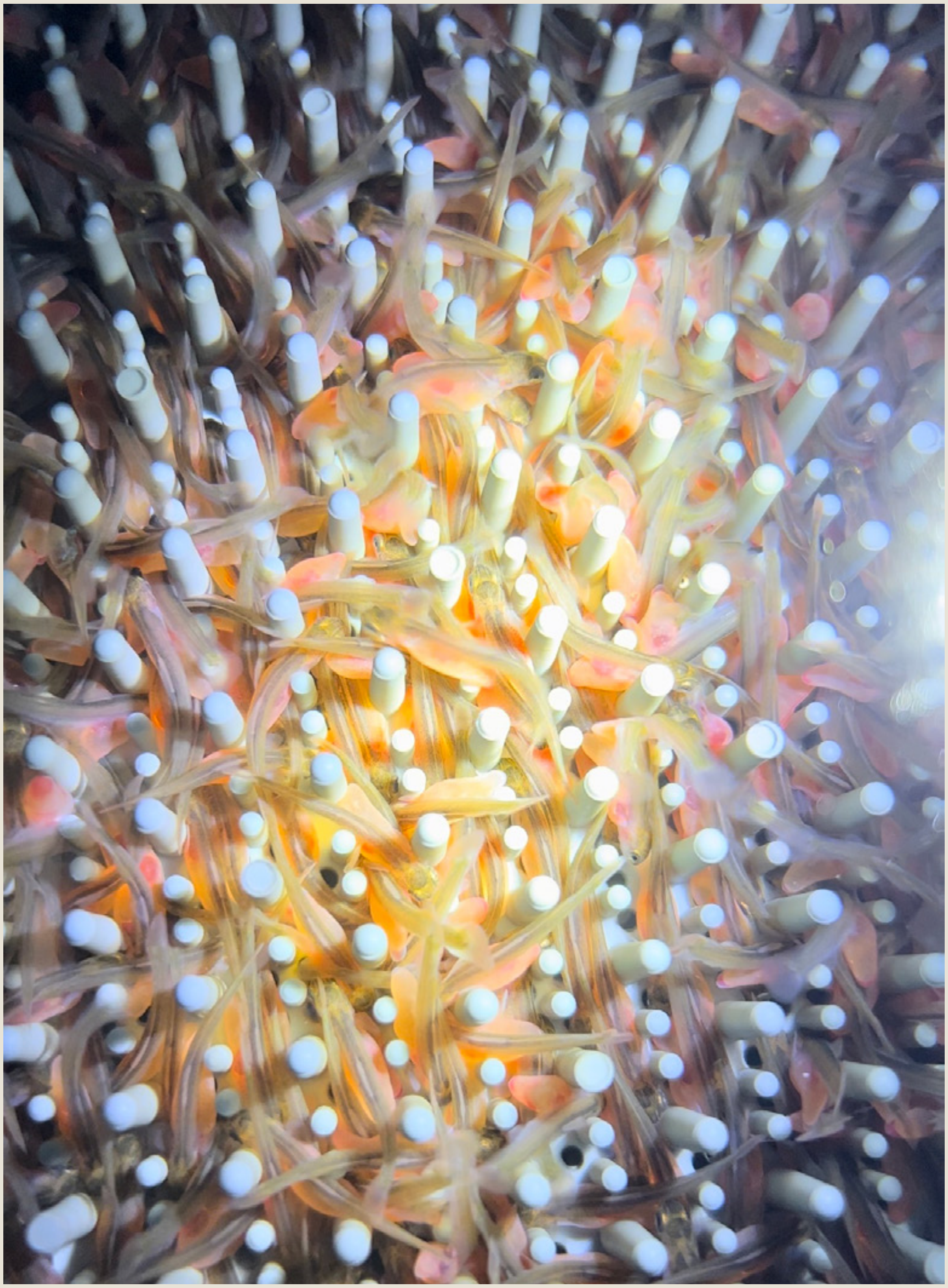
PROXIMAR

SEAFOOD



Annual Report 2022

Contents

Introduction

Proximar in brief

Proximar Seafood AS (Proximar) is a land-based salmon farming company currently completing construction of the first large-scale fish farm for Atlantic salmon in Japan. At the foot of Mount Fuji, only 1.5 hours driving distance from Tokyo, the company has already commenced operation and will be able to deliver sustainably-produced Atlantic salmon to the strong Japanese market from 2024 onwards.

The location of Proximar's production enables the company to supply an attractive market without the need for comprehensive transport. This gives Proximar a competitive edge 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.

Highlights 2022

- **On time, CAPEX within expectations.** Construction progressed according to plan and the hatchery and nursery building was handed over to Proximar in October.
- **Operational start** in the fourth quarter when the first eggs were inserted. Second batch arrived in December and monthly batches are planned going forward.
- **Successfully raised a convertible loan** of NOK 250 million in a challenging financial market.
- **Increased the JA Mitsui construction financing** by another JPY 750 million to a total of JPY 3.25 billion.
- **Partnership with Marubeni** further strengthened as firm off-take agreement was signed for the entire volume from first facility for 10 years. The long-term commitment was again shown when Marubeni invested into the convertible bond.
- **Highest sustainability rating** awarded again, this time by Japan Rating Agency (JCR).
- **Two new board members** with relevant competence joined the company as Proximar could welcome Viggo Halseth and Peter Hermanrud.
- **Post-construction financing offer received** In January 2023, Proximar received a loan offer from a Japanese bank for a post-construction loan of JPY 4 billion (NOK ~300 million). The senior secured loan offer was credit approved in December 2022. The loan also permits further subordinated lending.

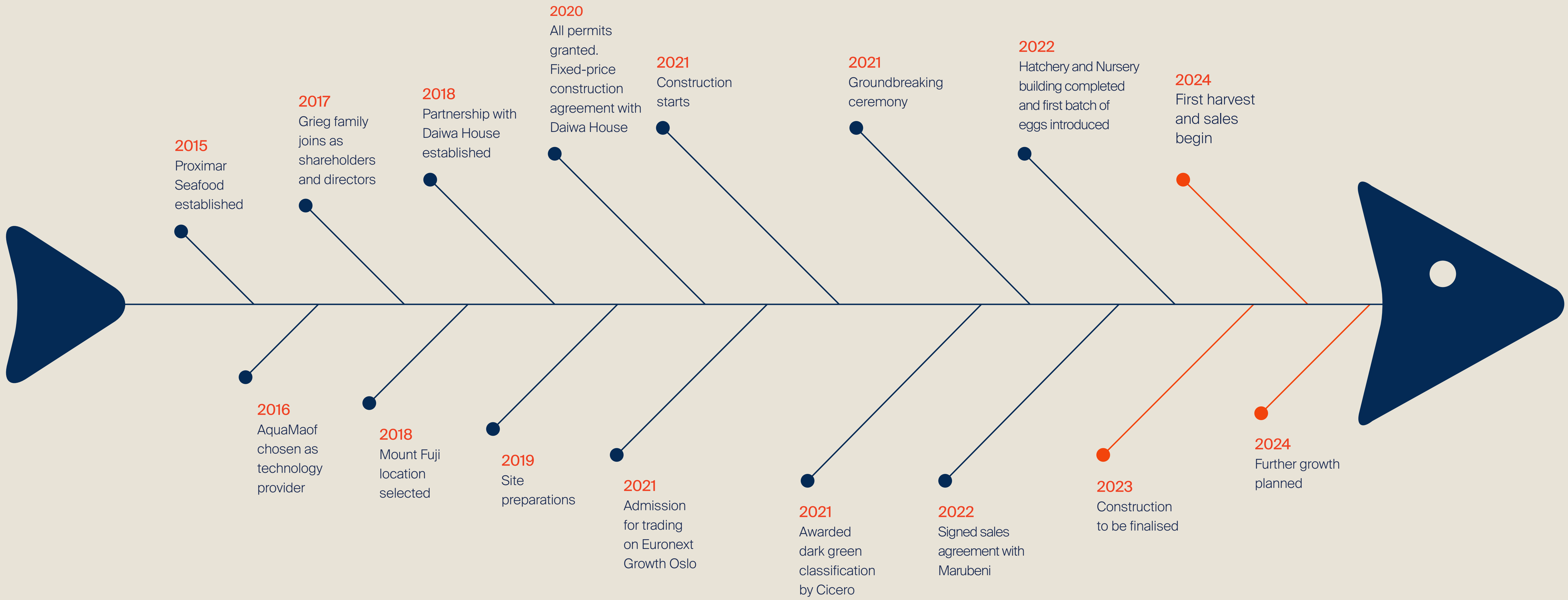
Adjacent market
~38
million people

First harvest
2024
mid-year

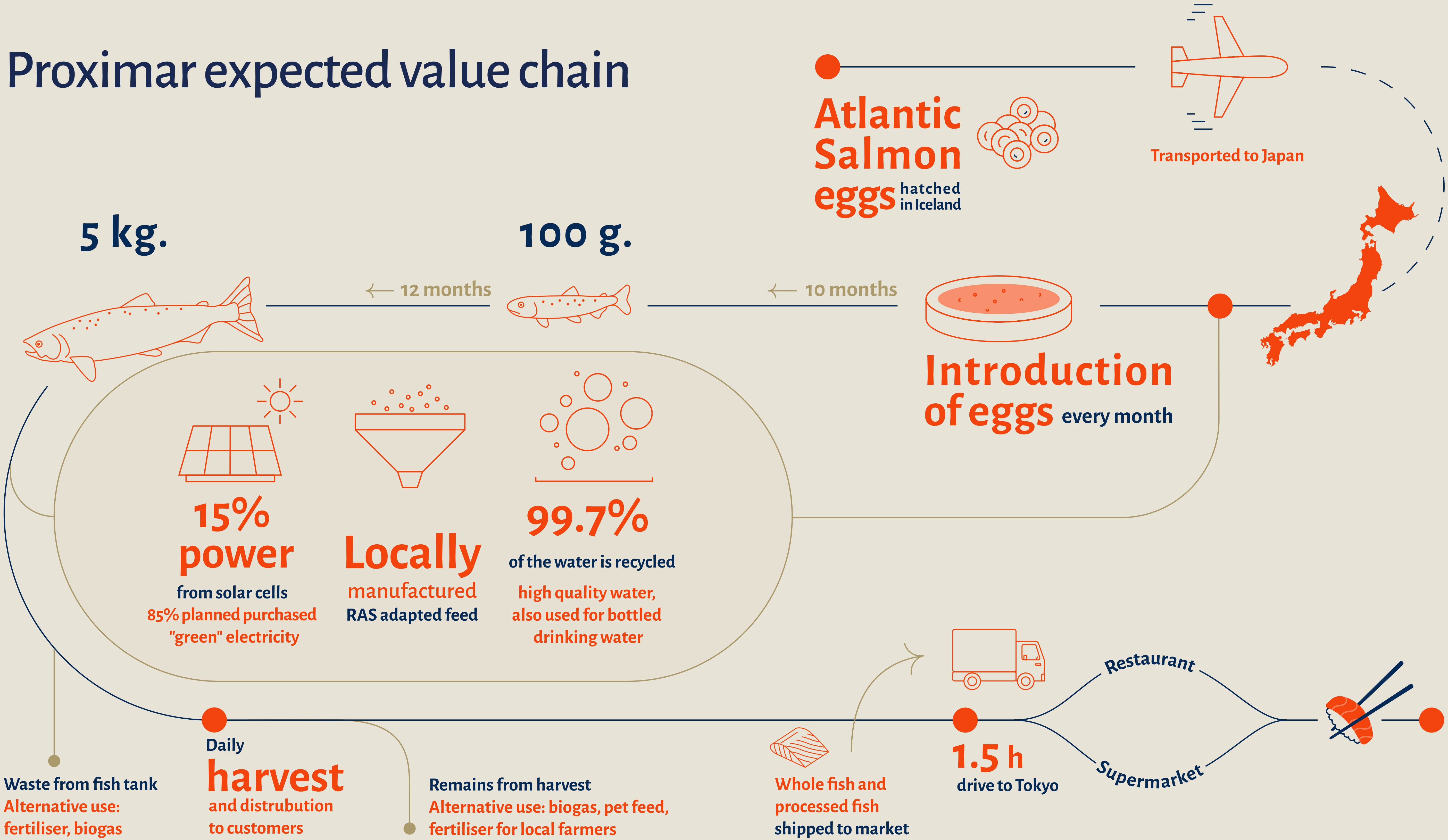
Phase 1 production
5,300
tonnes

PSG
completion
Q3
2023

Proximar – history and future



Proximar expected value chain



Letter from the CEO

Concluding last year on a high note, moving into the production stage of Atlantic salmon

In 2022 we achieved milestones that are imperative to becoming the market leader for production of Atlantic salmon in Asia.

Throughout the year we progressed according to schedule, both in the construction of our facility and start-up of the production. With first harvest mid-2024, we will be the number one land-based producer of Atlantic salmon in Japan, with production right outside of Tokyo. Production close to the consumer was the very core of Proximar's business idea from the beginning – reducing the carbon footprint, contributing to self-sufficiency, and serving fresh salmon on Japanese dinner plates the same day it is harvested.

Challenging surroundings

Disruptions in global supply chains and an uncertain macro-economic environment are impacting all businesses. However, we have managed to deliver according to our construction schedule, operational preparations, production start-up and

cost management. This was only possible due to the great efforts from our highly committed team and all involved parties. Gradually shifting focus from construction to production is an important next phase and for the successful execution of our plans.

Attractively positioned

At the beginning of our project, Proximar's planned investment per kilo of salmon produced was perceived to be at the high end compared with industry peers. Today, thanks to a high degree of fixed contracts, excellence in execution, and cost inflation, our investment levels are now perceived to be appealing. We believe that this makes Proximar attractively positioned in the competitive landscape going forward.

The pandemic, the geopolitical tension globally and war in Europe have significantly impacted the global trade and food supply chains. The implications for Japan specifically are fewer flights and longer transport distances due to re-routings. This translates into higher transportation costs for Atlantic salmon to the Japanese market and consequently higher import prices. Ultimately, this enhances Proximar's competitive cost advantage even further.

Growing concern about self-sufficiency

International trade has increased in recent decades, leading to self-sufficiency being deprioritized. Following geopolitical instability both in Europe and Asia we expect to see increased focus on and strategies for locally produced food. This topic will be a top priority on the national agenda.

Japan's self-sufficiency rate has been falling for decades, and is now becoming a substantial concern. According to the Financial Times (2022, September 8) *Can Japan feed itself?* Japan has one of the lowest self-sufficiency rates compared with other major countries – approximately 38% today

vs. approximately 73% in 1965. Proximar is proud to be playing a key role in local food production, aiming to be a leading provider of sustainably produced seafood in Japan.

First batch inserted

The hatchery and nursery building was finished in October and we were able to start the production stage as planned when the first batch of eggs was brought into the hatchery. We are now officially a production company of Atlantic salmon.

The production stage requires us to have more colleagues in important, operational positions. We have successfully recruited highly qualified and motivated people for key manager positions in Japan, and will continue with further recruitments to build our production team and other operational positions.

The Grow-out building will be handed over in the third quarter this year, marking the completion of construction works. Simultaneously, our first batch will be ready for transfer into this building. We will receive a new batch of eggs every month. From the first harvest in mid-2024 we will be harvesting daily, all year round.

Following the signing of our 10-year agreement with Marubeni Corporation in April 2022, we believe we have found an ideal partner for sales and distribution in the Japanese market. Both Marubeni and Proximar are experiencing strong interest from potential customers for our product.

First-mover advantage and competitive starting point

Proximar is building the first large-scale facility in Japan for the farming of Atlantic salmon. This provides us with a strong first-mover advantage. Being ahead of the competition, combined with strong Norwegian aquaculture knowledge and the adoption of RAS technology in Japan, uniquely positions Proximar to develop the market.

From our location at the foot of Mount Fuji, we believe we can build a long-term product differentiation and a strong brand. We consider our location to already contribute to the interest in Proximar in Japan. Furthermore, we are experiencing interest from other Asian countries, including China. Export to the strong growth regions in Asia enhances Proximar's business case.

With an attractive CAPEX level and expected production costs at similar levels with the industry in Norway, we will have a strong competitive advantage compared with local and international competitors.

Moving forward towards a leading position

Proximar is better positioned than ever. The robust outlook of the Atlantic salmon market in terms of supply and demand, combined with the increased need for local food production and sustainable options, are further strengthening our expectations.

With our highly dedicated and experienced team, the attractive market fundamentals, and a unique and competitive position, we remain very confident and optimistic of delivering on our plans. We will continue developing Proximar and creating long-term value and growth for our shareholders, by becoming a leading supplier of Atlantic salmon in Japan and the rest of Asia.

Joachim Nielsen
Chief Executive Officer

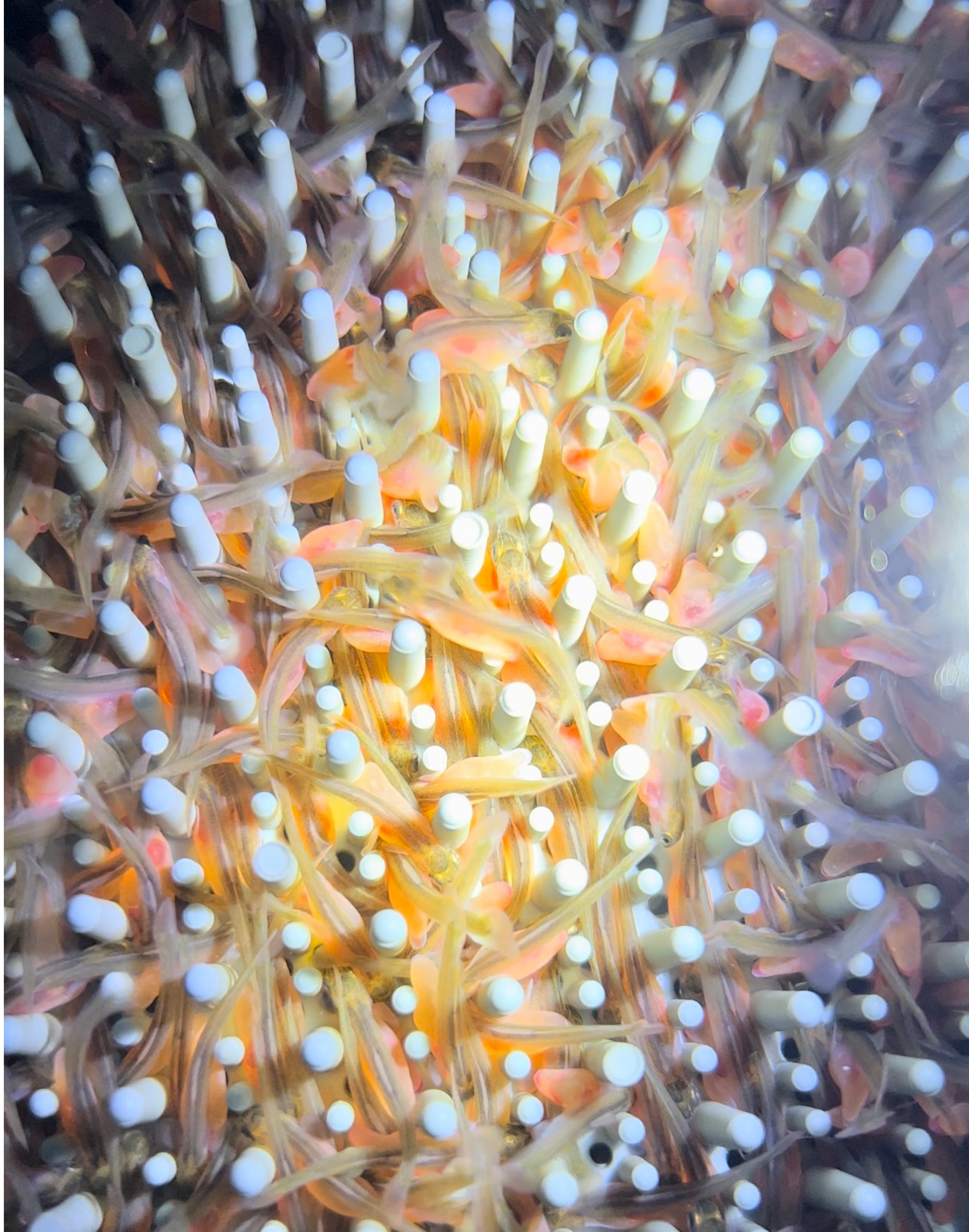
Project Review

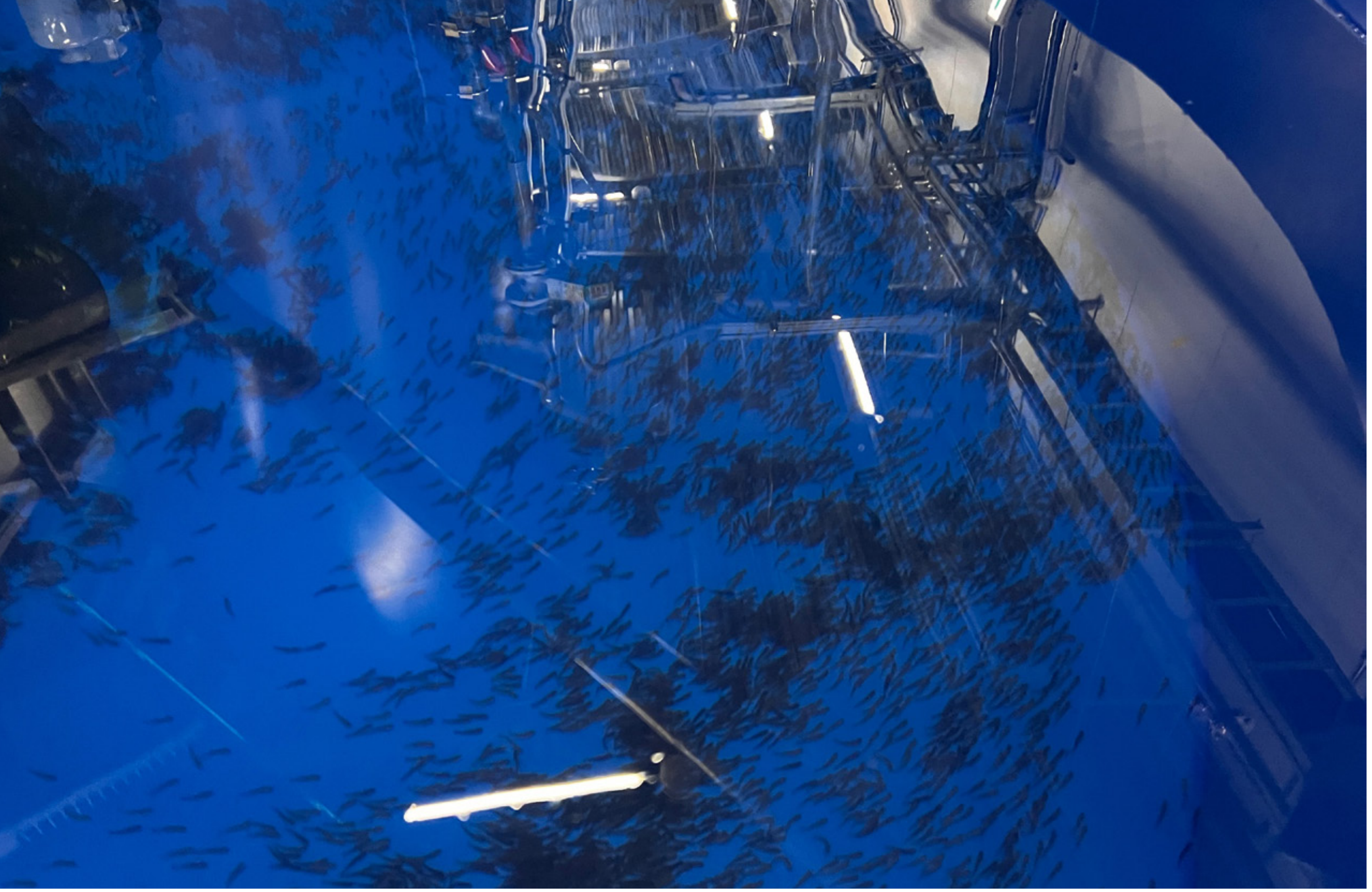
Proximar has finally started operations

After extensive preparations, Proximar started production in October 2022. The first batches of eggs have been hatched and transferred to the first feeding department. The smoltification process and corresponding transfer to the Post-smolt Grow-out building is expected in the third quarter 2023, with first harvest in mid-2024.

Preparations make perfect

The operational preparations began in 2021, when Proximar chose market leaders Skretting and Benchmark as suppliers of feed and eggs, while Dharma Rajeswaran was appointed COO. During the first half of 2022 there were further recruitments, with experienced production managers Charlotte Okstad and Nikolaj Schlie joining Proximar. They undertook training in AquaMaof's Poland facility to become familiar with the specifics of their technology. In the second half of 2022, the production team has been planning and executing takeover and commissioning of the hatchery and nursery building, with production starting in October.





Dharma Rajeswaran
COO

Has worked in fish farming since 1991. Previous positions include regional manager in Mowi/Pan Fish and COO in Atlantic Sapphire

Charlotte Okstad
Hatchery and Nursery manager

Bachelor's degree in material technology, certificate of apprenticeship in aquaculture. More than 10 years' experience of fish farming, most recently as team leader for Lerøy's Hatchery and Nursery facility at Kjærelva

Nikolaj Schlie
Post-smolt Grow-out manager

Master's in science within biology. 5 years' experience of fish farming, most recently as fish farm technician and RAS technologist in Atlantic Sapphire's facility in Langsand

Successful production start
Proximar is pleased to see the successful execution of the first two batches of eggs introduced to the hatchery department in 2022. In early January, the first batch was transferred to the first feeding department whilst the second batch hatched. The batch remains in the first feeding department for approximately two months before it is transferred to the nursery.

The production team is showing a high level of dedication and commitment to succeed, in terms of both production plans and fish welfare. The equipment has also been performing in accordance with Proximar's high expectations.

2023 will be a year of operational ramp-up
Proximar plans to insert a new batch off eggs into the hatchery on a monthly basis, enabling full utilization of the facility and a steady harvest. The Post-smolt Grow-out building will be completed and handed over in the third quarter, in time for the transfer of a smoltificated first batch.

In order to achieve a successful production in the recirculation aquaculture system (RAS), securing qualified and dedicated colleagues is key. Proximar will continue to recruit the best talent and is experiencing strong interest both locally and globally to work for the company. This makes Proximar confident that it will secure talent for the production team going forward.

Hatchery and Nursery building completed, construction of Post-smolt Grow-out building on track

Completion of the Hatchery and Nursery building last October marked another important construction milestone for Proximar, as this enabled operational startup of the facility. The Post-smolt Grow-out building is expected to be completed in the third quarter, in accordance with the agreed time schedule.

Hatchery and Nursery completed with high quality
In October, the Hatchery and Nursery building was completed and handed over to Proximar. Inspections carried out by authorities, suppliers, third parties and Proximar all reached the same conclusion: the facility is well constructed and the quality of work is high. The first months of operation have only enhanced Proximar's impression of high quality and equipment to provide excellent fish welfare and growth conditions.

Post-smolt Grow-out building expected to be completed in the third quarter 2023
Civil works on the Post-smolt Grow-out building are approaching completion and the priority has to a large degree shifted towards installation of tanks and RAS equipment. There have been no major issues in the construction process. Although the Grow-out facility is significantly larger than the hatchery and nursery, the main components and their construction/installation processes are the same. Consequently, experience gained from constructing the smaller building increases efficiency and reduces risk when constructing the larger building. Proximar is confident that the Post-smolt Grow-out building will be completed and handed over in the third quarter 2023, as scheduled.

CAPEX within expectation
Fixed price contracts covering more than 95% of the capital expenditure have left Proximar virtually unaffected by the recent increases in the price of materials and equipment. However, the company has chosen to upgrade the feeding and electricity system, and prepared the facility for the installation of rooftop solar panels. The CAPEX level is also impacted by currency fluctuations. Consequently, the CAPEX estimate amounts to around NOK 210/kg (HOG).

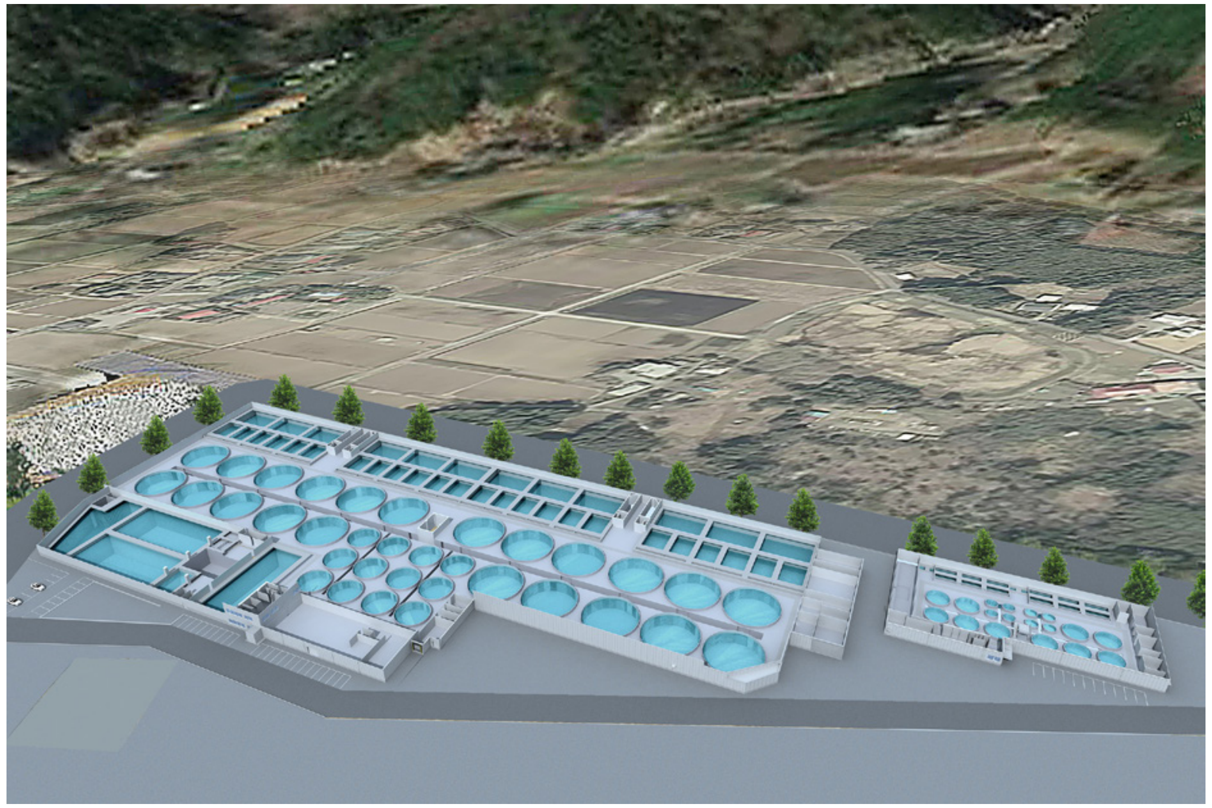
An efficient salmon farming facility with risk-mitigating technology

Proximar's land-based salmon farming facility employs proven risk-mitigating technology for sustainable and efficient salmon farming. The farm is expected to produce 5,300 metric tonnes 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 of land-based fish farming technology. AquaMaof's R&D facility in Poland has harvested market-size Atlantic salmon since 2019. The 36 cohorts of salmon have successfully reached an average size of 4–5 kg with a survival rate of ~93% in the post-smolt phase. The production has shown consistent results, with growth from egg to harvest size (4-5 kg) in ~22 months at stocking densities of around 85 kg/m^3.

Facility 2023



Two modules in the hatchery and nursery (to the right) and four modules in the Post-smolt Grow-out building (to the left).

The average volume achieved is around 300 tonnes per year and the fish is being sold in Poland and across Europe. The flavour and quality recently received very positive feedback by a major taste panel.

There has never been any incident 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.

Risk-mitigating design

Where conventional RAS providers use drum filters and other mechanical water treatment tools, AquaMaof utilizes alternative processes based on gravity and biodegradation instead. The avoidance of mechanical equipment reduces operational complexity and related points of failure which could otherwise lead to malfunctioning and the breakdown of hardware.

The facility is divided into multiple independent water treatment and biosecurity zones, so-called 'modules'. The hatchery and nursery building comprises two modules, while the Post-smolt Grow-out building comprises four modules. This 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 the backing up of all critical equipment. This ensures that even if there is equipment failure, the facility will remain 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%. This considerably improves the company's environmental footprint.

/ Annual report 2022

Financing activity

Through 2022 and into 2023, Proximar has made significant progress in its debt financing processes.

Throughout 2022, Proximar has continued its work on several sources of financing. In October, the company successfully issued a convertible bond of NOK 250 million despite a very challenging financial market. At the same time, the company increased the loan facility from JA Mitsui Leasing by another NOK 50 million with support from the Grieg Group. In conjunction with the bond issue, our long-term sales and distribution partner, Marubeni Corporation, also participated. This is also our first Japanese investor.

Proximar is working actively and with a high level of dedication to further develop the shareholder structure, and, as part of this, significant efforts are being made to develop Japanese interest.

In January 2023, Proximar announced that it had received a loan offer from a Japanese bank for a post-construction loan of JPY 4 billion (NOK ~300 million). The senior secured loan offer was credit-approved in December 2022 after a long-lasting process.

In February 2023, Proximar was able to announce the JPY 8.8 billion (NOK ~680) alternative. Subject to final approval, this offer includes a loan to cover both the construction and operational phase. The terms are considered attractive and are based on a syndication of large Japanese banks. With this loan offer, the company will reach the targeted ~45% debt ratio.

Having strong partners in Japan paves the way for new opportunities. We are pleased to see the how the sales and distribution agreement with Marubeni facilitated financing discussions in Japan since the agreement was signed in April 2022.

It makes a great difference to be able to show the relevant parties the progress of the construction works, and the buildings taking shape. From being only drawings and ideas, Proximar can now show tangible assets. Further confidence is demonstrated by the organisation taking shape and Proximar's ability to deliver according to previous communications. This has helped discussions and created the necessary level of comfort for the relevant parties.

Our team
and organisation

Management team

Joachim Nielsen
CEO

- Co-founder of Proximar
- Previously served as CFO of railway construction company Team Bane (renamed 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 construction projects, 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 of 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 of RAS, including design, construction and operation of RAS facilities
- Joined Proximar in 2017

Dharma Rajeswaran
COO

- More than 30 years of experience of 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 in the industrial and financial sectors
- Previously employed at Arkwright, PwC and Sbanken
- Joined Proximar in 2021

Peder Sollie
Project Manager

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

Board of Directors

Katrine Trovik
Chair

- Extensive experience of 10 years of executive 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

- Founded Grieg Seafood ASA in 1992 and actively involved in leading positions in the company since then, currently as chairman
- Experience of establishing companies in multiple sectors and from board positions in, for example, 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 of Japanese business, including the large trading houses and financial institutions
- Previously worked at the credit department of DNB London
- Board member of IFG Holding and Reforcetech AS

Viggo Halseth
Director

- 38 years of experience of the aquaculture feed industry through management positions in Nutreco/ Skretting, including Chief Innovation Officer at Nutreco and CEO of Skretting Norway and Skretting Group
- Experience of RAS investments.
- Board member of Blár AS, Norwegian Lobster Farm AS, Blue Planet AS and Harbor AS

Peter Hermanrud
Director

- Long career within finance, including Chief Strategist at renowned investment banks such as First Securities, Swedbank and Sparebank 1 Markets
- He is currently working as a private investor. Board member of Sequoia Utvikling AS and Rune Bentsen AS.

Market

Atlantic salmon farming in Japan more attractive than ever

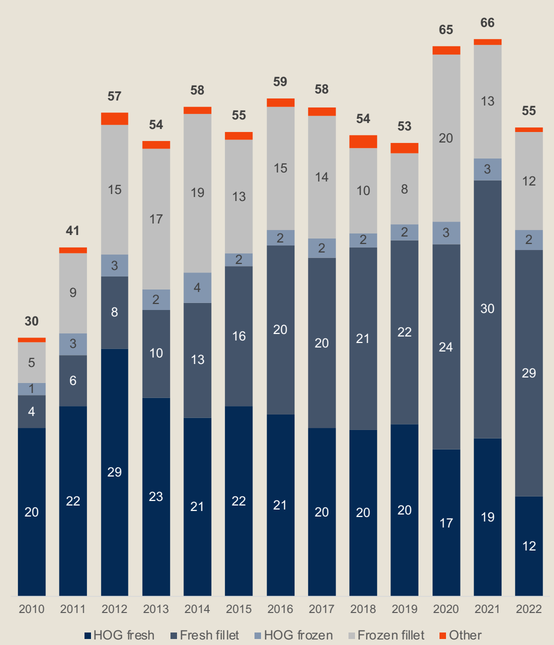
High demand despite increased prices

A combination of high prices for Norwegian salmon and logistic challenges due to the conflict in Ukraine has increased the price of Atlantic salmon in Japan by 45% from 2021 to the second half of 2022. Despite an average market price of around NOK/kg 150 (head-on-gutted) and air freight issues, Japanese consumption is still above 40 000 tonnes per year for fresh salmon. The 5,300 tonnes annual harvest from Proximar's facility only represents 13% of the total consumption and is expected to be easily absorbed by the market.

Japanese people 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. Norwegian Atlantic salmon already has a good reputation in Japan, and Proximar believes that its locally produced "Japanese" salmon will be considered superior to imported salmon due to its freshness and high quality.

Japan's consumption of Atlantic salmon. Figures in head-on-gutted (HOG) equivalents



Self-sufficiency and sustainability in focus

Following the recent geopolitical development, Japan has become increasingly concerned about its self-sufficiency. This is also believed to have contributed to the positive interest from authorities, media, financial institutions and others. The company is also experiencing increased awareness of the inherent sustainability of its business model, as local production eliminates the significant CO_2 emissions associated with transporting Atlantic salmon to Japan.

Political and economic stability

Japanese society and the business environment provide predictability and stability, both in economic and political terms.

The ideal location in Japan

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

Cost advantage compared to Norwegian production expected

Land-based aquaculture has historically been considered a more costly fish farming method, but in recent years the gap between land-based and conventional aquaculture has narrowed, and the traditional cost advantage for sea production has been reduced.

While DNB predicts an average EBIT cost in Norway from 2023 to 2025 of NOK/kg ~56, Proximar expects a comparable figure of NOK/kg ~53 once the facility becomes fully operational. The high cost increase caused by sea lice and diseases has contributed to increased production costs for the traditional salmon industry in Norway, making land-based facilities more competitive.

The significant cost advantage resulting from saved transportation costs puts Proximar in a very advantageous position going forward.

Board of Directors' report

Board of Directors report

2022 has been a year characterised by significant progress in several areas. Proximar has successfully continued the construction process according to its plans, and in October also started production. The start of production is a significant milestone and takes Proximar forward in its vision of being a leading provider of sustainably produced seafood and providing a growing population with proteins.

Business overview and strategy for Proximar Seafood Group

Proximar Seafood AS (Proximar) is a land-based salmon farming company currently constructing the first commercial land-based facility for Atlantic salmon in Japan. The production started in October 2022, and the facility is located at the foot of Mount Fuji in Oyama, only a 1.5-hour drive from Tokyo. All construction is due to be completed in the third quarter 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 on the Oslo Stock Exchange.

The core of Proximar's business strategy is to locate and establish 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, thereby significantly reducing transportation costs and associated carbon emissions, and by being well-monitored and controlled, minimising environmental impact.

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 become a leading producer of Atlantic salmon in Asia, with a focus on safe and sustainable production.

When it comes to the ongoing construction, the board is pleased to see this progressing as planned. With a high degree of fixed contracts and a substantial part of the construction works already behind us, the visibility remains good.

Key events in 2022

Top sustainability rating awarded by Japan Credit Rating Agency (JCR)

In March, Proximar was awarded the highest possible rating on the Company's Sustainability Framework after being evaluated by a leading Japanese credit rating agency. JCR has reviewed the "Greenness and Social Beneficial Impacts" and the "Management, Operation, and Transparency" of Proximar's sustainability framework. The highest rating "SU1(F)" was awarded.

Exclusive Sales and Distribution Agreement with Marubeni

In April, Marubeni Corporation and Proximar Seafood AS signed a 10-year sales and distribution agreement. Marubeni will be the exclusive distributor in Japan for all the Atlantic salmon produced by Proximar.

New Board members

At the general assembly, Viggo Halseth and Peter Hermanrud were elected as directors of the board.

Issue of convertible bond

In October, the company successfully issued a convertible bond of NOK 250 million. The convertible bond has a tenor of 3 years, a fixed coupon of 7% and a conversion price of NOK 5 per share.

Loan agreement with JA Mitsui Leasing
In October, the company increased the loan facility from JA Mitsui Leasing by JPY 750 million, increasing the total loan to JPY 3.25 billion. At the same time, the original loan was extended by 1 year, until March 2024.

Hand-over of Hatchery and Nursery building
In October, the construction works were completed for the Hatchery and Nursery building, and the building was handed over to Proximar.

Operational start-up
On 28 October, the first eggs were inserted, marking the start of production. The second batch arrived in December and monthly batches are planned going forward.

Events after the balance sheet date

Received loan offers from Japanese Banks
In January 2023, Proximar received a loan offer from a Japanese bank for a post-construction loan of JPY 4 billion (NOK ~300 million). The senior secured loan offer was credit approved in December 2022 after a long-lasting process.

In February 2023, Proximar received a debt financing offer of JPY 8.8 billion (NOK ~680) from a syndicate of two large Japanese banks. Subject to final approval, this offer covers both the construction and operational phase. The terms are considered attractive and are based on a syndication of large Japanese banks.

Review of the consolidated financial statements

Statement of income
The Group has no income. The operating expenses mainly comprise salaries and professional fees in line with expectations, and the financial expenses are mainly related to currency effects. The last quarter of 2022 includes operational costs related to production, and the change in biomass and inventory has a positive effect on the operating loss with NOK 2.8 million.

Balance Sheet
At year end 2022, the Group had a total equity of NOK 389.9 million, compared with NOK 390.4 million at year end 2021. The equity ratio was 45%, compared with 80% at year end 2021. The Group had a cash position of NOK 37.7 million at year end 2022, compared with NOK 73.8 million in 2021.

Operations
The Group's operating loss for the year ending 31 December 2022 was NOK 25.5 million, which is an increase from the loss of NOK 9.8 million in the previous year. Net loss for the period was NOK 22.4 million, compared to NOK 25.4 million in 2021. The positive development is mainly due to decreased financial expenses (decreased currency loss) and income tax effects on the convertible bond in 2022.

Cash Flow
Cash outflows from operations for the year ending 31 December 2022 were NOK 31.8 million, implying an increase in cash outflows of NOK 3.9 million compared with the previous year. Cash outflows from investing activities for the year ending 31 December 2022 were NOK 391.8 million, which is in line with 2021 and a result of construction work on the facility in Japan. Total cash and bank deposits decreased by NOK 36.1 million over the year ending 31 December 2022, mainly due to a cash outflow from investing activities of NOK 391.8 million, which exceeded the cash inflow from financing activities of NOK 387.5 million, and a cash outflow from operating activities.

Market review

The Japanese market for fresh Atlantic salmon remained strong through 2022. High export prices from Norway, along with the increased cost of transportation following the Ukraine conflict, entailed market prices in Japan of ~150 NOK/kg. This represented a ~45% increase from 2021. Despite this, fresh Atlantic salmon consumption only decreased by 16%, returning to 2020 levels. This supports Proximar's expectations of the Japanese people's ability and willingness to pay for fresh Atlantic salmon.

While the export price of Atlantic salmon from Norway has fluctuated over the years, the cost of transportation from Norway to Japan has increased more steadily. However, both the Ukrainian conflict and the general spike in inflation led to a sharp increase in transportation costs in 2022. This further strengthens Proximar's business model, although parts of the increase may be reversed when the geopolitical tension reduces.

Geopolitics as well as an increased focus on ESG and self-sufficiency are strong arguments for why local food production is becoming more important. Proximar expects the increased focus on local food production to positively impact its product pricing strategy.

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

Sustainability and corporate social responsibility

Sustainability

Increased consumption of seafood can reduce global greenhouse gases (GHGs) and improve human health[1]. Aquatic food production is expected to increase by a further 15% by 2030, mainly by intensifying and expanding sustainable aquaculture production. Such growth must preserve the health of aquatic ecosystems, prevent pollution, and protect biodiversity.

The potential of seafood production is also acknowledged by Japan. The country's objective is to increase its seafood volumes. Nevertheless, Japan has witnessed a decline in domestic food production. Japan's self-sufficiency rate has been falling for decades and the country's rates are now among the lowest compared with other major countries. Proximar is proud to contribute to an increase in sustainable food production in Japan. The company brings new expertise and the investments in production and people have been warmly welcomed in Japan.

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.

In March 2022, Proximar was awarded the highest possible rating on the Company's Sustainability Framework after being evaluated by a leading Japanese credit rating agency. For more information on sustainability, please see pages 54-61 of the annual report 2022.

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. 25% of our employees are female, and there is a 20% female representation on the Board.

Governance

The Board of Directors consists of five members, four 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 ensuring 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 maintaining 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.

The Board of Directors is familiar with the contents of the Transparency Act, which entered into force on 1 July 2022. Although the law does not directly apply to Proximar, the company is committed to preventing human rights violations and inappropriate working conditions through transparency and accountability. The Board of Directors has therefore decided that the company will continue to work on promoting accountability in its guidelines, including updating the company's guidelines, conducting due diligence assessments of the company's own operations, the operations of its business partners, and setting requirements for accountability in contracts.

[1] The UN's High-Level Panel for a Sustainable Ocean Economy, 'The Ocean as a Solution to Climate Change: Five Opportunities for Action', 2019

Employees and organisation

As Proximar is moving from construction to production, the recruitment activity has increased accordingly. In 2022, several recruitments have been made, primarily related to production staff. Key positions have been filled with highly competent and experienced people, and the recruitment activities are continuing with encouraging results. During 2022, four new employees joined our team.

It is very positive to see how much interest Proximar has received from qualified candidates who are applying for positions at the company both in Japan and from abroad. This is a continuous process, and the recruitment is proceeding as planned.

Risk factors

Liquidity risk

Proximar is still following the planned financing strategy, meaning that the first production facility is not yet fully financed and its completion is dependent on additional funds from public or private debt and/or equity financing. The outlook is positive, and Proximar has seen a high level of activity in the processes with banks and other financial institutions. This has also resulted in two conditional loan offers received in the first quarter of 2023. As the company is targeting a 45% debt ratio, it will need 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, it may also be necessary for the company to raise additional funds after the completion of its first production facility.

Operational risk

Although work is progressing as planned, there are numerous risks 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 a number of 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 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 mainly denominated in JPY and USD, while operating expenses are expected to be mainly denominated 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 conventional aquaculture. The Group has assessed the climate related risks, including volcanic eruptions and earthquakes.

Extreme weather events may pose a threat to the physical facilities and in the event of extreme drought, the water supply may be limited. However, the company does not consider this to be a significant risk and finds that climate risk is not a risk that affects the estimate uncertainly in any of the booked estimates.

Shareholders

Proximar Seafood AS had by year end 2022 a total of 39.8 million common shares outstanding and approximately 1 900 shareholders. The shares are traded on Euronext Growth on the Oslo Stock Exchange with the ticker code PROXI.

Outlook

Proximar is on track with its construction activities and does not foresee any major changes to the planned completion of construction works in the third quarter of 2023. The company is also on track in terms of its production plans.

The fundamentals are very encouraging, and Proximar is well-positioned to benefit from the strong market fundamentals combined with the increasing importance of local food supply and ESG-oriented production.

The Management will continue to work on finalising the debt and equity financing according to the planned capital structure, and the processes are at a very advanced stage.

Proximar remains optimistic about the future outlook, and believes the first-mover advantage in Japan represents significant value in terms of interest in the company and its upcoming product.

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 relevant requirements have been met.

Bergen, March 16 2023
The Board of Directors of Proximar Seafood AS

Katrine Trovik	Per Grieg	Viggo Halseth	Fridtjof Falck	Peter Hermanrud	Joachim Nielsen
Chair	Director	Director	Director	Director	CEO

Sustainability

Introduction

Aiming for a leading position within sustainable seafood production in Asia

Climate change is threatening the world, with severe consequences for people all around the globe. It is evident that businesses need to be actively involved in reducing carbon emissions and developing sustainable businesses and industries.

Proximar contributes by supplying sustainable food, through the production of Atlantic salmon just outside Tokyo – one of the most important markets for fresh fish globally. Harvesting the first fish next year, Proximar will provide Atlantic salmon to the growing Asian markets with significantly lower carbon emissions than overseas producers.

Proximar aims to be a leading provider of sustainably produced seafood in Japan and Asia. The company will provide proteins to a growing population with locally-produced salmon – reducing the carbon footprint and increasing self-sufficiency. The latter is a topic of growing concern in Japan and globally.

For decades, strengthening international trade has been prioritized over self-sufficiency. However, disruption of global supply chains and political instability both in Europe and Asia highlight the need for self-sufficiency. Thus, a focus on local food supply is expected to become a top priority on the national agenda.

Japan's self-sufficiency rate has been falling for decades and the country's rates are now among the lowest compared with other major countries. Hence, local food production is a high priority and the potential for seafood production is acknowledged by Japan, which aims to increase the volume of local food production. Proximar is proud to contribute to an increase in sustainable food production. The company brings new expertise and its investments in production and people have been warmly welcomed in Japan.

> *Proximar's vision*
> *To be a leading provider of sustainably produced seafood and provide a growing population with proteins.*

Ambitions, challenges, and responsibilities

Increased consumption of seafood can reduce global greenhouse gas emissions (GHGs) and improve human health[1]. Aquatic food production is expected to increase by a further 15 percent by 2030, mainly by intensifying and expanding sustainable aquaculture production. Such growth must preserve the health of aquatic ecosystems, prevent pollution, and protect biodiversity.

Therefore, fundamental barriers to aquaculture production systems, innovations, and capacity potential need to be addressed. Improving aquaculture systems requires further technical innovations, focusing on feed, biosecurity, and disease control, combined with appropriate incentives along the entire value chain[2].

[1] The UN's High-Level Panel for a Sustainable Ocean Economy, 'The Ocean as a Solution to Climate Change: Five Opportunities for Action', 2019

[2] FAO: The State of World Fisheries and Aquaculture 2022

Proximar's land-based production takes place in a fully-closed environment with a minimal environmental footprint, both locally and globally, ensuring a sustainable and safe product. This type of facility ensures high-quality production and stable harvest volumes all year round. It also leads to better feed efficiency due to faster growth and lower mortality.

Proximar's operations contribute to the overall demand for soy and aquatic feed, which is associated with adverse consequences. Proximar has developed a code of conduct for feed suppliers. Skretting, the company's chosen supplier, is committed to delivering sustainable products with a focus on optimal animal welfare[3].

The facility is committed to consuming a minimum amount of water, with 99.7% of water recycled, efficiently reducing freshwater consumption and wastewater volume. Also, due to being a land-based facility, the risk of fish escaping is eliminated. Proximity to the market eliminates the need for air freight and enables an unparalleled level of product freshness.

The company's target capacity at the first facility is an annual head-on-gutted volume of 5,300 tonnes, and the first harvest is expected by mid-2024. However, this is only the beginning as Proximar aims to further increase capacity in the coming years.

Ambition
We strive to become a leader within salmon farming in Asia through optimisation of production and profitability, embracing innovation and technology, and continuous improvement.

Harmony
Fish welfare is at the core of our production. We target sustainability across the entire value chain through cooperation and honest communication.

Equality
We treat everyone with respect and friendliness. We provide equal opportunities for everyone across gender, age, religion, sexuality and ethnicity

Sustainability is at the core of Proximar's business model

Significantly **reduced carbon footprint** due to elimination of long-distance air freight. Proximar has chosen a production technology characterised by low consumption of water and energy.

Enhanced **fish welfare** as Proximar take all measures to eliminate the risk of parasite infections and reduce the risk of disease. Reduced stress by avoiding transport of live fish and gentle movement of fish during production.

Proximar increases **local food supply and food security** through sustainable seafood production with proximity to market.

[3] https://www.skretting.com/no/baerekraft/vaar-baerekraftstrategi/

Sustainability is at the core of Proximar's business model

Sustainable food production is the foundation of Proximar's strategy and the company has defined sustainability focus areas as outlined below:

Responsible seafood production

Our ambition
Our everyday promise is to produce seafood with fish welfare at the heart of our operations and with respect for nature

Aquaculture of tomorrow

Our ambition
We will develop the aquaculture of tomorrow by setting the standard for land-based aguaculture in Japan and being an enabler for conscious consumers

Sustainable in the long-term

Our ambition
We will deliver healthy and safe food that is traceable throughout the value chain and ensures long-term financial viability

Environment

Although 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 factors 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. An outline of Proximar's fish welfare measures is shown below:

- All fish eggs are disinfected when introduced to the facility
- Water is treated with UV radiation
- Ozone is supplied from secure and disease-free aquifers
- The facility is and will be a strict biosecurity area, with over-pressurized buildings and strict disinfection procedures in order to prevent people and equipment from bringing in diseases

Furthermore, the AquaMaof system 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 installations. Proximar has chosen a recirculation aquaculture system (RAS) from technology and market leader AquaMaof that has significantly lower energy lower energy consumption compared to other conventional RAS solutions. Proximar estimates that total electricity consumption will be 3.4 kWh per kg salmon produced (head on gutted equivalent) when the first facility is producing at full capacity.

On-site energy production

Proximar is planning 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 during peak production hours, estimated to generate above 2 MW. The remaining demand will be covered by grid-based electricity. Proximar plans to 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. Machinery used in indoor production, including trucks, will be electric.

Water consumption and waste management

The AquaMaof system recirculates 99.7% 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. The expected demand for freshwater replacement is around 180 m^3 per day, corresponding to 13 litres per kilo of fish produced throughout the entire life cycle. 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 the ample supply of freshwater. The facility is located above a large water reservoir. The local authorities have carried out test drillings and granted a defined supply of freshwater to Proximar. The authorities have assessed that there will be no risk of a scarcity of drinking water.

All water is 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 compared to 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 fish residuals for pet feed, fish meal and oil.

Feed

Proximar aims to reduce its environmental footprint relating to the procurement of feed. Proximar has developed a code of conduct for feed suppliers and has selected Skretting Japan as its supplier. Skretting has a factory in Japan which will minimize emissions associated with the transportation of feed. Skretting is sourcing soy and oil palm ingredients either from low-risk regions or from high-risk regions with certification verifying that no illegal deforestation has occurred. By the end of 2025, Skretting is committed to only sourcing soy and oil palm ingredients from low-risk regions or from high-risk regions that are free from legal and illegal deforestation, in fully segregated physical supply chains under third-party certification schemes.

Elimination of air freight

The primary climate benefits of Proximar's model is the elimination of air transport of salmon from Europe to Asia. The carbon footprint of fresh salmon increases dramatically when transported by air over long distances. In such cases, the air freight amounts to about half of the emissions footprint[4]. In 2022, 86% of fresh salmon consumption in Japan was transported from Norway by air. Proximar 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 for associated fossil fuels.

Proximar awarded top rating

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 the highest grade, awarded to projects and solutions that resonate with the long-term vision of a low-carbon and climate-resilient future. In March 2022, Proximar was awarded the top rating for the company's sustainability work by the recognised Japan Credit Rating Agency (JCR). The ratings were based on an independent review of the framework and documentation of Proximar's policies and processes[5].

[4] According to a study by the Norwegian research institute SINTEF: Winther, U., Hognes, E.S., Jafarzadeh, S. & Ziegler, F. (2020). Greenhouse gas emissions of Norwegian seafood production in 2017. SINTEF Ocean AS

[5] https://www.proximarseafood.com/sustainability#esg-reports

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 to make 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 there will be no micro plastics and such like 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 well-being 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 despite the many challenges during the COVID-19 pandemic. This success is attributed to colleagues and partners who have made the extra efforts necessary to avoid project delays.

Gender equality and diversity

Proximar does not discriminate based on 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 2022, Proximar had thirteen employees. Among them are three women, one of whom is in the management team. The 13 employees are represented by four different nationalities. Another four employees were recruited during first quarter of 2023, and Proximar expect to recruit another 20 employees during the first phase of operations.

Proximar will facilitate opportunities for professional development and encourage a continuous increase of in-house competencies.

Whistleblower policy

The company is committed to ensure that employees and others can safely report misconduct or other issues of concern without fear of retaliation. Issues of concern may include the abuse of authority, GDPR violations, corruption, economic crime, environmental damage, etc. 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.

Code of conduct for business partners

Proximar has issued a code of conduct for its business partners that emphasises human rights, environmental issues and labour 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 – as a minimum – demonstrate that they are working towards meeting these criteria. Proximar will annually review its code of conduct to ensure the incorporation of relevant developments going forward.

Governance

Corporate governance

The Board of Directors is responsible for the management of Proximar and for ensuring 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 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 on reporting sustainability activities. Proximar has conducted a materiality assessment in 2022, engaging with stakeholders to identify the importance of specific environmental, social and governance matters to the company. The results are outlined below.

This work has provided important insight as a basis for defining the KPIs and focus areas that the company must prioritize. In 2023, the company will continue its efforts with the materiality assessment, company KPIs and measures and the company's prioritized focus areas. As operations proceed, Proximar aims to comply with one of the renowned sustainability reporting standards.

Stakeholder dialogue

Proximar's success depends on its ability to build trust among stakeholders. Dialogue is vital in order to develop that trust.

Certification

To ensure that our 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 91 acres 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 Oyama town. According to Japanese law an environmental impact assessment is only mandatory for the development of industrial parks larger than 124 acres.

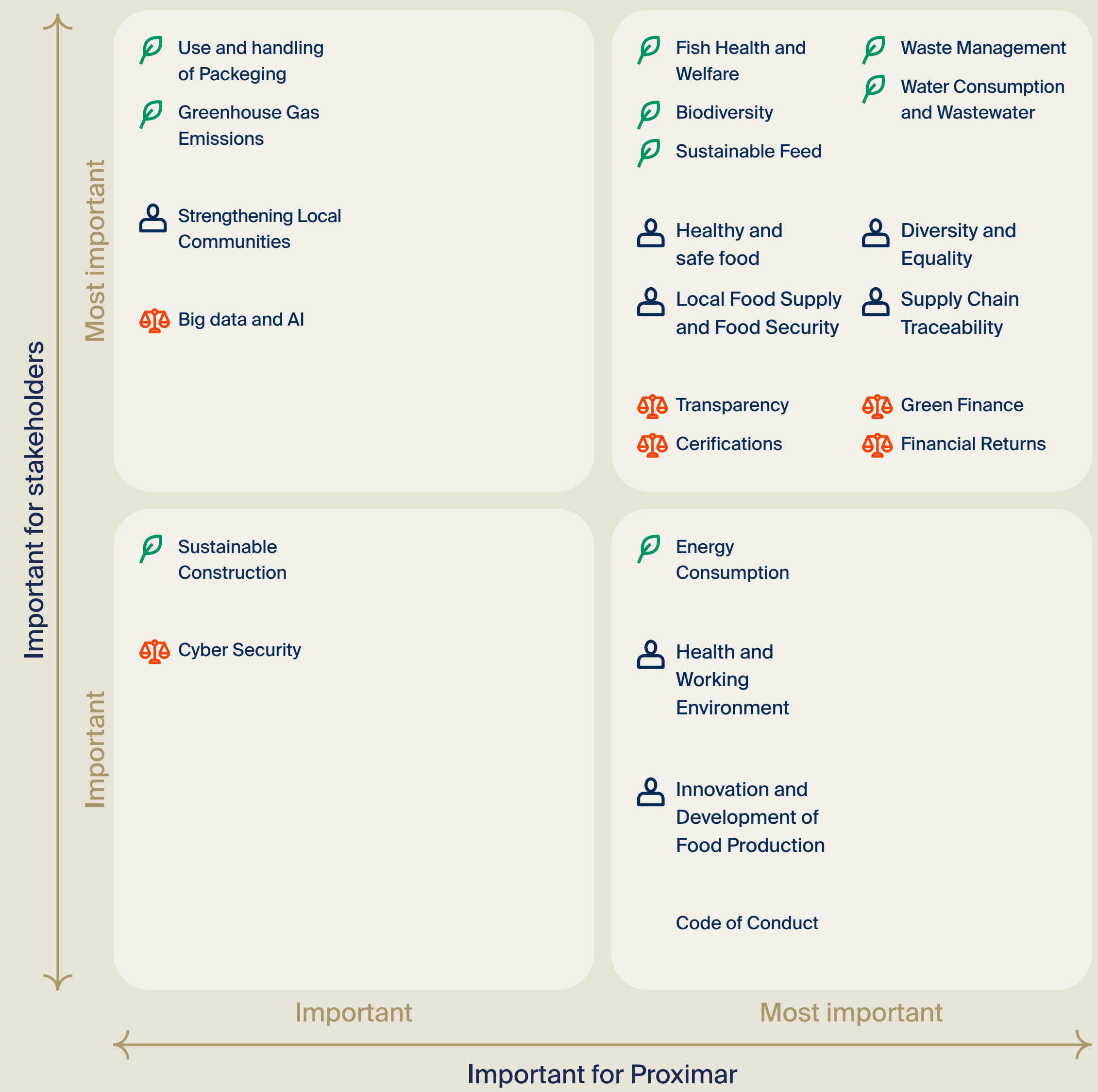
The facility building is planned to be certified under the CASBEE standards and the current design is expected to achieve a Built Environment Efficiency rank of B+ ("good"), and 2 out of 5 possible stars on their Lifecycle CO_2 rating.

Internal and ethical guidelines

A personnel manual establishes internal procedures and organisational conditions that shall apply in the company and provide supplementary provisions to laws and agreements and references to these. Some of the content of the personnel manual focuses on legislation and labour law. The manual 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.

Materiality assessment



Topics of greatest importance

Environmental
- Waste Management
- Water Consumption and Wastewater
- Biodiversity
- Sustainable Feed
- Fish Health and Welfare

Social
- Diversity and Equality at Work
- Local Food Supply and Food Security
- Healthy and Safe Food
- Supply Chain Traceability

Governance
- Transparency
- Certification
- Green Finance
- Framework
- Financial Returns

Financial Statements

Consolidated financial statments

Consolidated statement of comprehensive income

(Amounts in NOK 1,000)	Note	2022	2021
Revenue		-	-
Revenue and other income		**-**	**-**
Production cost		680	-
Changes in biomass and inventory	4, 5	-2 826	-
Personnel expenses	7	12 939	5 280
Depreciation and Amortisation	3, 4, 6	3 750	112
Other operating expenses	9	10 943	4 432
Operating expenses		**25 485**	**9 825**
Operating loss		**-25 485**	**-9 825**
Interest income		226	-
Other financial income		86	1
Interest expenses		82	530
Other financial expenses	17	3 466	14 662
Loss before tax		**-28 721**	**-25 016**
Income tax expense	8	-6 160	528
Net loss for the period		**-22 561**	**-25 544**
Other comprehensive income/loss for the year			
Items that may be reclassified subsequently to profit or loss:			
Currency effect on investment in subsidiaries		249	1 970
Currency effect on loans to subsidiaries	2	-130	-2 402
Income tax related to these items	8	29	528
Total comperhensive loss for the financial year, net of tax		**-22 413**	**-25 448**
Earnings per share:			
Basic earnings per share	10	-0.57	-0.65
Diluted earnings per share		-0.57	-0.65

Consolidated statement of financial position

(Amounts in NOK 1,000)	Note	2022	2021
ASSETS			
Non-current assets			
Assets under construction	3	649 729	384 839
Property, plant and equipment incl. right-of-use assets	3, 6	133 112	1 457
Long-term receivables	16	10 662	24 807
Total non-current assets		**793 504**	**411 102**
Current Assets			
Inventory	5	14	-
Biological assets	4	2 868	-
Other short term receivables	16	26 371	3 555
Cash and bank deposits	11	37 709	73 796
Total current assets		66 963	77 351
TOTAL ASSETS		**860 466**	**488 454**
EQUITY AND LIABILITES			
Equity			
Share capital	12	3 979	3 979
Share premium reserve		364 276	386 808
Other equity		21 940	-
Translation differences		-274	-393
Total equity		**389 922**	**390 395**
Liabilities			
Non-current liabilities			
Convertible bond loan	2, 13	214 720	-
Non-current interest bearing debt	2, 13	241 815	93 509
Lease liabilities	6	879	801
Total non-current liabilities		**457 413**	**94 310**
Current liabilities			
Current portion of interest bearing debt	2, 13	271	650
Current portion of lease liabilities	6, 13	1 758	515
Trade payables	2, 13	530	1 160
Public duties payable	2, 13	319	461
Other short term liabilities	2, 13	10 253	963
Total current liabilites		13 132	3 749
Total liabilites		470 545	98 059
TOTAL EQUITY AND LIABILITIES		**860 466**	**488 454**

Bergen, March 16 2023
The Board of Directors of Proximar Seafood AS

Katrine Trovik	Per Grieg	Viggo Halseth	Fridtjof Falck	Peter Hermanrud	Joachim Nielsen
Chair	Director	Director	Director	Director	CEO

Consolidated statement of changes in equity

For the period ended 31 December

(Amounts in NOK 1,000)	Note	Share capital	Share premium reserve	Other equity	Translation differences	**Total equity**
Balance at 1 January 2021		1 510	32 579	-	39	**34 128**
Loss for the period			-25 544			-25 544
Currency effect on investment in subsidiaries *					1 970	1 970
Currency effect on loans to subsidiaries	2		528		-2 402	-1 873
Total comprehensive loss for the period		-	-25 016	-	-432	-25 448
Capital increase		2 469	379 245			381 714
Balance at 31 December 2021		**3 979**	**386 808**	**-**	**-393**	**390 395**
Balance at 1 January 2022		**3 979**	**386 808**	**-**	**-393**	**390 395**
Loss for the period			-22 561			-22 561
Currency effect on investment in subsidiaries *					249	249
Currency effect on loans to subsidiaries	2		29		-130	-101
Total comprehensive loss for the period		-	-22 532	-	119	-22 413
Conversion option for issued bond, net of tax	8,13			21 940		21 940
Balance at 31 December 2022		**3 979**	**364 276**	**21 940**	**-274**	**389 922**

* Currency effect on investments in subsidiaries relates to exchange differences araising from net investment in foreign entities, and are recognised in other comprehensive income.

Consolidated statement of cash flows

(Amounts in NOK 1,000)	Note	**2022**	**2021**
Cash flow from operating activities			
Loss before tax		-28 721	-25 016
Income taxes paid	8	-	-6
Depreciation		3 750	112
Change in biological asset		-2 868	-
Change in inventory		-14	-
Change trade payables		-630	1 041
Other accruals etc.		-3 535	-4 165
Net interest expense		82	530
Net foreign currency exchange rate difference		119	-432
Net cash flow from operating activities		**-31 818**	**-27 935**
Cash flow from investing activities			
Payments on purchases of fixed assets	3	-397 518	-375 955
Payments of VAT on purchases of fixed assets	16	5 754	-24 603
Net cash flow from investing activities		**-391 764**	**-400 558**
Cash flow from financing activities			
Proceeds from capital increases		-	381 714
Proceeds from loans and borrowings	13	398 857	93 238
Transaction costs		-9 091	-
Payments on leasing obligations	6, 13	-1 538	-84
Payments on loans and borrowings	13	-650	-379
Net interest paid		-82	-530
Net cash flow from financing activities		**387 496**	**473 959**
Net change in cash and bank deposits		-36 087	45 466
Cash and bank deposits as at first in period		73 796	28 330
Cash and bank deposits as at last in period	**11**	**37 709**	**73 796**

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 headquarters 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 to according to the International Financial Reporting Standards (IFRS).

Basis for preparation of the annual accounts
The Group prepares the consolidated financial statements in accordance with international financial reporting standards as adopted by the European Union (IFRS), relevant interpretations and additional the requirements in accordance with the Norwegian Accounting Act of 1998. 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
The 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 in order to bring their accounting policies in line with the Group's accounting policies.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of it.

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
The Group had no revenues during the 2022 or 2021 financial year.

Biological assets
The Group is farming fish on a land-based facility. As of year end 2022 the first two batches of eggs have started the life-cycle.

Biological assets are measured at fair value less costs to sell. Changes in fair value of biological assets are recognised in the statement of profit and loss.

Eggs and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for eggs and smolt as there is little biological transformation (ias 41.24). Cost includes purchase price for eggs and directly attributable cost. The directly attributable cost includes transportation, all variable costs, such as electricity, feeding, oxygen, labour cost of farming personnel and a proportion of indirectly variable and fixed cost, such as depreciation. The proportion of fixed costs is limited to utilisation of normal capacity.

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 Seafood 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 recognised 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 recognised 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 comprises the tax payable and changes to deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

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 recognised 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 recognised at nominal value. Trade receivables with longer terms of payment are discounted to present value.

The Group's financial assets, which comprise long- and short-term receivables are measured at amortised cost. Receivables are recognised in the financial statement at nominal value after provision for bad debt. Provision for bad debt 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 (ECLs) 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. We do not expect any loss on other receivables consisting of VAT receivables at year end.

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

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 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 payments 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, 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. Finance cost is presented in operating activities in the cash flow.

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 recognised on a straight-line basis as a profit or loss expense or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Inventories

Inventories comprise feed. Inventories of goods are measured at the lower of cost and net realisable value.

Financial liabilities

All financial liabilities are recognised initially at fair value, and in the case of borrowings and payables, net of directly attributable transaction costs. 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. Finance cost is presented in financing activities in the cash flow.

Personnel 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 recognised 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- and privately-administered pension insurance plans on a mandatory, contractual and voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in 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 interpretation 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 2022 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 ending 31 December 2022. Management anticipates that these Standards and Interpretations will be adopted in the Group's financial statements for the period beginning 1 January 2022 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 (Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024)
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. Areas that involve a higher degree of judgement or complexity, or areas in which assumptions and estimates are significant to the consolidated financial statements are:

Impairment test for assets under construction:
Assets under construction relates to the building of the land-based fish farm and, upon completion, will 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. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Group has currently one CGU.

If an asset or CGU is considered to be impaired, impairment is recognised in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. 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 recognised for the asset in previous years.

Factors that indicate impairment and which trigger impairment testing could be a significant decline in the market price of salmon, significant cost overruns compared with 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 (starting at 4,300 MT/year, steadily increasing to 5,300 MT/year), expected sales price (estimate based on fishpool forward prices and historical price difference between Norway and Japan), COGS (feed, electricity, eggs, water, etc), other OPEX, capital expenditures and the discount rate. The significant key assumptions are the projected harvest volumes, sales price, and the feed cost. The estimates show robustness towards negative changes in any of the key assumptions in sensitivity evaluations. 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.

The Group has assessed climate-related risks, including volcanic eruptions and earthquakes. Extreme weather events may pose a threat to the physical facilities and in the event of extreme drought, the water supply may be limited. However, the company does not consider this to be a significant risk and finds that climate risk is not a risk that affects the estimate uncertainty in any of the booked estimates.

Note 2 - Financial risk and capital management

(Amounts in NOK 1,000)

The Group's financial assets and liabilities comprise long- and short-term 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, recognised assets, and liabilities and net investments in foreign operations.

Net interest-bearing liabilities Currency in NOK 1,000 as per 31.12.2022	NOK	JPY	USD	EUR	**Total**
Cash and bank deposit	2 081	25 682	8 133	1 813	37 709
Interest-bearing liabilities	271	241 815			242 085
Convertible bond loan	214 720				214 720
Lease	801	1 836			2 637
Net interest-bearing liabilities	212 909	216 133	-8 133	-1 813	419 096

The holding company in the Group extends current and non-current loans to the subsidiary denominated in the functional currency of the company, which is JPY. Final repayment date of the outstanding principal for non-current loans is by year end 2030. The currency effect of loans is recognised under "currency effect on loans to subsidiaries" in other comprehensive loss. The numerical effects for 2022 and 2021 are presented below.

Currency effects on loans to subsidiaries	**2022**	**2021**
Currency effect (loss / negative)	-130	-2 402
Tax effect (22%)	-29	-528
Tax effect (22%) not recognised	29	528
Net effect recognised in equity though OCI	-130	-2 402

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, but this risk is almost eliminated by using fixed interest rates. Both the convertible bond loan and the loan from JA Mitsui Leasing have fixed interest rates, leaving only NOK 0.271 million exposed to variable interest rates.

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 construction of the new plant in Japan, the Group's credit risk is considered to be low at the year end 2022.

Financing risk

The Group is not fully funded for the remaining construction investments nor the fish farming activities at year end 2022. Even though this is according to plan, the Group must secure further financing during the first quarter of 2023. In 2022, the Group has experienced significant progress in the discussions with Japanese banks, and received a loan offer for post-construction financing of JPY 4 billion. The Group is seeking further financing and the positive bank development in late 2022 makes the Group positive towards this risk. As the outcome of local financing has not been concluded, the Group is also considering alternative debt sources. Refer to note 18 for further information.

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 credit facility is JPY 3.25 billion (approximately NOK 243 million) (See also note 11 for further details.)

At year end 2022, the Group had cash reserves of NOK 37.8 million, of which NOK 12.9 million is restricted. The Group is continuously monitoring the liquidity levels.

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

Year ending 31 December 2022	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	**Total**
Borrowings	163	108	242 925			243 195
Convertible bond loan		17 500	17 500	267 500		302 500
Lease liabilities	463	1 389	722	105		2 679
Trade and other payables	849	10 253				11 103
Interest on borrowings	1 615	4 846	1 612			8 073
Total	3 090	34 096	262 759	267 605	-	567 551

Year ending 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	-	103 367

Note 3 - Land, property, plant and equipment

(Amounts in NOK 1,000)

	2022	2021
Split between Right-of-use assets and owned assets:		
Carrying amout RoU-assets	2 516	1 311
Carrying amout owned assets	780 326	384 985
Total property, plant and equipment incl. right-of-use assets	**782 841**	**386 296**

Year ending 31 December 2022	Assets under construction	Buildings	RAS	Equipment and vehicles	**Total**
Cost at 1 January 2022	384 839	-	-	168	385 007
Additions in the year	274 137	47 442	62 982	22 337	406 899
Currency effect*	-9 246	-6	-17	-112	-9 380
Cost at 31 December 2022	**649 730**	**47 436**	**62 966**	**22 394**	**782 525**
Accumulated depreciation at 1 January 2022	-	-	-	22	22
Depreciation in the year	-	310	823	1 045	2 178
Currency effect*	-	-	-	-	-
Accumulated depreciation at 31 December 2022	-	310	823	1 067	2 200
Net carrying amount at 31 December 2021	**649 730**	**47 126**	**62 143**	**21 327**	**780 326**

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

Year ending 31 December 2021	Assets under construction	Buildings	RAS	Equipment and vehicles	**Total**
Cost at 1 January 2021	9 052			168	9 052
Additions in the year	375 787			168	375 955
Cost at 31 December 2021	**384 839**				**385 007**
Accumulated depreciation at 1 January 2021				22	
Depreciation in the year	-			22	22
Accumulated depreciation at 31 December 2021	-				22
				146	
Net carrying amount at 31 December 2021	**384 839**			**1 311**	**384 985**

Estimated useful life and depreciation plan is as follows:				
Economic life	Not applicable	25 years	25 years	3-15 years
Depreciation plan	Not applicable	Linear	Declining	Linear

Assets under construction relate to the building of a new plant in Japan, and are recognised based on milestone payments. The management has assessed that the payment schedule is the best estimate to reflect the percentage of completion of 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	592 724
Equipment	399 602
Land	93 832
Total	1 086 158
Progress per 31.12.2022 inclusive of land	64%

The facility is expected to be completed in the third quarter 2023. The amount recognised also contains a payment of NOK 32.356 million 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 one year after the completion of the construction process, the remaining payment is NOK 61.476 million.

Note 4 - Biological assets

(Amounts in NOK 1,000)

The Group startet with production in October. At year end 2022 biological assets comprise the two first batches of eggs measured at cost.

Volumes of biomass (Count)	**2022**	**2021**
Volume of biomass	250 995	-
Production cost *		
Depreciation	212	-
Salaries	1 144	-
Purchase of eggs	666	-
Other costs	709	-
Other employee costs	81	-
Total	2 812	-

* Translated to the presentation currency using the average exchange rate for the period.

Reconciliation of changes in the carrying amount of biological assets	**2022**	**2021**
Carrying amount as of 1 January		
Cost to stock **	2 868	-
Total carrying amount of biological assets as of 31 December	2 868	-

** Translated at the exchange rate at the end of the reporting period.

Note 5 - Inventory

(Amounts in NOK 1,000)

Inventory	**2022**	**2021**
Feed	14	-
Total inventory	14	-

Note 6 - Leases

(Amounts in NOK 1,000)

Proximar Seafood AS leasing agreements relate to buildings and equipment used in operational activities. The leasing contract of buildings has a duration until 31 May 2024.

Proximar Ltd. leasing agreements relate to buildings and vehicles used for personell and in the operation activities. The leasing contract of buildings has a duration until 31 May 2024. The leasing contract of vehicles has a duration until 29 June 2025.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Year ending 31 December 2022	Property	Vehicles	**Total**
Cost at 1 January 2022	1 401	-	1 401
Additions in the year	1 958	819	2 777
Cost at 31 December 2022	**3 359**	**819**	**4 178**
Accumulated depreciation at 1 January 2022	90		90
Depreciation in the year	1 366	205	1 572
Accumulated depreciation at 31 December 2022	1 456	205	1 662
Net carrying amount at 31 December 2022	**1 903**	**613**	**2 516**

Year ending 31 December 2021	Property	Vehicles	**Total**
Cost at 1 January 2021			
Additions in the year	1 401	-	1 401
Cost at 31 December 2021	**1 401**	**-**	**1 401**
Accumulated depreciation at 1 January 2021			
Depreciation in the year	90	-	90
Accumulated depreciation at 31 December 2021	90	-	90
Net carrying amount at 31 December 2021	**1 311**	**-**	**1 311**

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

Lease liabilities	**2022**	**2021**
Current	1 758	801
Non-Current	879	515
Total	2 637	1 316

	2022	2021
Amounts recognised in the statement of profit and loss		
Interest expense	81	7
Depreciation expense on right-of-use asset	1 572	90
Total cash outflows		
Principal payment	1 538	84
Total cash flow in financing activities	1 538	84
Interest expense	81	7
Expenses relating to short-term leases	74	226
Expenses relating to low-value leases	242	32
Total cash outflows in operating activites	396	266

Note 7 - Payroll costs, no. of employees, remunerations, employee loans, etc.

(Amounts in NOK 1,000)

Payroll costs	**2022**	**2021**
Salaries incl holiday pay and bonuses	14 976	5 326
Remuneration to Board of Directors	500	-
Social security cost	1 117	813
Pension costs	1 025	518
Other benefits	314	1 174
Total gross	17 932	7 830
Payroll cost allocated to Assets under constriction	-4 993	-2 550
Total net	12 939	5 280
Average number of full-time employees during the financial year	8	4

Remuneration to Executive Management	Salary	Other benefits	**Total**
Joachim Nielsen* (CEO)	4 315	369	4 684
Pål Karset Grimsrud (CFO)	1 644	17	1 661
Lars Stigaard (CTO)	1 194	28	1 221
Dharma Rajeswaran (COO)	2 574	-	2 574
Katrine Trovik (Chair of the board)	200	-	200
Espen Aubert (former Board member**)	100	-	100
Per Grieg (Board member)	100	-	100
Fridtjof Falck (Board member)	100	-	100

* The increase in salary compared to 2021 for the company's CEO is due to cost recovery related to him and his family currently living in Japan.

* Espen Aubert was a Board member until April 7, 2022.

Pensions

Proximar Seafood AS has a pension scheme covering all employees as of 31 December 2022. The company's pension schemes meet the requirements of the Norwegian law on compulsary occupational pension.

Proximar Ltd. has a pension scheme covering all full time employees as of 31 December 2022. The company's pension schemes meet the requirements of the Japanese law on compulsary occupational pension.

Share based payments

The Board of Directors in Proximar Seafood AS (the "Company") granted share options to new board members in 2021.

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 no earlier than two years and no later than four years after being granted and are unconditional.

The options are granted in accordance with Proximar's incentive programme and was approved at the company's General Meeting held on 23 November 2020. The share options are granted as follows:

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

The Board of Directors in Proximar Seafood AS (the "Company") has resolved to implement a long term incentive programme for key employees in the Company and Proximar Ltd. Rights are granted by the Company on an individual basis to selected recipients. Employees are qualified for the incentive programme when they have been employed for 12 months or earlier if the board sets out other milestones. There are no options granted in 2022.

Note 8 - Deferred tax and tax expense

Specification of income tax expense

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

Income tax expense	2022	2021
Deferred tax expense	-	-
Current tax expense	-6 160	528
Income tax expense	**-6 160**	**528**
Income tax liabilities (balance sheet)		
Income tax payable	-	-
Income tax liabilities (balance sheet)	-	-

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:

	2022	2021
Loss before income tax	-28 721	-25 016
Statutory income tax rate Norway	22%	22%
Expected income tax expense/(benefit)	-6 319	-5 503
Change in deferred tax asset not recognised	-1 304	9 728
Permanent differences	159	-3 744
Use of tax loss carried forward	-	-
Currency effect on loans to subsidiaries	29	528
Use of tax loss carried forward	-	-
Other items	1 274	-480
Income tax expense/income for the year	**-6 160**	**528**
Effective tax rate	21%	-2%

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:

	2022	2021
Property, plant and equipment	3 808	14
Tax losses carried forward	-112 662	-84 133
Equity portion of convertible bond issue	28 129	-
Currency effect on tax losses carried forward	2 533	-
Sum temporary differences	-78 192	-84 120
Deferred tax assets not recognised	78 192	84 120
Deferred tax asset (liability)	**-**	**-**
Tax rate	22%	22%

Note 9 - Other operating expenses

(Amounts in NOK 1,000)

Breakdown of other operating expenses	2022	2021
Office supplies and expenses	1 874	703
Professional fees	5 681	2 420
Travel expenses	905	204
Marketing expenses	149	-
Other expenses	2 334	1 105
Total operating expenses	10 942	4 432

Fees to auditor	2022	2021
Statutory auditing services	385	90
Other certification services	16	618
Other services	7	205
Total fee to auditor	408	913

All service fees are exclusive of VAT.

Note 10 - Earnings per share

(Amounts in NOK 1,000)

	2022	2021
Profit (loss) for the year	-22 561 021	-25 015 878
Weighted average number of outstanding shares during the year	39 787 650	38 430 982
Earnings (loss) per share - basic and diluted (in NOK)	-0.57	-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 11 - Cash and bank deposits

(Amounts in NOK 1,000)

Cash and bank deposits	2022	2021
Unrestricted cash and bank deposits	24 775	73 433
Restricted cash and bank deposits	12 934	363
Total cash and bank deposits	37 709	73 796

Note 12 - 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 year end 2022. All shares carry equal rights. The movement in the number of shares during the year was as follows:

	2022	2021
Ordinary shares at beginning of period	39 787 650	15 096 290
Issue of ordinary shares	-	24 691 360
Ordinary shares at 31 December	39 787 650	39 787 650

List of main shareholders at 31 December 2022 and 2021

	2022		2021	
Shareholder	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Daimyo AS	3 996 238	10.0%	3 996 238	10.0%
Grieg Kapital AS	3 180 049	8.0%	3 180 049	8.0%
Loyden AS	2 805 000	7.0%	2 805 000	7.0%
Kvasshøgdi AS	2 744 844	6.9%	2 484 844	6.2%
Nutreco International B.V.	2 160 493	5.4%	2 160 493	5.4%
Pactum AS	1 424 000	3.6%	1 474 567	3.7%
T.D. Veen AS	1 384 567	3.5%	1 384 567	3.5%
Helida AS	1 242 000	3.1%	1 112 000	2.8%
Zolen & Månen AS	1 031 250	2.6%	1 002 750	2.5%
Nordnet Livsforsikring AS	949 832	2.4%	528 503	1.3%
OM Holding AS	750 000	1.9%	750 000	1.9%
Vitamar AS	640 000	1.6%	640 000	1.6%
Sulefjell AS	543 543	1.4%	543 543	1.4%
M Paulen Holding AS	502 475	1.3%	-	0.0%
Tomas Frafjord	401 000	1.0%	355 000	0.9%
Art Group AS	400 000	1.0%	400 000	1.0%
Agito Invest AS	375 000	0.9%	375 000	0.9%
Nordic Delta AS	317 423	0.8%	2 288 253	5.8%
IFG Holding AS	250 000	0.6%	200 000	0.5%
Øystein Kveim	245 000	0.6%	200 000	0.5%
LMJ Holding AS	225 102	0.6%	255 000	0.6%
Mondrian AS	-	0.0%	741 972	1.9%
Even Malvin Norheim	-	0.0%	252 700	0.6%
Total number of shares attributed to the 20 largest shareholders	25 567 816	64.3%	27 130 479	68.2%
The number of shares attributed to the other shareholders	14 219 834	35.7%	12 657 171	31.8%
The total number of shares issued and outstanding	39 787 650	100.0%	39 787 650	100.0%

Shares owned by board members, group management and their related parties at 31 Desember 2022

Board of Directors	Number of shares	Ownership percentage
Katrine Trovik (Chair), Kvasshovd AS	100 000	0.3%
Per Grieg, Grieg Kapital AS and Kvasshøgdi AS	5 924 893	14.9%
Fridjof Botvid Falck, IFG Holding AS	250 000	0.6%
Viggo Halseth	28 250	0.1%
Total number of shares held by Board members	6 303 143	15.8%
Group Management		
Joachim Nielsen, CEO, Loyden AS	2 805 000	7.0%
Pål Karset Grimsrud, CFO, Elgheia AS	175 990	0.4%
Dharmarajan Rajeswaran, COO	16 000	0.0%
Lars Stigaard, CTO	11 320	0.0%
Total number of shares held by Group management	3 008 310	7.6%

Note 13 - Borrowings and other current liabilites

(Amounts in NOK 1,000)

The Group has two loans from credit institutions and one convertible bond in 2022

In September 2021 the Group entered into a credit facility with a Japanese credit institution. The total financing agreement is JPY 2.5 billion. The first disbursement of JPY 1.25 billion was released in 2021, and the second disbursement of JPY 1.25 billion was released in 2022. The agreement of the JPY 2.5 billion loan was renegotiated in December 2022 and on the original maturity date of 31 March 2023 fixed interest rate will be increased from 2.3% up to 2.65% and a fee of JPY 27.5 million (1%) will be charged. Additionally, the loan facility was increased by JPY 750 million. The Group will have funds available dependent on counter guarantors, which by 31 December added to the full amount of JPY 3.25 billion. The Group shall repay the outstanding principal of the term loan of JPY 2.5 billion and JPY 750 million in full on the maturity date (29 March 2024). Interests are paid quarterly.

Grieg Kapital AS is guarantor to this facility. 5% of the full loan amount, JPY 162.5 million is restricted funds.

In October 2022, the Group issued a bond with an option for convertion to shares in the parent company. The total amount issued is NOK 250 million and comprises 250 million bonds. This finances the payments of the building of facilities in Japan. The conversion rate of the bond is NOK 5, and the conversion right can be exercised at any time from loan issue until 10 days before maturity. If a share issue is carried through in the borrowing period at a lower rate than the conversion rate, the conversion rate will be adjusted accordingly. The bond is subordinated debt. In the accounts the conversion option is measured and classified as equity. At initial recognition the equity effect was NOK 28.1 million.

The convertible bond has an equity component and a debt component. Transaction costs have reduced the total proceeds received from the issue. The transaction cost has been split between the debt and equity component pro rata.

Non-current liabilities	Principal	Transaction costs	Amount at initial recognition
Debt component	-220 810	8 029	-212 781
Equity component	-29 190	1 061	-28 129
Total	-250 000	9 091	-240 909

The interest expensed for the year is calculated by applying an effective interest rate to the debt component for the period from issue to year end. The difference between the amout of the debt component at initial recognition and the carrying amount at year end represent the effective interest rate less interest payable accrued in the period.

Debt component at initial recognition	212 781
Intrest charged (using the effective interest rate)	1 939
Carrying amount at 31 December 2022	214 720

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)	JPY	242 925	95 766
Long term loan to financial institution	Proximar Seafood AS (Norway)	NOK	-	921
Convertible bond loan	Proximar Seafood AS (Norway)	NOK	214 720	-
Total			457 644	96 687
Amortization effects of loans			-1 110	-2 528
Total non-current liabilities			456 534	94 159

Payment profile non-current liabilities	2023	2024	2025	Total
At 31 December 2022				
Non-current bullet credit facility	-	242 925	-	242 925
Long term loan to financial institution	271	-	-	271
Leasing	1 758	561	318	2 637
Convertible bond loan	-	-	250 000	250 000
Total	2 029	243 485	250 318	495 832

Description of liabilities	Currency	Interest rate	Final maturity	Pledges
Non-current bullet credit facility	JPY	2.30%	March 2024	None
Non-current bullet credit facility	JPY	2.65%	March 2024	None
Long term loan to financial institution	NOK	2.55%	May 2023	None
Convertible bond loan	NOK	7.00%	April 2025	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 500 million, and to maintain liquidity-ratio (ratio of current assets to current liabilities) 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.

	Convertible bond loan	Lease liability	Non-current interest bearing debt	Total
Net debt as at 1 January 2022	**-**	**1 316**	**94 159**	**95 475**
Financing cash flows				
Proceeds from loans and borrowings	250 000	-	148 857	398 857
Transaction costs	-9 091	-	-	-9 091
Payments on leasing obligations	-	-1 538	-	-1 538
Payments on loans and borrowings	-	-	-650	-650
Net interest paid	-	-	-82	-82
Net cash flow from financing activities	**240 909**	**-1 538**	**148 125**	**387 496**
New leases	-	2 777	-	2 777
Foreign exchange adjustments	-	1	-2 051	-2 050
Equity component	-28 129	-	-	-28 129
Interest expense	-	-	-82	-82
Amortization	1 939	-	1 934	3 873
Interest payments (presented as operating cash flows)	-	81	-	81
Net debt as at 31 December 2022	**214 720**	**2 637**	**242 084**	**459 441**

	Convertible bond loan	Lease liability	Non-current interest bearing debt	Total
Net debt as at 1 January 2021	**-**	**-**	**1 300**	**1 300**
Financing cash flows				
Proceeds from loans and borrowings	-	-	93 238	93 238
Payments on leasing obligations	-	-84	-	-84
Payments on loans and borrowings	-	-	-379	-379
Net interest paid	-	-	-530	-530
Net cash flow from financing activities	**-**	**-84**	**92 329**	**92 245**
New leases	-	1 401	-	1 401
Interest expense	-	-	530	530
Interest payments (presented as operating cash flows)	-	-	-	-
Net debt as at 31 December 2021	**-**	**1 317**	**94 159**	**95 475**

Current trade payables and other payables	**2022**	**2021**
Current portion of borrowing and lease liabilities	2 029	1 165
Trade payables	530	1 160
Taxes payable Japan	1 448	-
Social security and other taxes	319	461
Salaries and vacation pay due	600	633
Accrued interest	3 116	-
Accrued expenses	5 088	329
Sum current liabilities	13 132	3 749

Note 14 - Investment in subsidiaries

The consolidated financial statement from 2022 and 2021 includes the following subsidiaries

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

Note 15 - 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 13). 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. In 2022, a total fee of NOK 4.5 million has been paid to Grieg Kapital AS in connection to the guarantee, of which NOK 3.5 million relates to interest payments including co-guarantors. In 2021, 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.

Proximar Seafood AS has entered a share pledge agreement for its subsidiary Proximar Ltd in favour of Grieg Kapital AS as a collateral for the credit facility.

Note 16 - Receivables

During the constriction process, and under Japanese VAT-regulation laws, VAT related to the construction expenses cannot be refunded until the construction work is completed. As per year end 2022 a total of NOK 10.246 million has been paid related to VAT for construction in prosess, amount is included in long term receivable.

VAT related to completed construction work is filed for refund with amount JPY 247.586 million in December 2022 and recievable is included in short term receivable with amount NOK 18.506 million.

Note 17 - Other financial expenses

(Amounts in NOK 1,000)

Breakdown of other financial expenses	2022	2021
Disagio	3 394	14 655
Leasing expenses	72	7
Sum of other financial expenses	3 466	14 662

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

Note 18 - Subsequent events

The Group has, through its subsidiary Proximar Ltd. (Japan), received a loan offer from a syndicate comprising two large Japanese banks for a corporate loan of JPY 8.8 billion (NOK ~680 million). The offer comprises a Highly Confident Letter along with a term sheet.

The Highly Confident Letter and Term Sheet received by Proximar have been approved internally in the two banks. It is therefore to be considered a strong statement of comfort from the banks to provide the financing according to the received Term Sheet. The loan offer is structured as a syndicate, fully covered by the two involved banks. The loan is considered to be offered at attractive terms with an interest rate below 5% and addresses both the remaining construction financing as well as operational financing.

The offer is subject to customary conditions such as final credit committee approval, legal due diligence, and completion of loan documentation. Disbursement of the first part of the loan is scheduled for March 2023 and the second disbursement is scheduled for the summer of 2023,, at the time of take-over of the Post-smolt Grow-out building.

Financial statements – Proximar Seafood AS

Statement of income

(Amounts in NOK 1,000)	Note	2022	2021
Revenue	11	11 903	7 145
Revenue and other income		**11 903**	**7 145**
Personnel expenses	3	5 836	5 064
Depreciation and Amortisation	2	60	5
Other operating expenses	5	8 081	3 714
Operating expenses		**13 977**	**8 783**
Operating income/loss		**-2 074**	**-1 638**
Other interest income	11	5 282	-
Other financial income		86	1
Other interest expenses	9	5 138	530
Other financial expenses	12	3 722	15 443
Net finance		-3 492	-15 972
Loss before tax		**-5 566**	**-17 609**
Income tax expense	4	-6 188	-
Net loss for the period		**622**	**-17 609**
Brought forward			
Transferred from other equity	8	-622	17 609
Net brougt forward		**622**	**-17 609**

Statement of financial position

(Amounts in NOK 1,000)	Note	2022	2021
ASSETS			
Tangible non-current assets			
Assets under construction	2	-	-
Property, plant and equipment	2	123	75
Total non-current assets		**123**	**75**
Financial non-current assets			
Investment in subsidiary	10	781	781
Long-term receivables from subsidiary	11	640 604	414 617
Other non-current assets		49	49
Total non-current assets		**641 434**	**415 447**
Total non-current assets		**641 557**	**415 522**
Current Assets			
Other receivables and prepayments		786	465
Cash and bank deposits	6	21 264	7 967
Total current assets		**22 050**	**8 432**
TOTAL ASSETS		**663 607**	**423 954**
Equity and liabilites			
Equity			
Share capital	7	3 979	3 979
Share premium reserve	8	416 675	416 675
Other equity	9	22 562	-
Total equity		**443 216**	**420 654**
Liabilities			
Non-current liabilities			
Convertible bond	9	214 720	-
Non-current interest bearing debt	9	271	921
Total non-current liabilities		**214 991**	**921**
Current liabilities			
Trade payables		530	1 160
Tax payable	4	-	-
Public duties payable		394	461
Other current debt		4 476	758
Total current liabilites	**9**	**5 400**	**2 380**
Total liabilites		**220 391**	**3 300**
TOTAL EQUITY AND LIABILITIES		**663 607**	**423 954**

Bergen, March 16 2023
The Board of Directors of Proximar Seafood AS

Katrine Trovik Chair	Per Grieg Director	Viggo Halseth Director	Fridtjof Falck Director	Peter Hermanrud Director	Joachim Nielsen CEO

Statement of cash flows

(Amounts in NOK 1,000)	Note	2022	2021
Cash flow from operating activities			
Loss before tax		-5 566	-17 609
Depreciation	2	60	5
Change trade receivables		-630	19 983
Change other receivables		-	-
Change trade payables		-	1 088
Other accruals etc.		5 268	-1 127
Net interest expense		82	-
Net cash flow from operating activities		**-786**	**2 339**
Cash flow from investing activities			
Payments on purchases of fixed assets	2	-108	-81
Payments on loans to subsidiaries		-225 987	-403 804
Capital increase in subsiary		-	-627
Net cash flow from investing activities		**-226 095**	**-404 512**
Cash flow from financing activities			
Proceeds from capital increases		-	382 233
Proceeds from loans and borrowings	9	250 000	-
Transaction costs	9	-9 091	-
Payments of long-term borrowings	7	-650	-379
Net interest paid		-82	-
Net cash flow from financing activities		**240 177**	**381 853**
Net change in bank deposits, cash and cash equicalents		13 297	-20 319
Cash and bank deposits as at 1 January		7 967	28 286
Cash and bank deposits as at 31 December	**6**	**21 264**	**7 967**

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 recognised 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, i.e., when the claim to remuneration arises. This occurs when the service is performed as the work is being done. The revenue is recognised 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 comprises the tax payable and changes to deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

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 recognised 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.
Investment in subsidiary

The cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increase or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost.

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 recognised at nominal value.

Receivables are recognised in the financial statement at nominal value after provision for bad debt. Provision for bad debt 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 recognised 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 recognised 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.

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 2022	-	81	81
Additions in the year		108	108
Disposals in the year	-	-	-
Cost at 31 December 2022	**-**	**188**	**188**
Accumulated depreciation at 1 January 2022	-	5	-
Depreciation in the year	-	60	60
Accumulated depreciation at 31 December 2022	-	65	65
Net carrying amount at 31 December 2022	**-**	**123**	**123**
Cost at 1 January 2021	2 376	-	2 376
Additions in the year		81	81
Disposals in the year	-2 376		-2 376
Cost at 31 December 2021	**-**	**81**	**81**
Accumulated depreciation at 1 January 2021	-	-	-
Depreciation in the year	-	5	5
Accumulated depreciation at 31 December 2021	-	5	5
Net carrying amount at 31 December 2021	**-**	**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	2022	2021
Salaries incl holiday pay and bonuses	4 912	5 179
Remuneration to Board of Directors	500	-
Social security cost	858	813
Pension costs	639	518
Other benefits	127	1 105
Total gross	7 036	7 614
Construction management services allocated to subsidiary	-1 200	-2 550
Sum	**5 836**	**5 064**

Average number of full-time employees during the financial year	3	3

Remuneration to Executive Management	Salary	Other benefits	Total
Joachim Nielsen* (CEO)	1 195	5	1 200
Pål Karset Grimsrud (CFO)	1 644	17	1 661

* The company's CEO moved from Norway to Japan from March 2022 and is currently living in Japan.

Pensions

Proximar Seafood AS has a pension scheme covering all employees as of 31 December 2022. 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") granted share options to new board members in 2021.

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 no earlier than two years and no later than four 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:

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

The Board of Directors in Proximar Seafood AS (the "Company") has resolved to implement a long term incentive scheme for key employees in the Company and Proximar Ltd. Rights are granted by the Company on an individual basis to selected recipients. Employees are qualified for the incentive scheme when they have been employed for 12 months or earlier if the board sets out other milestones. There are no options granted in 2022.

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 comprises current tax and deferred tax.

Income tax expense	2022	2021
Deferred tax expense	-	-
Current tax expense	-6 188	-
Income tax expense	-6 188	-

Income tax liabilities (balance sheet)	2022	2021
Income tax payable	-	-
Income tax liabilities (balance sheet)	**-**	**-**

Taxable income	2022	2021
Net loss before income taxes	-5 566	-17 609
Change in temporary differences	-28 109	-14
Permanent differences	700	-17 758
Equity portion of convertible bond issue	28 129	
Tax loss carried forward	4 847	35 381
Taxable income for the year	-	-

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:

	2022	2021
Loss before income tax	-5 566	-17 609
Statutory income tax rate	22%	22%
Expected income tax expense/(benefit)	-1 225	-3 874
Change in deferred tax asset not recognised	-5 118	7 781
Effect of permanent differences	154	-3 907
Income tax expense/income for the year	**-6 188**	**-**
Effective tax rate	111%	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:

	2022	2021
Property, plant and equipment	-6	14
Other differences, equity portion of convertible bond issue	28 129	-
Tax losses carried forward	-56 969	-52 122
Sum temporary differences	-28 846	-52 109
Deferred tax asset (liability) calculated (22%)	-6 346	-11 464
Deferred tax asset (liability) not recognised	6 346	11 464
Deferred tax asset (liability)	**-**	**-**

Note 5 - Auditor's fee

(Amounts in NOK 1,000)

	2022	2021
Statutory auditing services	385	90
Other certification services	16	618
Other services	7	205
Total fee to auditor	**408**	**913**

All service fees are exclusive of VAT.

Note 6 - Cash and equivalents

(Amounts in NOK 1,000)

Cash and equivalents	2022	2021
Bank deposits, cash and equivalents	8 330	7 604
Restricted cash	12 934	363
Total cash and cash equivalents	21 264	7 967

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 year end 2022. All shares carry equal rights.

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

	2022	2021
Ordinary shares at beginning of period	39 787 650	15 096 290
Issue of ordinary shares	-	24 691 360
Ordinary shares at 31 December	39 787 650	39 787 650

List of main shareholders at 31 December 2022 and 2021

Shareholder	2022 Number of shares	2022 Ownership percentage	2021 Number of shares	2021 Ownership percentage
Daimyo AS	3 996 238	10.0%	3 996 238	10.0%
Grieg Kapital AS	3 180 049	8.0%	3 180 049	8.0%
Loyden AS	2 805 000	7.0%	2 805 000	7.0%
Kvasshøgdi AS	2 744 844	6.9%	2 484 844	6.2%
Nutreco International B.V.	2 160 493	5.4%	2 160 493	5.4%
Pactum AS	1 424 000	3.6%	1 474 567	3.7%
T.D. Veen AS	1 384 567	3.5%	1 384 567	3.5%
Helida AS	1 242 000	3.1%	1 112 000	2.8%
Zolen & Månen AS	1 031 250	2.6%	1 002 750	2.5%
Nordnet Livsforsikring AS	949 832	2.4%	528 503	1.3%
OM Holding AS	750 000	1.9%	750 000	1.9%
Vitamar AS	640 000	1.6%	640 000	1.6%
Sulefjell AS	543 543	1.4%	543 543	1.4%
M Paulen Holding AS	502 475	1.3%	-	0.0%
Tomas Frafjord	401 000	1.0%	355 000	0.9%
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IFG Holding AS	250 000	0.6%	200 000	0.5%
Øystein Kveim	245 000	0.6%	200 000	0.5%
LMJ Holding AS	225 102	0.6%	255 000	0.6%
Mondrian AS	-	0.0%	741 972	1.9%
Even Malvin Norheim	-	0.0%	252 700	0.6%
Total number of shares attributed to the 20 largest shareholders	25 567 816	64.3%	27 130 479	68.2%
The number of shares attributed to the other shareholders	14 219 834	35.7%	12 657 171	31.8%
The total number of shares issued and outstanding	39 787 650	100.0%	39 787 650	100.0%

Shares owned by board members, group management and their related parties at 31 Desember 2022

Board of Directors	Number of shares	Ownership percentage
Katrine Trovik (Chair), Kvasshovd AS	100 000	0.3%
Per Grieg, Grieg Kapital AS and Kvasshøgdi AS	5 924 893	14.9%
Fridjof Botvid Falck, IFG Holding AS	250 000	0.6%
Viggo Halseth	28 250	0.1%
Total number of shares held by Board members	6 303 143	15.8%
Group Management		
Joachim Nielsen, CEO, Loyden AS	2 805 000	7.0%
Pål Karset Grimsrud, CFO, Elgheia AS	175 990	0.4%
Dharmarajan Rajeswaran, COO	16 000	0.0%
Lars Stigaard, CTO	11 320	0.0%
Total number of shares held by Group management	3 008 310	7.6%

Note 8 - Equity

(Amounts in NOK 1,000)

For the period ended 31 December

	Share capital	Share premium reserve	Other equity	Total equity
Balance at 1 January 2022	3 979	416 675	-	420 654
				-
Profit (loss) for the period			622	622
Convertion option for issued bond, net of tax			21 940	21 940
Balance at 31 December 2022	**3 979**	**416 675**	**22 562**	**443 216**
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
Balance at 31 December 2021	**3 979**	**416 675**	**-**	**420 654**

Note 9 - Borrowings and other current liabilites

(Amounts in NOK 1,000)

In October 2022, the Group issued a bond with a option for conversion to shares in the parent company. The total amount issued is NOK 250 million and comprises 250 million bonds. This finances the payments of the building of facilities in Japan. The conversion rate of the bond is NOK 5, and the conversion right can be exercised at any time from loan issue until 10 days before maturity. If a share issue is carried through in the borrowing period at a lower rate than the conversion rate, the conversion rate will be adjusted accordingly. The bond is subordinated debt. In the accounts the conversion option is measured and classified as equity. At initial recognition the equity effect was NOK 28.1 million. The loan is an interest-only loan and have maturity in 2025.

The company has made no pledges or guarantees for this loan.

The convertible bond has an equity component and a debt component. Transaction costs have reduced the total proceeds received from the issue. The transaction cost has been split between the debt and equity component pro rata.

	Principal	Transaction costs	Amount at initial recognition
Debt component	-220 810	8 029	-212 781
Equity component	-29 190	1 061	-28 129
Total	-250 000	9 091	-240 909

The interest expensed for the year is calculated by applying an effective interest rate to the debt component for the period from issue to year end. The difference between the amout of the debt component at initial recognition and the carrying amount at year end represent the effective interest rate less interest payable accrued in the period.

Debt component at initial recognition	212 781
Intrest charged (using the effective interest rate)	1 939
Carrying amount at 31 December 2022	214 720

Proximar Seafood AS has one loan from credit institutions in 2022 that have maturity in 2023, installments paid in 2022 amounts to NOK 650,000. The carrying amout is NOK 271,000. The company has made no pledges or guarantees for this 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	2022	2021
Trade payables	530	1 160
Social security and other taxes	394	461
Salaries and vacation pay due	526	633
Accrued interest	3 116	-
Accrued expenses	832	125
Sum current liabilities	5 400	2 380

Note 10 - Investment in subsidiaries

(Amounts in NOK 1,000)

Proximar Seafood AS has the following investment in subsidiaries at 31 December 2022:

Company name	Registered office	Voting share	Ownership share	Equity at 31 December 2022	Net loss for year ending 31 December 2022	Balance sheet in parent company
Proximar Ltd.	Yokohama, Japan	100%	100%	-52 469	-23 246	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.	2022	2021
Sale of management services	11 903	7 145
Interest income related to convertible bond loan used for financing of the construction in Japan	5 056	-

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

Proximar Ltd.	2022	2021
Long-term receivables	640 604	414 617

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 expenses	2022	2021
Disagio, realized foreign exchange loss	703	15 443
Disagio, unrealized foreign exchange loss	3 019	-
Sum other financial expenses	3 722	15 443

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

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Til generalforsamlingen i Proximar Seafood AS

UAVHENGIG REVISORS BERETNING

Konklusjon
Vi har revidert årsregnskapet for Proximar Seafood AS som består av:

- selskapsregnskapet, som består av balanse per 31. desember 2022, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2022, resultatregnskap, utvidet resultatregnskap, oppstilling over endringer i egenkapital og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav,
- gir selskapsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2022 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og
- gir konsernregnskapet et rettvisende bilde av konsernets finansielle stilling per 31. desember 2022 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Grunnlag for konklusjonen
Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet og konsernet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon
Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Deloitte.

Ledelsens ansvar for årsregnskapet
Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde, i samsvar med regnskapslovens regler og god regnskapsskikk i Norge for selskapsregnskapet, og i samsvar med International Financial Reporting Standards som fastsatt av EU for konsernregnskapet. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets og konsernets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for selskapsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet. Forutsetningen om fortsatt drift skal legges til grunn for konsernregnskapet med mindre ledelsen enten har til hensikt å avvikle konsernet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet
Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggs-opplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.
- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om konsernregnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi har eneansvar for vår konklusjon om konsernregnskapet.

Deloitte.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Bergen, 16. mars 2023
Deloitte AS

Tord Teige

Tord Teige
statsautorisert revisor

Financial Statements / Annual report 2022

PROXIMAR

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