement and construction contract with Daiwa House. We arranged the groundbreaking ceremony at the site in late April, with highly appreciated guests, including the Mayor of Oyama, Norway's Ambassador in Japan, and more than 20 Japanese media outlets. We believe that we are already benefiting from our location at the foot of Mount Fuji and look forward to building our brand in the years to come.



- Proximar signed a Memorandum of Understanding with Marubeni Corporation with regards to a potential sales and marketing agreement. Marubeni is one of the largest general trading companies in Japan. Furthermore, we signed a loan agreement with JA Mitsui Leasing. This was a major milestone for us and an approval of our plans for debt financing by a reputable Japanese financial institution.

- We have continued to build the organization throughout the year, and we are excited to see the highly qualified people we are attracting. We have now filled all critical roles for the operational start-up as well as other crucial roles for the management of the company. We already have a strong presence in Japan, and this will increase even further with reduced travel restrictions.

Strong fundamentals – production starting this year

Our chosen technical solution, delivered by AquaMaof, has continued demonstrating encouraging performance. AquaMaof's facility in Poland uses the same design and solutions as the one we are building in Japan. This facility has been farming Atlantic salmon for the past five years, harvesting steadily since mid-2019. The production is running in line with expectations, demonstrating the facility's capability to sustain adequate water conditions for growth also at commercial densities.

The market for Atlantic salmon appears highly attractive

Limited growth in supply combined with strong global growth in demand is supportive for the market balance going forward. We continue to see growing demand for Atlantic salmon in the Japanese market, and, despite the pandemic, consumption volumes have continued upwards. We are receiving great interest for our coming production in Japan, and we remain optimistic when it comes to the attractiveness of our product and potential for premium pricing. Market prices for Atlantic salmon in Japan were quoted at levels above NOK 103/kg throughout the year, which is close to 80 percent above the average Norwegian export price for 2021, illustrating the cost advantage of local production. We are therefore looking forward to bringing in the first eggs to the hatchery, which is planned to happen in Q3 this year.

Priorities going forward

We will continue delivering on the construction as planned, and to secure a smooth operational start-up. We will also continue our work on developing Proximar and creating long-term value for our shareholders. We believe we are well positioned for the future, and will continue with dedication to become a leading supplier of Atlantic salmon in Japan and Asia.

Joachim Nielsen
chief executive officer

Project Review

Facility development on time and on cost

Despite Covid-19 and related issues, the development of our land-based salmon facility is progressing as scheduled and the first egg introduction is expected in Q3 2022. The capital expenditure estimate remains unchanged.

Construction progressing as scheduled

The construction work was initiated by Daiwa House in March 2021, and the formal groundbreaking ceremony was held a month later. The work has progressed as planned and the first building, the hatchery and nursery, is expected to be finished in Q3 2022. The remaining of the facility is being constructed simultaneously, and the entire farm is expected to be completed in Q3 2023.

Construction site at the foot of Mount Fuji

Technology deliveries and installation on track

The recirculating aquaculture system (RAS) components have, despite Covid-19-related issues, arrived on site as scheduled. The installation work is undertaken in parallel with the construction, and is progressing as planned. The first egg introduction is planned in Q3 2022 and around a year later, the fish will be transferred to the grow out facility.

Capital Expenditure (CAPEX) estimates

Despite increase in raw material prices and transportation, the CAPEX estimates remain unchanged due to a significant amount of fixed price contracts.

Peder Sollie

project manager

Being a project manager, I always strive for progress. For this project, external challenges such as Covid and lack of materials have occurred, but they have been overcome. The project is fully on track, following the progress curves as set out in the base-case planning.

I believe the project being on track is a result of the close cooperation between our main contractors and Proximar's experienced project management team. The project involves teams from Japan, Israel, and Scandinavia, which complement each other and provide an exciting working environment.

Toshihiko Kitano

project manager, construction management japan

As an on-site project manager for Proximar, I work with people from a variety of countries. To achieve good collaboration and coordination between different parties, I have repeatedly emphasized the need for visualizing the facility and adapting to local standards. Thanks to the professional approach of the team members, the project is progressing steadily towards the goal, despite Covid-19 and adverse weather.

Through this project, I have reaffirmed my perception of the Japanese construction industry as possessing excellent technical capabilities, valuable resources and a strong mind to ensure quality construction.

The first Atlantic salmon RAS-project in Japan is still only halfway there, but with a continued team effort and technical support from our human capital, I am confident that the RAS facility will be completed successfully and on time.

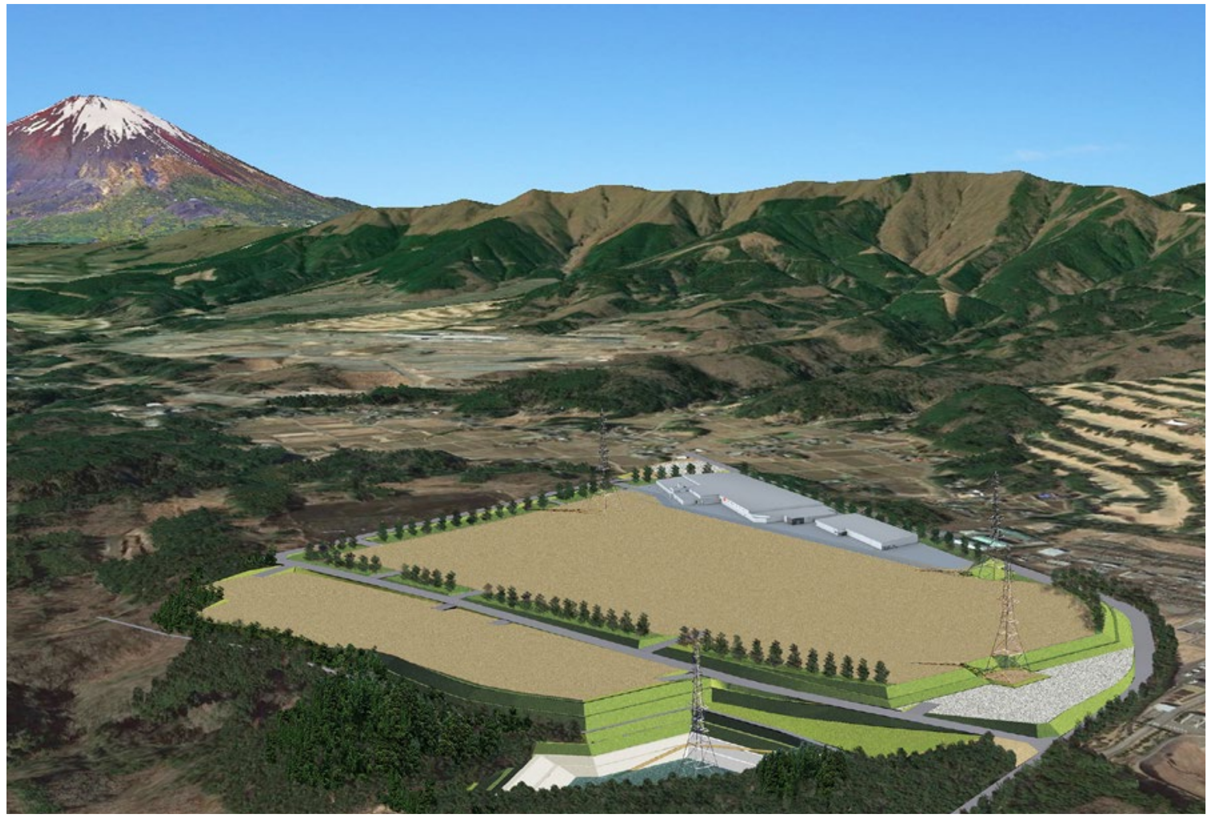
An efficient salmon farming facility with risk-mitigating technology

Proximar's land-based salmon farming facility will employ proven and risk-mitigating technology for sustainable and efficient salmon farming. The farm is expected to produce 5 300 metric tons of Atlantic salmon (head-on-gutted) when fully operational.

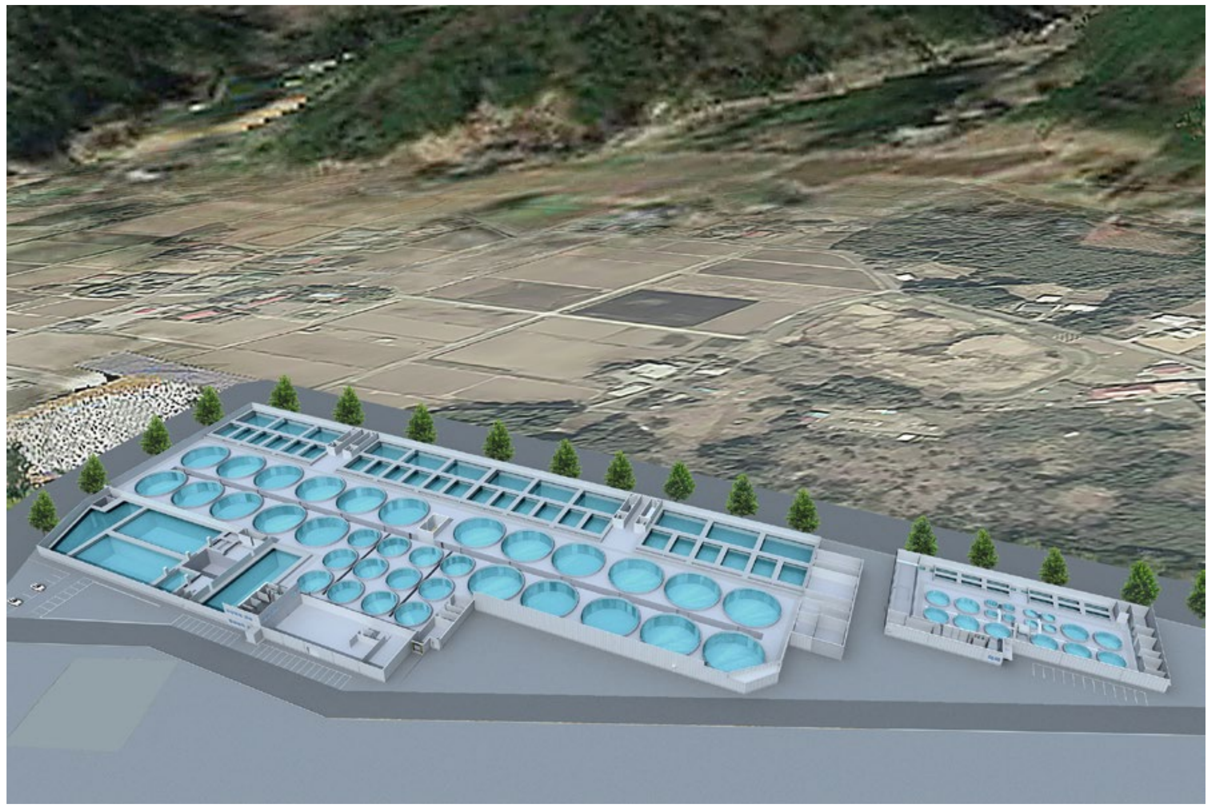
Proven technology

Proximar's facility is based on RAS technology from AquaMaof – a leading global supplier within land-based fish farming technology. AquaMaof's R&D facility in Poland has steadily harvested market-size Atlantic salmon since 2019, with stable growth rates, production at commercial densities, low mortality, and high scores for taste and texture in test panels.

Although AquaMaof has only harvested market-size salmon since 2019, it has many years of experience with other species. There have been no incidents of mass mortality due to system malfunctioning or toxic H_2S-gas in any AquaMaof facility, which are otherwise considered major risk factors within land-based fish farming.



Facility when finalised in 2023



Two modules in the hatchery and nursery (to the right) and four modules in the post smolt grow out building (to the left).

Risk-mitigating design

Where conventional RAS providers use drum filters and other mechanical water treatment tools, AquaMaof utilises alternative processes based on gravity and biodegradation instead. The omission of mechanical tools reduces operational complexity and points of failure related to the malfunctioning and breaking down of equipment.

The facility is divided into multiple independent biosecurity zones, so-called 'modules'. The hatchery and nursery building consists of two modules, while the post smolt grow out building consists of four modules. The division into independent modules ensures that potential adverse effects occurring in one module will not spread to the entire facility.

Another risk-mitigating factor is back-up of all critical equipment. This makes sure that even if any of the relevant equipment fails, the facility will be operational, and there will be time to remedy the issue before it affects the fish.

Sustainable production

AquaMaof's technology uses considerably less electricity than conventional RAS-technologies. It also uses less water, recirculating 99.7 per cent. This mitigates the environmental footprint considerably.

Functional facility constructed by experienced and local contractor

Both the hatchery and nursery building and the post smolt grow out building are, despite their considerable size, quite simple. The facility is being constructed by Daiwa House in Japan, which has vast experience with industrial projects, being one of the larger Japanese contractors with 49 000 employees.

Lars Stigaard
CTO

The RAS technology provided by AquaMaof has now reached a level where facilities can be placed practically anywhere in the world. The technology provides excellent and stable growth conditions independent of the surroundings, while the risk-mitigating design minimises the chance of adverse events.

For me, the facility represents an opportunity to make a difference, within all aspects of sustainability. Proximity to the customer implies less need for transport, which is beneficial for our environmental footprint. We also strive to have a positive impact on the local community by providing employment at the facility, work for subcontractors during construction and services after completion.

We experience that customers are increasingly focused on healthy food and the environmental impact of food production. Our facility can provide full traceability from the procurement of eggs to the distribution of salmon after processing. The electricity we intend to use is provided by solar panels mounted on the facility roof as well as certified green electricity from the grid. We will also use certified feed. Finally, the RAS technology now makes it possible to utilize what used to be considered waste products in salmon production to make other valuable products, such as pet feed and fertiliser. All these things do make a difference, both for our customers and for the environment.

Increased financing activity

In 2021, Proximar successfully raised equity and obtained Japanese debt. The company is currently working on different alternatives for further financing.

Proximar started the year 2021 with an equity raise and was subsequently admitted for trading on Euronext Growth on February 3rd. The equity raise secured the company NOK 400 million in new equity following a placement with significant oversubscription. After the equity raise, the company proceeded with the plan to start construction. The construction contract and land purchase agreement with Daiwa House Ltd marked the construction start in mid-March.

As communicated in relation to the admission for trading, the company is assessing different avenues for both debt and equity financing of the remaining part of the project. The company has made significant progress throughout the year with existing dialogues and are also progressing with new dialogues and activities.

Grieg Kapital AS – a significant shareholder in Proximar – facilitated in the second half of the year a Japanese debt alternative with JA Mitsui Leasing Ltd. Together with co-guarantors, Grieg Kapital supported a guarantee providing Proximar with a JPY 2 500 million loan (~ NOK 190 million). Besides providing Proximar with liquidity, the loan has sent a positive signal to financial institutions in Japan and is an important acknowledgement and good starting point for further financing.

Proximar now follows several paths for further financing. For long-term financing, the discussions with Japanese banks are progressing well. In addition, other financial institutions in Japan have shown interest. A sales and purchase agreement (off-take) for the fish is an important condition for the Japanese financial institutions, as such an agreement would ensure future revenue. In parallel, the company is working with both Japanese and international alternatives for further financing. As part of the remaining financing requirement, we also plan to raise additional equity, in accordance with previous communication. The company still targets a debt ratio amounting to around 50 per cent of the total project costs.

The financing activities provide confidence for a sound capital structure going forward. Capital expenditures and costs estimates are unchanged since the initiation of the project, and the company expects that eased travel restrictions will help improve the efficiency in the funding dialogues in Japan.

Our team
and organisation

Management team

Joachim Nielsen
CEO

- Co-founder of Proximar
- Previously served as CFO of railroad construction company Team Bane (renamed to NRC Group)
- Extensive financial background from investment banking, private equity and fund management

Pål Grimsrud
CFO

- Experienced CFO and CEO from various industrial sectors
- Former CEO in the shipbuilding industry, dealing with large constructions, contracts and financing
- Joined Proximar in 2019

Keisuke Nakayama
director business development

- Joined Proximar in July 2021, but has been involved as special advisor for Proximar in Japan through Innovation Norway Tokyo since 2015
- 24 years working as advisor in the Norwegian Trade Council and Innovation Norway Tokyo

Vivian Lunde
director ESG and business operations

- Extensive experience from PwC as auditor, CFO and consultant in various industries
- Solid competence as strategic sparring partner and project manager within innovation work, HR and recruitment
- Joined Proximar in 2021

Lars Stigaard
CTO

- Third generation fish farmer from Denmark
- Extensive experience from RAS, including design, construction and operation of RAS facilities
- Joined Proximar in 2017

Dharma Rajeswaran
COO

- More than 30 years of experience from Atlantic salmon farming
- Has worked with RAS for ten years, most recently as COO of Atlantic Sapphire in the US
- Joined Proximar in 2022

Marius Birkenes
director strategy

- Experienced management consultant and strategist, mainly within industrial and financial sectors
- Previously employment in Arkwright, PwC and Sbanken
- Joined Proximar in 2021

Peder Sollie
project manager

- Skilled and trained MSc project manager with 17 years experience managing capex intense, multi discipline, international and complex JVs and projects.
- Long term contracted to Proximar

Building a high-performance team

People at Proximar are proud to be part of sustainable food production in Japan. Salmon is well positioned to meet the increasing global demand for proteins, since salmon is beneficial in terms of health, sustainability, production efficiency and food safety, which are major concerns for today's consumers.

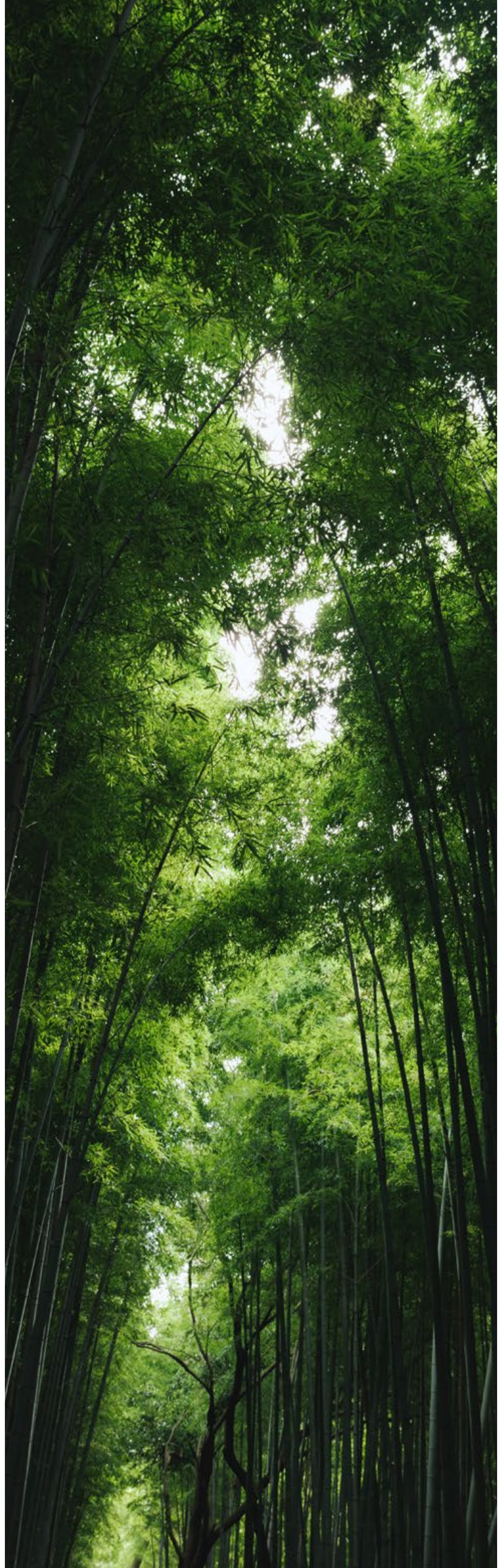
Proximar brings together people from across the globe to solve one of mankind's great puzzles: sustainable and effective seafood production. Fulfilling this ambition requires dedicated and creative people, who collaborate across borders and continents. As an international company, the company strives for equal opportunities for everyone and treats each individual with respect and honesty.

Proximar is hiring dedicated and ambitious people who value working towards common goals.

The company's production managers are all experienced, coming from leaders within the salmon industry. They are committed to train and transfer their knowledge to local colleagues, building a new and innovative business in Japan.

Building the team further, Proximar is looking for local workers in Japan. Higher education or practical experience is needed for some of the positions. Applicants will be screened according to the following criteria:

- Responsibility
- Motivation
- Integrity
- Communication skills
- Collaborative skills
- Diversity



Corporate management principles

Ambition:
- A leader within salmon farming in Asia
- Optimisation of production and profitability
- Embrace innovation and technology
- Strive to improve – every day

Harmony
- Fish welfare is the core of our production
- Sustainable across the entire value chain
- Cooperation with and positive contribution to neighboring areas
- Open and honest communication with stakeholders

Equality
- Everyone is treated with respect and friendliness
- Equal opportunities for everyone, across gender, age, religion, sexuality and ethnicity.

Board of directors

Katrine Trovik
chair

- Extensive experience from 10 years of top management in DNB corporate banking, including two years as the head of DNB South America. Former partner in law firms Wikborg Rein & Co., and Vogt & Wiig AS
- A number of present and past board positions including Grieg Seafood ASA, Lerøy Seafood Group ASA, Rieber & Søn AS, Den Nationale Scene AS, Bergen Næringsråd and Helse Vest RHF

Per Grieg jr.
director

- Founder of Grieg Seafood ASA in 1992 and actively involved in leading positions in the company since then, currently as chairman
- Experience from establishment of companies in several sectors and from board positions in i.a. Fjord Seafood ASA, Marine Farms ASA, Erfjord Stamfisk AS and AON Grieg, in addition to several companies in the Grieg Group

Fridtjof Falck
director

- Director at Clarksons Platou AS with extensive experience from Japanese business, including the large trading houses and financial institutions
- Former experience from the credit department of DNB London
- Board member of IFG Holding and Reforcetech AS

Espen Aubert
director

- Has been active in development of new businesses within renewable energy, recycling, real estate and sustainability, currently as co-founder and CEO of the investment company Daimyo AS
- Currently involved in the development of the energy company Kvitebjørn Energi and its subsidiary IJsbeer Energie, among others
- Former roles include founder and CEO of Ecosalmon AS in Japan

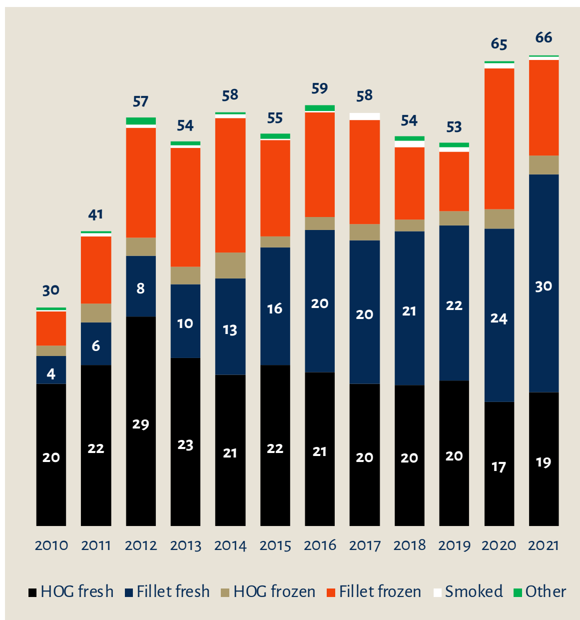
Market

Japan is an ideal country for land-based fish farming of Atlantic Salmon

Japan's combination of market attractiveness, quality-conscious consumers, and political and economic stability makes it perfect for land-based fish farming. Proximar is well positioned to take advantage of this.

Japan is a significant market for Atlantic Salmon
The seafood-loving Japanese population, especially the younger generation, has really embraced the Atlantic salmon. In 2021, Japan imported ~50 000 tonnes of fresh Atlantic salmon, meaning that Proximar's expected production would only amount to ~11 per cent of the total 2021 demand.

Able and willing to pay for quality and freshness
Japan has a large and prosperous middle class that is willing to pay high prices for the right products. The Norwegian Atlantic salmon has already a good reputation in Japan, and Proximar believes that Proximar's locally produced "Japanese" salmon will be considered superior to the imported fish, as the former will be 4-6 days fresher than the airborne alternatives.



Sustainability and economic incentives in place
A major advantage with land-based fish farming, both from a sustainability and an economic perspective, is to avoid air freight by farming the fish close to consumers. As the entirety of Japan's consumption of fresh Atlantic salmon is currently imported from other continents, the potential savings in terms of both costs and CO_2-emmisions related to transportation are substantial.

Political and economic stability
The Japanese society and business environment provides predictability and stability, both in economic and political terms.

Perfect location within Japan
With one to two hours trucking distance from the two largest cities in Japan, Tokyo and Yokohama, Proximar is able to deliver fresh fish to ~40 million people. The farm's proximity to Mount Fuji offer substantial branding potential and the location offers stable and plentiful access to both electricity and clean water.

Strong export potential
Being located in East Asia, Japan has proximity to large and attractive markets for Atlantic salmon.

Keisuke Nakayama
director business development

In Japan, we slowly started using farmed Norwegian salmon for sushi and sashimi in the 80s. Prior to this, raw salmon was not consumed in Japan. Children in the 80s grew up with the "new" way of consuming salmon, and today we bring our own kids to sushi restaurants to eat fresh salmon. As a result, the demand has risen steadily, and I expect the trend to continue.

The Japanese are known as seafood consumers and market studies show that more than half of the population is willing to pay a ~10% premium to get domestically produced products. Today, the entire demand for Atlantic salmon is being imported, mainly from Norway. This places Proximar in a great position, as the ability to supply "Japanese Atlantic salmon" with superb freshness in this market should be highly appreciated by the picky consumers.

Board of directors' report

Board of directors’ report

2021 was a year with significant progress in several ways. Proximar has now started the construction, and is closer to the vision of being a leading provider of sustainably produced seafood and contributing to feed a growing population with protein.

Business overview and strategy for Proximar Seafood Group

Proximar Seafood AS (Proximar) is a land-based salmon farming company currently constructing one of the first land-based facilities for Atlantic salmon in Japan. The production facility is located at the foot of Mount Fuji in Oyama, only a 1.5-hour drive from Tokyo, and is due to be completed in Q3 2023. From 2024, Proximar will be serving the Japanese market with fresh Atlantic salmon harvested the same day. The target production is 5 300 tonnes (head-on-gutted) per year at full capacity.

Founded in 2015 and headquartered in Bergen, Norway, the company is backed by industrial owners from the Norwegian and international aquaculture industry. In February 2021, the company was admitted for trading on Euronext Growth at Oslo Stock Exchange. The company is currently constructing the facility in Japan, and has already started building a local organisation, which will operate the production.

The core of Proximar’s business strategy is to locate and establish a production of Atlantic salmon closer to consumers in attractive markets. This is also reflected in its name, which references proximity to the market. Proximar’s salmon production will be sustainable by being conducted closer to the market and thereby omitting extensive transportation and associated carbon emissions, and by being well-monitored and controlled, which minimises the impact on the external environment.

Japan, with its 126 million inhabitants and a quality-oriented seafood culture, has been the company’s preferred market from the start. Proximar aims to be a leading producer of Atlantic salmon in Asia, emphasising safe and sustainable production.

When it comes to the ongoing construction, the board is pleased to see this progressing as planned. With extensive fixed contracts, the prospects are good. The capital expenditure remains unchanged around NOK 193 / kg including land, which is highly competitive.

Key events in 2021

Successful private placement and admission for trading on Euronext Growth:
On 28 January 2021, the company completed a private placement, which increased its equity by about NOK 400 million through the issuance of 24 691 360 shares at a subscription price of NOK 16.20 per share. The placement attracted great interest in the capital market and was significantly oversubscribed.

The company had its first day of trading on Euronext Growth on 3 February 2021.

Signed construction contract with Daiwa House:
On 1 March, Proximar signed the construction

contract and final land-purchase agreement with Daiwa House Industry. The contract value was about JPY 6 billion related to construction work. The actual work started on 19 March.

Awarded dark green classification by Cicero:
In April, Proximar was classified as dark green by Cicero, the leading global provider of second opinions on green debt financing. Dark green is Cicero's highest grade, awarded to projects and solutions which support the long-term vision of a low-carbon and climate-resilient future.

MOU with Marubeni:
In May, Proximar signed a Memorandum of Understanding (MOU) with Marubeni for discussion of a sales and marketing agreement.

New Board members:
At the general assembly, Katrine Trovik and Fridtjof Falck were elected as chair and director of the board respectively. This was a natural step in the transformation from being a private company to becoming public.

Signing of Framework Agreement with Benchmark Genetics:
In July, the company signed a framework agreement with Benchmark Genetics, thereby securing stable deliveries of high-quality roe.

Loan agreement with JA Mitsui Leasing:
In November, the company signed a loan agreement with JA Mitsui Leasing for a loan of up to JPY 2.5 billion. This was a major milestone for Proximar, and an approval of the company's plans by a reputable Japanese financial institution.

Events after the balance sheet date

Signing of contract with Techno Ryowa:
In March 2022, the company signed a contract for heating, ventilation, and air conditioning with Techno Ryowa. The contract is the final capital expenditure-intensive fixed-price contract and is in line with the budgeted costs. With this in place, the level of fixed contracts is above 95 per cent of the budgeted capital expenditure for the facility.

Review of the consolidated financial statements

Statement of income
The group has no income. The operating expenses mainly consist of salaries and professional fees in line with expectations, and the financial expenses are mainly related to currency effects.

Balance Sheet
In January, Proximar raised NOK 400 million in new equity, and at the end of 2021, the group had a total equity of NOK 390.4 million, compared with NOK 34.1 million at the end of 2020. The equity ratio was 80%, compared with 88 per cent at the end of 2020. The group had a cash position of NOK 73.8 million at the end of 2021, compared with NOK 28.3 million in 2020.

Operations
The group's operating loss for the year ended 31 December 2021 was NOK 9.8 million, which is a decrease from the loss of NOK 11.1 million in the prior year. Net loss for the period was NOK 25.0 million, compared to NOK 10.7 million in 2020. The negative development is mainly due to currency effects on USD and JPY deposits in bank accounts in 2021.

Cash Flow
Cash outflows from operations for the year ended 31 December 2021 were NOK 27.9 million, implying an increase in cash outflows of NOK 17.4 million compared with the previous year. Cash outflows from investing activities for the year ended 31 December 2021 were NOK 400.6 million, implying an increase from 2020 as a result of construction work on the facility in Japan. Total cash and bank deposits increased by NOK 45.5 million over the year ended 31 December 2021, mainly due to a cash inflow from financing activities of NOK 474.0 million, which exceeded the cash outflow from investing activities of NOK 400.6 million.

Market review

Import and consumption volumes held up well in the Japanese market in 2021, despite yet another year with the pandemic. A substantial drop in demand from the hotel and restaurant market (Horeca) has continued to be largely offset by household purchases. This trend is also seen in the global context and is an encouraging sign when considering demand trends for the future.

The company is also very pleased to see that Proximar's business model continues to demonstrate robustness, and the competitive advantage of land-based fish farming in distant markets makes us well positioned for the future.

Looking ahead, Proximar expects the demand for Atlantic salmon in Japan to continue to follow the positive consumption trend. Despite being a seafood nation, the consumption of Atlantic salmon per capita is very low compared with other markets. Proximar expects this to increase. An important driver is the preference for Atlantic salmon amongst the younger generation. As demand grows, the company expects prices for Atlantic salmon to remain at attractive levels.

Over the past couple of years, awareness of environmental, social, and corporate governance (ESG) issues has been increasing among Japanese consumers. The company also sees that this trend gains momentum amongst financial institutions in Japan. As local salmon production in a fully enclosed recirculating aquaculture system (RAS) facility has significant environmental advantages vis-à-vis traditional sea-based farming, Proximar is well positioned to benefit from this trend.

Sustainability and corporate social responsibility

Sustainability

A major shift in the production and consumption of food is required if the promise of the Paris Agreement is to be held and the UN Sustainable Development Goals are to be within reach. The potential of increasing terrestrial food production is limited. Hence, one needs to look for solutions elsewhere.

An extensive analysis by the Food and Land Use Coalition[1] estimates that marine food production has the potential, within sustainable boundaries, to double by 2050[2]. This, however, requires major investments in innovation, foremost in feed supply.

Proximar's vision
To be a leading provider of sustainably produced seafood and contribute to feed a growing population with proteins.

The potential within seafood production is also acknowledged by Japan. The country's objective is to increase their seafood volumes. Nonetheless, they have experienced a decline in domestic food production. Therefore, Proximar's investments in production and people have been warmly welcomed.

Proximar brings new expertise, while establishing employment opportunities for both skilled and unskilled workers.

Proximar's core business of land-based production avoids many environmental issues associated with traditional sea-based fish farming. By facilitating production close to the market, Proximar avoids comprehensive transport and related emissions.

The company aims to adopt further sustainability measures and make sustainability concerns a core guide for the operations. ESG will be a priority in the board of directors' agenda.

In April 2021, Proximar was classified as dark green by Cicero, the leading global provider of second opinions on green debt financing. Dark green is Cicero's highest grade and awarded to projects and solutions which support the long-term vision of a low-carbon and climate-resilient future. The second opinion was based on an independent review of the framework and documentation of Proximar's policies and processes related to: transport, energy efficiency, energy supply, water usage, waste management, feed, fish welfare, and certification. For more information on sustainability, please see pages 54-61.

Equal opportunities and anti-discrimination

Proximar does not discriminate on the basis of race, religion, colour, national origin, gender, sexual orientation, gender identity, gender expression, age, protected veteran status, disability, or other applicable legally-protected characteristics.

We continuously work to ensure fair employment, gender balance, and equal opportunities. There is 20 per cent female employees, and 25 per cent female representation in the board of directors.

[1] FOLU-GrowingBetter-TechnicalAnnex.pdf (foodandlandusecoalition.org)

[2] Current levels of marine aquaculture production are approximately 11.7 million tonnes. The use of fish oil and fishmeal feed must decrease by 50% by 2o50 if growth is to be sustainable, according to the same analysis.

Governance

The board of directors consists of four members, two of whom are independent. The chair of the board is a woman, and the other members are men. The board of directors is responsible for the management of Proximar and for safeguarding the proper organisation of its operations. In the board's view, sound corporate governance is vital for promoting the greatest possible value creation over time in the best interests of Proximar's shareholders, employees, and other stakeholders. The board is committed to maintain a high standard of corporate governance, in line with Norwegian and international laws, and to comply with generally accepted rules and practices, and the internal code of conduct and ethical guidelines. Proximar has a third-party insurance agreement that covers members of the board and management for potential responsibility for liability.

Employees and organisation

New employees in 2021:

Keisuke Nakayama	director business development
Marius Birkenes	director strategy
Vivian Lunde	director ESG & business operations

New employee in 2022:

Dharma Rajeswaran	chief operating officer

Changes in 2021:

Katrine Trovik	new chair
Fridtjof Falck	new director of the board

Risk factors

Liquidity risk

Proximar is still following the planned financing strategy, meaning that the first production facility is not yet fully financed and depends for its completion on additional funds from public or private debt and/or equity financing. The outlook is positive, as Proximar has received indicative term sheets from banks and other financial institutions for long-term financing, but there is still no full-scale agreement in place. As the company targets a 50% debt ratio, it plans to raise additional equity.

Proximar's business and future growth plans are capital intensive, and as long as it does not generate sufficient cash from operations, the company will also need to raise additional funds after the completion of its first production facility.

Operational risk

Although work is progressing as planned, numerous risks are associated with the construction of the company's land-based facility in Japan. These include risks of delay, poor quality, and miscommunication.

Proximar has a high level of confidence in its partnership with the technology provider AquaMaof but acknowledges that the design and engineering of a recirculating aquaculture system is complex and involves several uncertainties.

The group's operations are subject to several biological risks, which could have a negative effect on future profitability and cash flows. An outbreak of significant or severe disease would represent a cost for the company through outcomes such as loss of fish, loss of biomass growth, accelerated harvesting, and poorer fish quality. The company plans to mitigate the negative effects of these potential outcomes by having a biomass insurance, but they could still have significant negative effects.

Market risk

Proximar's financial position and future prospects depend on the price of farmed salmon. Both short-term and long-term decreases in price may have a materially adverse effect on the company's business, financial condition, results of operations, and cash flow.

Fluctuations in currency exchange rates may have a material impact on Proximar's operational performance. The group expects the majority of its income to be denominated in JPY. Capital expenditures are expected to be denominated mainly in JPY and USD, while operating expenses are expected to be mainly in JPY.

Climate-related risk

The risk connected with rising sea temperatures and ecological changes is less imminent for land-based production facilities than for sea-based ones. However, there is a financial risk related to increased emission-related taxes. Moreover, extreme weather events may pose a threat to the physical facilities and to the energy supply system.

For 2022, Proximar aims to conduct a climate risk assessment in alignment with the Task Force on Climate-Related Financial Disclosure guidelines. The assessment will evaluate risks and opportunities related to transition risk, and physical risk.

Shareholders

Proximar Seafood AS has a total of 39.8 million common shares outstanding and approximately 2 000 shareholders. The shares are traded on Euronext Growth at Oslo Stock Exchange with the ticker code PROXI. Please see "Shareholder Information" on page 106 for more details.

Outlook

Proximar is on track with the construction and does not foresee any major changes to the planned operational start-up in Q3 2022.

So far, the impact of the pandemic on the Japanese construction industry has been limited, but it is important to be aware that the challenging conditions may have effects on deliveries, progress, and movement of personnel. Proximar has taken necessary measures to reduce the risk and impact of any unforeseen event. The current geopolitical tensions are also adding to these concerns.

The management will continue working on debt financing. Travel restrictions to Japan are currently being lifted, which is considered positive for the progress with debt financing. The group is also making progress with respect to the ongoing discussions with Marubeni for a sales and marketing agreement. Proximar remains optimistic about the ongoing construction, the operational start-up phase, the business model, and the team, which is strengthened with highly qualified people recruited in 2021.

Going Concern

The board is of the opinion that the financial statements give an accurate and fair presentation of the group's assets and liabilities, financial position, and financial results. Based on the above presentation of the group's results and financial position, and in accordance with the applicable accounting standards, the board confirms that the annual financial statements have been prepared on a going-concern basis, and that the requirements for so doing have been met.

Sustainability

Introduction

The world is facing an equation with numbers that do not add up

Feeding a growing population while simultaneously halting and stopping climate change and the rapid loss of nature is simply not possible with the continuation of business as usual.

A major shift in the production and consumption of food is required. The potential to increase terrestrial food production is limited. Hence, we need to look for solutions elsewhere.

Proximar's vision
To be a leading provider of sustainably produced seafood and contribute to feed a growing population with proteins.

In a global perspective, the potential of aquaculture is underutilised. An extensive analysis by the Food and Land Use Coalition (FOLU)[1] estimates that marine food production has the potential, within sustainable boundaries, to double by 2050[2]. This, however, requires major investments in innovation, foremost in feed supply.

Aquaculture, when done rightly, can produce protein with much lower carbon and land footprints than the typical mix of land-grown meats[3]. A gradual shift from animal-based proteins to plant-based, insect and aquatic proteins will contribute to combat hunger, mitigate climate change, halt the loss of nature and biodiversity, and finally, better the health of humans.

The potential within seafood production is also acknowledged by Japan. The country's objective is to increase its seafood volumes. Still, Japan has experienced a decline in domestic food production. Proximar's investments in production and people have therefore been warmly welcomed. Proximar brings in new expertise, while establishing employment opportunities for both skilled and unskilled workers.

Ambitions, challenges, and responsibilities

The aquamarine production sector is not sustainable by default. There are systemic challenges that need to be addressed. Feed is among the business' major liabilities, as it is a driver in the demand for soy and aquatic feed, which is associated with deforestation and overfishing. To mitigate the negative consequences of feed, Proximar has chosen Skretting as its feed supplier. Skretting's soy protein concentrate is certified under the ProTerra label[4], while marine contents, fish meals and oils are sourced from suppliers which are typically certified under the MarinTrust label. Land-based aquaculture is also expected to achieve better feed efficiency due to faster growth and lower mortality. This notwithstanding, Proximar is aware that its operations contribute to the total demand for soy and aquatic feed, which, as mentioned, is associated with adverse consequences. But the company is also ambitious on behalf of the industry and the concerted efforts in search for alternative feed sources.

Proximar's land-based production takes place in a fully closed environment with minimal environmental footprint, both locally and globally, securing a sustainable and safe product. This type of facility ensures high quality production and stable harvest volumes all-year round, ensuring better feed efficiency due to faster growth and lower mortality. The facility will make minimal use of water, electricity, and additives, with 99.7 per cent of water recycled, efficiently reducing freshwater consumption and wastewater volume. Proximity to the market eliminates the need for air freight and enables an unparalleled product freshness.

The company's target capacity is an annual head-on gutted volume of 5 300 tonnes, and the first harvest is expected in the first half of 2024. This, however, is only the beginning.

Ambition

- A leader within salmon farming in Asia
- Optimisation of production and profitability
- Embrace innovation and technology
- Strive to improve – every day

Harmony

- Fish welfare is the core of our production
- Sustainable across the entire value chain
- Cooperation and positive contribution to neighboring areas
- Open and honest communication with current and potential investors about sustainably produced seafood

Equality

- Everyone is treated with respect and friendliness
- Equal opportunities for everyone, across gender, age, religion, sexuality, and ethnicity.

Our ESG advantage

Proximar's business model puts sustainability at centre

The **carbon footprint** from Proximar's supply chain will be significantly lower than that of imported salmon, due to the omission of long distance freight

Proximar will increase **local food supply** and **food security** through sustainable seafood production

Proximar will secure **efficient production** through low feed conversion rate, and through reduced waste as a result of longer shelf life

Proximar will **recycle** 99.7% of the water used in production. High quality and clean **water** supplied by groundwater at ~100 m depth

Proximar's closed system eliminates threats to local **marine life** and its ecosystems, and provides a **safe environment** for the fish

Proximar has strong requirements related to the **feed supply** and has chosen a supplier which works actively to be sustainable

Proximar's facility will be located in a precious area of Japan. The company is always searching for **sustainable solutions** in both construction and operation

Proximar will secure access to **renewable energy** by installing a rooftop solar power system and purchase of renewable energy certificates

Proximar will provide **local employment** while promoting diversity and equality

Proximar will offer fresh salmon to the Asian market, **free of medication** and the traditional challenges of lice and micro plastics

All **waste** will be handled and disposed in a safe way. Water will be treated and disinfected before discharged

Proximar was awarded **Cicero's dark green** shade. In the coming years, Proximar aims to obtain an ASC certification

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1 FOLU-GrowingBetter-TechnicalAnnex.pdf (foodandlandusecoalition.org)

2 Current levels of marine aquaculture production are approximately 11.7 million tonnes. The use of fish oil and fishmeal feed must decrease by 50% by 2o50 if growth is to be sustainable, according to the same analysis.

3 Critical-Transitions-4-Security-a-Healthy-Productive-Ocean.pdf (foodandlandusecoalition.org)

4 The ProTerra Network | ProTerra Foundation

Environment

Proximar prioritises sustainability in its strategic work. Although the core business of land-based salmon farming avoids many environmental issues related to traditional seafood production, addressing the remaining environmental challenges is at the top of the company's agenda.

Fish welfare

The company aims to eliminate the risk of parasite infections and reduce the risk of disease. These issues have a significant impact on fish mortality and welfare in aquaculture. As a result of better disease control in land-based production, the need for medication is reduced, if not fully removed. All fish eggs will be disinfected when introduced to the facility. Water will be treated with UV radiation and ozone, and will be supplied from secure and disease-free aquifers. The only way for diseases to enter the facility is through the air or by people and equipment. Therefore, the facility will be a strict biosecurity area, with over-pressurized buildings and strict disinfection procedures for people and equipment.

A further point is that land-based facilities eliminate the risk of fish escapes, which threaten wild salmon stocks. By contrast, conventional aquaculture poses a serious threat to wild salmon stocks, as escaped farmed fish modify the gene-pool and may outcompete local species.

Finally, the AquaMaof system, unlike several other systems, avoids transport of live fish. This reduces stress and enhances fish welfare.

Reduction of electricity consumption

Compared with open net-pen aquaculture, land-based production requires more energy for pumps and other water-related infrastructure installations. Proximar has chosen a RAS from AquaMaof that has a significantly lower energy consumption in comparison to other conventional RAS solutions available in the market. Proximar estimates that electricity consumption will be 2.9 kWh per kg salmon (live weight equivalent) when the first plant is producing at full capacity.

On-site energy production

Proximar is working on different solutions to install a rooftop solar PV system on its main building (approximately 28 000 sqm). The solar panels will be designed to cover Proximar's electricity demand on peak hours of production, estimated to generate above 2 MW. Remaining demand will be covered by grid-based electricity. Proximar will purchase certificates of origin to ensure that all purchased electricity is derived from renewable sources.

Proximar will, to the extent feasible, purchase electric machinery and equipment. All machinery used in indoor production, including trucks, will be electric.

Water consumption and waste management

The AquaMaof system can recirculate 99.7 per cent of the water by efficiently removing nitrate and nitrite, resulting in low demand for freshwater and ensuring low wastewater volume. Proximar has also made additional investments in a denitrification system to further reduce the amount of sludge. Expected demand for freshwater replacement is at around 180 m^3 per day, corresponding to 13 liters per kg of fish produced. This is significantly lower than alternative RAS technologies.

Once Japan was chosen as Proximar's target market, the specific geographic location was chosen due to ample supply of freshwater. The facility will be located above one of Japan's largest water reservoirs. Local authorities have carried out test drillings and granted a defined supply of freshwater to Proximar. They estimate no risk of scarcity for drinking water supply.

All waste water will be treated with UV radiation and ozone before being discharged into a river. The environmental impact has been assessed by the local authorities with stricter criteria than those of national standards. Proximar will monitor water quality in the river and report to local authorities.

Proximar aims to promote circularity. Biowaste from fish farming and processing is a source of nutrients. Proximar intends to process trimmings and by-products into products for human consumption where possible, but is also considering using remainders for pet feed, fish meal, and oil.

Feed
Proximar aims to reduce the environmental footprint related to feed procurement. Proximar has developed a code of conduct for feed suppliers and has selected Skretting Japan as its supplier. The specific composition of the feed has not yet been decided, but Skretting Japan has confirmed that all soy protein concentrate in their products is certified under the ProTerra label, which ensures that soy ingredients do not originate from areas of native vegetation cleared or converted into agricultural areas after 2008.

Elimination of air freight
The foremost climatic benefit of Proximar's model is the elimination of air transport of salmon from Europe to Asia. In 2020, 89 per cent of fresh salmon consumption in Japan was transported from Norway by air. Proximar now aims to take a substantial market share of the fresh salmon market in Japan. Land-based aquaculture also eliminates the use of boats for feeding, harvesting and transport, and thereby also the need of associated fossil fuels.

Proximar awarded top rating
As Proximar is not yet in the production phase, no climate accounting has yet been conducted. The company will start the collection of data in 2022, with the aim of being aligned with international reporting standards.

Challenges notwithstanding, Proximar was classified as dark green in April 2021 by Cicero, the leading global provider of second opinions on green debt financing. Dark green is its highest grade, awarded to projects and solutions that ressonate with the long-term vision of a low-carbon and climate-resilient future. The rating was based on an independent review of the framework and documentation of Proximar's policies and processes.

Social matters

Proximar's project is expected to bring multiple social benefits, particularly within food security and sustainable food supply, in addition to revitalizing regional industries.

Food security
Proximar's efforts to supply domestically produced salmon is considered a significant contribution to Japan's policies to increase domestic agricultural production, ensuring a stable supply of high-quality, healthy food. Through an advanced water treatment technology, aquatic drugs become redundant, and micro plastics and the like will not be contained in the water. Proximar also contributes to revitalizing regional industries through job creation, both directly and indirectly through its suppliers and partners. In the years to come, the company aims to increase the number of employees as the business expands, contributing to industry growth.

Health and working environment
Health, safety and wellbeing of employees and the local community is a top priority alongside fish health and sustainable operations.

Although Proximar's facilities do not pose a great physical risk to employees in relative comparison to many conventional fish farming facilities, the company still has high HSE ambitions. Importantly, the company has managed to move forward as planned in spite of unusual times during the Covid-19 pandemic. This success is attributed to colleagues and partners who have made the extra efforts necessary to avoid delays in the schedule.

Gender equality and diversity
Proximar does not discriminate on the basis of race, religion, colour, national origin, gender, sexual orientation, gender identity, gender expression, age, protected veteran status, disability status, or other applicable legally protected characteristics.

By the end of 2021, Proximar had seven employees. Among them is one woman, who is also in the management. Three different nationalities are represented among the seven. Another three employees have been recruited during Q1 of 2022, and Proximar expects to recruit another 20 people during the first phase of operations.

Proximar will facilitate opportunities for professional development and encourage a continuous increase of inhouse competencies.

Whistleblower policy
The company is committed to ensure that employees and others can safely report malpractices or other issues of concern without the fear of repercussions. Issues of concern may include the abuse of authority, GDPR violations, corruption, economic crime, harm done to the environment and so forth. Employees can report directly to their manager or to the HR department.

Proximar has developed a set of ethical guidelines and seeks to establish the highest standards of honesty and integrity in all business relations. If irregularities occur, all employees are obliged to consult their supervisor or the board of directors.

Supplier code of conduct
Proximar has issued a supplier code of conduct that emphasizes human rights, environmental issues and labor rights. Proximar will only source from companies that comply with the rule of law and meet the criteria set out in the code of conduct, or – at a minimum – demonstrate that they are working towards meeting these criteria. Proximar will annually review its supplier code of conduct to ensure incorporation of relevant developments going forward.

Governance

Corporate governance
The board of directors is responsible for the management of Proximar and for safeguarding the proper organization of its operations. In the board's view, sound corporate governance is vital for promoting the greatest possible value creation over time in the best interests of Proximar's shareholders, employees, and other stakeholders. The board is committed to maintaining a high standard of corporate governance across the company, in line with Norwegian and international laws and generally accepted rules and practices.

The company is still in a starting phase of reporting sustainability activities. Proximar's sustainability management has been strengthened in 2021.

ESG-governance going forward
Proximar has started the process of conducting a materiality assessment, engaging with stakeholders to identify the importance of specific environmental, social and governance matters to the company.

In 2022, the company will continue its efforts with the materiality assessment, using the insights as a foundation for the company's sustainability strategy addressing the UN's sustainable development goals through company KPIs and measures. As operations proceed, Proximar aims to adhere to one of the renowned sustainability reporting standards.

Stakeholder dialogue
Proximar's success depends on the ability to build trust among stakeholders, and in order to build trust, dialogue is vital.

Certification
To ensure that local communities, customers, and civil society can trust that Proximar farms responsibly and according to the best standards, the company intends to obtain certification of its

facility under the Aquaculture Stewardship Council – a voluntary certification scheme for the assessment of environmental and social standards.

Construction

The establishment of Proximar's facilities enjoys strong support from the local municipality.

The facility is located in a 37-ha industrial park close to the UNESCO World Heritage site Mount Fuji. The site itself is located in a mountainous area surrounded by forest. The site for the industrial park was prepared prior to Proximar entering a contract with the town. According to Japanese law, an environmental impact assessment is only mandatory for the development of industrial parks larger than 50ha.

The facility building is planned to be certified under the CASBEE standards and the current design is expected to achieve a Built Environment Efficiency rank of B+ ("good"), and 2 out of 5 possible stars in the Life Cycle CO2 rating.

Internal and ethical guidelines

A personnel handbook establishes internal routines and organizational conditions that shall apply in the company and provide supplementary provisions to laws and agreements and reference to these. Some of the content is centered around legislation and labor law. The handbook also contains information on GDPR and the company's whistleblower policy.

The company's ethical guidelines describe the company's policy on anti-corruption and information handling.

Financial Statements

Consolidated financial statments

Consolidated statement of comprehensive income

(Amounts in NOK 1.000)	Note	**2021**	2020
Revenue		-	-
Revenue and other income		**-**	**-**
Personnel expenses	5	5 280	3 118
Depreciation and Amortisation	3	112	-
Other operating expenses	7	4 432	8 021
Operating expenses		**9 825**	**11 140**
Operating loss		**-9 825**	**-11 140**
Other financial income		1	0
Interest expenses		530	382
Other financial expenses	15	14 662	549
Pre-tax loss		**-25 016**	**-10 667**
Income tax expense	6	-	6
Net loss for the period		**-25 016**	**-10 673**
Other comprehensive loss for the year			
Items that will not be reclassified subsequently to profit or loss:			
Currency effect on investment in subsidiaries		1 970	159
Currency effect on loans to subsidiaries		-2 402	-
Total comperhensive loss for the financial year, net of tax		**-25 448**	**-10 514**
Earnings per share:			
Basic earnings per share		-0,65	-0,85
Diluted earnings per share		-0,65	-0,85

Consolidated statement of financial position

(Amounts in NOK 1.000)	Note	**2021**	2020
ASSETS			
Non-current assets			
Assets under construction	3	384 839	9 052
Property, plant and equipment incl. right-of-use assets	3, 4	1 457	-
Long term receivables	14	24 807	-
Total non-current assets		**411 102**	**9 052**
Current Assets			
Other short-term receivables		3 555	1 239
Cash and bank deposits	9	73 796	28 330
Total current assets		77 351	29 569
TOTAL ASSETS		**488 454**	**38 622**
Equity and liabilites			
Equity			
Share capital	10	3 979	1 510
Share premium reserve		386 416	32 618
Total equity		**390 395**	**34 128**
Liabilities			
Non-current liabilities			
Non-current interest bearing debt	2, 11	93 509	1 300
Lease liabilities	4	801	
Total non-current liabilities		**94 310**	**1 300**
Current liabilities			
Current portion of interest-bearing debt	2, 11	650	
Current portion of lease liabilities	4	515	
Trade payables	2	1 160	119
Tax payable	2, 6	-	6
Public duties payable	2	461	134
Other short-term liabilities	2	963	2 935
Total current liabilites		3 749	3 194
Total liabilites		98 059	4 494
TOTAL EQUITY AND LIABILITIES		**488 454**	**38 622**

Bergen, March 29 2022
The board of directors of Proximar Seafood AS

Katrine Trovik Chair	Per Grieg Director	Espen Aubert Director	Fridtjof Falck Director	Joachim Nielsen CEO

Consolidated statement of changes in equity

(Amounts in NOK 1.000)	Share capital	Share premium reserve	**Total equity**
Balance at 1 January 2020	1 132	-5 991	**-4 858**
Loss for the period		-10 673	**-10 673**
Currency effect on investment in subsidiaries *		159	**159**
Total comprehensive loss for the period	-	**-10 673**	**-10 514**
Capital increase	377	49 123	**49 500**
Balance at 31 December 2020	**1 510**	**32 618**	**34 128**
Balance at 1 January 2021	1 510	32 618	**34 128**
Loss for the period		-25 016	**-25 016**
Currency effect on investment in subsidiaries *		1 970	**1 970**
Currency effect on loans to subsidiaries		-2 402	**-2 402**
Total comprehensive loss for the period	**-**	**-25 448**	**-25 448**
Capital increase	2 469	379 245	**381 714**
Balance at 31 December 2021	**3 979**	**386 415**	**390 395**

* Currency effect on investments in subsidiaries relates to exchange differences araising from net investment in foreign entities, and are recognized in other comprehensive income. The differences are accumulated in a foreign exchange translation reserve, included in "share premium reserve". As per 31 December 2021 the accumulated effect is TNOK 2 009

Consolidated Statement of cash flows

(Amounts in NOK 1.000)	Note	**2021**	2020
Cash flow from operating activities			
Loss before tax		-25 016	-10 667
Income taxes paid	6	-6	-6
Depreciation		112	-
Change trade payables		1 041	33
Other accruals etc.		-4 165	-412
Net interest expense		530	382
Net foreign currency exchange rate difference		-432	159
Net cash flow from operating activities		**-27 935**	**-10 511**
Cash flow from investing activities			
Payments on purchases of fixed assets	3	-375 955	-1 670
Payments of VAT on purchases of fixed assets	14	-24 603	-
Net cash flow from investing activities		**-400 558**	**-1 670**
Cash flow from financing activities			
Proceeds from capital increases	10	381 714	37 906
Proceeds from loans and borrowings	11	93 238	1 300
Payments on leasing obligations		-84	**-**
Payments on loans and borrowings		-379	**-**
Net interest paid		-530	-15
Net cash flow from financing activities		**473 959**	**39 191**
Net change in cash and bank deposits		45 466	27 010
Cash and bank deposits as at first in period		28 330	1 320
Cash and bank deposits as at last in period	**9**	**73 796**	**28 330**

Note 1 - Summary of significant accounting policies

General information

Proximar Group is an early-stage Norwegian registered Seafood company engaged in land-based fish farming with head quarter located in Bergen, Norway. Proximar Group is constructing a production facility for Atlantic salmon close to Fuji, Japan, through the fully owned Japanese subsidiary Proximar Ltd.

The consolidated financial statement has been prepared according with international financial reporting standard (IFRS).

Basis for preparation of the annual accounts

With effect from the 2020 financial statements, the group has elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), relevant interpretations and additional requirements following the Norwegian Accounting Act of 31 December 2020. References to "IFRS" in these financial statements mean IFRS as adopted by the EU.

The consolidated financial statements have been prepared based on uniform accounting principles for similar transactions and events under otherwise similar circumstances.

Consolidation

Consolidated financial statements present the group's financial position, comprehensive income, changes in equity and cash flow. All intercompany transactions, receivables and liabilities are eliminated. Any unrealized gains from intercompany transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies.

Subsidiaries are all entities over which the group exercises control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Revenues

Revenues from the sale of goods are recognized when both risk and control have been transferred to the customer. Delivery of control will normally occur at the moment the goods are delivered to the customer. Revenue is recognized at the value of the consideration when the transaction takes place.

Operating revenues are recognized less value added tax, discounts, bonuses and other sales costs. The timing of the transfer of risk to the customer depends on the delivery terms noted in the sales contract.

The group had no revenues during the 2021 financial year.

Classification of current and non-current items

An asset is classified as current when it is expected to be realized or sold, or to be used in the group's normal operating cycle or falls due or is expected to be realized within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group or are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the balance sheet date.

Foreign currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency'). The consolidated financial statements are presented in Norwegian currency units (NOK), which is Proximar Seafoods AS' functional and presentation currency.

Foreign currency transactions are translated using the exchange rate at the time of the transaction. Receivables, debt and other monetary items in foreign currency are measured at the exchange rate at the end of the reporting period, and the translation differences are recognized in profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Profit or loss transactions in foreign subsidiaries are translated to the presentation currency using the average exchange rate for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transaction are used. Assets and liabilities of foreign subsidiaries are translated at the exchange rate at the end of the reporting period.

Taxes

The tax expense consists of the tax payable and changes to deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax base, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. And, when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The companies included in the consolidated financial statements are subject to income tax in the countries where they have business address.

Cash and bank balances

Cash and bank balances include cash in hand and bank deposits. Potential overdraft facilities will be presented as borrowings in the financial statement.

Trade and other receivables

Receivables arise from the trading of goods or services within the ordinary operating cycle, and under normal terms of payment are initially recognized at nominal value. Trade receivables with longer terms of payment are discounted to present value.

The group's financial assets, which primarily consist of trade receivables and other current receivables are measured at amortised cost. Receivables are recognized in the financial statement at nominal value after a provision of bad debt. Provision for bad debts is estimated based on individual assessments for material accounts, minor accounts are estimated based on expected losses. The group always recognizes lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Property, plant & equipment

Land and buildings held for use in the production and supply of goods or services (excluding investment properties) or for administrative purposes are stated in the statement of financial position at their revalued amounts, being their fair value at the date of revaluation less any accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are capitalised at acquisition cost less accumulated depreciation and any impairment losses. Acquisition cost includes expenditure which is directly attributable to the acquisition of the items. Costs associated with normal maintenance and repairs are expensed as incurred. Costs for major replacements and renewals which substantially extend the economic life and functionality of the asset are capitalised. Assets are normally considered property, plant and equipment if their useful economic life exceeds one year. Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Assets under construction are not depreciated. Depreciation is charged to expenses when the property, plant or equipment is ready for use.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the group under residual value guarantees and the exercise price of a purchase option if the group is reasonably certain to exercise that option.

The lease payments are discounted using the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Trade and other payables

These amounts represent unpaid liabilities for goods and services provided to the group prior to the end of the financial year. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are classified, at initial recognition, as amortised cost (loans and borrowings). After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortization is included as finance costs in the income statement.

Personell expenses

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

Pensions

The group operates with defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. This means that the statement is based on the Group's profit before tax in order to present cash flows from operating, investing and financing activities respectively. Cash payment made in acquiring subsidiaries less the cash acquired as part of the transactions is reported under Cash flows from investing activities.

Adoption of new and revised international financial reporting standards and interpretations standards and interpretations affecting amounts reported in the current period

All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2021 and earlier have been adopted for all periods presented in these consolidated financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations had been issued by the IASB but were not effective for the financial year ended 31 December 2021. Management anticipates that these Standards and Interpretations will be adopted in the group's financial statements for the period beginning 1 January 2021 or later. Management considers that the impact of the adoption of these new and revised/amended Standards and Interpretations on the group will not be significant.

Standard/ Interpretation	Title	Date of issue	Applicable to accounting periods commencing on
Amendments to IAS 1 Presentation of Financial Statements 1)	Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	January 2020 and July 2020	1 January 2023
Amendments to IFRS 3 Business Combinations	Reference to the Conceptual Framework	May 2020	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before intended use	May 2020	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts – Cost of Fulfilling a Contract	May 2020	1 January 2022
Annual Improvements 2018-2020	Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41	May 2020	1 January 2022
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	February 2021	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	Disclosure of Accounting policies	February 2021	1 January 2023
Amendments to IAS 12 Income taxes 1)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 2021	1 January 2023

1) The standard/revised standard/amendment has as at the date of issue of these financial statements not yet been adopted by the EU. Applicable accounting periods are IASB effective dates.

Critical accounting judgment and key sources of estimation uncertainties

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

Impairment test assets under construction:
Assets under construction relates to the building of the land-based fish farm and will upon completion be the most significant production asset and also the highest valued non-biological asset in the group. The asset is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the value in use that the asset or CGU is expected to generate over its remaining useful life. At the moment, fair value less cost of disposal is not readily available as there is no functioning market for this kind of asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using an average weighted cost of capital that reflects current market assessments. CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows form other assets or group of assets. The Group has currently one CGU.

If an asset or CGU is considered to be impaired, impairment is recognized in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable since the last impairment loss was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Factors that indicate impairment which trigger impairment testing may be significant decline in market prices for salmon, significant cost overruns compared to initial estimates, change in strategy for the business, significant negative industry or economic trends, significant unfavourable regulatory decisions. In addition, the company's market capitalization below the book value of equity would be an indicator of impairment.

The key assumptions used to determine the recoverable amount for the different CGUs are the projected harvest volumes, EBITDA margin per kg, Capital expenditures, discount rate and terminal growth rate. The significant key assumptions are the projected harvest volumes and EBITDA margins. However, there are no indications of impairment due to either significant decline in market prices for salmon, significant cost overruns compared to initial estimates, change in strategy for the business, significant negative industry or economic trends, nor significant unfavourable regulatory decisions.

Note 2 - Financial risk and capital management

(Amounts in NOK 1.000)

The group's financial assets and liabilities comprise of trade and other receivables, trade and other payables, cash deposits and borrowings necessary for its operations.

Foreign exchange risk

The group is exposed to changes in foreign exchange rates relating primarily to the Group's activities in Japan. The main currencies used are NOK, JPY, EUR and USD. Foreign exchange risk arises from future commercial transactions, recognized assets, and liabilities and net investments in foreign operations.

Net interest-bearing liabilities Currency in NOK 1,000 as per 31.12.2021	NOK	JPY	USD	EUR	**Total**
Cash and bank deposits	7 039	66 181	533	43	73 796
Interest-bearing liabilities	921	93 238			94 159
Net interest-bearing liabilities	-6 118	27 057	-533	-43	20 363

The holding company in the Group extends current and non-current loans to the subsidiary denominated in the functional currency in this company, which is JPY. Final repayment date of the outstanding principal for non-current loans is by the year end 2030. The currency effect of loans is recognized under "currency effect on loans to subsidiaries" in other comprehensive loss. The numerical effects for 2021 and 2020 are presented below.

Currency effects on loans to subsidiaries	**2021**	2020
Currency effect (loss / negative)	-2 402	0
Tax effect (22%)	0	0
Net effect recognized in equity though OCI	-2 402	0

Interest rate risk

Since the Group has no significant interest-bearing assets apart from bank deposits, its income and operating cash flows are largely independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Fixed interest rates are used to reduce the risk. The Group continously monitors its interest rate exposure.

Market risk

Proximar's financial position and future prospect depend on the price of farmed salmon, and both short-term or long-term decreases in this price may have a materially adverse effect on the company's business, financial condition, results of operations or cash flow.

Credit risk

Credit risk is managed at Group level. Credit risk arises from transactions involving deposits in banks and transactions with customers. As the Group has limited activity with customers due to building of the plant in Japan, the credit risk is consideres to be low in the Group at the end of 2021.

Financing risk

The Group is not fully funded for the remaining construction investments nor the fish farming activities. Even though this is according to plan, the Group must secure further financing during 1H 2022. The Group has during 2021 experienced significant progress in the discussions with Japanese banks but recognizes that the travel restrictions have hampered the expected progress. The positive bank development in late 2021, together with strong interest in a potential equity raise, makes the Group positive towards this risk. As the outcome of local financing has not been concluded, the Group is at the same time considering alternative debt sources.

Liquidity risk

The Group adopts a prudent approach to liquidity risk management, which includes maintaining sufficient cash and securing funds through sufficient credit facilities. The primary and present credit facility is JPY 2,500,000,000 (approx NOK 191.5 million) of which 50% is drawn in October 2021, and the remainder was partly released in February 2022. (See also note 11 for further details.)

At year-end 2021 the Group had undrawn credit facilities of NOK 95.8 million, in addition to cash reserves of NOK 73.8 millon. The Group is contiously monitoring the liquidity levels.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flow) of financial liabilities already drawn up:

Year ended 31 December 2021	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	**Total**
Borrowings	162	487	96 037			96 687
Lease liabilities	129	387	576	225		1 316
Trade and other payables	1 621	963				2 584
Interest on borrowings	557	1 670	554			2 780
Total	2 469	3 506	97 167	225	0	103 367

Year ended 31 December 2020	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	**Total**
Borrowings		325	650	325	0	1 300
Trade and other payables	253	2 941				3 194
Interest on borrowings		6	15	7		28
Total	253	3 271	665	332	0	4 521

Note 3 - Land, property, plant and equipment

(Amounts in NOK 1.000)

Year ended 31 December 2021	Assets under construction	Property, Plant and equipment	Right-to-use assets	Total
Cost at 1 January 2021	9 052			9 052
Additions in the year	375 787	168	1 401	377 356
Cost at 31 December 2021	384 839	168	1 401	386 408
Accumulated depreciation at 1 January 2021	-	-		-
Depreciation in the year	-	22	90	112
Accumulated depreciation at 31 December 2021	-	22	90	112
Net carrying amount at 31 December 2021	384 839	146	1 311	386 296

Year ended 31 December 2020	Assets under construction	Property, Plant and equipment	Right-to-use assets	Total
Cost at 1 January 2020	7 382			7 382
Additions in the year	1 670			1 670
Disposals in the year				
Cost at 31 December 2020	9 052	-	-	9 052
Accumulated depreciation at 1 January 2020	-			-
Depreciation in the year	-			-
Accumulated depreciation at 31 December 2020	-			-
Net carrying amount at 31 December 2020	9 052	-	-	9 052

Estimated useful life and depreciation plan is as follows:			
Economic life	Not applicable	3-5 years	2,5 years
Depreciation plan	Not applicable	Linear	Linear

Assets under construction are recognized based on milestone payments. The management has assessed that the payment schedule is the best estimate to reflect the percentage of completion on the construction process. Total capital expenditure, i.e. construction cost excluding financing costs and activated internal costs, is estimated as per the table below:

Category	Total
Construction	579 622
Equipment	346 156
Land	95 641
Total	1 021 419
Progress per 31.12.2021 inclusive of land	34 %

The facility is expected to be completed in Q3 2023. The amount recognized also contains a payment of TNOK 32,356 related to the purchase of the land where the site is located. Under Japanese law, the formal ownership of the land cannot be transferred to Proximar Ltd. before the construction process has been completed. Proximar Ltd. has an obligation to purchase the land within three years after the completion of the construction process.

Note 4 - Leases

(Amounts in NOK 1.000)

Proximar Seafood AS leasing agreements consists of buildings and equipment used in the operation activities. The leasing contract of buildings has a duration until 31 May 2024.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right of use assets*	**2021**	2020
Property	1 311	0

* Included in the line item "Property, plant and equipment incl. right-of-use assets" in the balance sheet.

Lease liabilities	**2021**	2020
Current	801	0
Non-Current	515	0
Total	1 316	0

Additions to the right-of-use assets in 2021 were TNOK 1 401.

Amounts recognised in the statement of profit or loss The statement of profit or loss shows the following amounts relating to leases:	**2021**	2020
Depreciation charge of right-to-use assets	90	0
Interest expence	7	0
Expenses relating to short-term leases	226	190
Expenses relating to leases of low-value	32	0
The total cash outflow for leases	259	190

Note 5 - Payroll costs, no. of employees, remunerations, employee loans, etc.

(Amounts in NOK 1.000)

Payroll costs	**2021**	2020
Salaries incl holiday pay and bonuses	5 326	2 304
Social security cost	813	322
Pension costs	518	391
Other benefits	1 174	101
Total gross	7 830	3 118
Payroll cost allocated to Assets under constriction	-2 550	-
Total net	5 280	3 118
Average number of full-time employees during the financial year	4	2

Remuneration to executive management	Salary	Other benefits	**Total**
Joachim Nielsen (CEO)	2 436	14	2 450
Pål Karset Grimsrud (CFO)	1 788	14	1 802
Lars Stigaard (CTO)	1 194	80	1 274

There has been no remuneration paid to the Board of directors in the period.

Pensions

Proximar Seafood AS has a pension scheme covering all employees at 31 December 2021. The company's pension schemes meet the requirements of the Norwegian law on compulsary occupational pension.

Share based payments

The board of directors in Proximar Seafood AS (the "Company") grants share options to new board members. A total of 150,000 share options, equal to 0,37% of total shares issued in the Company, are granted at an exercise price at NOK 13,25.
Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. The options must be exercised at earliest 2 years and at latest 4 years after being granted and are unconditional.

The options are granted in accordance with Proximar's incentive program and approved by the company's general meeting held 23rd November 2020. The share options are granted as follows:

Kathrine Trovik, chair of the board	100,000 options
Fridjof Falck, board member	50,000 options

Note 6 - Deferred tax and tax expense

(Amounts in NOK 1.000)

Specification of income tax expense

The tax benefit/(expense) is calculated based on income before tax and consists of current tax and deferred tax.

Income tax expense	2021	2020
Deferred tax expense	-	-
Current tax expense	-	6
Income tax expense	-	6
Income tax expense		
Income tax payable	-	6
Income tax liabilities (balance sheet)	-	6

Effective Tax Rate

The difference between income tax calculated at the applicable income tax rate and the income tax expense attributable to loss before income tax was as follows:

	2021	2020
Loss before income tax	-25 016	-10 667
Statutory income tax rate	22 %	22 %
Expected income tax expense/(benefit)	-5 503	-2 347
Change in deferred tax asset not recognized	9 728	2 700
Permanent differences	-3 744	-
Currency effect on loans to subsidiaries	**-528**	**-**
Other items	48	-348
Income tax expense/income for the year	-	6
Effective tax rate	0 %	0 %

Specification of the tax effect of temporary differences and losses carried forward

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

	2021	2020
Property, plant and equipment	14	-
Tax losses carried forward	-84 133	-39 902
Sum temporary differences	-84 120	-39 902
Deferred tax assets not recognized	84 120	39 902
Deferred tax asset (liability)	-	-
Tax rate	22 %	22 %

Note 7 - Other operating expenses

(Amounts in NOK 1.000)

Breakdown of other operating expenses	2021	2020
Office supplies and expenses	703	430
Professional fees	2 420	7 324
Travel expenses	204	198
Marketing expenses	0	56
Other expenses	1 105	14
Total operating expenses	**4 432**	**8 021**

Fees to auditor	2021	2020
Statutory auditing services	90	45
Other certification services	618	-
Other services	205	308
Total fees to auditor	913	353

All service fees are exclusive of VAT.

Note 8 - Earnings per share

(Amounts in NOK 1.000)

	2021	2020
Profit (loss) for the year	-25 015 878	-10 672 512
Weighted average number of outstanding shares during the year	38 430 982	12 604 688
Earnings (loss) per share - basic and diluted (in NOK)	-0,65	-0,85

Earnings per share calculation is based on profit/loss in the consolidated financial statement divided by the weighted average of common shares.

In November 2020, a 10x share split was executed and the average number of shares outstanding were retrospectively calculated. All shareholders maintained their pro-rata interest in the Group.

Note 9 - Cash and bank deposits

(Amounts in NOK 1.000)

Cash and bank deposits	2021	2020
Unrestricted cash and bank deposits	73 433	28 049
Restricted cash and bank deposits	363	282
Total cash and bank deposits	73 796	28 330

Note 10 - Share capital and shareholders

(Amounts in NOK 1.000)

The share capital of NOK 3,978,765 consisted of 39,787,650 shares, each with a nominal value of NOK 0.1 at the end of 2021. All shares carry equal rights.

The movement in the number of shares during the year was as follows:

	2021	2020
Ordinary shares at beginning of period	15 096 290	1 132 271
Issue of ordinary shares	24 691 360	377 358
Share split		13 586 661
Ordinary shares at 31 December	39 787 650	15 096 290

List of main shareholders at 31 December 2021 and 2020

	2021		2020	
Shareholder	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Astraguard Group AS (Daimyo AS)	3 996 238	10,0 %	2 860 360	18,9 %
Grieg Kapital AS	3 180 049	8,0 %	2 161 530	14,3 %
Loyden AS	2 805 000	7,0 %	2 766 670	18,3 %
Kvasshødgi AS	2 484 844	6,2 %	2 237 930	14,8 %
Nordic Delta AS	2 288 253	5,8 %	750 000	5,0 %
Nutreco International B.V.	2 160 493	5,4 %	0	0,0 %
Pactum AS	1 474 567	3,7 %	0	0,0 %
T.D. Veen AS	1 384 567	3,5 %	0	0,0 %
Helida AS	1 112 000	2,8 %	837 980	5,6 %
Zolen & Månen AS	1 002 750	2,5 %	0	0,0 %
OM Holding AS	750 000	1,9 %	0	0,0 %
Mondrian AS	741 972	1,9 %	0	0,0 %
Vitamar AS	640 000	1,6 %	696 940	4,6 %
Sulefjell AS	543 543	1,4 %	0	0,0 %
Nordnet Livsforsikring AS	528 503	1,3 %	0	0,0 %
Art Group AS	400 000	1,0 %	470 000	3,1 %
Agito Invest AS	375 000	0,9 %	0	0,0 %
Tomas Frafjord	355 000	0,9 %	0	0,0 %
LMJ Holding AS	255 000	0,6 %	0	0,0 %
Even Malvin Norheim	252 700	0,6 %	0	0,0 %
Total number of shares attributable to the 20 largest shareholders	26 730 479	67,2 %	12 781 410	84,7 %
The number of shares attributable to the other shareholders	13 057 171	32,8 %	2 314 880	15,3 %
The total number of shares issued and outstanding	39 787 650	100,0 %	15 096 290	100,0 %

Joachim Nielsen is a shareholder through his holding company Loyden AS and is the CEO of the Group.

Note 11 - Borrowings and other current liabilites

(Amounts in NOK 1.000)

The Group had two loans from credit institutions in 2021.
In September 2021 the Group entered into a credit facility with a Japanese credit institution. The total financing agreement is JPY 2.500.000.000. The first disbursement of JPY 1.250.000.000 was paid in October 2021, and the second disbursement of JPY 1.250.000.000 was partly released in February 2022. The Group will have funds released dependent on counter guarantors, which by 31.12.2021 added to JPY 1,749,000,000. The Group shall repay the outstanding principal of the term loan in full on the maturity date (31 March 2023), while the interests are paid quarterly. Grieg Kapital AS is guarantor to this facility.

The Group also has a long term loan to a Norwegian credit institution.

Non-current liabilities	Borrowing company	**2021**	2020
Non-current bullet credit facility	Proximar Ltd (Japan)	95 766	0
Long-term loan from financial institution	Proximar Seafood AS (Norway)	921	1 300
Total		96 687	1 300
Amortization effects of loans		-2 528	0
Total non-current liabilities		94 159	1 300

Payment profile non-current liabilities	2022	2023	2024	**Total**
At 31 December 2021				
Non-current bullet credit facility	-	95 766	-	95 766
Long-term loan from financial institution	650	271	-	921
Total	650	96 037	-	96 687

Description of liabilities	Currency	Interest rate	Final maturity	Pledges
Non-current bullet credit facility	JPY	2,30 %	March 2023	None
Long-term loan from financial institution	NOK	2,55 %	May 2023	None

Non-current bullet credit facility:

Credit facility guarantee:
The loan is guaranteed by Grieg Kapital AS, who is also a shareholder. As security for Proximar Ltd's payment obligations, the Guarantor has a first priority pledge of all shares in Proximar Ltd and a first priority pledge of all claims Proximar Seafood AS has towards Proximar Ltd.

Credit facility covenants:
Covenants of Proximar Seafood AS: reporting of financial statements and / or progress reports at given deadlines.

Covenants of Guarantor: to maintain own equity ratio above 50%, to maintain own total equity above NOK 420 mill, and to maintain liquidity-ratio (current ratio) above 200%.

Long-term loan to financial institution:
The Group has made no pledges or guarantees for the loan. The loan is guaranteed by the Norwegian government as part of the Covid-19 relief package for small and medium sized entities.

Current trade payables and other payables	**2021**	2020
Current portion of borrowing and lease liabilities	1 165	0
Trade payables	1 160	119
Taxes payable Japan	0	6
Social security and other taxes	461	134
Salaries and vacation pay due	633	434
Accrued expenses	329	2 501
Sum current liabilities	3 749	3 194

Note 12 - Investment in subsidiaries

The consolidated financial statement from 2021 and 2020 includes the following subsidiaries

Company name	Date of acquisition	Registered	Ownership share
Proximar Ltd.	2017	Japan	100 %

Note 13 - Related parties

Balances and transactions between Proximar Seafood AS and its subsidiary, which is a related party of Proximar Seafood AS, have been eliminated on consolidation and are not disclosed in this note.

The Group has entered into a credit facility in 2021 (see note 11). The loan has been guaranteed by Grieg Kapital AS which is a shareholder. Per Grieg is a shareholder in Grieg Kapital AS and a board member of Proximar Seafood. The loan facility with JA Mitsui Leasing Ltd has been facilitated by Grieg Kapital AS. As guarantor for the facility, Grieg Kapital AS has financial covenants related to net assets, liquidity ratio and equity ratio. A total fee of NOK 11.8 million has been paid to Grieg Kapital AS in connection to the guarantee, of which NOK 5.5 million to other co-guarantors. This fee is calculated at an arms-length principle and the credit facility is considered an attractive debt facility.

Note 14 - Receivables

During the constriction process, and under Japanese VAT-regulation laws, VAT related to the construction expences cannot be refunded until the construction work is completed. As per year end 2021 a total of TNOK 24 603 has been paid related to VAT.

Note 15 - Other financial expenses

(Amounts in NOK 1.000)

Breakdown of other financial expenses	**2021**	2020
Disagio	14 655	549
Leasing expenses	7	0
Sum of other financial expenses	14 662	549

Disagio mainly relates to currency effects on USD and JPY deposits on bank accounts.

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Statement of income

(Amounts in NOK 1,000)	Note	**2021**	2020
Revenue	11	7 145	7 341
Revenue and other income		**7 145**	**7 341**
Personnel expenses	3	5 064	3 118
Depreciation and Amortisation	2	5	-
Other operating expenses	5	3 714	5 132
Operating expenses		**8 783**	**8 250**
Operating loss		**-1 638**	**-909**
Interest income from subsidiary		-	246
Other financial income		1	1 195
Other interest expenses		530	414
Other financial expenses	12	15 443	549
Net finance		-15 972	478
Loss before tax		**-17 609**	**-432**
Income tax expense	4	-	-
Net loss for the period		**-17 609**	**-432**
Brought forward			
Transferred from other equity	8	17 609	432
Net brougt forward		**-17 609**	**-432**

Statement of financial position

(Amounts in NOK 1,000)	Note	**2021**	2020
ASSETS			
Tangible non-current assets			
Assets under construction	2	-	2 376
Property, plant and equipment	2	75	-
Total non-current assets		**75**	**2 376**
Financial non-current assets			
Investment in subsidiary	10	781	155
Long term receivable from subsidiary	11	414 617	8 437
Other non-current assets		49	
Total non-current assets		**415 447**	**8 591**
Total non-current assets		**415 522**	**10 967**
Current Assets			
Trade receivables from subsidiary	11	-	19 983
Other receivables and prepayments		465	1 235
Cash and bank deposits	6	7 967	28 286
Total current assets		**8 432**	**49 504**
TOTAL ASSETS		**423 954**	**60 471**
Equity and liabilites			
Equity			
Share capital	7	3 979	1 510
Share premium reserve	8	416 675	54 521
Total equity		**420 654**	**56 031**
Liabilities			
Non-current liabilities			
Non-current interest bearing debt	9	921	1 300
Total non-current liabilities		**921**	**1 300**
Current liabilities			
Trade payables		1 160	73
Tax payable	4	-	-
Public duties payable		461	134
Other current debt		758	2 934
Total current liabilites		**2 380**	**3 140**
Total liabilites		**3 300**	**4 440**
TOTAL EQUITY AND LIABILITIES		**423 954**	**60 471**

Bergen, March 29 2022
The board of directors of Proximar Seafood AS

Katrine Trovik	Per Grieg	Espen Aubert	Fridtjof Falck	Joachim Nielsen
Chair	Director	Director	Director	CEO

Statement of cash flows

(Amounts in NOK 1,000)	Note	**2021**	2020
Cash flow from operating activities			
Loss before tax		-17 609	-432
Depreciation	2	5	0
Change trade receivables		19 983	-9 782
Change other receivables		-	-1 178
Change trade payables		1 088	-14
Other accruals etc.		-1 127	466
Net cash flow from operating activities		**2 339**	**-10 940**
Cash flow from investing activities			
Payments on purchases of fixed assets	2	-81	-1 496
Payments on loans to subsidiaries		-403 804	-50
Capital increase in subsiary		-627	
Net cash flow from investing activities		**-404 512**	**-1 546**
Cash flow from financing activities			
Proceeds from capital increases	8	382 233	38 273
Proceeds from loans and borrowings	9	-	1 300
Payments of long-term borrowings		-379	
Net cash flow from financing activities		**381 853**	**39 573**
Net change in bank deposits, cash and cash equicalents		-20 319	27 087
Cash and bank deposits as at 1 January		28 286	1 199
Cash and bank deposits as at 31 December	6	**7 967**	**28 286**

Note 1 - Accounting policies

General information
The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Classification of current and non-current items
An asset is classified as current when it is expected to be realized or sold or to be used in the company's normal operating cycle or falls due or is expected to be realized within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group or are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the balance sheet date.

Current assets are valued at the lower of historical cost and fair value. Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Foreign currency
Foreign currency transactions are translated using the exchange rate at the time of the transaction. Receivables, debt and other monetary items in foreign currency are measured at the exchange rate at the end of the reporting period, and the translation differences are recognized in profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

Revenues
Revenue is recognised when it is earned, ie, when the claim to remuneration arises. This occurs when the service is performed as the work is being done. The revenue is recognized at the value of the remuneration at the time of the transaction. Operating revenues are recognised less value added tax, discounts, bonuses and other sales costs. The timing of the transfer of risk to the customer depends on the delivery terms noted in the sales contract.

Taxes
The tax expense consists of the tax payable and changes to deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.
Deferred tax assets and liabilities are calculated on the basis of temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax base, together with tax losses carried forward at the balance sheet date.
Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date.
Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized.
Deferred tax assets and liabilities are not discounted.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Cash and bank balances
Cash and bank balances include cash in hand and bank deposits. Potential overdraft facilities will be presented as borrowings in the financial statement.

Trade and other receivables
Receivables arise from the trading of goods or services within the ordinary operating cycle, and under normal terms of payment are initially recognized at nominal value.

Receivables are recognised in the financial statement at nominal value after a provision for bad debt. Provision for bad debts is estimated on the basis of individual assessments for material accounts. Minor accounts are estimated on the basis of expected losses.

Property, plant & equipment

Property, plant and equipment are capitalised at acquisition cost less accumulated depreciation and any impairment losses. Acquisition cost includes expenditure which is directly attributable to the acquisition of the items. Costs associated with normal maintenance and repairs are expensed as incurred. Costs of major replacements and renewals which substantially extend the economic life and functionality of the asset are capitalised. Assets are normally considered to be property, plant and equipment if their useful economic life exceeds one year. Straight-line depreciation is applied over the useful life of property, plant and equipment on the basis of the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset. Assets under construction are not depreciated. Depreciation is charged to expenses when the property, plant or equipment is ready for use.

Trade and other payables

These amounts represent unpaid liabilities for goods and services provided to the group prior to the end of the financial year. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Personell expenses

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

Pensions

The group operates with defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. This means that the statement is based on the Group's profit before tax in order to present cash flows from operating, investing and financing activities respectively. Cash payment made in acquiring subsidiaries less the cash acquired as part of the transactions is reported under Cash flows from investing activities.

Note 2 - Land, property, plant and equipment

(Amounts in NOK 1,000)	"Assets under construction"	Property, Plant and equipment	Sum
Cost at 1. January 2021	2 376	0	2 376
Additions in the year		81	81
Disposals in the year	-2 376		-2 376
Cost at 31 December 2021	**0**	**81**	**81**
Accumulated depreciation at 1 January 2021	0	0	0
Depreciation in the year	0	5	5
Accumulated depreciation at 31 December 2021	0	5	5
Net carrying amount at 31 December 2021	**0**	**75**	**75**
Estimated useful life and depreciation plan is as follows:			
Economic life	NA	3-5 years	
Depreciation plan	NA	Linear	

Note 3 - Payroll costs, no. of employees, remunerations, employee loans, etc.

(Amounts in NOK 1.000)

Payroll costs			**2021**	2020
Salaries incl holiday pay and bonuses			5 179	2 304
Social security cost			813	322
Pension costs			518	391
Other benefits			1 105	101
Total gross			7 614	3 118
Construction management services allocated to subsidiary			-2 550	-
Sum			**5 064**	**3 118**
Average number of full-time employees during the financial year			3	2
Remuneration to executive management	Salary		Other benefits	Total
Joachim Nielsen (CEO)	2 436		14	2 450
Pål Karset Grimsrud (CFO)	1 788		14	1 802

There has been no remuneration paid to the Board of directors in the period.

Pensions

Proximar Seafood AS has a pension scheme covering all employees at 31 December 2021. The company's pension schemes meet the requirements of the Norwegian law on compulsary occupational pension.

Share based payments

The board of directors in Proximar Seafood AS (the "Company") grants share options to new board members. A total of 150,000 share options, equal to 0,37% of total shares issued in the Company, are granted at an exercise price at NOK 13,25.

Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. The options must be exercised at earliest 2 years and at latest 4 years after being granted and are unconditional. The options are granted in accordance with Proximar's incentive program and approved by the company's general meeting held 23rd November 2020. The share options are granted as follows:

Kathrine Trovik, chair of the board	100.000 options
Fridjof Falck, board member	50.000 options

Note 4 - Deferred tax and tax expense

(Amounts in NOK 1.000)

Specification of income tax expense

The tax benefit/(expense) is calculated based on income before tax and consists of current tax and deferred tax.

Income tax expense	**2021**	2020
Deferred tax expense	-	-
Current tax expense	-	-
Income tax expense	-	-
Income tax liabilities (balance sheet)	2021	2020
Income tax payable	-	-
Income tax liabilities (balance sheet)	**-**	**-**
Taxable income	2021	2020
Net loss before income taxes	-17 609	-432
Change in temporary differences	-14	
Permanent differences	-17 758	-498
Tax loss carried forward	35 381	930
Taxable income for the year	-	-

Effective Tax Rate

The difference between income tax calculated at the applicable income tax rate and the income tax exepense attributable to loss before income tax was as follows:

	2021	2020
Loss before income tax	-17 609	-432
Statutory income tax rate	22%	22%
Expected income tax expense/(benefit)	-3 874	-95
Change in deferred tax asset not recognized	7 781	205
Effect of permanent differences	-3 907	-110
Income tax expense/income for the year	**-**	**0**
Effective tax rate	0%	0%

Specification of the tax effect of temporary differences and losses carried forward

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

	2021	2020
Property, plant and equipment	14	-
Tax losses carried forward	-52 122	-16 741
Sum temporary differences	-52 109	-16 741
Deferred tax asset (liability) calculated (22%)	-11 464	-3 683
Deferred tax asset (liability) not recognized	11 464	3 683
Deferred tax asset (liability)	**-**	**-**

Note 5 - Auditor's fee

(Amounts in NOK 1.000)

	2021	2020
Statutory auditing services	90	45
Other certification services	618	-
Other services	205	308
Total fee to auditor	**913**	**353**

All service fees are exclusive of VAT.

Note 6 - Cash and equivalents

(Amounts in NOK 1.000)

Cash and equivalents	**2021**	2020
Bank deposits, cash and equivalents	7 604	28 005
Restricted cash	363	282
Total cash and cash equivalents	**7 967**	**28 286**

Note 7 - Share capital and shareholders

The share capital of NOK 3.978.765 consisted of 39.787.650 shares, each with a nominal value of NOK 0,1 at the end of 2021. All shares carry equal rights.

The movement in the number of shares during the year was as follows:

	2021	2020
Ordinary shares at beginning of period	15 096 290	1 132 271
Issue of ordinary shares	24 691 360	377 358
Share split		13 586 661
Ordinary shares at 31 December	**39 787 650**	**15 096 290**

List of main shareholders at 31 December 2021 and 2020

Shareholder	2021 Number of shares	2021 Ownership percentage	2020 Number of shares	2020 Ownership percentage
Astraguard Group AS (Daimyo AS)	3 996 238	10,0 %	2 860 360	18,9 %
Grieg Kapital AS	3 180 049	8,0 %	2 161 530	14,3 %
Loyden AS	2 805 000	7,0 %	2 766 670	18,3 %
Kvasshødgi AS	2 484 844	6,2 %	2 237 930	14,8 %
Nordic Delta AS	2 288 253	5,8 %	750 000	5,0 %
Nutreco International B.V.	2 160 493	5,4 %	0	0,0 %
Pactum AS	1 474 567	3,7 %	0	0,0 %
T.D. Veen AS	1 384 567	3,5 %	0	0,0 %
Helida AS	1 112 000	2,8 %	837 980	5,6 %
Zolen & Månen AS	1 002 750	2,5 %	0	0,0 %
OM Holding AS	750 000	1,9 %	0	0,0 %
Mondrian AS	741 972	1,9 %	0	0,0 %
Vitamar AS	640 000	1,6 %	696 940	4,6 %
Sulefjell AS	543 543	1,4 %	0	0,0 %
Nordnet Livsforsikring AS	528 503	1,3 %	0	0,0 %
Art Group AS	400 000	1,0 %	470 000	3,1 %
Agito Invest AS	375 000	0,9 %	0	0,0 %
Tomas Frafjord	355 000	0,9 %	0	0,0 %
LMJ Holding AS	255 000	0,6 %	0	0,0 %
Even Malvin Norheim	252 700	0,6 %	0	0,0 %
Total number of shares attributable to the 20 largest shareholders	26 730 479	67,2 %	12 781 410	84,7 %
The number of shares attributable to the other shareholders	13 057 171	32,8 %	2 314 880	15,3 %
The total number of shares issued and outstanding	39 787 650	100,0 %	15 096 290	100,0 %

Joachim Nielsen is a shareholder through his holding company Loyden AS and is the CEO of the Group.

Note 8 - Equity

(Amounts in NOK 1.000)

For the period ended 31 December

	Share capital	Share premium reserve	Retained earnings losses	Total equity
Balance at 1 January 2021	1 510	54 521	-	56 031
Profit (loss) for the period			-17 609	-17 609
Capital increase	2 469	379 763		382 233
Reclassification from share premium to retained earnings		-17 609	17 609	-
Balance at 31 December 2021	**3 979**	**416 675**	**-**	**420 654**

Note 9 - Borrowings and other current liabilites

(Amounts in NOK 1.000)

Proximar Seafood AS have one loan from credit institutions in 2021 with the following maturity

	2022	2023	2024	Total
At 31. December 2021				
Long term loan to financial institution	650	271	-	921

The Group has made no pledges or guarantees for the loan. The loan is guaranteed by the Norwegian government as part of the Covid-19 relief package for small and medium sized entities.

Current trade payables and other payables	2021	2020
Trade payables	1 160	73
Social security and other taxes	461	134
Salaries and vacation pay due	633	434
Accrued expenses	125	2 500
Sum current liabilities	2 380	3 140

Note 10 - Investment in subsidiaries

(Amounts in NOK 1.000)

Proximar Seafood AS have the following investment in subsidiaries at 31 December 2021:

Company name	"Registered office"	"Voting share"	"Ownership share"	"Equity at 31 December 2021"	Net loss for year ended 31 December 2021	Balance sheet in parent company
Proximar Ltd.	Yokohama, Japan	100%	100%	-29 472	-9 802	781

Note 11 - Related parties

(Amounts in NOK 1.000)

During the year, the company entered into the following transactions with related parties:

Proximar Ltd.	**2021**	2020
Sale of management services	7 145	7 341
Interest income	-	246

At 31 December, the Company had the following outstanding balances with related parties:

Proximar Ltd.	**2021**	2020
Long term receivables	414 617	8 437
Account receivables	-	19 983

The holding company in the Group extends current and non-current loans to the subsidiary denominated in the functional currency in this company, which is JPY. Final repayment date of the outstanding principal for non-current loans is by the year end 2030.

Credit facility guarantee:
The subsidiary Proximar Ltd has entered into a loan facility in 2021. The loan is guaranteed by Grieg Kapital AS, who is also a shareholder. As security for Proximar Ltd's payment obligations, the Guarantor has a first priority pledge of all shares in Proximar Ltd and a first priority pledge of all claims Proximar Seafood AS has towards Proximar Ltd.

Note 12 - Other financial expenses

(Amounts in NOK 1.000)

Breakdown of other financial expences	**2021**	2020
Disagio	15 443	549
Sum other financial expences	15 443	549

Disagio mainly relates to currency effects on USD and JPY deposits on bank accounts.

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To the General Meeting of Proximar Seafood AS

INDEPENDENT AUDITOR'S REPORT

Opinion
We have audited the financial statements of Proximar Seafood AS, which comprise:

- The financial statements of the parent company Proximar Seafood AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Proximar Seafood AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying 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 or the other information accompanying 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 legal requirements.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. We 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 or 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 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 a true and fair view.

Deloitte.

- 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 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.

Bergen, 29 March 2022
Deloitte AS

Tord Teige

Tord Teige
State Authorised Public Accountant

Shareholder information

Proximar Seafood's share is traded on Euronext Growth Oslo and the ticker code is PROXI. Proximar Seafood AS has one share class, and all shares have equal rights and are freely transferable. Each share grants the holder one vote and there are no structures granting disproportionate voting rights. The nominal value of the share is NOK 0.10. Total number of shares outstanding is 39 787 650.

At December 31 2021, Proximar's market value was NOK 286.5 million.

Proximar's financial statements are prepared in accordance with IAS 34 Interim Financial Reporting under International Financial Reporting Standards

("IFRS") as adopted by the European Union.

Share Price

Proximar's share price opened at NOK 16.20 on the first day of trading 3 February 2021 and closed at NOK 7.20 at 30 December 2021. The highest closing price was NOK 18.7 and the lowest closing price was NOK 6.75.

Share holders

At 31 December 2021, Proximar had 2 001 shareholders. Non-Norwegian shareholders owned 8.7 per cent of the shares. The Grieg family (through Grieg Kapital AS, Kvasshøgdi AS, and Sulefjell AS) was the largest shareholder with 15.6 per cent of the shares.

The 20 largest shareholders at December 31 2021

Rank	Holding	Stake in %	Name	Country
1	3996238	10.04	ASTRAGUARD GROUP AS	Norway
2	3180049	7.99	GRIEG KAPITAL AS	Norway
3	2805000	7.04	LOYDEN AS	Norway
4	2484844	6.24	KVASSHØGDI AS	Norway
5	2288253	5.75	NORDIC DELTA AS	Norway
6	2160493	5.43	Nutreco International B.V.	The Netherlands
7	1474567	3.70	PACTUM AS	Norway
8	1384567	3.47	T.D. VEEN AS	Norway
9	1112000	2.79	HELIDA AS	Norway
10	1002750	2.52	Zolen & Månen AS	Norway
11	750000	1.88	OM Holding AS	Norway
12	741972	1.86	MONDRIAN AS	Norway
13	640000	1.60	VITAMAR AS	Norway
14	543543	1.36	SULEFJELL AS	Norway
15	528503	1.32	NORDNET LIVSFORSIKRING AS	Norway
16	400000	1.00	ART GROUP AS	Norway
17	375000	0.94	Agito Invest AS	Norway
18	355000	0.89	FRAFJORD	Norway
19	255000	0.64	LMJ HOLDING AS	Norway
20	252700	0.63	NORHEIM	Norway

Analysts

Three analysts are covering Proximar, providing market updates and estimates for Proximar's financial development.

Company	Analyst	Contact information
Pareto Securities	Carl-Emil Kjølås Johannessen	cekj@paretosec.com +47 24 13 39 41
ABG Sundal Collier	Martin Kaland	martin.kaland@abgsc.no +47 22 01 60 67
Norne	Mindaugas Čekanavičius	mindaugas.cekanavicius@norne.no +370 62 09 73 76

Financial calendar 2022

Date	Event
30 March 2022	Annual Report
07 April 2022	Annual General Meeting
31 August 2022	Half-yearly Report

PROXIMAR

SEAFOOD

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Designed by: molte