



PROXIMAR

SEAFOOD



Annual Report 2023

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# Introduction

## Proximar in brief

Proximar Seafood AS is a Norwegian land-based salmon farming company with its first production facility in operation at the foot of Mount Fuji in Japan. The company inserted its first batch of eggs in October 2022 and is planning its first harvest in Q3 2024.

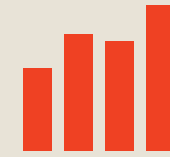
Through land-based salmon farming, using high-quality groundwater close to Mount Fuji, the company will produce fresh Atlantic

salmon for the Japanese market. Proximar's location, near one of the world's most important fish markets, has significant advantages in terms of reduced cost and the avoidance of CO<sub>2</sub> emissions from air freight.

The company completed the construction of its phase 1 facility in the third quarter of 2023 and aims to produce an annual head-on-gutted volume of 5,300 tonnes when fully operational.

## Highlights 2023

- The first batch of Atlantic salmon was **transferred from the first feeding department to the nursery** in March.
- Proximar **signed Japan's first "blue-sustainability loan"** with Mizuho Bank, Shizuoka Bank and the Development Bank of Japan in March.
- Completion of a **private placement** of NOK 73.6 million in April, and a loan from Grieg Kapital of NOK 104.2 million in May.
- **Construction was completed** and the post-smolt grow-out building (PSG) **was handed over** to Proximar in September. This means that Proximar took ownership of the entire fish farming facility in Oyama, Japan.
- In conjunction with the handover, Proximar Ltd. also completed the second and **final drawdown of the JPY 8.8 billion** blue-sustainability loan.
- Started reporting **quarterly production updates** from October.
- The first fish was successfully **transferred from the nursery department to the PSG** in December.
- **A private placement** in December raised gross proceeds of NOK 140 million, followed by a NOK 25 million repair offering in February 2024.
- **Further increased operational expertise in Japan** through hiring experienced staff in leadership positions, as well as local fish farm technicians. Total number of employees was 35 in December.



Adjacent  
market

~38

million people



First  
harvest

2024

Q3

1

Phase 1  
production

5,300

tonnes

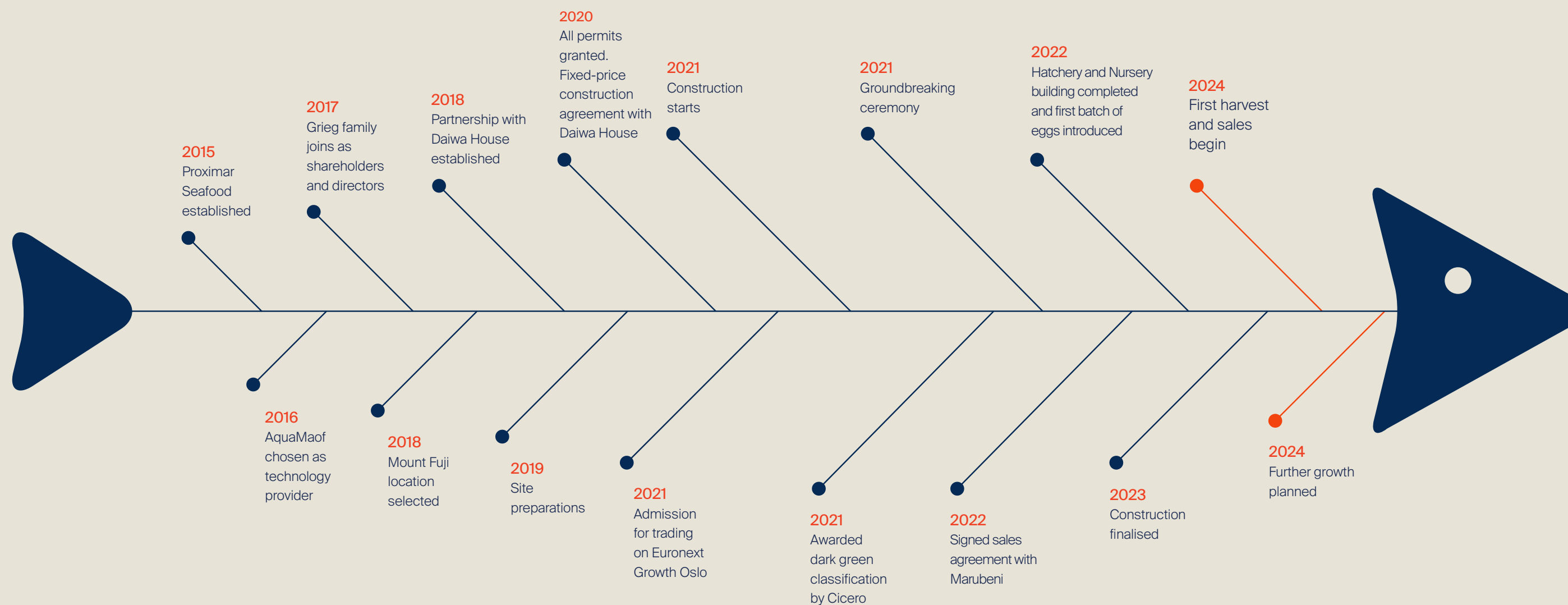
PSG

Construction  
completed

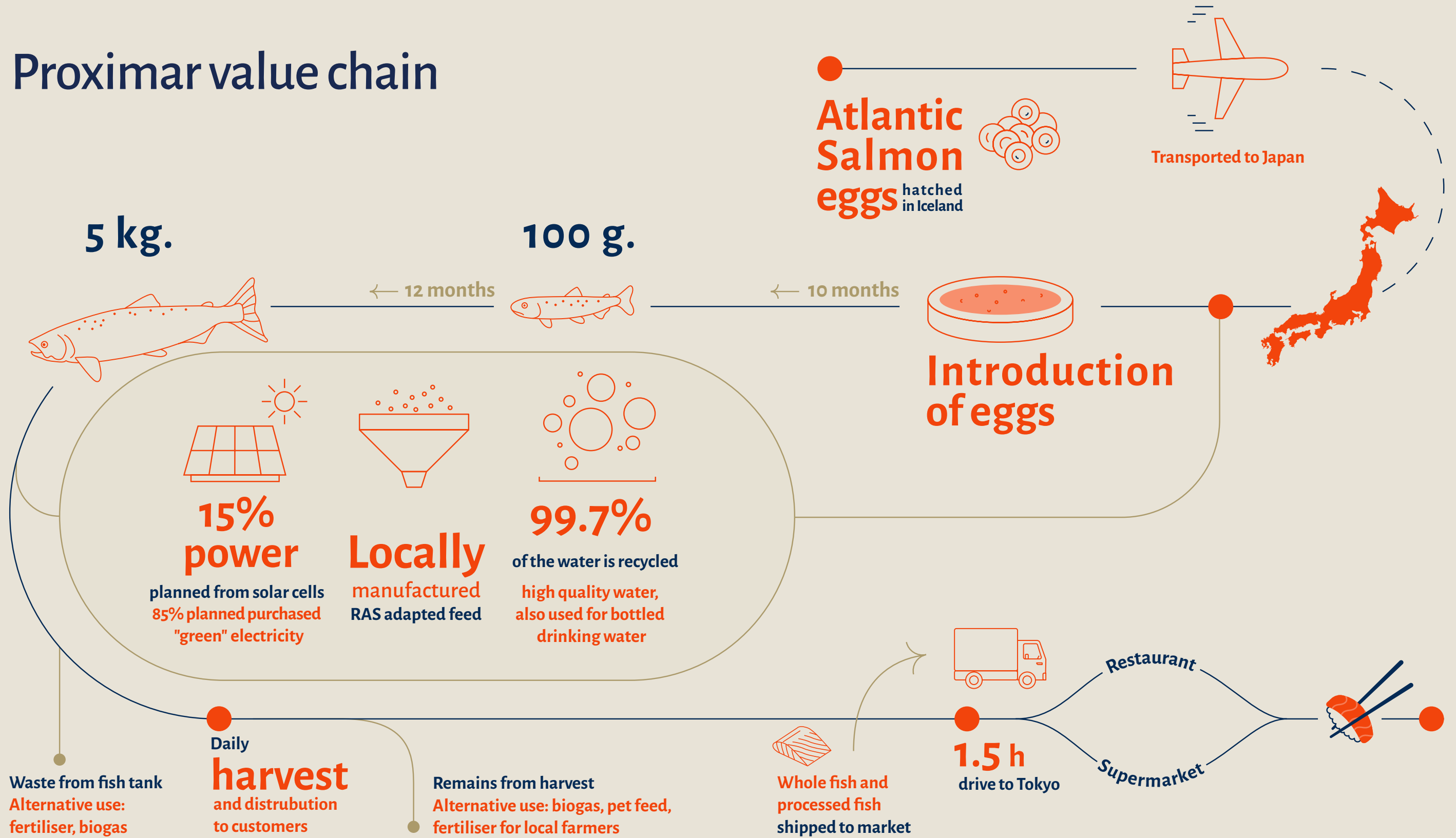
Q3

2023

# Proximar – history and future



# Proximar value chain





## Letter from the CEO

# Transitioning from a construction project to an operational company

2023 has been a hectic and exciting year for Proximar. In September we reached a major milestone in the company's history, taking delivery and ownership of our stage 1 facility in Oyama, at the foot of Mt. Fuji.

With our state-of-the-art facility we are now well prepared for the future. Proximar will become the very first supplier of Atlantic salmon to Japanese consumers in Q3 2024.

### Construction completed

In September we finally completed the civil works construction, marking the end of a long journey. Since the selection of our location in Oyama in 2018, we have been working closely with Daiwa House for the engineering, planning and construction of our 28,000 m<sup>2</sup> facility. The construction work started in March 2021. Due to travel restrictions at the time, we were required to supervise the activities remotely. Despite the unfortunate cost increase in our estimated CAPEX, we managed to complete

the construction work with a ~15% cost increase. This was during a period where we witnessed high inflation coupled to a rapid and significant increase in material costs.

It has been a challenging construction process, but our team and partners have done a great job. The facility is the first of its kind in Japan, and one of the largest in the world, and I am pleased to see that it has been built to a very high standard.

Despite the cost increase, our construction costs remain at very competitive levels, around NOK 235/kg. This also means that we have a very attractive starting point when taking into account potential future competition.





### Operations moving forward

Since starting production in October 2022, we have continued adding new batches throughout 2023. As previously communicated, starting up a facility like this brings new challenges. We are nevertheless in the very fortunate position of having a broad and experienced team. Operational start-up risk also forms part of our planning. We are therefore very pleased to see how our preparations have mitigated these challenges. We look forward with great excitement to Q3 2024, when we plan to ship our first fish to the market.

Having been operating the Hatchery and Nursery building for more than one year now, it is very encouraging to see the stable performance demonstrated by the growth of our fish, across batches. The natural mortality rate is very low.

The AquaMaof technology is based on simple solutions and low complexity, and we believe we have already started to reap the benefits of this. The technology is operating with a high level of stability in the water parameters, resulting in a good environment for the fish to grow.

We have a strong and motivated team, and I remain confident in successfully achieving our goals in terms of production volumes.

### Better positioned than ever for the future

Proximar remains better positioned than ever for the future. As the construction work has now been completed, our focus can fully shift to production. With harvesting only a few quarters away, we will be the first supplier of Atlantic salmon produced in Japan, years ahead of the competition.

With an attractive CAPEX and a substantial time-to-market advantage, Proximar can focus on developing the market and our brand.

The pricing of Atlantic salmon in Japan remains at very elevated levels. Due to historically high



costs associated with transportation by air, partially due to the geopolitical situation that makes the journey Norway to Japan significantly longer, the import costs of Atlantic salmon have been heavily impacted. These transportation costs are expected to remain high in the years ahead, which strengthens Proximar's competitive advantage substantially.

Besides the cost advantage of local production, we also see other important trends that are strengthening our business model further.

The longer transportation route of imported Atlantic salmon is also highly relevant when considering the associated CO<sub>2</sub> footprint. As the world is struggling to identify means to reduce carbon footprint, we see significant advantages in food production taking place closer to the consumer markets. This is a trend we believe will grow in the years ahead, and Proximar is taking a lead in this.

Since our inception, Proximar has included sustainability into our planning and business model. ESG has top priority, and we continue to see this as an important aspect for our future success. Our commitment in this area is also part of the reason why Proximar received the first blue-sustainability loan in Japan. This was a great acknowledgement of our business model, and a very encouraging milestone.

In addition to offering fresh fish with a significantly lower carbon footprint, we also see the strong benefits of land-based production. With indoor production, we are fully isolated from the outdoor environment. This means we can handle all waste and treat it in a safe and proper way, without impacting our surroundings. By our indoor production in a controlled environment, we avoid impact from climate changes, like temperature increase and harsher weather conditions.

Being able to offer Japanese consumers local Atlantic salmon, saving carbon footprint, reducing

impact on the outdoor environment, and supplying fish that has neither been vaccinated nor medicated is a strong value proposition. We therefore expect the Atlantic salmon from Proximar to be well received in the market.

### Taking Proximar to the next level

Despite challenging years as a start-up company in a new industry in a remote market, our long-term commitment to our plans remains intact. We have crossed many hurdles and overcome several challenges on our way, and our confidence in our plans has continuously been strengthened.

Being at the forefront, Proximar is perfectly positioned to take the lead in the future aquaculture industry of land-based farming close to consumer markets. Building the company and our production capacity going forward with the experience we have gained over the years remains our strategy. It is also very encouraging that our long-term ambitions are shared with our various stakeholders.

We remain confident and optimistic in terms of the future. We will continue to develop Proximar and as we move forward we will also investigate further accretive growth. With our stage 1 facility up and running, we will gradually start planning stage 2.

We remain dedicated to creating long-term value and growth for our shareholders, by becoming a leading supplier of Atlantic salmon in Japan and Asia.

**Joachim Nielsen**  
Chief Executive Officer



# Project Review

# Operations

Since the first batch of eggs was inserted into the hatchery in October 2022, Proximar's operational activity has increased steadily. During 2023, smolt production became fully operational, while the construction work for the post-smolt grow-out facility was completed. Production in the post-smolt grow-out building was initiated in December and the first harvest is expected in Q3 2024.

## Fully operational smolt production

Operations in the hatchery and nursery facility commenced in October 2022. Following a ramp-up phase, new batches of eggs have been inserted on a frequent basis, and by the end of 2023 there were nine batches in the facility containing more than one million individuals.

Besides some initial start-up issues, the facility has provided good and stable water quality. This translates into excellent fish welfare, solid growth curves and production of high quality smolt.

## Post-smolt grow-out operations initiated

Construction work on Proximar's post-smolt grow-out facility was completed in September 2023, with handover of the facility shortly thereafter. As with the hatchery and nursery facility, Proximar's construction partner Daiwa House has delivered high-quality work according to the time schedule.

Installation of the production equipment in the post-smolt grow-out building continued throughout 2023 and into 2024. The first smolt were transferred to the facility in December. Following maturation







of the biofilters, the facility has performed according to expectations and provided stable growth conditions.

Going forward, new batches of smolt will be transferred to the post-smolt grow-out facility at around 100 grams. The first harvest is expected in Q3 2024.

#### Top tier team in place

By the end of 2022, Proximar's operational team was relatively small and mainly comprised Scandinavian industry experts. However, during 2023, the company recruited and trained 18 local employees, with a wide range of education and experience. Proximar has also hired Javier Carreño as Production Manager, a Chilean industry expert, with extensive experience. Proximar is confident that the current operational team is industry leading in land-based farming of Atlantic salmon.



**Dharma Rajeswaran**  
COO

- › More than 30 years' experience from Atlantic salmon farming
- › Has worked with recirculating aquaculture systems (RAS) for ten years, most recently as COO of Atlantic Sapphire in the USA
- › Joined Proximar in 2022



**Javier Carreño**  
Production Manager

- › Professional with more than 20 years' experience in the field of aquaculture, from companies including Mowi Chile, Cermaq and Atlantic Sapphire
- › Extensive knowledge of the cultivation of salmonid throughout the lifespan, in both recirculation systems and net pens
- › Joined Proximar in 2023



**Charlotte Okstad**  
Hatchery and Nursery manager

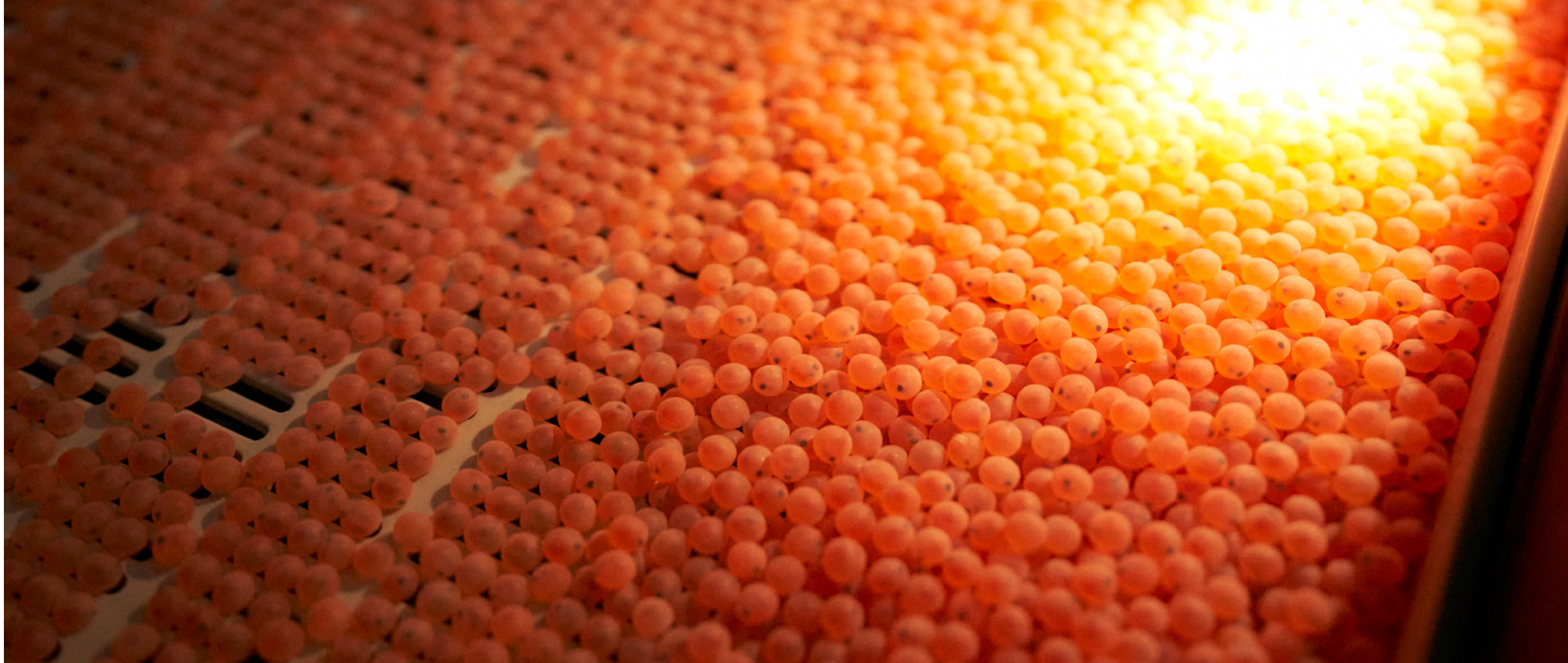
- › 10 years in the aquaculture industry with Mowi and Lerøy Seafood Group, including five years working with various types of RAS systems
- › Bachelor's degree in material technology, certificate of apprenticeship in aquaculture
- › Joined Proximar in 2022



**Nikolaj Schlie**  
Post-smolt Grow-out manager

- › Six years' experience of recirculating aquaculture systems (RAS), most recently as RAS Technologist with Atlantic Sapphire Denmark.
- › MSc in Biology. Has worked with Yellowtail Kingfish and Atlantic Salmon
- › Joined Proximar in 2022





# Financing activity

Entering 2024, the business model has been further strengthened.

The export prices of Atlantic salmon from Norway have increased further, along with the transportation costs from Norway to Japan. The development in production has been good. By the end of the year, Proximar had fish in all departments for the first time. This has been important when securing the needed financing throughout the year.

## Debt

Through 2023, Proximar continued its work on multiple sources of financing. In March, the company signed Japan's first "blue-sustainability loan" with Mizuho Bank, Shizuoka Bank and the Development Bank of

Japan, making the first drawdown of the JPY 8.8 billion loan in June. Final drawdown of the loan provided by the three banks was completed in conjunction with the handover of the approx. 25,000 m<sup>2</sup> post-smolt grow-out building in September.

Following the successful placement of the NOK 250 million convertible loan in October 2022, the company secured further debt financing through a NOK 40 million tap issue of the bond in April.

The tap issue was refinanced with equity in conjunction with a private placement in May. A shareholder loan

of NOK 104.2 million was provided by Grieg Kapital AS in May.

## Equity

To strengthen the equity, Proximar carried out two private placements throughout the year: one in April, raising NOK 73.6 million, and another in December, raising an additional NOK 140 million. The latter was needed to finance a capital requirement of approx. NOK 165 million following a combination of increased CAPEX, OPEX and financing costs from previous assumptions. A subsequent repair offering of NOK 25 million was completed in February 2024.

## Moving forward

Proximar continues to actively engage in dialogues with several Japanese financial institutions and investors and is experiencing increased interest as

the company is now moving closer to first harvest, which is scheduled for Q3 2024.

The company benefits from its strong partners in Japan, and the syndicate of Japanese banks is also an important acknowledgement of Proximar's standing. It further increases the credibility of Proximar in Japan and generates additional interest.

It is also a great advantage to be able to present relevant parties the status of the operating activities on site in Oyama. Proximar is now able to show tangible assets and fish in its production tanks.

With the successful development through 2023 and into 2024, we continue our efforts to optimise the capital structure and activities towards investors to create long-term shareholder value.

# **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



Ole Christian Willumsen  
CFO

- › Experienced leader, strategist and business developer
- › Has held multiple positions in Equinor, including Country Manager in Japan and China, Platform Manager and Investment Manager in Technology Ventures.
- › Joined Proximar in 2023



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' experience from Atlantic salmon farming
- › Has worked with RAS for more than ten years
- › Came to Proximar from the position of COO with Atlantic Sapphire
- › Joined Proximar in 2022



Keisuke Nakayama  
Director Business Development

- › Joined Proximar in July 2021 but has been involved as Special Advisor to 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 & Business Operations

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



Marius Birkenes  
Director Strategy

- › Experienced management consultant and strategist, mainly in the industrial and financial sectors
- › Previously employed in Arkwright, PwC and Sbanken
- › Joined Proximar in 2021



# Board of Directors



Katrine Trovik  
Chair

- › Extensive experience from 10 years of executive management in DNB corporate banking, including two years as head of DNB South America. Former partner in law firms Wikborg Rein & Co and Vogt & Wiig AS
- › Currently holds the position of board member in several companies, including Grieg Seafood ASA, Wilson ASA, Kraft Bank ASA, Rieber & Søn AS and Industrifinans Kapitalforvaltning AS. Previously held board positions in companies such as Lerøy Seafood Group ASA and Den Nationale Scene AS.



Per Grieg jr.  
Board member

- › Founder of Grieg Seafood ASA in 1992 and actively involved in leading positions in the company since then, currently as chairman
- › Experience from the establishment of companies in several 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



Viggo Halseth  
Board member

- › 38 years of experience from 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 from RAS investments
- › Currently holds the position of board member in Blue Planet Academy AS, Norwegian Lobster Farm AS, Blue Planet AS and Harbor AS



Peter Hermanrud  
Board member

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

**Market**

## Atlantic salmon in Japan

The demand and reputation of Atlantic salmon in Japan remains strong, despite another year of increased prices. Proximar is experiencing significant interest in the fish and expects the first contracts with end customers to be finalised in Q2 2024.

### Atlantic salmon in Japan

The history of Atlantic salmon in Japan is intertwined with its culinary evolution. While not native to Japan, Atlantic salmon has gained prominence due to its versatility in sushi and sashimi. Initially introduced to diversify seafood offerings, its popularity grew, leading to imports primarily from Norway and Scotland. Today, it remains a sought-after ingredient in Japanese cuisine, symbolising the fusion of global tastes in traditional Japanese dishes.

### Significant price increase for fresh salmon in Japan

2023 has been another year of all-time-high prices for fresh Atlantic Salmon in Japan, with average prices on the Toyosu fish market over the year of 2,185 JPY/kg (155 NOK/kg) for head-on-gutted product. The price increase of 23% compared to 2022 is mainly driven by two factors, both of which have been higher than ever before: export prices from Norway and the cost of transportation from Oslo to Tokyo. While average







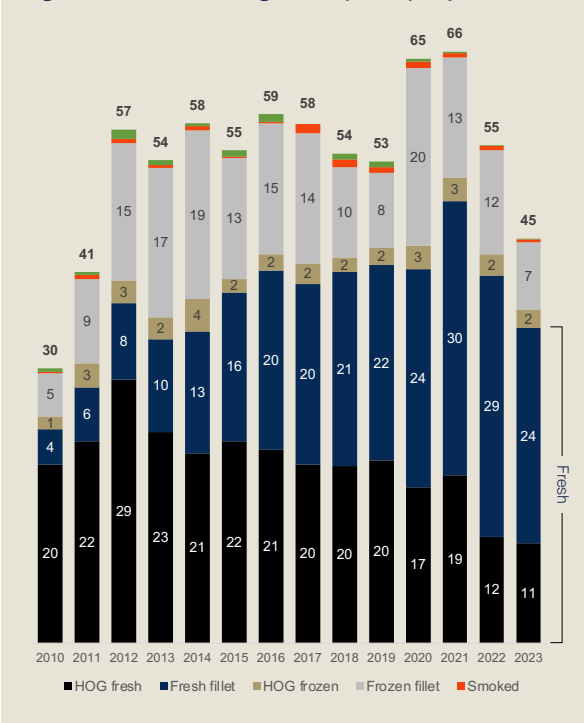
export prices have increased by 14% since 2022, the cost of transportation increased by 10%.

The increased price of Atlantic salmon in Japan has naturally led to a decrease in consumption, although not by the same magnitude. Consequently, the value of the salmon sold in Japan has never been higher, despite a 19% decrease in volume over the last year. The Japanese market for fresh Atlantic salmon, estimated at 35,000 tonnes, is expected to nonetheless absorb Proximar’s 5,300 tonnes with ease.

preference for fresh and locally produced seafood, preferences which Proximar’s production can accommodate. The company’s salmon is therefore expected to have an advantage, compared to imported fish.

Sustainability in production is also becoming an increasing concern, although it is not reflected in consumer behaviour in Japan yet. However, awareness of sustainability is growing, and is expected to gradually become more important for consumers going forward.

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



The trend in Japan, as seen elsewhere in the larger markets for Atlantic salmon, is towards fillets compared to head-on-gutted products. This consumer trend has continued to develop (as can be seen in figure to the left) and is expected to continue going forward. This also represents an opportunity for Proximar in terms of harvest size and the optimisation of production and product offerings.

**Targeting price premium through well-planned distribution**  
Proximar is working closely together with its sales and distribution partner Marubeni Corporation to develop its entire product strategy. This includes topics such as brand name, brand statement, processing and distribution chain.

Both Proximar and Marubeni experience strong interest in the fish, and the focus is to carefully identify partner customers who understand the added value of Proximar’s production. The goal is to attain a premium price over imported salmon, based on characteristics such as freshness, local production and sustainable operations.

**Japanese consumers prefer fresh and locally produced fillets**  
The Japanese consumers are generally quality conscious when it comes to seafood and have both the willingness and the ability to pay premium prices for top tier products. They also have a strong

Taking into account the many discussions in 2023 and into 2024, Proximar remains optimistic about its products and the way they are welcomed in the Japanese market.

# **Board of Directors' report**



# Board of Directors report

2023 has been another exciting year with several important milestones achieved and promising development in our operations. Proximar has successfully completed the civil construction work according to plan and has taken delivery and ownership of the entire facility. In 2023, the company also obtained a loan from a Japanese banking syndicate, marking a major milestone and showing a strong commitment from these banks. Production has developed favourably, showing consistent performance, good fish growth and low mortality. Proximar is therefore well on track to becoming a leading provider of sustainably produced seafood and contributing to feed a growing population with proteins.

## Business overview and strategy for Proximar Seafood Group

Proximar Seafood AS (Proximar) is a land-based salmon farming company operating the first commercial land-based facility for Atlantic salmon in Japan. Operations commenced 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 civil construction work was completed in Q3 2023 and some equipment installation is currently ongoing. From Q3 2024, Proximar will be delivering fresh Atlantic salmon to the Japanese market. The target production is 5,300 tonnes (head-on-gutted) per

year at full capacity, which is expected to be achieved in 2027.

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 the production of Atlantic salmon closer to consumers in attractive markets. This is also reflected in its name, which refers to proximity to the market. Proximar's salmon production will be

sustainable by being conducted closer to its core market, thereby significantly reducing transportation costs and associated carbon emissions. Production takes place indoors, minimising impact on the external environment.

Japan, with its 123 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, highlighting safe and sustainable production. Following the completion and successful start of production in the stage 1 facility, the company will move into planning further growth, benefiting from being an early mover with significant experience.

The board is pleased to see the progress through 2023, and believes the company is well positioned for the future.

## Key events in 2023

**Successfully securing a JPY 8.8 billion debt financing from a syndicate of three large Japanese banks, and the first "blue sustainability" bank loan in Japan**

In March 2023, Proximar signed a loan agreement of JPY 8.8 billion (NOK ~630 million). The bank loan has been provided by a syndicate comprising three leading Japanese Banks: Mizuho Bank Ltd, Shizuoka







Bank and the Development Bank of Japan. The loan was disbursed in two tranches and was fully drawn at the completion of construction work.

#### Successful completion of equity raise and shareholder loan

In April/May, Proximar raised NOK 178 million through a combination of equity issue (NOK 74 million) and a shareholder loan (NOK 104 million). In December, Proximar successfully raised NOK 140 million through a private placement, with a subsequent completion of NOK 25 million repair issue, to cover higher than expected operational costs, financing costs and increased CAPEX.

#### Acquisition of the land and handover of the facility from Daiwa House

In June, following the first drawdown from the bank syndicated loan, Proximar completed the land purchase agreement with Daiwa House. Up until this time, the land had been partially financed through a seller credit granted by Daiwa House. In September, Proximar took ownership of the entire fish farming facility following many years of preparation and construction, marking the end of construction work and completion of the first commercial Atlantic salmon farming facility to be built in Japan.

## Review of the consolidated financial statements

#### Statement of income

The group has no income. Operating expenses mainly comprise the cost of materials, salaries and professional fees in line with expectations, and the financial expenses are mainly related to currency effects and interest expenses. The change in biomass and inventory in 2023 has had a positive effect on the operating loss of NOK 17.8 million, after adjusting for unutilised production capacity in the amount of NOK 14.3 million.

#### Balance Sheet

At the end of 2023, the group had a total equity of NOK 372.4 million, compared with NOK 389.9 million at the end of 2022. The equity ratio was 27%, compared with 45% at the end of 2022. The group had a cash position of NOK 39.2 million at the end of 2023, compared with NOK 37.7 million at the end of 2022.

#### Operations

The group's operating loss for the year ended 31 December 2023 was NOK 63.8 million, which is an increase from the loss of NOK 25.5 million in 2022. Net loss for the period was NOK 93.3 million,

compared to NOK 22.6 million in 2022. This negative development is mainly due to increased financial expenses (including increased currency loss) and other increased operating expenses in 2023.

#### Cash Flow

Cash outflows from operations for the year ended 31 December 2023 were NOK 29.7 million, implying an increase in cash outflows of NOK 12.9 million compared with the previous year. Cash outflows from investing activities for the year ended 31 December 2023 were NOK 540.9 million, which is an increase of 134.1 million compared with 2022 and a result of construction work on the facility in Japan. Cash inflows from financing activities in 2023 were NOK 572 million, implying an increase of 184.5 million from 2022. This resulted in total cash and bank deposits increasing by NOK 1.5 million over the year ended 31 December 2023.

Norway and the cost of transporting the salmon to Japan via air freight. Despite this, the market for fresh Atlantic salmon in Japan remains strong, with an annual volume of 35,000 tonnes. This should easily absorb Proximar's estimated annual production of 5,300 tonnes.

Japanese consumers exhibit a preference for fresh, locally sourced fish and value quality seafood. Proximar's operations align well with these preferences, potentially giving them an advantage over imported fish. While sustainability is not yet a decisive factor, it is anticipated that a growing awareness of environmental issues will influence consumer behaviour in the future. A consumer trend in Japan, similar to the larger markets, favours fillets over head-on-gutted products. Proximar sees an opportunity in adapting its production and offering in line with this trend.

Proximar collaborates closely with its partner, Marubeni Corporation, to develop a comprehensive product strategy, focusing on brand, processing and distribution. The aim of the strategy is to identify customers who recognize the added value of Proximar's production, which commands a premium over imported salmon. The emphasis is on freshness, local sourcing and sustainable practices. Despite its status as a seafood-centric nation,

## Market review

The price for fresh Atlantic salmon in Japan increased again in 2023, reaching an all-time high average price of ~155 NOK/kg on the Toyosu market. The rise was caused by all-time high levels for both the main constituents for the price of fresh Atlantic salmon in Japan: the price of Atlantic salmon in



Japan's per capita consumption of Atlantic salmon is notably lower compared to other markets. Proximar foresees an uptick in consumption, with a crucial driving force being the preference for Atlantic salmon observed among the younger generation.

## Sustainability and corporate social responsibility

### Sustainability

Increased consumption of seafood can reduce global greenhouse gas emissions (GHG) and improve human health<sup>1</sup>. The growth in aquatic food production must preserve the health of aquatic ecosystems, prevent pollution and protect biodiversity.

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

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

### 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 strive to ensure fair employment, gender balance and equal opportunities. 14% of our employees are female and there is a 25% female representation in the board of directors.

## Governance

The board of directors consists of four members, three of whom are independent. The chair of the board is a woman, and the other members are men. The board of directors is responsible for the management of Proximar and for safeguarding the proper organisation of its operations. In the board's view, sound corporate governance is vital for promoting the greatest possible value creation over time in the best interests of Proximar's shareholders, employees and other stakeholders. The board is committed to maintaining a high standard of corporate governance, in line with both Norwegian and international laws, and to comply with generally accepted rules and practices, as well as 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 liability.

The board of directors is familiar with the Norwegian Transparency Act, which entered into force on 1 July 2022. Although the act does not directly

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

apply to Proximar, the company is committed to preventing human rights violations and indecent working conditions through transparency and accountability. The findings from Proximar's 2023 risk assessment will be published in the Human Rights and Transparency Act Report, available on the company's website by June 2024.

## Employees and organisation

As Proximar has been moving from construction to production, its recruitment activity has increased accordingly. In 2023, several recruitments were 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. Through the year, 22 new employees joined our team.

It is encouraging to see the interest received in Japan and abroad from qualified candidates applying for positions at Proximar. This is an ongoing process, and the recruitment is proceeding as planned.

## Risk factors

### Liquidity risk

Proximar's business and future growth plans are capital intensive, and as long as the company does not generate sufficient cash from its operations, adverse operational events could lead to further financing needs. The company may also need to raise additional funds for building new production facilities in the years to come.

### Operational risk

Proximar has a high level of confidence in its partnership with the technology provider AquaMaof but acknowledges that the design and engineering of a recirculating aquaculture system is complex and involves several uncertainties, including technological risks. As long as equipment installation is on-going, there is a risk of delays as well as counter-part risks.

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 such outcomes 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 price reductions 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 most of its income to be denominated in JPY. This is also true for operational expenses, although some of these expenses are strongly associated with developments in the JPY/USD as the raw material ingredients for fish feed are traded in USD.



Climate-related risk

The risk associated with rising sea temperatures and ecological changes is less imminent for land-based production facilities than for sea-based facilities.

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, water supply may be limited. However, the company does not consider this to be a significant risk and finds that climate risk does not affect the estimate uncertainty in any of the booked estimates.

Shareholders

By year end 2023, Proximar Seafood AS had a total of 59.7 million common shares outstanding and approximately 1,900 shareholders. The shares are traded on Euronext Growth on the Oslo Stock Exchange with ticker code PROXI.

Outlook

Proximar is well on track with ramping up production, with the construction work completed and the relevant production staff in place.

The fundamentals remain very encouraging and the significant cost advantages of local production of

Atlantic salmon continue to be a key advantage. This puts Proximar in a favourable position to capitalise on both the solid market fundamentals and the growing emphasis on local food supply and ESG.

With the completion of the first stage of civil construction work, and production developing according to plan, we are intensifying our focus on our growth strategy. Proximar has a strong first mover advantage in Japan, which represents a unique opportunity.

Together with our stakeholders, we will continue to build the company for the future and create shareholder value.

Going Concern

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

Bergen, March 22 2024  
The Board of Directors of Proximar Seafood AS

Katrine Trovik  
Chair

Per Grieg  
Director

Viggo Halseth  
Director

Peter Hermanrud  
Director

Joachim Nielsen  
CEO





**Sustainability**

# Introduction

In a world in which climate change poses a profound threat to biodiversity, human health and economic stability, Proximar is committed to addressing this global crisis and making a positive impact. By innovating in sustainable aquaculture, we not only aim to reduce carbon emissions but also to address critical issues such as food security and preservation of the ecosystem.

As a frontrunner in sustainable seafood production in Asia, Proximar will supply sustainable food through land-based farming of Atlantic salmon just outside Tokyo – one of the most important markets for fresh fish globally. Harvesting the first fish this year, Proximar will provide Atlantic salmon to the Asian markets with significantly lower carbon emissions than overseas producers.

The disruption of global supply chains and political instability in both Europe and Asia in recent years have affected international trade and highlight the need for self-sufficiency. Japan's self-sufficiency rate is among the lowest compared to other major countries and local food production is a high priority. Proximar is proud to contribute to an increase in sustainable and domestic food production. The company brings new expertise and its investments in production and people have been warmly welcomed in Japan.

**Ambitions, challenges and responsibilities**  
Increased consumption of seafood can reduce global greenhouse gas emissions (GHG) and improve human health<sup>1</sup>. Growth in aquatic food

**Our mission**  
*To produce seafood responsibly, with respect for fish welfare and nature, to provide a growing population with proteins.*

**Our vision**  
*To be a leading provider of sustainably produced seafood by setting the standard for land-based aquaculture.*

production requires a balance between increased production, preservation of aquatic ecosystems, pollution prevention, as well as the protection of biodiversity.

Confronting the fundamental barriers to sustainable aquaculture requires innovative technical solutions, especially in feed composition, biosecurity and disease control. These improvements, coupled with strategic incentives across the value chain, are crucial for advancing production systems.<sup>2</sup>

Proximar's land-based production takes place in a fully closed environment with minimal environmental footprint, both locally and globally, ensuring a sustainable and safe product. The

<sup>1</sup> [https://oceanpanel.org/wp-content/uploads/2022/06/HLP\\_Report\\_Ocean\\_Solution\\_Climate\\_Change\\_final.pdf](https://oceanpanel.org/wp-content/uploads/2022/06/HLP_Report_Ocean_Solution_Climate_Change_final.pdf)  
<sup>2</sup> FAO: The State of World Fisheries and Aquaculture 2022


controlled environment facilitates high-quality, stable yields year round, reduced mortality rates, as well as improved feed efficiency due to accelerated growth conditions.

Despite our efficiency, Proximar's demand for soy and aquatic feed contributes to industry-wide environmental concerns. We have taken a proactive stance by implementing a stringent code of conduct for our feed suppliers, and our partnership with Skretting reflects a shared dedication to sustainable practices and animal welfare.<sup>3</sup>


The facility is committed to consuming a minimum amount of water, recycling 99.7% of water, significantly reducing both freshwater usage and wastewater discharge. The land-based nature of our operations also eliminates the risk of fish escapes, while proximity to the market eliminates the need for air freight and enables an unmatched 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 in Q3 2024.


### Sustainability is at the core of Proximar's business model



Significantly **reduced carbon footprint** due to the 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 takes 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.



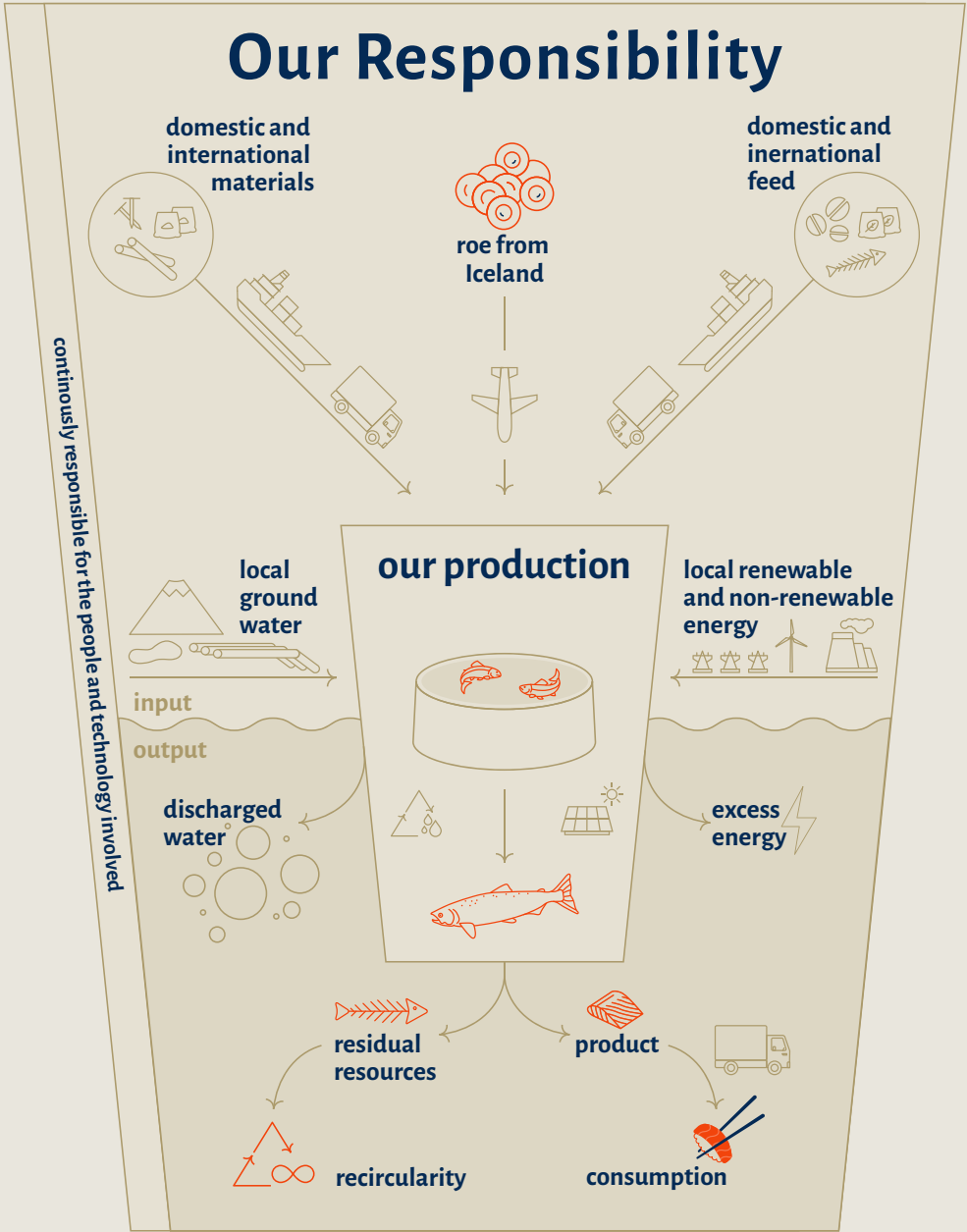
Proximar increases **local food supply and food security** through sustainable seafood production in proximity to market.

<sup>3</sup> <https://www.skretting.com/en/sustainability/our-sustainability-strategy/>

## Sustainability due diligence

Proximar takes a methodical approach to identifying risk, opportunities and impacts regarding sustainability. Our sustainability due diligence comprises three parts: Supply Chain Risk Assessment, Materiality Assessment and Impact Assessment.

We recognise that our responsibility extends far beyond our production, and that embracing a holistic approach to identifying impacts throughout the value chain is essential in achieving our mission.



## Environment

Although land-based salmon farming avoids many of the environmental issues related to traditional seafood production, addressing the remaining environmental challenges is at the top of the company's agenda.

### Fish welfare

#### Description

In aquaculture, the well-being of aquatic animals is paramount, as it directly affects productivity, product quality and environmental sustainability. Proximar takes a proactive and innovative approach to fish health and welfare, aspiring to establish industry benchmarks. Our commitment aligns with the Five Freedoms of animal welfare highlighted in GRI Sector Standard Topic 13.11<sup>4</sup> Animal health and welfare, ensuring our fish thrive in conditions where they are free from hunger, discomfort, pain and distress, with the ability to express natural behaviours.

#### Impact

Adhering to the belief that a healthy fish is a happy fish, we continuously explore and implement measures to ensure our fish are both healthy and happy. Our policies cover every life stage of our fish, from egg to harvest. We implement stringent protocols for handling and processing fish to minimise stress and optimise health.

The company's primary goal is to eliminate the risk of parasite infections and significantly reduce the risk of disease, crucial for minimising fish mortality and promoting overall welfare. Our land-based production, allowing for enhanced disease control, minimises the need for medication.

#### Measures

##### Biosecurity and Safety

- Egg Disinfection: All fish eggs undergo a rigorous disinfection process before being introduced to the facility.
- Water Treatment: UV radiation and ozone treatment of water is a standard practice to safeguard against pathogens.
- Water Supply: Production water is sourced from secure, disease-free aquifers, further enhancing water quality.
- Strict Biosecurity: The facility is a strict biosecurity area, with over-pressurised buildings and strict disinfection procedures to prevent the risk of disease through human or equipment transmission.
- System Maintenance: Regular cleaning and inspections of all systems in contact with the fish ensures a safe and pristine environment for their growth.

##### Low-Stress Environment

- Gentle Handling: Utilising the AquaMaof system reduces the need for live fish transport, which significantly reduces stress and enhances welfare.
- Light Dimming: Using gradual light dimming techniques to prevent stress from sudden light changes.
- Noise Control: Limiting sound around the tanks to reduce stress caused by noise.
- Stable Conditions: Maintaining a constant water temperature, salinity and pH levels to provide a stable living environment for the fish.

<sup>4</sup> <https://www.globalreporting.org/standards/standards-development/sector-standard-for-agriculture-aquaculture-and-fishing/>



Other

- Medicines and Antibiotics: Rigorous disease control reduces the need for medicine or antibiotics, fostering a naturally healthier salmon.
- Certification: Proximar aims to obtain ASC certification when production reaches eligible levels, which will be a further testament to our commitment to fish welfare.

We aim for an average survival rate of >95% and intend to disclose relevant KPIs from 2024.

Energy & Emissions

Description

Energy is pivotal in land-based salmon farming, particularly for powering the recirculating aquaculture systems (RAS). Energy consumption, if not managed responsibly, can escalate emissions and resource depletion and the choice of energy sources affect the environmental impacts. Emissions, notably greenhouse gas emissions, have potential negative implications for air quality, ecosystems and health. They also contribute significantly to climate change, presenting both material and financial risks.

Impact

Land-based aquaculture like ours generally demands more energy than traditional open net pen farming. Beyond minimal on-site emissions from production, our main source of emissions is our energy consumption and sourcing of feed. We are also responsible for our downstream emissions associated with the delivery of our product to the market.

Measures

Elimination of Air Freight

A significant environmental benefit of our business model is the elimination of air freight for transporting salmon, which is known for its high carbon footprint. Air freight is the largest single contributor to total emissions, representing around one half of the GHG emissions of fresh salmon when transported over long distances<sup>5</sup>. Our market strategy focuses on serving the Japanese market with locally produced fresh salmon, eliminating the need for long-distance air transportation.

Energy Consumption

Our chosen RAS technology from AquaMaof is designed to be exceptionally energy efficient, consuming 30–40% less electricity compared to conventional RAS solutions. Based on the design values of the RAS facility and the rest of the building, Proximar estimates that total electricity consumption will be 3.4 kWh per kg salmon produced (head-on gutted equivalent) when the first facility is operating at full capacity.

Renewable Energy

We are in the process of selecting a rooftop solar PV system, designed to meet our electricity demand during peak production hours and projected to generate above 2 MW. Additional electricity demands will be sourced from the grid, and will be supplemented by certificates of origin to ensure that all purchased electricity is derived from renewable sources.

<sup>5</sup> 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

Machinery and Equipment

Proximar will, to the extent feasible, purchase machinery and equipment that are electrically powered. The limited use of fossil fuels is restricted to emergency generators which, due to the reliable electrical supply at our selected site, are not expected to have significant run times.

Elimination of Marine Transport

Our land-based operations eliminate the use of vessels for feeding, harvesting and transport, and thereby also the need for associated fossil fuels.

*Our goal is to utilise energy efficiently and responsibly and to supply salmon using minimal greenhouse gas emissions.*

Our strategy to minimise emissions involves proximity to markets, employing energy-efficient technologies and selecting low-emission feed.

We are intending to disclose material emissions from 2024. In addition to our total energy consumption and associated greenhouse gas emissions, we will disclose the proportion of renewable energy and self-produced energy from our consumption.

Water & Biodiversity

Description

Water not only serves as a consumable resource but is integral to maintaining biodiversity, supporting local agriculture and sustaining ecosystems. Proximar is aware of the direct and indirect effects

of its operations on biodiversity, including land allocation, sourcing of input materials, and water usage and discharge.

Impact

Our operational activities, both direct and indirect, have the potential to affect the environment in multiple ways. This includes the risk of land degradation, disruption of natural habitats due to sourcing of construction materials, habitat loss from unsustainable feed sourcing, reduced availability of freshwater, and potential harm to aquatic ecosystems from water discharge. Inadequate water management can exert pressure on local biodiversity and agricultural systems. Conversely, using advanced water management and purification technologies can indirectly impact innovation and reduce environmental impact.

Measures

Commitment

We are committed to full compliance with local and national water standards and to use water-saving technologies. Our actions are guided by continuous dialogue with local communities and authorities to address concerns related to biodiversity.

Efficiency and Conservation

Our chosen AquaMaof RAS technology recirculates 99.7% of the water, removing harmful compounds and reducing the need for new freshwater. The advanced denitrification systems minimise water usage and discharge volume. Our water treatment processes, including UV radiation and ozone treatment for discharge, ensure compliance with Japan’s wastewater regulations and meet even more stringent local criteria.

Strategic Location

Proximar’s facility is strategically located above one of Japan’s largest water reservoirs near Mount Fuji, an area known for high precipitation. This location, which is endorsed by local authorities who have stringent permit requirements of well water usage, supports our water sustainability efforts and minimises our ecological footprint.

Biodiversity in Operations

Biodiversity considerations are integral to our operational decisions, particularly in feed sourcing and water management. Detailed measures addressing biodiversity in relation to feed are outlined in a separate section of this report.

*Our goal is to conscientiously manage our activities, from land utilisation to water usage and discharge, in a way that prioritises the preservation and enhancement of biodiversity.*

The expected demand for freshwater replacement is around 180 m³ per day, corresponding to 13 litres per kilo of fish produced throughout the entire life cycle. This is significantly lower than alternative RAS technologies.

We aim for a 99.7% recirculation rate and intend to disclose relevant KPIs from 2024.

Feed

Description

For farmed salmon that is not transported by air, the primary environmental concern is the impact of feed. Feed composition includes marine ingredients such

as fish oils and fish meal, as well as plant-based components like soy protein concentrate. Proximar has chosen Skretting as its feed supplier, mindful of the environmental footprint of these ingredients.

Impact

The sourcing and transportation of feed for our operations contribute to emissions and the use of raw materials that may impact biodiversity and human rights in the supply chain. Furthermore, the quality and composition of feed impact the health and welfare of our fish.

Measures

Proximar is dedicated to reducing its environmental footprint in relation to feed procurement. We have established a code of conduct for our feed suppliers and have chosen Skretting Japan for its local production capabilities, thereby significantly reducing emissions from feed transportation.

Skretting adheres to stringent sourcing standards, obtaining soy and oil palm ingredients from either low-risk regions or certified high-risk regions with assurances that no illegal deforestation takes place. In line with this, all soy protein concentrate supplied is ProTerra certified, confirming that it does not originate in areas converted from native vegetation after 2008.

As of 2020, Brazilian soy suppliers to the salmon industry have committed to a soybean value chain free from deforestation and land conversion. To enhance traceability, Skretting and ProTerra have developed a system that traces soybeans from their cultivation in Brazilian communities. Building on this commitment, by the end of 2025, Skretting pledges to source soy and oil palm ingredients solely from low-risk regions or high-risk regions with third-party certification schemes, ensuring fully

segregated supply chains free from both legal and illegal deforestation.

Marine ingredients such as fish meal and oils are primarily sourced from MarinTrust certified suppliers. Skretting is aiming to achieve 100% certification by 2025, aligning with Proximar’s objective of responsible and sustainable feed sourcing.

*Our goal is to reduce our environmental footprint by only using certified feed ingredients, and to source feed as close to our operations as possible.*

KPI	2023 Data
Total carbon footprint caused by consumed feed (kg CO <sub>2</sub> e)	57,132
GHG/kg Feed Produced (kg CO <sub>2</sub> e)	1.25
GHG/kg Feed Transported (kg CO <sub>2</sub> e)	0.31

Social matters

Proximar’s project is expected to bring multiple social benefits, particularly in food security and sustainable food supply, in addition to revitalising regional industries through job creation, both directly and indirectly through its suppliers and partners.

Food security

Description

Food security, a fundamental human right and a global concern, means having access to sufficient,

safe and nutritious food that meets dietary needs and cultural preferences. Japan faces a challenge with one of the lowest self-sufficiency rates among major countries, underscoring the importance of increasing local food production, especially related to seafood. The management of aquaculture operations directly influences food supply, affordability and loss.

Impact

Proximar’s efforts to supply domestically produced salmon considerably contribute to Japan’s policy of increasing domestic food production. By ensuring a stable supply of healthy, high-quality seafood, Proximar directly influences the quantity, quality and availability of food. We are committed to minimising food loss and waste in our supply chain, recognising the associated environmental costs, including the conservation of water, land and energy resources.

Measures

Through a partnership with AquaMaof, Proximar is leveraging pioneering aquaculture technology for efficient food production with minimal environmental impact and food waste. Our collaboration with Marubeni optimises the supply chain, enhancing product utilisation and waste reduction. Our strategy to prevent food loss includes the use of by-products and extending shelf-life through proximity to markets, and we are aiming for a significant impact on food security in Japan.

*Our goal is to enhance food security by increasing the production of sustainable seafood, thereby contributing to Japan’s efforts to improve its rate of food self-sufficiency.*

Starting in 2024, we plan to report on the quantity of food output in terms of meals served, as well as the productivity of the water and energy we consume.

Health, safety and working environment – Own Workforce

Description

A healthy and safe working environment is not just a legal and moral imperative. Along with basic human rights regarding diversity and equality in the workplace, these aspects are crucial for a productive working environment. In the aquaculture sector, challenges range from occupational hazards such as exposure to chemicals and machinery to the potential for discriminatory treatment due to diverse types of employment, including permanent, temporary, seasonal and migrant labour.

Impact

Proximar is committed to addressing the risks associated with our industry, from health and safety to potential discriminatory practices. Although our facility poses relatively lower physical risks compared to many conventional fish farming facilities, we maintain high health, safety and environment (HSE) ambitions.

Through our role as an employer, we have a direct influence on the company culture and the health, safety, diversity and equality standards in our workplace. We influence diversity and equality in the way we treat our employees, the expectations we set, and through the way management acts as role models. By fostering a safe, diverse and equal environment, we not only comply with human rights standards but also enhance the well-being and productivity of our workforce.

Measures and Policies

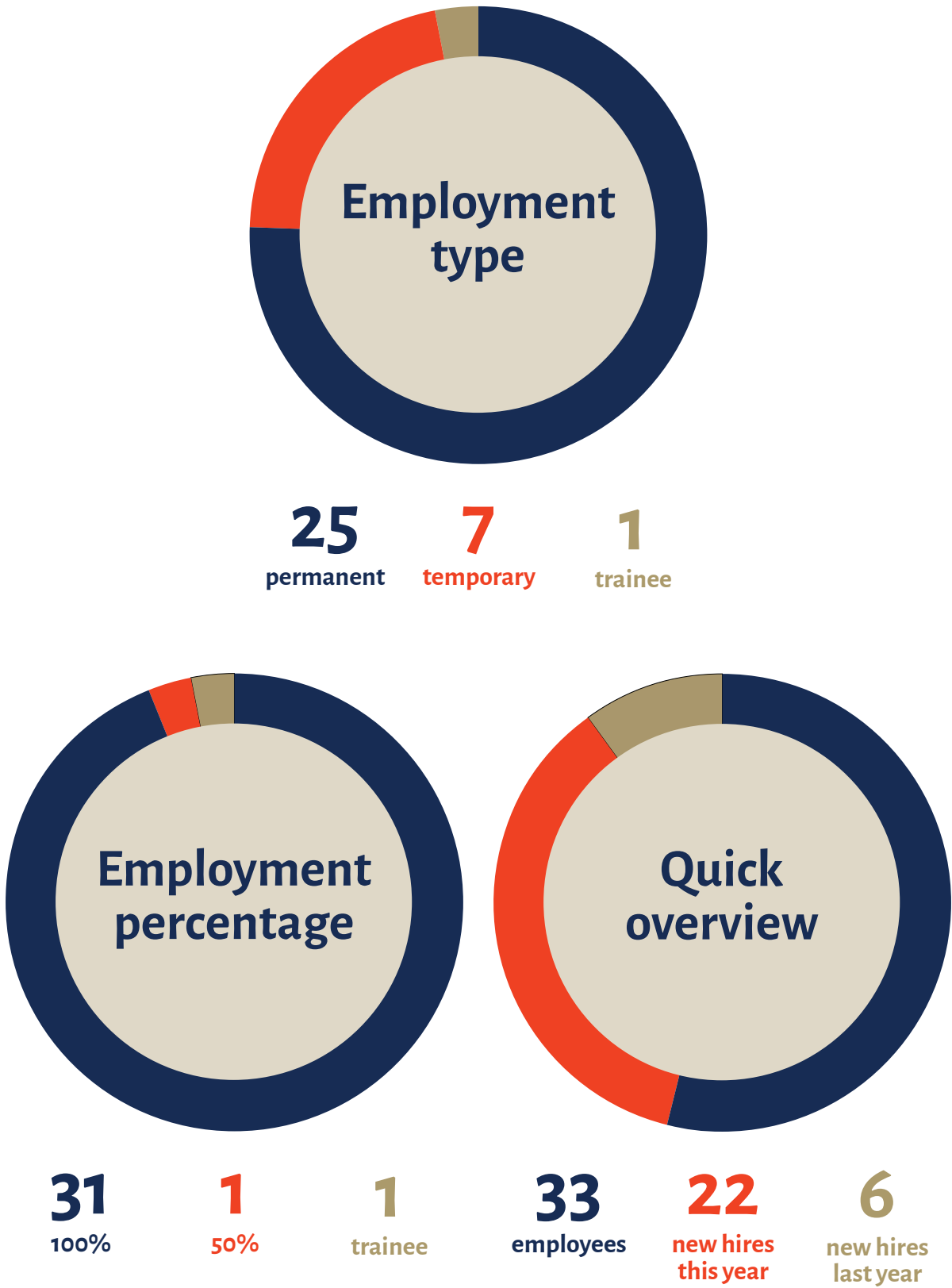
At Proximar, our HSE policies, along with our principles of diversity and equality are outlined in our employee handbook and work rules. These are designed to ensure a working environment that is safe, healthy and equitable for all employees, regardless of their employment type or background. Key areas covered include the use of personal protective equipment, ensuring fair wages and job security, as well as fostering a culture of respect for diversity and equality.

To safeguard these values, the company has established a whistleblower channel and procedure that provides a confidential platform for employees to report any misconduct or concerns related to health, safety or equality without fear of retaliation. This includes, but is not limited to, matters involving abuse of authority, corruption, financial crimes and environmental harm.

Proximar champions a workplace that is free from discrimination in which everyone is treated with respect. We foster equal opportunities for professional development and promote a culture that respects diversity and equality. Our commitment covers all aspects of employment, including race, religion, gender, sexual orientation, age, disability status and other legally-protected characteristics.

*Our goal is to create a safe and healthy working environment where everyone is treated with respect and friendliness, with equal opportunities, across gender, age, religion, sexuality and ethnicity.*

KPI	2023 Data
Reported workplace incidents	1
Documented workplace injuries	0



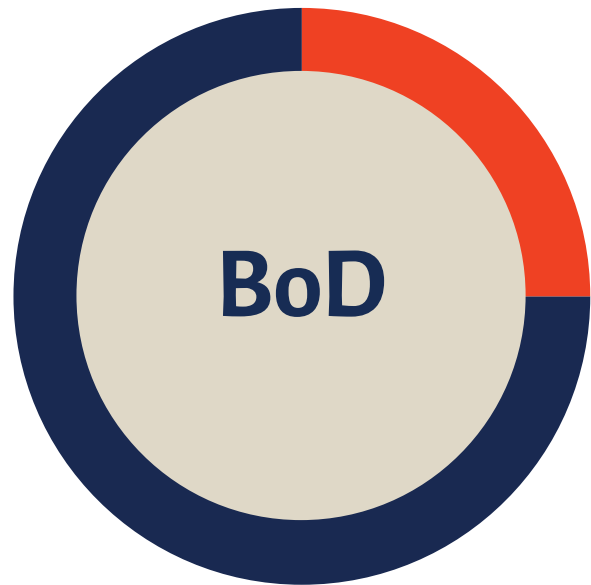




**3**  
Bergen

**4**  
Yokohama

**26**  
Oyama



**75%**  
men

**25%**  
women



**17**  
Japan

**6**  
Norway

**5**  
Other Asia

**3**  
Other Europe

**1**  
Australia

**1**  
Chile

## Health, safety and working environment – Workers in the Value Chain

### Description

A commitment to ensure a healthy and safe working environment extends beyond our immediate workforce, to include workers throughout our value chain. The aquaculture sector's supply chain presents various occupational challenges, each associated with unique risks, including chemical exposure, machinery operation and strenuous working conditions.

### Impact

While the company has direct control over health and safety standards in its own operations, we also recognise our responsibility to positively impact working conditions in our supply chain. Our supply chain risk assessment is a testament to our dedication to raising health and safety issues with our partners and suppliers, ensuring compliance with our rigorous standards.

### Measures and Policies

The supply chain risk assessment is instrument for evaluating the standards of our supplier and partners. The assessment is designed to pinpoint potential risks and ensure uniform compliance with our high standards throughout the value chain.

Proximar communicates its standards by issuing a code of conduct for its business partners. This code of conduct emphasises human rights, environmental issues and labour rights. As part of its commitment, 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 to meet these criteria.

*Our goal is to promote and ensure a safe and healthy working environment across our entire value chain.*

The findings from our supply chain risk assessment will be available in the Human Rights and Transparency Act Report by June 2024.

## Local Communities

### Description

Engagement with local communities is a key component of social responsibility. The aquaculture industry can significantly impact the economic growth, environmental stewardship and social welfare of local areas. This impact can manifest in various ways, from job creation, which stimulates economic activity, to environmental concerns and potential degradation.

### Impact

Proximar’s presence is rooted in two Japanese prefectures – Oyama in Shizuoka and Yokohama in Kanagawa. While our facilities catalyse economic development by offering employment opportunities, we are conscious of the environmental and social challenges that accompany our growth. It is our duty to not only generate jobs but to do so responsibly, ensuring our operations are in harmony with local needs and positively contribute to the vibrancy of the local community.

### Measures

Proximar proactively engages with community stakeholders through open dialogue and regular consultations with local authorities and regulatory bodies. These interactions help us understand community sentiment and address any concerns, expectations or aspirations that communities may have regarding our operations. We are committed to fostering a collaborative relationship with our local communities, ensuring that as we grow, they also benefit.

*Our goal is to be a responsible participant in the local community by creating jobs and fostering economic development.*

KPIs	2023 Data
# Employees in Shizuoka Prefecture	26
# Employees in Kanagawa Prefecture	4

## Governance

### Corporate Governance

Proximar’s Board of Directors is committed to maintaining high standards of corporate governance, ensuring our operations are managed responsibly and transparently. Our governance framework, established in compliance with Norwegian and international laws, facilitates value creation and protects the interests of shareholders, employees and other stakeholders by acting as a barrier against corporate misconduct, fraud and unethical behaviour.

### Policies and Frameworks

In 2023, Proximar reinforced its commitment to ethical conduct by updating its ethical guidelines, whistleblower policy and Business Partner Code of Conduct. These documents collectively foster a culture of integrity and guide our internal and external business relationships. Additionally, our green finance framework governs the management of green financing instruments, ensuring alignment with our sustainability objectives.

### Certification and Ratings

External reviews and certification are essential for Proximar’s sustainability efforts as they provide independent validation of our compliance with environmental and social standards. These third-party verifications not only bolster credibility among our stakeholders but also provide insights and benchmarks that guide the continuous improvement of our sustainability practices.

Proximar was classified as dark green by Cicero in 2021. Cicero is the leading global provider of second opinions on green debt financing<sup>7</sup>. In 2022 and 2023, Proximar was awarded the top rating for its sustainability work by the Japan Credit Rating Agency (JCR). The rating was based on an independent review of the framework and documentation of Proximar’s policies and processes<sup>8</sup>. In 2023, Proximar continued to lead in sustainability finance by securing Japan’s first “blue-sustainability loan” from three prominent Japanese banks.

To ensure that our local communities, customers and civil society can trust that Proximar farms responsibly and in accordance with the best standards, the company intends to obtain certification of its facility under the Aquaculture Stewardship Council (ASC) – an organisation that offers a voluntary certification scheme for the assessment of environmental and social standards.

### Sustainability Reporting

Proximar aims to comply with one of the renowned sustainability reporting standards when fully operational. Building on our previous efforts, we have continued to refine our sustainability reporting framework. This year, we have advanced our reporting capabilities, aligning with renowned sustainability standards, and have conducted a comprehensive

sustainability due diligence with reference to the OECD Due Diligence Guidance for Responsible Business Conduct<sup>9</sup>.

### Supply Chain Risk Assessment

Our annual supply chain risk assessment identifies environmental, social and governance (ESG) concerns and ensures compliance with the Norwegian Transparency Act. Through this process, we maintain rigorous standards of transparency and traceability with our suppliers, ensuring ethical and sustainable supply chains. The findings from our 2023 risk assessment will be published in our Annual Human Rights and Transparency Act Report, which will be available on our website by June 2024.

### Materiality Assessment

We have further developed our bi-annual materiality assessment process, engaging with stakeholders in order to achieve an in-depth understanding of the impact of our sustainability efforts. This iterative process helps us to prioritise our ESG activities and guide our strategy and reporting.

The results of our materiality assessment are shown below. The material topics (in the top right of the matrix) are those topics that are considered to have the greatest impact on Proximar and where Proximar has the greatest impact on the outside world.

<sup>7</sup> Dark Green is the highest grade, awarded to projects and solutions that resonates with the long-term vision of a low-carbon and climate-resilient future.

<sup>8</sup> <https://www.proximarseafood.com/sustainability#esg-reports>

<sup>9</sup> <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>



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

Impact Assessment

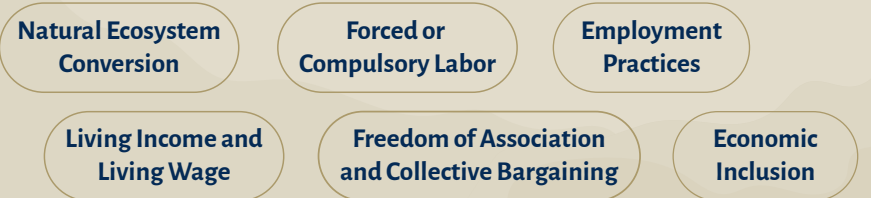
Our impact assessment, which was conducted in line with the concept of double materiality, is based on the findings from both our supply chain risk assessment and our materiality assessment and is based on the GRI Sector Standard 13 for Agriculture, Aquaculture and Fishing. The framework requires each impact to be categorised as either positive or negative, material or financial, and direct or indirect, as well as estimating the severity and likelihood of each impact.

Our methodology helps us focus on the most significant impacts, aligning our actions with our overall sustainability goals and the concerns of our stakeholders. By prioritising these significant impacts, we can allocate resources effectively and target our efforts to mitigate risks and seize opportunities.

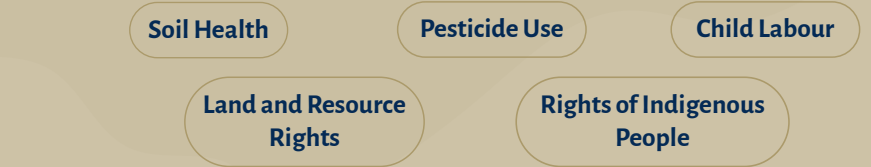
High Impact



Moderate Impact



Low Impact



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# Consolidated financial statements

## Consolidated statement of comprehensive income

(Amounts in NOK 1,000)	Note	2023	2022
Other income	3	6	-
<b>Revenue and other income</b>		<b>6</b>	<b>-</b>
Cost of materials		5 930	680
Changes in biomass	4	-17 772	2 826
Personnel expenses	7	2 9 871	12 939
Depreciation	3, 6	15 270	3 750
Other operating expenses	9	30 473	10 943
<b>Operating expenses</b>		<b>63 771</b>	<b>25 485</b>
<b>Operating loss</b>		<b>-63 765</b>	<b>-25 485</b>
Interest income		29	226
Other financial income		470	86
Interest expenses		9 926	82
Other financial expenses	16	17 517	3 466
<b>Loss before tax</b>		<b>-90 709</b>	<b>-28 721</b>
Income tax expense (income)	8	2 635	-6 160
<b>Net loss for the period</b>		<b>-93 345</b>	<b>-22 561</b>
<b>Other comprehensive income/loss for the year</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency effect on investment in subsidiaries		-10 551	249
Currency effect on loans to subsidiaries	2	-8 966	-130
Income tax related to these items	8	1 972	29
<b>Total comprehensive loss for the year</b>		<b>-110 889</b>	<b>-22 413</b>
<b>Earnings per share:</b>			
Basic earnings per share	10	-1.79	-0.57
Diluted earnings per share	10	-1.79	-0.57

## Consolidated statement of financial position

(Amounts in NOK 1,000)	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Assets under construction	3	339 042	618 161
Land	3	91 436	31 568
Property, plant and equipment incl. right-of-use assets	3, 6	848 832	133 112
Long-term receivables		403	10 662
<b>Total non-current assets</b>		<b>1 279 713</b>	<b>793 504</b>
<b>Current Assets</b>			
Inventory	5	1 023	14
Biological assets	4	19 750	2 868
Other short term receivables		48 276	26 371
Cash and bank deposits	11	39 159	37 709
<b>Total current assets</b>		<b>108 209</b>	<b>66 963</b>
<b>TOTAL ASSETS</b>		<b>1 387 922</b>	<b>860 466</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	5 967	3 979
Share premium reserve		366 597	363 654
Other equity		19 591	22 562
Translation differences		-19 790	-274
<b>Total equity</b>		<b>372 364</b>	<b>389 922</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Convertible bond loan	2, 13	202 725	214 720
Non-current interest bearing debt	2, 13	615 396	241 815
Long term liabilities to related parties	2, 13, 15	95 693	-
Lease liabilities	2, 6	240	879
<b>Total non-current liabilities</b>		<b>914 054</b>	<b>457 413</b>
<b>Current liabilities</b>			
Current portion of interest bearing debt	2, 13	53 432	271
Current portion of lease liabilities	6, 13	785	1 758
Trade payables	2, 13	17 664	530
Public duties payable	2, 13	490	319
Other short term liabilities	2, 13	29 132	10 253
<b>Total current liabilities</b>		<b>101 504</b>	<b>13 132</b>
<b>Total liabilities</b>		<b>1 015 557</b>	<b>470 545</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 387 922</b>	<b>860 466</b>

Bergen, March 22 2024  
The Board of Directors of Proximar Seafood AS

Katrine Trovik  
Chair

Per Grieg  
Director

Viggo Halseth  
Director

Peter Hermanrud  
Director

Joachim Nielsen  
CEO



## Consolidated statement of changes in equity

### For the period ended 31 December

<i>(Amounts in NOK 1,000)</i>	Note	Share capital	Share premium reserve	Other equity	Translation differences	<b>Total equity</b>
<b>Balance at 1 January 2022</b>		3 979	386 808	-	-393	<b>390 394</b>
Loss for the period			-23 183	622		-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		-	-23 154	622	119	-22 413
Conversion option for issued bond, net of tax				21 940		21 940
<b>Balance at 31 December 2022</b>		<b>3 979</b>	<b>363 654</b>	<b>22 562</b>	<b>-274</b>	<b>389 922</b>
<b>Balance at 1 January 2023</b>		<b>3 979</b>	<b>363 654</b>	<b>22 562</b>	<b>-274</b>	<b>389 922</b>
Loss for the period			-92 723	-622		-93 345
Currency effect on investment in subsidiaries *					-10 551	-10 551
Currency effect on loans to subsidiaries	2		1 972		-8 966	-6 993
Total comprehensive loss for the period		-	-90 750	-622	-19 516	-110 889
Conversion option for issued bond, net of tax	13, 8	516	24 639	-2 350		22 806
Capital Increase		1 473	69 054			70 527
<b>Balance at 31 December 2023</b>		<b>5 967</b>	<b>366 597</b>	<b>19 591</b>	<b>-19 790</b>	<b>372 364</b>

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

## Consolidated statement of cash flows

<i>(Amounts in NOK 1,000)</i>	Note	<b>2023</b>	<b>2022</b>
<b>Cash flow from operating activities</b>			
Loss before tax		-90 709	-28 721
Depreciation		15 270	3 750
Gain from sales of fixed assets		-6	-
Change in biological asset		-16 882	-2 868
Change in inventory		-1 009	-14
Change trade payables		17 134	-630
Other accruals etc.		28 889	11 510
Net interest expense		37 114	82
Net foreign currency exchange rate difference		-19 516	119
<b>Net cash flow from operating activities</b>		<b>-29 715</b>	<b>-16 773</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	3	-540 865	-406 809
Proceeds from sale of assets		6	-
<b>Net cash flow from investing activities</b>		<b>-540 859</b>	<b>-406 809</b>
<b>Cash flow from financing activities</b>			
Proceeds from capital increases		70 526	-
Proceeds from loans and borrowings	13	776 938	398 857
Transaction costs	13	-31 524	-9 091
Payments on leasing obligations	6, 13	-1 775	-1 538
Payments on loans and borrowings	13	-205 025	-650
Net interest paid		-37 114	-82
<b>Net cash flow from financing activities</b>		<b>572 024</b>	<b>387 496</b>
Net change in cash and bank deposits		1 450	-36 086
Cash and bank deposits as at first in period		37 709	73 796
<b>Cash and bank deposits as at last in period</b>	<b>11</b>	<b>39 159</b>	<b>37 709</b>

## Note 1 - Summary of material accounting policies

### General information

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

### Basis for preparation of the annual accounts

The group prepares the consolidated financial statements in accordance with IFRS® Accounting Standards as adopted by the EU, relevant interpretations and additional requirements following the Norwegian Accounting Act of 1998. References to "IFRS" in these financial statements mean IFRS Accounting Standards 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. The consolidated financial statements for the period ended 31 December include Proximar Seafood AS and Proximar Ltd.

### Consolidation

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

Subsidiaries are all entities over which the group exercises control. 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 the subsidiary.

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

### Biological assets

The Group is farming fish on a land-based facility. Biological assets are measured at fair value unless the fair value cannot be measured reliably. For salmon in the grow-out facility a present value model is applied to estimate the fair value. Changes in fair value of biological assets are recognised in the statement of profit and loss. The first fair value presentation will take place in first quarter of 2024.

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. Cost includes purchase price for eggs and directly attributable cost. The directly attributable cost include transportation, all variable costs, such as electricity, feeding, oxygen, labour cost of framing personnel and a proportion indirectly variable and fixed cost, such as depreciation. The Group is still in a ramp-up phase, and hence the facility's production capacity is not

fully used. Cost of production is therefore adjusted for unutilized production 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 Seafoods AS' functional and presentation currency.

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive

income and accumulated in a foreign exchange translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

### Taxes

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

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

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be

utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. And, when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The companies included in the consolidated financial statements are subject to income tax in the countries where they have business address.

#### Cash and bank balances

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

#### Trade and other receivables

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

#### 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 payment that are based on an index or a rate, amounts expected to be payable by the group under residual value guarantees and the exercise price of a purchase option if the group is reasonably certain to exercise that option.

The lease payments are discounted using the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period 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 recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

#### Trade and other payables

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

#### Inventories

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 recognized in respect to employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### Pensions

The group operates with defined contribution plans, the group pays contributions to publicly 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 recognized as personnel expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Earnings per share

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

#### Cash flow statement

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



## Adoption of new and revised international financial reporting standards and 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 2023 and earlier have been adopted for all periods presented in these consolidated financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations had been issued by the IASB but

were not effective for the financial year ended 31 December 2023. Management anticipates that these Standards and Interpretations will be adopted in the group's financial statements for the period beginning 1 January 2024 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	Classification of Liabilities as Current or Non-current Non-current Liabilities with Covenants	January 2020, July 2020 and October 2022	1 January 2024
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024
Amendments to IAS 7 Statement of Cash Flow and IFRS 7 Financial Instruments: Disclosures	Supplier finance arrangements	March 2023	1 January 2024

## Critical accounting judgment and key sources of estimation uncertainties

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

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

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

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

was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

The key assumptions used to determine the recoverable amount for the different CGUs are the projected harvest volumes (starting at 4.200 tonnes/year, steadily increasing to 5.300 tonnes/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, water supply may be limited. However, the company does not consider this to be of significant risk and find that climate risk is not an assumption that effect the estimate uncertainly 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 of 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, recognized assets, and liabilities and net investments in foreign operations.

Net interest-bearing liabilities					
Currency in NOK 1,000 as per 31 December 2023	NOK	JPY	USD	EUR	Total
Cash and bank deposits	2 589	36 569	-	-	39 159
Interest-bearing liabilities	110 693	668 828			779 521
Convertible bond loan	202 725				202 725
Lease	270	756			1 025
Net interest-bearing liabilities	310 829	632 259	-	-	943 087

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

2030. The currency effect of loans is recognized under "currency effect on loans to subsidiaries" in other comprehensive loss. The numerical effects for 2023 and 2022 are presented below.

Currency effects on loans to subsidiaries	2023	2022
Currency effect (loss / negative)	-8 966	-130
Tax effect (22%)	-1 972	-29
Tax effect (22%) not recognized	1 972	29
Net effect recognized in equity though OCI	-8 966	-130

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. The interest rate for the syndicated loan is dependent on the Japanese TIBOR rate, and the interest rate for the

shareholder loan is dependent on the 1-month NIBOR rate. Both the convertible bond loan and the loan from JA Mitsui Leasing have fixed interest rates.

Market risk

Proximar's financial position and future prospect depend on the price of farmed salmon in Japan, which in turn mainly depends on a combination of

salmon market prices in Norway and the cost of transportation from Norway to Japan. Both short-term or long-term decreases in these elements may have a materially adverse effect on the company's business, financial condition, results of operations or cash flow.

Credit risk

Credit risk is managed at Group level. Credit risk arises from transactions involving deposits in banks and transactions with customers. As the Group has limited activity with customers due to building of the plant in Japan, the credit risk is considers to be low in the Group at the end of 2023.

Financing risk

Following the equity issue in December 2023 and the subsequent repair issue in February 2024, the Group is, based on certain conditions, fully funded until first harvest in Q3 2024. From this point onwards, unless major discrepancies, cash flow generated from operations will be sufficient for the

Group's requirements. Refinancing of Proximar's debt it scheduled to 2025, except for the credit facility of JPY 750 million (approximately NOK 54 million) which matures in March 2024. See note 13 for further details related to Proximar's borrowings.

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 750 million (approximately NOK 54 million). See also note 11 for further details.

At year-end 2023 the Group had cash reserves of NOK 39.2 million, of which NOK 2.3 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 2023	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	15 000	53 927	736 938			805 865
Convertible bond loan			224 200			224 200
Lease liabilities	341	432	772	251		1 795
Trade and other payables	18 154	24 160				42 314
Interest on borrowings	9 120	39 400	36 766			85 286
Total	42 615	117 918	998 676	251	-	1 159 459

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				250 000		250 000
Lease liabilities	463	1 389	722	105		2 679
Trade and other payables	849	10 253				11 103
Interest on borrowings	1 615	22 346	19 112	17 500		60 573
Total	3 090	34 096	262 759	267 605	-	567 551

Note 3 - Land, property, plant and equipment  
(Amounts in NOK 1,000)

	2023	2022
<b>Split between Right-of-use assets and owned assets:</b>		
Carrying amout RoU-assets	922	2 516
Carrying amout owned assets	1 278 387	780 326
<b>Total property, plant and equipment incl. right-of-use assets</b>	<b>1 279 310</b>	<b>782 841</b>

Year ending 31 December 2023	Assets under construction	Land	Buildings	RAS	Equipment and vehi-cles	Total
Cost at 1 January 2023	618 162	31 568	47 436	62 966	22 394	782 525
Additions in the year/reclassifications	-255 599	61 069	584 028	108 854	42 301	540 652
Disposals					-12	-12
Currency effect*	-23 520	-1 201	-1 799	-2 379	-198	-29 098
<b>Cost at 31 December 2023</b>	<b>339 042</b>	<b>91 436</b>	<b>629 664</b>	<b>169 440</b>	<b>64 484</b>	<b>1 294 067</b>
Accumulated depreciation at 1 January 2023			310	823	1 067	2 200
Depreciation in the year			3 946	5 382	4 414	13 742
Disposals					-12	-12
Currency effect*			-174	-237	161	-249
<b>Accumulated depreciation at 31 December 2023</b>			<b>4 082</b>	<b>5 968</b>	<b>5 629</b>	<b>15 680</b>
<b>Net carrying amount at 31 December 2023</b>	<b>339 042</b>	<b>91 436</b>	<b>625 582</b>	<b>163 472</b>	<b>58 855</b>	<b>1 278 387</b>

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

Year ending 31 December 2022	Assets under construction	Land	Buildings	RAS	Equipment and vehicles	Total
Cost at 1 January 2022	384 839				168	385 007
Additions in the year/reclassifications	242 569	31 568	47 442	62 982	22 337	406 899
Currency effect*	-9 246		-6	-17	-112	-9 380
<b>Cost at 31 December 2022</b>	<b>618 162</b>	<b>31 568</b>	<b>47 436</b>	<b>62 966</b>	<b>22 394</b>	<b>782 525</b>
Accumulated depreciation at 1 January 2022					22	22
Depreciation in the year			310	823	1 045	2 178
<b>Accumulated depreciation at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>310</b>	<b>823</b>	<b>1 067</b>	<b>2 200</b>
<b>Net carrying amount at 31 December 2022</b>	<b>618 162</b>	<b>31 568</b>	<b>47 126</b>	<b>62 143</b>	<b>21 327</b>	<b>780 325</b>
<b>Estimated useful life and depreciation plan is as follows:</b>						
Economic life	Not applicable	Not applicable	25 years	25 years	3-15 years	
Depreciation plan	Not applicable	Not applicable	Linear	Declining	Linear	

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

Assets under construction relates to the building of a new plant in Japan, and is recognized based on milestone payments. The management has assessed that the payment schedule is the best estimate to reflect the percentage of completion on the construction process, including instalment of RAS equipment. Total capital expenditure, i.e. construction cost excluding financing costs and activated internal costs, is estimated as per the table below:

Category	Total
Construction	655 496
Equipment	489 697
Land	95 928
<b>Total</b>	<b>1 241 123</b>
Progress per 31 December 2023 inclusive of land	96%

The construction work was completed in Q3 2023, while the RAS equipment installation is expected completed in Q3 2024.



## Note 4 - Biological assets

(Amounts in NOK 1,000)

The group started with production in October 2022. At year end 2023 biological assets consists of the first batches measured at cost.

Volume of biomass	Tonnes		Count	
	2023	2022	2023	2022
Biological assets beginning of period	-		250 995	
Increase due to production	40	-	884 912	250 995
<b>Volume of biomass</b>	<b>40</b>	<b>-</b>	<b>1135 907</b>	<b>250 995</b>
<b>Carrying amount of biological assets</b>			<b>2023</b>	<b>2022</b>
Biological assets as of 1 January			2 868	
Increase due to production in period 1 January to 31 December*			16 882	2 868
<b>Biological assets as of 31 December</b>			<b>19 750</b>	<b>2 868</b>
<b>Reconciliation of changes in the carrying amount of biological assets</b>			<b>2023</b>	<b>2022</b>
Carrying amount as of 1 January			2 868	
Cost to stock in period 1 January to 31 December**			17 772	2 826
Currency translation differences			-891	42
<b>Total carrying amount of biological assets 31 December</b>			<b>19 750</b>	<b>2 868</b>

\* The company is in an early stage of the production ramp-up at the facility in Japan and the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity during 2023 in December. As per 31 December 2023 this adjustment amounted to NOK 14.3 million which has been expensed directly in the profit and loss statement in December 2023.

\*\* Changes in biomass in profit and loss is translated to the presentation currency using the average exchange rate for the period.

### Specification of biological assets

Biological assets	Number of fish (1000)	Biomass (tonnes)	Cost of production	Carrying amount
Fish measured at cost***	1 136	40	19 750	19 750
<b>Total 31 December 2023</b>	<b>1 136</b>	<b>40</b>	<b>19 750</b>	<b>19 750</b>
<b>Biological assets</b>				
Fish measured at cost***	251		2 868	2 868
<b>Total 31 December 2022</b>	<b>251</b>	<b>-</b>	<b>2 868</b>	<b>2 868</b>

\*\*\* Fish measured at cost includes all fish in the HN-building from egg to smolt.

## Note 5 - Inventories

(Amounts in NOK 1,000)

Inventory	2023	2022
Feed	807	14
Chemicals	216	-
<b>Total inventory</b>	<b>1 023</b>	<b>14</b>

## Note 6 - Leases

(Amounts in NOK 1,000)

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

Proximar Ltd. leasing agreements consists of buildings and vehicles used for personnel 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 21 November 2025.

### Amounts recognised in the balance sheet

Year ending 31 December 2023	Property	Vehicles	Total
Cost at 1 January 2023	3 359	819	4 178
Additions in the year		212	212
Currency effect	-43	-23	-66
<b>Cost at 31 December 2023</b>	<b>3 316</b>	<b>1 008</b>	<b>4 324</b>
Accumulated depreciation at 1 January 2023	1 457	210	1 667
Depreciation in the year	1 521	269	1 790
Currency effect	-43	-12	-55
<b>Accumulated depreciation at 31 December 2023</b>	<b>2 935</b>	<b>466</b>	<b>3 402</b>
<b>Net carrying amount at 31 December 2023</b>	<b>381</b>	<b>542</b>	<b>922</b>

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
<b>Cost at 31 December 2022</b>	<b>3 359</b>	<b>819</b>	<b>4 178</b>
Accumulated depreciation at 1 January 2022	90		90
Depreciation in the year*	1 366	205	1 572
<b>Accumulated depreciation at 31 December 2022</b>	<b>1 456</b>	<b>205</b>	<b>1 662</b>
<b>Net carrying amount at 31 December 2022</b>	<b>1 903</b>	<b>613</b>	<b>2 516</b>

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

Lease liabilities	2023	2022
Current	785	1 758
Non-Current	240	879
<b>Total</b>	<b>1 025</b>	<b>2 637</b>

Amounts recognised in the statement of profit and loss

	2023	2022
Interest expense	61	81
Depreciation expense on right-of-use asset	1 790	1 572
<b>Total cash outflows</b>		
Principal payment	1 775	1 538
<b>Total cash flow in financing activities</b>	<b>1 775</b>	<b>1 538</b>
Interest expense	61	81
Expenses relating to short-term leases	295	74
Expenses relating to low-value leases	593	242
<b>Total cash outflows in operating activities</b>	<b>949</b>	<b>396</b>

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

(Amounts in NOK 1,000)

Payroll costs	2023	2022
Salaries incl. holiday pay and bonuses	27 233	14 976
Remuneration to Board of Directors	1 350	500
Social security cost	2 975	1 117
Pension costs	742	1 025
Other benefits	704	314
<b>Total gross</b>	<b>33 004</b>	<b>17 932</b>
Payroll cost allocated to Assets under constriction	-3 134	-4 993
<b>Total net</b>	<b>29 871</b>	<b>12 939</b>
Average number of full-time employees during the financial year	24	8

Remuneration to Executive Management	Salary	Other benefits	Total	Options granted
Joachim Nielsen* (CEO)	4 093	573	4 665	794 382
Pål Karset Grimsrud (CFO, ended in 2023)	1 048	13	1 061	75 000
Ole Christian Willumsen (CFO, started in 2023)	1 000	7	1 007	-
Lars Stigaard (CTO)	1 501	558	2 059	250 000
Dharma Rajeswaran (COO)	2 401	673	3 074	250 000
Katrine Trovik (Chair of the board)	450	-	450	100 000
Per Grieg (Board member)	225	-	225	-
Fridtjof Falck** (former Board member)	225	-	225	50 000
Viggo Halseth (Board member)	225	-	225	-
Peter Hermanrud (Board member)	225	-	225	-

\* The company's CEO is currently living in Japan. Part-time employee in the parent company and the rest in the subsidiary.

\*\* Fridtjof Falck was a Board member until 24 April 2023

Pensions

Proximar Seafood AS has a pension scheme covering all employees at 31 December 2023. The company's pension schemes meet the requirements of the Norwegian law on compulsory occupational pension.

Proximar Ltd. has a pension scheme covering all full time employees at 31 December 2023. The company's pension schemes meet the requirements of the Japanese law on compulsory occupational pension.

Share based payments

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.

In accordance with the authorization granted by the annual general meeting on 11 May 2023, the Board of Directors of Proximar Seafood AS has granted share options pursuant to the Company's incentive program. On 14 July 2023, a total of 1,539,382 share options were granted to employees included in the

incentive program. Options granted to the executive management are listed above.

The exercise price is NOK 7 per share. Each share option gives the right to purchase one share in Proximar Seafood AS. The options granted shall vest with 1/3 upon the grant date, 1/3 on the first anniversary of the grant date and 1/3 on the second anniversary of the grant date. The options must be exercised within 2 years from vesting. For Mr. Grimsrud, the share options will be granted without vesting period.

In accordance with Proximar's incentive program and approved by the company's general meeting held 23 November 2020, the board of directors in Proximar Seafood AS (the ""Company"") granted share options to board members as listed above, in November 2021.

A total of 150,000 share options are granted at an exercise price at NOK 13.25. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. The options must be exercised at earliest 2 years and at latest 4 years after being granted and are unconditional.



## Note 8 - Deferred tax and tax expense

### Specification of income tax expense

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

	2023	2022
<b>Income tax expense</b>		
Deferred tax expense	-	-
Current tax expense	2 635	-6 160
<b>Income tax expense</b>	<b>2 635</b>	<b>-6 160</b>
<b>Income tax liabilities (balance sheet)</b>		
Income tax payable	-	-
<b>Income tax liabilities (balance sheet)</b>	<b>-</b>	<b>-</b>

### 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:

	2023	2022
Loss before income tax	-90 709	-28 721
Statutory income tax rate Norway	22%	22%
Expected income tax expense/(benefit)	-19 956	-6 319
Change in deferred tax asset not recognized	21 064	-1 304
Permanent differences	-1 689	159
Use of tax loss carried forward	-	-
Currency effect on loans to subsidiaries	1 972	29
Other items	1 245	1 274
<b>Income tax expense/income for the year</b>	<b>2 635</b>	<b>-6 160</b>
Effective tax rate	-3%	21%

### 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:

	2023	2022
Property, plant and equipment	3 970	3 808
Tax losses carried forward	-208 403	-112 662
Equity portion of convertible bond issue	25 116	28 129
Currency effect on tax losses carried forward	5 380	2 533
<b>Sum temporary differences</b>	<b>-173 936</b>	<b>-78 192</b>
Deferred tax assets not recognized	173 936	78 192
<b>Deferred tax asset (liability)</b>	<b>-</b>	<b>-</b>
Tax rate	22%	22%

## Note 9 - Other operating expenses

(Amounts in NOK 1,000)

Breakdown of other operating expenses	2023	2022
Office supplies and expenses	8 800	1 874
Professional fees	11 865	5 681
Travel expenses	1 764	905
Marketing expenses	19	149
Other expenses	8 025	2 334
<b>Total operating expenses</b>	<b>30 473</b>	<b>10 942</b>
<b>Fees to auditor</b>	<b>2023</b>	<b>2022</b>
Statutory auditing services	784	385
Other certification services	178	16
Other services	66	7
<b>Total fee to auditor</b>	<b>1 028</b>	<b>408</b>

All service fees are exclusive of VAT.

## Note 10 - Earnings per share

(Amounts in NOK 1,000)

	2023	2022
Profit (loss) for the year	-93 344 517	-22 561 021
Weighted average number of outstanding shares during the year	52 187 041	39 787 650
<b>Earnings (loss) per share - basic and diluted (in NOK)</b>	<b>-1.79</b>	<b>-0.57</b>

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	2023	2022
Unrestricted cash and bank deposits	36 908	24 775
Restricted cash and bank deposits	2 252	12 934
<b>Total cash and bank deposits</b>	<b>39 159</b>	<b>37 709</b>

## Note 12 - Share capital and shareholders

(Amounts in NOK 1,000)

The share capital of NOK 5,967,278 consisted of 59,672,780 shares, each with a nominal value of NOK 0.1 at the end of 2023. All shares carry equal rights.

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

	2023	2022
Ordinary shares at beginning of period	39 787 650	39 787 650
Issue of ordinary shares	19 885 130	-
<b>Ordinary shares at 31 December</b>	<b>59 672 780</b>	<b>39 787 650</b>

List of main shareholders at 31 December 2023 and 2022

Shareholder	2023		2022	
	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Daimyo AS	7 996 238	13.4 %	3 996 238	10.0 %
Grieg Kapital AS	6 480 049	10.9 %	3 180 049	8.0 %
Helida AS	4 042 000	6.8 %	1 242 000	3.1 %
Loyden AS	2 805 000	4.7 %	2 805 000	7.0 %
Kvasshøgdi AS	2 744 844	4.6 %	2 744 844	6.9 %
Nutreco International B.V.	2 160 493	3.6 %	2 160 493	5.4 %
M. Paulen AS	1 488 773	2.5 %	-	0.0 %
Myrlid AS	1 458 060	2.4 %	-	0.0 %
T.D. Veen AS	1 181 219	2.0 %	1 384 567	3.5 %
Vitamar AS	1 109 026	1.9 %	640 000	1.6 %
Nordnet Livsforsikring AS	1 096 561	1.8 %	949 832	2.4 %
Zolen & Månen AS	1 000 000	1.7 %	1 031 250	2.6 %
OM Holding AS	1 000 000	1.7 %	750 000	1.9 %
Pactum AS	953 000	1.6 %	1 424 000	3.6 %
Sulefjell AS	843 543	1.4 %	543 543	1.4 %
HRH I AS	600 000	1.0 %	-	0.0 %
Jan Heggelund	595 448	1.0 %	-	0.0 %
Kvasshovd AS	590 000	1.0 %	100 000	0.3 %
Nordnet Bank AB	551 064	0.9 %	23 973	0.1 %
M Paulen Holding AS	502 475	0.8 %	502 475	1.3 %
Skandinaviska Enskilda Banken AB	500 000	0.8 %	50 000	0.1 %
Morgan Stanley & Co. International	426 991	0.7 %	1 031	0.0 %
Nordfjord AS	425 000	0.7 %	-	0.0 %
Tomas Frafjord	401 000	0.7 %	401 000	1.0 %
Toga Holding AS	400 000	0.7 %	-	0.0 %
Art Group AS	400 000	0.7 %	400 000	1.0 %
Eng Kapital AS	400 000	0.7 %	-	0.0 %
Agito Invest AS	360 000	0.6 %	375 000	0.9 %
Aetos Invest AS	324 846	0.5 %	228 369	0.6 %
Avanza Bank AB	304 856	0.5 %	55 436	0.1 %
Tippo AS	300 000	0.5 %	173 446	0.4 %
Øystein Kveim - dødsbo	254 229	0.4 %	245 000	0.6 %
Olsen Ottar	251 250	0.4 %	141 039	0.4 %
Westment AS	250 000	0.4 %	164 351	0.4 %
Ristora AS	244 314	0.4 %	-	0.0 %
Tourmalet AS	230 000	0.4 %	200 000	0.5 %
Entreprenør-Direktør'n Holding AS	227 047	0.4 %	227 049	0.6 %
IFG Holding AS	90 000	0.2 %	250 000	0.6 %
Nordic Delta AS	14 824	0.0 %	317 423	0.8 %
<b>Total number of shares attributed to the largest shareholders</b>	<b>45 002 150</b>	<b>75.4 %</b>	<b>26 707 408</b>	<b>67.1 %</b>
The number of shares attributed to the other shareholders	14 670 630	24.6 %	13 080 242	32.9 %
<b>The total number of shares issued and outstanding</b>	<b>59 672 780</b>	<b>100.0 %</b>	<b>39 787 650</b>	<b>100.0 %</b>

Shares owned by board members, group management and their related parties at 31 December 2023

	Number of shares	Ownership percentage
<b>Board of Directors</b>		
Katrine Trovik (Chair), Kvasshovd AS	590 000	1.0 %
Per Grieg, Grieg Kapital AS and Kvasshøgdi AS	9 224 893	15.5 %
Viggo Halseth	48 250	0.1 %
Peter Hermanrud, First Partners Holding 5 AS	50 000	0.1 %
<b>Total number of shares held by Board members</b>	<b>9 913 143</b>	<b>16.6 %</b>
<b>Group Management</b>		
Joachim Nielsen, CEO, Loyden AS	2 805 000	4.7 %
Ole Christian Willumsen CFO	103 000	0.2 %
Dharmarajan Rajeswaran, COO	36 000	0.1 %
Lars Stigaard, CTO	83 445	0.1 %
<b>Total number of shares held by Group management</b>	<b>3 027 445</b>	<b>5.1 %</b>



Note 13 - Borrowings and other current liabilities

(Amounts in NOK 1,000)

The Group has, through its subsidiary Proximar Ltd. (Japan), received a loan from a syndicate consisting of three large Japanese banks for a corporate loan of JPY 8.8 billion (approximately NOK 633 million). The Group shall repay the outstanding principal of the loan in full on the maturity date, 31 August 2025, unless instalment payment conditions occur based on certain levels of positive cash balance.

In December 2022 the Group renegotiated a credit facility of JPY 2.5 billion. The agreement has a fixed interest rate of 2.65% and a fee of JPY 27.5 million (1%) is recognised as transaction cost. Additionally, the loan facility was increased by JPY 750 million in December 2022. The Group has repaid the outstanding principal of the term loan of JPY 750 million and an instalment of JPY 1.75 billion for the credit facility of JPY 2.5 billion. The outstanding principal of JPY 750 million shall be paid in full on the maturity date (29 March 2024). Interests are paid quarterly. These facilities are classified as current. Grieg Kapital AS is guarantor to this facility, guarantee fee is charged with 5% of principal amount.

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

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 amount of the debt

In October 2022, the Group issued a bond with an option to convert into 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. The bond is subordinated debt. In the accounts the conversions option is measured and classified as equity. At initial recognition the equity effect was NOK 28.1 million.

25.8 million bonds are converted in 2023 and the Group issued 5,160,000 shares, increasing the share capital by NOK 516,000.

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

component at initial recognition and the carrying amount at year end represent the effective interest rate less interest payable accrued in the period.

Carrying amount at 31 December 2022	214 720
Converted bonds during 2023	-22 788
Interest charged (using the effective interest rate)	10 793
<b>Carrying amount at 31 December 2023</b>	<b>202 725</b>

In April 2023, the Group released a tap issue of the bonds with an option for conversion to shares in the parent company. The total amount issued is NOK 40 million and comprises 40 million bonds. The company had a buy back option for the bonds and on 30 May 2023, the Company resolved to exercise the option to buy back all the convertible bonds under the Tap Issue. The bonds are held by the Company at year end 2023. Own bonds are not recognized in the financial statements.

The Company settled the buy-back with two of the bondholders, and in order to safeguard necessary liquidity requirements in the Company, it entered into an agreement with Daimyo Invest AS to defer

settlement of the buy-back of their NOK 15 million convertible bonds. The deferred payment obligation was settled in full by the Company on 22 January 2024.

In conjunction with the equity issue in Q2 2023, major shareholder Grieg Kapital AS provided Proximar Seafood AS with a loan guarantee of up to NOK 130 million. Following the issue, the loan was executed for a total of NOK 104.2 million. The loan shall be repaid in October 2025, the loan was subject to an arrangement fee of 5%, and shall carry an interest of NIBOR 1M + 7.25% payable 3 months upfront, with a first upfront payment for 12 months for part of the interest (5%).

Non-current liabilities*			Borrowing company	Currency	2023	2022
Convertible bond loan			Proximar Seafood AS (Norway)	NOK	202 725	214 720
Non-current interest bearing debt			Proximar Seafood AS (Norway)	NOK	95 693	-
Bullet credit facility**			Proximar Ltd (Japan)	JPY		241 815
Loan to financial institution			Proximar Ltd (Japan)	JPY	615 396	
<b>Total non-current liabilities*</b>					<b>913 814</b>	<b>456 535</b>
Bullet credit facility**			Proximar Ltd (Japan)	JPY	53 432	
Current interest bearing debt			Proximar Seafood AS (Norway)	NOK	15 000	
Loan to financial institution			Proximar Seafood AS (Norway)	NOK		271
<b>Current portion of interest bearing debt</b>					<b>68 432</b>	<b>271</b>

\* Carrying amount includes capitalised borrowing cost.  
\*\* The credit facility in Japan have maturity 29 March 2024 and are classified as short term.

Payment profile non-current liabilities	2024	2025	2026	Total
<b>At 31 December 2023</b>				
Non-current bullet credit facility	53 927	-	-	53 927
Long term loan to financial institution		632 738	-	632 738
Short term loan	15 000			15 000
Long term loan		104 200	-	104 200
Convertible bond loan		224 200	-	224 200
Leasing	785	240	-	1 025
<b>Total</b>	<b>69 712</b>	<b>961 378</b>	<b>-</b>	<b>1 031 089</b>

Description of liabilities	Currency	Interest rate	Final maturity	Pledges
Bullet credit facility	JPY	2,65%	March 2024	Shares in Proximar Ltd
Loan to financial institution	JPY	TIBOR + 4.0%	August 2025	All assets
Non-current interest bearing debt	NOK	NIBOR 1M + 2.25%	October 2025	To be agreed
Convertible bond loan	NOK	7.0%	October 2025	None

Credit facility guarantee

The bullet credit facility 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

For the syndicated loan provided by the three Japanese banks, the Group has provided all assets and main contracts as pledge and Proximar Seafood AS is the guarantor. There are reporting requirements at given deadlines.

The loan from financial institution in Norway is repaid in full, May 2023.

Non-current liabilities	Convertible bond loan	Lease liability	Non-current interest bearing debt	Total
Net debt as at 1 January 2023	214 719	879	241 815	457 413
Financing cash flows				
Proceeds from loans and borrowings	40 000	-	736 938	776 938
Transaction costs	-	-	-31 524	-31 524
Payments on leasing obligations	-	-1 775	-	-1 775
Payments on loans and borrowings	-25 000	-	-179 755	-204 755
Net interest paid	-18 639	-	-18 472	-37 111
Net cash flow from financing activities	-3 639	-1 775	507 186	501 772
New leases	-	345	-	345
Interest expense	21 255	-	20 418	41 674
Converted bonds	-22 788	-	-	-22 788
Amortization	10 793	-	6 248	17 041
Interest payments (presented as operating cash flows)	-	-61	-	-61
Interest expense accrued	-2 615	-	-1 946	-4 561
Reclassifying to short term portion	-15 000	973	-53 432	-67 459
Foreign exchange adjustments	-	-121	-9 201	-9 322
Net debt as at 31 December 2023	202 725	240	711 089	914 054

Non-current liabilities	Convertible bond loan	Lease liability	Non-current interest bearing debt	Total
Net debt as at 1 January 2022	-	801	94 161	94 961
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	387 495
New leases	-	2 778	-	2 778
Interest expense	-		-82	-82
Equity component	-28 129			-28 129
Amortization	1 939		1 934	3 873
Interest payments (presented as operating cash flows)	-	81	-	81
Reclassifying to short term portion		-1 243	-271	-1 514
Foreign exchange adjustments		-	-2 051	-2 051
Net debt as at 31 December 2022	214 719	879	241 815	457 413

Current trade payables and other payables	2023	2022
Current portion of borrowing and lease liabilities	54 217	2 029
Short term interest bearing debt	15 000	-
Trade payables	17 664	530
Taxes payable Japan	368	1 448
Social security and other taxes	490	319
Salaries and vacation pay due	2 520	600
Accrued interest	4 561	3 116
Accrued expenses	6 683	5 088
Sum current liabilities	101 504	13 132

Note 14 - Investment in subsidiaries

The consolidated financial statement from 2023 and 2022 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 AS. 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 2023, a total fee of NOK 16.1 million has been paid to Grieg Kapital AS in connection to the guarantee, of which

NOK 10.4 million relates to interest payments. This fee is calculated at an arms-length principle.

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.

In 2023, major shareholder Grieg Kapital AS provided Proximar Seafood AS with a loan guarantee of up to NOK 130 million. Following the issue, the loan was executed for a total of NOK 104.2 million. The pledge for the loan is to be agreed. The loan was subject to an arrangement fee of 5% and an payment guarantee fee of 5%, a total fee of NOK 11.6 million. Interest expense in 2023 is NOK 4.3 million.

## Note 16 - Other financial expenses

Breakdown of other financial expenses	2023	2022
Currency losses	14 783	3 394
Leasing expenses	61	72
Other financial expenses	2 674	
Sum other financial expenses	17 517	3 466

In October 2023, part of the loan from the parent company to the subsidiary was converted to equity. The exchange rate loss in 2023 is mainly related to the exchange rate effect of this conversion.

## Note 17 - Subsequent events

Proximar Seafood AS has registered a share capital increase pertaining to the private placement raising gross proceeds of NOK 140 million in January 2024, 70.000.000 new shares in the Company is issued, each at a subscription price of NOK 2 per new share. In February, an repair offering raised gross proceeds of NOK 25 million, issuing 12.5 million new shares at NOK 2 per new share.

As a consequence of the private placement approved by the general assembly on January 3 2024, the Company has received notice from Nordic Trustee AS, in the capacity as Bond Trustee for the convertible bonds, that the conversion price

of the Bonds has been adjusted according to the Bond Terms Clause 13.1, from NOK 5 to NOK 4.1757. Following the completion of the subsequent (repair) offering in February, the conversion price has been further adjusted to NOK 4.0727.

On January 22 2024 the company repaid the deferred settlement of the NOK 15 million related to the tap of the convertible loan to Daimyo Invest AS in full.

The current loan to JAML of JPY 750 million is in the process of being extended by at least one year.



# Financial statements – Proximar Seafood AS

## Statement of income

(Amounts in NOK 1,000)	Note	2023	2022
Revenue	2	15 658	11 903
<b>Revenue and other income</b>		<b>15 658</b>	<b>11 903</b>
Personnel expenses	3	10 325	5 836
Depreciation	4	65	60
Other operating expenses	5	9 842	8 081
<b>Operating expenses</b>		<b>20 232</b>	<b>13 977</b>
<b>Operating income/loss</b>		<b>-4 574</b>	<b>-2 074</b>
Interest income from subsidiary	2	25 176	5 282
Other interest income		25	
Other financial income		84	86
Other interest expenses	6	35 102	5 138
Other financial expenses	7	25 503	3 722
<b>Net finance</b>		<b>-35 319</b>	<b>-3 492</b>
<b>Loss before tax</b>		<b>-39 894</b>	<b>-5 566</b>
Income tax expense	8	663	-6 188
<b>Net loss for the period</b>		<b>-40 556</b>	<b>622</b>
<b>Brought forward</b>			
Transferred from other equity	9	-40 556	622
<b>Net brought forward</b>		<b>-40 556</b>	<b>622</b>

## Statement of financial position

(Amounts in NOK 1,000)	Note	2023	2022
<b>ASSETS</b>			
<b>Tangible non-current assets</b>			
Property, plant and equipment	4	80	123
<b>Total tangible non-current assets</b>		<b>80</b>	<b>123</b>
<b>Financial non-current assets</b>			
Investment in subsidiary	10	519 271	781
Long-term receivables from subsidiary	2	297 487	640 604
Other non-current assets		49	49
<b>Total financial non-current assets</b>		<b>816 807</b>	<b>641 434</b>
<b>Total non-current assets</b>		<b>816 887</b>	<b>641 557</b>
<b>Current Assets</b>			
Other receivables and prepayments		9 736	786
Cash and bank deposits	11	2 594	21 264
<b>Total current assets</b>		<b>12 331</b>	<b>22 050</b>
<b>TOTAL ASSETS</b>		<b>829 218</b>	<b>663 607</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	5 967	3 979
Share premium reserve	9	470 433	416 675
Other equity	9	19 591	22 562
<b>Total equity</b>		<b>495 991</b>	<b>443 216</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Convertible bond	6	202 725	214 720
Non-current interest bearing debt	6	95 693	271
<b>Total non-current liabilities</b>		<b>298 418</b>	<b>214 991</b>
<b>Current liabilities</b>			
Trade payables	6	9 043	530
Tax payable	4	-	-
Public duties payable	6	491	394
Other current debt	6	25 275	4 476
<b>Total current liabilities</b>		<b>34 809</b>	<b>5 400</b>
<b>Total liabilities</b>		<b>333 227</b>	<b>220 391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>829 218</b>	<b>663 607</b>

Bergen, March 22 2024  
The Board of Directors of Proximar Seafood AS

Katrine Trovik  
Chair

Per Grieg  
Director

Viggo Halseth  
Director

Peter Hermanrud  
Director

Joachim Nielsen  
CEO

## Statement of cash flows

(Amounts in NOK 1,000)	Note	2023	2022
<b>Cash flow from operating activities</b>			
Loss before tax		-39 894	-5 566
Depreciation	4	65	60
Change trade receivables		-	-630
Change trade payables		8 513	-
Other accruals etc.		11 946	5 268
Net interest expense		3 416	82
<b>Net cash flow from operating activities</b>		<b>-15 954</b>	<b>-786</b>
<b>Cash flow from investing activities</b>			
Payments on purchases of fixed assets	4	-23	-108
Loans to subsidiaries	2	-156 519	-225 987
<b>Net cash flow from investing activities</b>		<b>-156 543</b>	<b>-226 095</b>
<b>Cash flow from financing activities</b>			
Proceeds from capital increases	9	70 527	-
Proceeds from loans and borrowings	6	144 200	250 000
Transaction costs	2, 6	-11 600	-9 091
Payments on loans	6	-25 270	-650
Net interest paid		-24 030	-82
<b>Net cash flow from financing activities</b>		<b>153 826</b>	<b>240 177</b>
Net change in bank deposits, cash and cash equivalents		-18 670	13 297
Cash and bank deposits as at 1 January		21 264	7 967
<b>Cash and bank deposits as at 31 December</b>	<b>11</b>	<b>2 594</b>	<b>21 264</b>

## Note 1 - Accounting policies

### General information

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

### Classification of current and non-current items

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

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

### Foreign currency

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

### Revenues

Revenue is recognised when it is earned, i.e., when the claim to remuneration arises. This occurs when the service is performed as the work is being done. The revenue is recognized at the value of

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

### Taxes

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

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

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

### 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 recognized at nominal value.

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

Property, plant & equipment

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

or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset. Assets under construction are not depreciated. Depreciation is charged to expenses when the property, plant or equipment is ready for use.

Trade and other payables

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

Personell expenses

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

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 - Related parties

(Amounts in NOK 1,000)

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

Proximar Ltd.	2023	2022
Sale of management services	15 658	11 903
Interest income related to convertible bond loan used for financing of the construction in Japan	25 176	5 056

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

Proximar Ltd.	2023	2022
Long term receivables	297 487	640 604

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.

In 2023, the holding company has converted JPY 7 billion to equity in Proximar Ltd.

In 2023, major shareholder Grieg Kapital AS provided Proximar Seafood AS with a loan guarantee of up to NOK 130 million. Following the issue, the loan was executed for a total of NOK 104.2 million. The pledge

for the loan is to be agreed. The loan was subject to an arrangement fee of 5% and an payment guarantee fee of 5%, a total fee of NOK 11.6 million. Interest expense in 2023 is NOK 4.3 million.

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

(Amounts in NOK 1,000)

Payroll costs	2023	2022
Salaries incl holiday pay and bonuses	6 839	4 912
Remuneration to Board of Directors	1 350	500
Social security cost	1 339	858
Pension costs	742	639
Other benefits	54	127
Total gross	10 325	7 036
Construction management services allocated to subsidiary	-	-1 200
Sum	10 325	5 836

Average number of full-time employees during the financial year	3	3
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Remuneration to Executive Management	Salary	Other benefits	Total	Options granted
Joachim Nielsen* (CEO)	417	10	427	794 382
Ole Christian Willumsen (CFO, started in 2023)	1 000	7	1 007	
Pål Karset Grimsrud (CFO, ended in 2023)	1 047	13	1 060	75 000
Katrine Trovik (Chair of the board)	450	-	450	100 000
Per Grieg (Board member)	225	-	225	
Fridtjof Falck** (former Board member)	225	-	225	50 000
Viggo Halsest (Board member)	225	-	225	
Peter Hermanrud (Board member)	225	-	225	

\* The company's CEO is currently living in Japan. Part-time employee in the parent company and the rest in the subsidiary.  
\*\* Fridtjof Falck was a Board member until 24 April 2023.

Pensions

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

Share based payments

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.

In accordance with the authorization granted by the annual general meeting on 11 May 2023, the Board of Directors of Proximar Seafood AS has granted share options pursuant to the Company's incentive program. On 14 July 2023, a total of 1,539,382 share options were granted to employees included in the incentive program. Options granted to the executive management are listed above.

The exercise price is NOK 7 per share. Each share option gives the right to purchase one share in Proximar Seafood AS. The options granted shall vest with 1/3 upon the grant date, 1/3 on the first anniversary of the grant date and 1/3 on the second anniversary of the grant date. The options must be exercised within 2 years from vesting. For Mr. Grimsrud, the share options will be granted without vesting period.

In accordance with Proximar's incentive program and approved by the company's general meeting

held 23 November 2020, the board of directors in Proximar Seafood AS (the "Company") granted share options to board members as listed above, in November 2021.

A total of 150,000 share options are granted at an exercise price at NOK 13.25. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. The options must be exercised at earliest 2 years and at latest 4 years after being granted and are unconditional.

Note 4 - Land, property, plant and equipment

(Amounts in NOK 1,000)

	Property, Plant and equipment	Sum
Cost at 1 January 2023	188	188
Additions in the year	23	23
Disposals in the year	-	-
Cost at 31 December 2023	211	211
Accumulated depreciation at 1 January 2023	65	65
Depreciation in the year	65	65
Accumulated depreciation at 31 December 2023	130	130
Net carrying amount at 31 December 2023	80	80
Cost at 1 January 2022	80	80
Additions in the year	108	108
Disposals in the year	-	-
Cost at 31 December 2022	188	188
Accumulated depreciation at 1 January 2022	5	5
Depreciation in the year	60	60
Accumulated depreciation at 31 December 2022	65	65
Net carrying amount at 31 December 2022	123	123

Economic life	3-5 years
Depreciation plan	Linear

Note 5 - Auditor’s fee

(Amounts in NOK 1,000)

	2023	2022
Statutory auditing services	784	385
Other certification services	178	16
Other services	66	7
<b>Total fee to auditor</b>	<b>1 028</b>	<b>408</b>

All service fees are exclusive of VAT.

Note 6 - Borrowings and other current liabilities

(Amounts in NOK 1,000)

In October 2022, the Group issued a bond with an option to convert into 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. The bond is subordinated debt. In the accounts the conversions 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.

25.8 million bonds are converted in 2023 and the Group issued 5,160,000 shares, increasing the share capital by NOK 516,000.

The convertible bond have a equity component and a debt component. Transaction costs have reduced the total proceeds received from the issue. The transaction costs have 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
<b>Total</b>	<b>-250 000</b>	<b>9 091</b>	<b>-240 909</b>

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 amount 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.

Carrying amount at 31 December 2022	214 720
Converted bonds during 2023	-22 788
Interest charged (using the effective interest rate)	10 793
<b>Carrying amount at 31 December 2023</b>	<b>202 725</b>

In April 2023, the Group released a tap issue of the bonds with an option for conversion to shares in the parent company. The total amount issued is NOK 40 million and comprises 40 million bonds. The company had a buy back option for the bonds and on 30 May 2023, the Company resolved to exercise the option to buy back all the convertible bonds under the Tap Issue. The bonds are held by the Company at year end 2023. Own bonds are not recognized in the financial statements.

was settled in full by the Company on 22 January 2024.

Proximar Seafood AS had one loan from credit institutions in 2022 that had maturity in 2023, installments paid in 2023 amounts to NOK 0.271 million and in 2022 NOK 0.65 million. The loan is fully settled in 2023.

In conjunction with the equity issue in Q2 2023, major shareholder Grieg Kapital AS provided Proximar with a loan guarantee of up to NOK 130 million. Following the issue, the loan was executed for a total of NOK 104.2 million. The loan shall be repaid in October 2025, the loan was subject to an arrangement fee of 5%, and shall carry an interest of NIBOR 1M + 7.25% payable 3 months upfront, with a first upfront payment for 12 months for part of the interest (5%).

Non-current liabilities*	2023	2022
Convertible bond loan	202 725	214 720
Non-current interest bearing debt	95 693	271
<b>Total non-current liabilities</b>	<b>298 418</b>	<b>214 991</b>

\* Carrying amount includes capitalised borrowing cost.

Payment profile non-current liabilities	2024	2025	2026	Total
At 31. December 2023				
Short term loan	15 000			15 000
Long term loan		104 200	-	104 200
Convertible bond loan		224 200	-	224 200
<b>Total</b>	<b>15 000</b>	<b>328 400</b>	<b>-</b>	<b>343 400</b>

Current trade payables and other payables	2023	2022
Trade payables	9 043	530
Social security and other taxes	786	394
Salaries and vacation pay due	2 520	526
Accrued interest	4 561	3 116
Short term loan	15 000	-
Accrued expenses	2 898	834
Sum current liabilities	34 809	5 400

## Note 7 - Other financial expenses

(Amounts in NOK 1,000)

Breakdown of other financial expenses	2023	2022
Disagio, realized foreign exchange loss	14 560	703
Disagio, unrealized foreign exchange loss	8 457	3 019
Others	2 486	
Sum other financial expenses	25 503	3 722

In October 2023, part of the loan from the parent company to the subsidiary was converted to equity. The exchange rate loss in 2023 is mainly related to the exchange rate effect of this conversion.

## Note 8 - Deferred tax and tax expense

(Amounts in NOK 1,000)

Income tax expense	2023	2022
Deferred tax expense	-	-
Current tax expense	663	-6 188
Income tax expense	663	-6 188
Income tax liabilities (balance sheet)	2023	2022
Income tax payable	-	-
Income tax liabilities (balance sheet)	-	-
Taxable income	2023	2022
Net loss before income taxes	-39 894	-5 566
Change in temporary differences	3 040	-28 109
Permanent differences	-3 788	700
Equity portion of convertible bond issue	-3 012	28 129
Tax loss carried forward	43 655	4 847
Taxable income for the year	-	-

### Effective Tax Rate

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

	2023	2022
Loss before income tax	-39 894	-5 566
Statutory income tax rate	22%	22%
Expected income tax expense/(benefit)	-8 777	-1 225
Change in deferred tax asset not recognized	10 273	-5 118
Effect of permanent differences	-833	154
Income tax expense/income for the year	663	-6 188
Effective tax rate	-2%	111%

### 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:

	2023	2022
Property, plant and equipment	-33	-6
Other differences, equity portion of convertible bond issue	25 116	28 129
Tax losses carried forward	-100 624	-56 969
Sum temporary differences	-75 541	-28 846
Deferred tax asset (liability) calculated (22%)	-16 619	-6 346
Deferred tax asset (liability) not recognized	16 619	6 346
Deferred tax asset (liability)	-	-

## Note 9 - 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 2023	3 979	416 675	22 562	443 216
				-
Profit (loss) for the period		-39 934	-622	-40 556
Conversion option for issued bond, net of tax	516	24 639	-2 350	22 805
Capital increase	1 473	69 054		70 527
Balance at 31 December 2023	5 967	470 433	19 591	495 991
Balance at 1 January 2022	3 979	416 675	-	420 654
Profit (loss) for the period			622	622
Conversion option for issued bond, net of tax			21 940	21 940
Balance at 31 December 2022	3 979	416 675	22 562	443 216



Note 10 - Investment in subsidiaries

(Amounts in NOK 1,000)

Proximar Seafood AS have the following investment in subsidiaries:

Year ended 31 December 2023

Company name	Registered office	Voting share	Ownership share	Equity at 31 December 2023	Net loss for year ended 31 December 2023	Balance sheet in parent company
Proximar Ltd.	Yokohama, Japan	100%	100%	395 693	-59 777	519 271

Note 11 - Cash and equivalents

(Amounts in NOK 1,000)

Cash and equivalents	2023	2022
Bank deposits, cash and equivalents	342	8 330
Restricted cash	2 252	12 934
Total cash and cash equivalents	2 594	21 264

Note 12 - Share capital and shareholders

The share capital of NOK 5,967,278 consisted of 59,672,780 shares, each with a nominal value of NOK 0.1 at the end of 2023. All shares carry equal rights.

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

	2023	2022
Ordinary shares at beginning of period	39 787 650	39 787 650
Issue of ordinary shares	19 885 130	-
Ordinary shares at 31 December	59 672 780	39 787 650

List of main shareholders at 31 December 2023 and 2022

Shareholder	2023		2022	
	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Daimyo AS	7 996 238	13.4%	3 996 238	10.0%
Grieg Kapital AS	6 480 049	10.9%	3 180 049	8.0%
Helida AS	4 042 000	6.8%	1 242 000	3.1%
Loyden AS	2 805 000	4.7%	2 805 000	7.0%
Kvasshøgdi AS	2 744 844	4.6%	2 744 844	6.9%
Nutreco International B.V.	2 160 493	3.6%	2 160 493	5.4%
M. Paulen AS	1 488 773	2.5%		0.0%
Myrlid AS	1 458 060	2.4%		0.0%
T.D. Veen AS	1 181 219	2.0%	1 384 567	3.5%
Vitamar AS	1 109 026	1.9%	640 000	1.6%
Nordnet Livsforsikring AS	1 096 561	1.8%	949 832	2.4%
Zolen & Månen AS	1 000 000	1.7%	1 031 250	2.6%
OM Holding AS	1 000 000	1.7%	750 000	1.9%
Pactum AS	953 000	1.6%	1 424 000	3.6%
Sulefjell AS	843 543	1.4%	543 543	1.4%
HRH I AS	600 000	1.0%		0.0%
Jan Heggelund	595 448	1.0%		0.0%
Kvasshovd AS	590 000	1.0%	100 000	0.3%
Nordnet Bank AB	551 064	0.9%	23 973	0.1%
M Paulen Holding AS	502 475	0.8%	502 475	1.3%
Skandinaviska Enskilda Banken AB	500 000	0.8%	50 000	0.1%
Morgan Stanley & Co. International	426 991	0.7%	1 031	0.0%
Nordfjord AS	425 000	0.7%		0.0%
Tomas Frafjord	401 000	0.7%	401 000	1.0%
Toga Holding AS	400 000	0.7%		0.0%
Art Group AS	400 000	0.7%	400 000	1.0%
Eng Kapital AS	400 000	0.7%		0.0%
Agito Invest AS	360 000	0.6%	375 000	0.9%
Aetos Invest AS	324 846	0.5%	228 369	0.6%
Avanza Bank AB	304 856	0.5%	55 436	0.1%
Tippo AS	300 000	0.5%	173 446	0.4%
Øystein Kveim - dødsbo	254 229	0.4%	245 000	0.6%
Olsen Ottar	251 250	0.4%	141 039	0.4%
Westment AS	250 000	0.4%	164 351	0.4%
Ristora AS	244 314	0.4%		0.0%
Tourmalet AS	230 000	0.4%	200 000	0.5%
Entreprenør-Direktør'n Holding AS	227 047	0.4%	227 049	0.6%
IFG Holding AS	90 000	0.2%	250 000	0.6%
Nordic Delta AS	14 824	0.0%	317 423	0.8%
Total number of shares attributed to the 20 largest shareholders	45 002 150	75.4%	26 707 408	67.10%
The number of shares attributed to the other shareholders	14 670 630	24.6%	13 080 242	32.9%
The total number of shares issued and outstanding	59 672 780	100.0%	39 787 650	100.0%

Shares owned by board members, group management and their related parties at 31 December 2023

	Number of shares	Ownership percentage
Board of Directors		
Katrine Trovik (Chair), Kvasshovd AS	590 000	1.0 %
Per Grieg, Grieg Kapital AS and Kvasshøgdi AS	9 224 893	15.5 %
Viggo Halseth	48 250	0.1 %
Peter Hermanrud, First Partners Holding 5 AS	50 000	0.1 %
Total number of shares held by Board members	9 913 143	16.6 %
Group Management		
Joachim Nielsen, CEO, Loyden AS	2 805 000	4.7 %
Ole Christian Willumsen CFO	103 000	0.2 %
Dharmarajan Rajeswaran, COO	36 000	0.1 %
Lars Stigaard, CTO	83 445	0.1 %
Total number of shares held by Group management	3 027 445	5.1 %

## Note 13 - Subsequent Events

Proximar Seafood AS has registered a share capital increase pertaining to the private placement raising gross proceeds of NOK 140 million in January 2024, 70.000.000 new shares in the Company is issued, each at a subscription price of NOK 2.00 per new share. In February, an repair offering raised gross proceeds of NOK 25 million, issuing 12.5 million new shares at NOK 2.00 per new share.

As a consequence of the private placement approved by the general assembly on January 3 2024, the Company has received notice from

Nordic Trustee AS, in the capacity as Bond Trustee for the convertible bonds, that the conversion price of the Bonds has been adjusted according to the Bond Terms Clause 13.1, from NOK 5 to NOK 4.1757. Following the completion of the subsequent (repair) offering in February, the conversion price has been further adjusted to NOK 4.0727.

On January 22 2024 the company repaid the deferred settlement of the NOK 15 million related to the tap of the convertible loan to Daimyo Invest AS in full.



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To the General Meeting of Proximar Seafood AS

INDEPENDENT AUDITOR'S REPORT

*Opinion*

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

- The financial statements of the parent company Proximar Seafood AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Proximar Seafood AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

*Basis for Opinion*

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

*Other Information*

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

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Registrert i Foretaksregisteret  
Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282



*Responsibilities of Management for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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



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

Bergen, 22 March 2024  
Deloitte AS

**Tord Teige**  
State Authorised Public Accountant





# PROXIMAR

SEAFOOD

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