



**Proximar Seafood AS**  
Interim consolidated financial statements  
Six months ended 30 June 2022



**PROXIMAR**  
SEAFOOD

## 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 growing 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.



## First half 2022 - Highlights

### Financial highlights

#### Results:

- First fish will be sold in 2024 and the company is not involved in other revenue generating activities
- The net result after the first six months of 2022 is negative by MNOK 11.1, to a large degree due to costs related to the operational start-up planned in 2022.

#### Balance:

- Cash balance of MNOK 73.7 by the end of June 2022
- Assets under construction of MNOK 451.7
- Total equity of MNOK 362.0
- Total debt/liabilities of MNOK 192.7

### Operational highlights

- Construction on time and on budget
- On track for completion of the Hatchery & Nursery building end of 3<sup>rd</sup> quarter 2022 with following operational start-up and first eggs planned delivered in October
- Signed contract with Marubeni for the sales and marketing of the entire volume from the first facility for 10 years
- Awarded highest rating on sustainability by Japan Credit Rating Agency

# Dear shareholders

## Letter from the CEO

A number of significant events during the first half of 2022 have shown us that Proximar's business model is more robust than ever. Increased focus on the world's unresolved climate challenges, geopolitical tension and disruptions in global supply chains demonstrates the importance of local food supply and sustainable production.

*“...business model more robust than ever...”*

We believe that our commitment to produce salmon sustainably and in proximity to market will be our long-term advantage, and we are dedicated to build our operation and business model with sustainability at centre.

We are therefore very proud to having received the highest rating from Japan Credit Rating Agency (JCR) in March 2022. This following our Dark Green Shading received from Cicero in April 2021.

Located in proximity of Greater Tokyo with approx. 38 million people and serving a

domestic market of approx. 126 million people, Proximar is uniquely positioned for serving the freshest Atlantic salmon to the Japanese consumers from 2024.

The ongoing construction is progressing according to schedule, and our construction costs are in line with previous communication. Despite the rising costs of materials and equipment seen in all industries, we are pleased to see that our exposure to such inflationary elements is very limited, as more than 95% of our construction costs is on fixed price contracts.

*“According to budget, with limited exposure to rising costs”*

We believe our CAPEX/kg of NOK 195 is very attractive compared to other projects seen lately, which is important considering our future competitiveness.



At present, the Hatchery and Nursery (HN) building is in its final stage of completion, and installation of equipment is ongoing. The first eggs are scheduled to be delivered in October.

As for the Post Smolt Grow-out building (PSG), the concrete works have been completed, and the steel erection is ongoing. Installation of the production tanks has also started, and the construction works going forward is to a large extent a repetition of previous works on the HN building. The PSG is scheduled for completion in 3<sup>rd</sup> quarter 2023, and first harvest expected medio-2024.

It is with great excitement that we are now in preparations for the operational start in a few months from now. We have recruited a strong and competent operational team, with extensive experience from RAS and farming of Atlantic salmon. We are also very encouraged to see the strong interest from relevant candidates for future recruitment.

Our operational capacities combined with the good performance seen from the AquaMaof facilities, specifically for Atlantic salmon in Poland, makes us very confident when now starting our own production. The facility in Poland has been producing salmon steadily for more than 5 years and harvesting for over 3 years now. This year, we have also had our operational team doing training there.

The general market outlook for Atlantic salmon, in terms of supply/demand and pricing, looks very robust. The import prices of Atlantic salmon remain at very high levels, driven by the combination of high export prices of salmon and rising transportation costs. We expect the prices to remain at very attractive levels in Japan going forward, and the significant cost advantage by local production is clearly demonstrated.

As for the Japanese market and consumption of Atlantic salmon, we expect the demand to continue growing going forward. This following the trend seen over several years, and to a large extent driven by the preference

of Atlantic salmon on the menu of the younger generation.

The supply/demand balance for Atlantic salmon in the global context looks very supportive in terms of price expectations going forward. This coupled with the rising transportation costs seen over the recent years, contribute to our expectations of a long-term significant cost advantage when it comes to local production in Japan.

The rising input costs seen in the world today will impact the production costs, primarily driving the feed costs. However, with salmon being one of the most efficient protein sources in terms of feed conversion ratio, the relative picture looks very attractive. Despite rising feed costs, we believe the salmon producers are well positioned to maintain attractive margins also in the future.

In April, we signed a 10-year sales and distribution agreement with Marubeni Corporation. This a significant milestone for Proximar and acknowledgement of the attractiveness of our coming product.

Marubeni Corporation is one of the larger trading companies in Japan, with a large and diverse range of businesses. Founded in 1858 and with a market cap of USD 16 billion, Marubeni has a very strong reputation in Japan.

In terms of financing, we are making steady progress and are encouraged by the progress made following the signing of the agreement with Marubeni. We are in advanced discussions with Japanese banks and financial institutions for construction and long-term debt financing.

As previously communicated, the pace of progress related to debt discussions have been impacted by the pandemics and travel restrictions. An important condition has been to secure an off-take for the fish, which was accomplished through the agreement with Marubeni in 2<sup>nd</sup> quarter.



It is therefore encouraging to see the progress in 2<sup>nd</sup> quarter and into 3<sup>rd</sup> quarter. Our debt target remains unchanged around 50% of the capital structure.

On our annual general assembly in April, we further strengthened the Board with two new independent board members. The new board members bring valuable experience from the financial markets and from the aquaculture industry. We are very pleased about the Board composition, representing an extensive and diverse background with highly relevant experience for Proximar.

We continue to see a strong interest for Proximar in Japan. We will actively work together with Marubeni to build awareness as we now start our production, building the expectations and preparing the market for our fish.

The market potential for our fish due to freshness, Mt Fuji location, sustainability and local produce remains unchanged, if not further strengthened. Our belief in a premium pricing potential also remains.

In terms of future competition, we believe we have a significant time advantage compared to possible future competitors. This has a great value and gives us time to establish our product and brand in the market well ahead of future competition.

With our CAPEX at attractive levels, we believe we have a very competitive position, both in terms of local initiatives and relative to conventional production.



**Joachim Nielsen**  
Chief Executive Officer

## Project review – Construction development on time and on budget

### **Hatchery and Nursery (HN) building almost finished**

Completion of Proximar's hatchery and nursery is fast approaching and the first batch of eggs are planned to be delivered in October. The facility is constructed according to our expectations, and we are very satisfied to see the quality of the works performed.



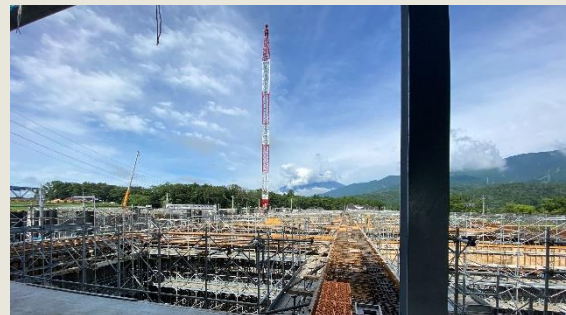
### **Construction of Post Smolt Grow out (PSG) facility on schedule**

The structural work on the PSG is well underway and the facility is expected to be completed 3<sup>rd</sup> quarter 2023, in accordance with original timeline. The PSG is constructed in a similar way as the HN building, enabling Proximar and our suppliers to utilize the knowledge accumulated from construction of the latter to ensure progress on the grow-out facility.



### **Capital Expenditure (CAPEX) estimates unchanged**

Despite increase in prices for material, equipment and transportation, our CAPEX estimates remain unchanged due to the significant level of fixed price contracts.



## Financing plan

The company has previously raised equity of MNOK ~470, and further equity will need to be raised going forward. In parallel, the company is working on debt financing as part of the capital structure, targeting a debt ratio of approx. 50% of the project cost.

The company is relying on its ability to raise necessary funds to secure the completion of construction and operations. Proximar has previously stated that additional financing needed to be secured in the first half of 2022. For various reasons, the company has managed to postpone this somewhat. However, Proximar still needs to raise additional financing and these processes are actively being addressed, both regarding debt and equity. The company is pleased about the progress made and the support from existing shareholders.

In 4<sup>th</sup> quarter 2021 a loan of JPY 2.5 billion was provided by JA Mitsui Leasing, which has been further drawn down into 1<sup>st</sup> half 2022.

The company is in active discussions with several banks and financial institutions in Japan, for construction financing and long-term financing. A Japanese debt structure is the preferred track, also considering currency exposure and financing costs.

A general condition in our discussions with Japanese financial institutions has been for

Proximar to secure an off-take / sales agreement for our fish.

Following the signing of the agreement with Marubeni, we are pleased to see progress in these discussions. The agreement has also triggered opportunities with new financial institutions. We therefore remain optimistic on our capital structure expectations and the ability to secure an attractive debt structure both for construction and long-term financing.

It is inspiring to see the focus towards Sustainability gaining momentum amongst the Japanese financial institutions, and the rating received from JCR has also been a positive contribution.

Although the debt discussions have taken longer time than initially expected, first due to travel restrictions and followed by the process of negotiations of off-take / sales agreement, we are experiencing good progress and are working with high dedication to secure an attractive debt structure. Our strengthened local presence from 2<sup>nd</sup> quarter this year has also contributed positively in terms of efficiency in the discussions. We are in parallel discussions with several banks, and in the final stages with one Japanese bank for a syndicated long-term loan structure. We expect the bank to soon be proceeding for credit committee approval and a conclusion is expected in 4<sup>th</sup> quarter.

## Statement from the Board of Directors

We hereby confirm that the financial statements for the period from 1 January through 30 June 2022 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Proximar Seafood Group.

To the best of our knowledge the half-year report gives a true and fair view of the main events during the accounting period and their effect on the accounts for the first half year, in addition to a description of the most significant risks and elements of uncertainty facing the Group and description of major transactions with related parties.

**The Board of Directors and CEO**  
Bergen, 30. August 2022



# Consolidated statement of comprehensive income

Unaudited (Amounts in NOK 1.000)	30 June 2022	30 June 2021	31 Dec 2021
Revenue	-	-	-
<b>Revenue and other income</b>	<b>-</b>	<b>-</b>	<b>-</b>
Personnel expenses	5 930	3 445	5 280
Depreciation and Amortisation	817	1	112
Other operating expenses	4 331	2 100	4 432
<b>Operating expenses</b>	<b>11 078</b>	<b>5 546</b>	<b>9 825</b>
<b>Operating loss</b>	<b>-11 078</b>	<b>-5 546</b>	<b>-9 825</b>
Other financial income	39	1	1
Interest expenses	10	436	530
Other financial expenses	16	13 457	14 662
<b>Loss before tax</b>	<b>-11 065</b>	<b>-19 437</b>	<b>-25 016</b>
Income tax expense	-	-	-
<b>Net loss for the period</b>	<b>-11 065</b>	<b>-19 437</b>	<b>-25 016</b>
<b>Other comprehensive loss for the year</b>			
Items that will not be reclassified subsequently to profit or loss:			
Currency effect on investment in subsidiaries	1 525	1 620	1 970
Currency effect on loans to subsidiaries	-18 823		-2 402
<b>Total comprehensive loss for the financial year, net of tax</b>	<b>-28 363</b>	<b>-17 817</b>	<b>-25 448</b>
<b>Earnings per share:</b>			
Basic earnings per share	-0,28	-0,52	-0,65
Diluted earnings per share	-0,28	-0,52	-0,65

# Consolidated statement of financial position

Unaudited (Amounts in NOK 1.000)	30 June 2022	30 June 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Assets under construction	451 729	269 334	384 839
Property, plant and equipment incl. right-of-use assets	4 351	26	1 457
Long term receivables	20 457	-	24 807
<b>Total non-current assets</b>	<b>476 537</b>	<b>269 360</b>	<b>411 102</b>
<b>Current Assets</b>			
Other short term receivables	4 448	34 456	3 555
Cash and bank deposits	73 745	98 226	73 796
<b>Total current assets</b>	<b>78 193</b>	<b>132 682</b>	<b>77 351</b>
<b>TOTAL ASSETS</b>	<b>554 730</b>	<b>402 042</b>	<b>488 454</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	3 979	3 979	3 979
Share premium reserve	358 053	394 046	386 416
<b>Total equity</b>	<b>362 032</b>	<b>398 025</b>	<b>390 395</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest bearing debt	-	1 246	93 509
Lease liabilities	1 393	-	801
<b>Total non-current liabilities</b>	<b>1 393</b>	<b>1 246</b>	<b>94 310</b>
<b>Current liabilities</b>			
Current portion of interest bearing debt	181 933	-	650
Current portion of lease liabilities	1 650	-	515
Trade payables	1 005	1 788	1 160
Tax payable	-	-	-
Public duties payable	395	705	461
Other short term liabilities	6 322	279	963
<b>Total current liabilities</b>	<b>191 305</b>	<b>2 772</b>	<b>3 749</b>
<b>Total liabilities</b>	<b>192 699</b>	<b>4 017</b>	<b>98 059</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>554 730</b>	<b>402 042</b>	<b>488 454</b>

## Consolidated statement of changes in equity

Unaudited (Amounts in NOK 1.000)	Share capital	Share premium reserve	Total equity
Balance at 1 January 2022	3 979	386 415	390 394
Loss for the period		-11 065	-11 065
Currency effect on investment in subsidiaries *		1 525	1 525
Currency effect on loans to subsidiaries		-18 823	-18 823
Total comprehensive loss for the period	-	-28 363	-28 363
<b>Balance at 30 June 2022</b>	<b>3 979</b>	<b>358 052</b>	<b>362 032</b>

\* Currency effect on investments in subsidiaries relates to exchange differences arising 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 30 June 2022 the accumulated effect is TNOK 2.247

## Consolidated statement of cash flows

Unaudited (Amounts in NOK 1.000)	30 June 2022	30 June 2021	31 Dec 2021
<b>Cash flow from operating activities</b>			
Loss before tax	-11 065	-19 437	-25 016
Income taxes paid	-		-6
Depreciation	817	1	112
Change trade payables	-156	1 669	1 041
Other accruals etc.	8 751	-35 306	-4 165
Net interest expense	10	435	530
Net foreign currency exchange rate difference	-3 980	1 620	-432
<b>Net cash flow from operating activities</b>	<b>-5 623</b>	<b>-51 020</b>	<b>-27 935</b>
<b>Cash flow from investing activities</b>			
Payments on purchases of fixed assets	-86 148	-260 308	-375 955
Payments of VAT on purchases of fixed assets	-		-24 603
<b>Net cash flow from investing activities</b>	<b>-86 148</b>	<b>-260 308</b>	<b>-400 558</b>
<b>Cash flow from financing activities</b>			
Proceeds from capital increases	-	381 714	381 714
Proceeds from loans and borrowings	92 338		93 238
Payments on leasing obligations	-607		-84
Payments on loans and borrowings	-	-54	-379
Net interest paid	-10	-435	-530
<b>Net cash flow from financing activities</b>	<b>91 720</b>	<b>381 225</b>	<b>473 959</b>
Net change in cash and bank deposits	-51	69 897	45 466
Cash and bank deposits as at first in period	73 796	28 330	28 330
<b>Cash and bank deposits as at last in period</b>	<b>73 745</b>	<b>98 226</b>	<b>73 796</b>

## Note 01: Basis for preparation

The Group's interim consolidated statements for the six months ended 30 June 2022 were prepared in accordance with IAS 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the Group's Annual Report for the year ended 31 December 2021 and any public announcements made by Proximar Seafood AS during the interim reporting period. The interim report is unaudited and is presented in Norwegian kroner ("NOK").

The Group's accounting policies adopted are consistent with those applied in the Group's 2021 Annual Report.



## Note 02: Land, property, plant and equipment

(Amounts in NOK 1.000)

<b>Period ended 30 June 2022</b>	Assets under construction	Property, Plant and equipment	Right-to-use assets	Total
Cost at 1. January 2022	384 839	168	1 401	386 408
Additions in the period	84 467	1 681	2 029	88 177
Currency effect *	-17 576	0		-17 576
<b>Cost at 30 June 2022</b>	<b>451 730</b>	<b>1 850</b>	<b>3 430</b>	<b>457 009</b>
Accumulated depreciation at 1 January 2022	-	22	90	112
Depreciation in the period	-	195	622	817
Accumulated depreciation at 30 June 2022	-	216	712	929
<b>Net carrying amount at 30 June 2022</b>	<b>451 730</b>	<b>1 633</b>	<b>2 718</b>	<b>456 080</b>

<b>Period ended 30 June 2021</b>	Assets under construction	Property, Plant and equipment	Right-to-use assets	Total
Cost at 1. January 2021	9 052	-		9 052
Additions in the period	260 282	27		260 309
<b>Cost at 30 June 2021</b>	<b>269 334</b>	<b>27</b>	<b>-</b>	<b>269 361</b>
Accumulated depreciation at 1 January 2021	-			-
Depreciation in the period	-	1		1
Accumulated depreciation at 30 June 2021	-	1	-	1
<b>Net carrying amount at 30 June 2021</b>	<b>269 334</b>	<b>26</b>	<b>-</b>	<b>269 360</b>

### 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

\* Currency effect relates to exchange differences arising from net investment in foreign entities.

Assets under construction is 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	572 877
Equipment	365 405
Land	93 561
<b>Total</b>	<b>1 031 842</b>

Progress per 30.06.2022 inclusive of land 43 %

The facility is expected to be completed in Q3 2023. The amount recognized also contains a payment of TNOK 31 953 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.

### Note 03: 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 30.06.2022.

All shares carry equal rights.

**The movement in the number of shares during the last six months was as follows:**

Ordinary shares at beginning of period	39 787 650
Issue of ordinary shares	0
<b>Ordinary shares at 30 June 2022</b>	<b>39 787 650</b>

<b>List of main shareholders as of 30.06.2022:</b>	Number of shares	Ownership percentage
Daimyo Invest AS	3 996 238	10.0 %
Grieg Kapital AS	3 180 049	8.0 %
Loyden AS	2 805 000	7.0 %
Kvasshøgdi AS	2 744 844	6.9 %
Nutreco International B.V.	2 160 493	5.4 %
Nordic Delta AS	2 136 640	5.4 %
Pactum AS	1 474 567	3.7 %
T.D. Veen AS	1 384 567	3.5 %
Helida AS	1 242 000	3.1 %
Zolen & Månen AS	1 018 000	2.6 %
OM Holding AS	750 000	1.9 %
Nordnet Livsforsikring AS	642 011	1.6 %
Vitamar AS	640 000	1.6 %
Sulefjell AS	543 543	1.4 %
M Paulen Holding AS	502 475	1.3 %
Tomas Frafjord	401 000	1.0 %
Art Group AS	400 000	1.0 %
Agito Invest AS	375 000	0.9 %
Solar Holding AS	350 000	0.9 %
IFG Holding AS	250 000	0.6 %
<b>Total number of shares attributed to the 20 largest shareholders</b>	<b>26 996 427</b>	<b>67.9 %</b>
The number of shares attributed to the other shareholders	12 791 223	32.1 %
<b>The total number of shares issued and outstanding</b>	<b>39 787 650</b>	<b>100.0 %</b>

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

## Note 04: Earnings per share

	30 June 2022	30 June 2021	30 Dec 2021
Profit (loss) for the year (in NOK)	-11 065 463	-19 437 000	-25 015 878
Weighted average number of outstanding shares during the year	39 787 650	37 044 166	38 430 982
Earnings (loss) per share - basic and diluted (in NOK)	-0,28	-0,52	-0,65

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

## Note 05: Borrowings and other current liabilities

The Group has two loans from credit institutions as per 30 June 2022.

In November 2021, the Group entered into a credit facility with a Japanese credit institution. The total financing agreement is JPY 2.500.000.000, of which JPY 125.000.000 (5 %) are restricted funds. 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.

(Amounts in NOK 1.000)

Non-current liabilities	Borrowing company	30 June 2022	31 Dec 2021
Non-current bullet credit facility	Proximar Ltd (Japan)	182 785	95 766
Long term loan to financial institution	Proximar Seafood AS (Norway)	596	921
Total		183 381	96 687
Amortization effects of loans		-1 448	-2 528
Total non-current liabilities		181 933	94 159

Description of liabilities	Currency	Interest rate	Final maturity	Pledges
Non-current bullet credit facility	JPY	2,30 %	March 2023	None
Long term loan to 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.



**PROXIMAR**  
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