



ATLANTIC  
SAPPHIRE®

**Intrafish**

**Seafood Investor Forum - London**

September 13<sup>th</sup> 2018

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# Massive Transformative Purpose

*Pioneering Bluehouse™ Farming, Locally  
Transforming Protein Production, Globally*

*“Blue Is The New Green”*



# Corporate Overview



**Headquartered and Merkur Market, Oslo - listed, Norway. Founded in 2010**



**Innovation Center, Denmark**

- 3 kt HOG<sup>1</sup> annual production 'commercial pilot', on the west coast of Denmark
- Technology development leveraging more than 7 years of innovation strictly focused on managing full-cycle land-raised salmon production
- Will continue to serve as center for method innovation and testing of new technologies for global adoption across the organization



**Large Scale Production Facilities, South Florida - US**

- 90 kt HOG production facility under development, in 3 phases
- Secured groundwater infrastructure rights
- Sole, in-market Bluehouse™ producer at scale
- Strategic intellectual property roadmap established, with first patent secured and several pending patents applications already filed

**World Class Technology Innovation Targeting The Largest Market For Salmon**

<sup>1</sup> HOG - Head-on-gutted (the same as "GWE"), a standardized industry-known weight measure, assumed to be 83% of the weight of a live fish

# Management

## Executive management



### Johan E. Andreassen

#### CEO & Co-Founder

- Headed a 30,000 tonnes capacity salmon farming company, Villa Organic, from idea inception to IPO and strategic exit at age 32
- Was the lead supplier to Whole Foods for 7 years



### Damien Claire

#### EVP - Offtake

- Currently CEO of Platina Seafoods<sup>1</sup>, the US sales channel of Atlantic Sapphire
- 10 years US salmon industry national account management experience



### Jose Prado

#### CFO & EVP

- 21 years full investment cycle experience, from early stage to mid-cap exit, 18 years in Florida
- MBA from Kellogg School of Management (1993-1995)



### Mario Palma

#### Director of Aquaculture

- Marine Harvest Chile RAS, water quality, water treatment and project engineering experience
- Extended expertise in land based aquaculture management



### Dharma Rajeswaran

#### COO

- More than 26 years of salmon farming experience
- More than 20 years in Marine Harvest ASA, with main focus on their land-based RAS facilities for smolt/post-smolt
- Experience includes inter alia CEO in Villa Arctic AS, Chairman in Norsk Marin Fisk AS and Board member in Villa Organic



### Eric Meyer

#### Director of Operations

- Professional hydrogeologist
- Wastewater injection well design, permitting, construction
- Exploration and development of groundwater supply
- Operation and maintenance of public water system



### Thue Holm

#### CTO & Co-Founder

- Thue trained as an environmental biologist at Roskilde University in Denmark
- Worked seven years in Billund Aquaculture, a leading supplier of RAS systems
- Co-managed the establishment of Billund Aquaculture Chile



### Ole Christian Norvik

#### Managing Director, Atlantic Sapphire Denmark

- Extensive salmon farming background in Norway, both in ocean net pen farming and particularly in land based RAS farming
- Previously worked for Sintef, Marine Harvest and Norway Royal Salmon
- MSc in Aquaculture and an MBA from BI in Norway

## Selected board members



Henrik Krefting



Bjørn Myrseth



Alexander Reus

## Experienced Management Team – Equity-Linked Performance Culture

<sup>1</sup> Platina Seafood Inc, majority owned by Johan E. Andreassen, has an arms length relationship with Atlantic Sapphire

# Opportunity

Sea farming requires 2-20 °C sea temperature and sheltered areas...



- More than 99.9% of the global supply of Atlantic salmon is produced in sea based net pens
- Sea based production is dominated by Norway and Chile due to vast areas of suitable conditions
- Sea farming areas are remote from the largest end markets, requiring significant transportation and logistics costs, as well as leading to reduced shelf life

... and is experiencing high sea lice and disease management issues



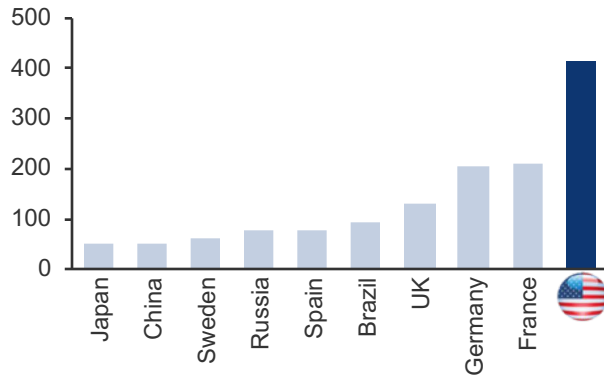
- The conventional industry experiences significant risk and costs related to disease, sea lice and other parasite management
- Regulatory and environmental limitations may prevent the conventional industry from meeting growing demand

**Sea Based Salmon Farms Are Limited To Suitable Geographic Regions, Remote From Large End Markets, And Experience High Disease And Sea Lice Management Costs**

# US Salmon Market

**US is the single largest market for Atlantic salmon...**

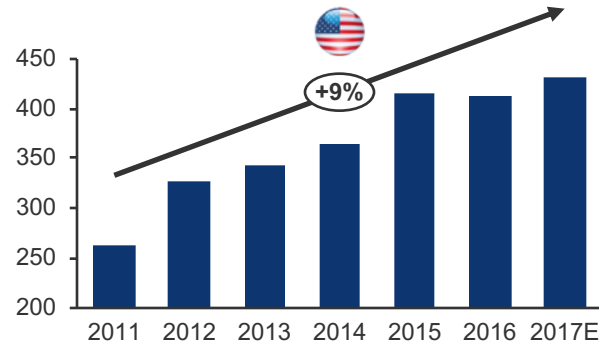
Market size Atlantic salmon (kt)



- 98 % of Atlantic salmon is imported to the US (ranking: Chile #1, Canada #2, Norway #3, Europe (exc. Norway) #4)
- 60% of consumption (~260 kt) is fresh

**...and the US demand for salmon is increasing rapidly...**

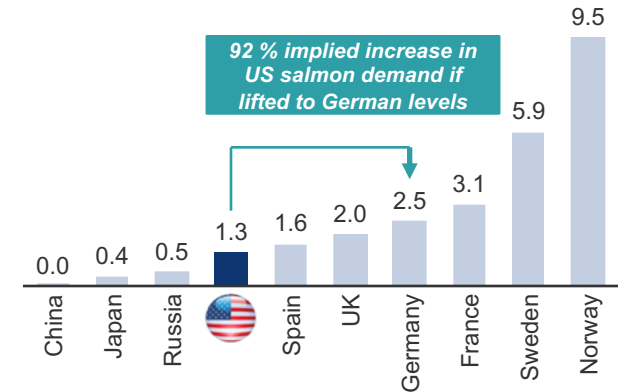
US Atlantic salmon demand (WFE kt)



- The demand for salmon has increased with an average of 9 % the last 6 years

**...with considerable upside potential**

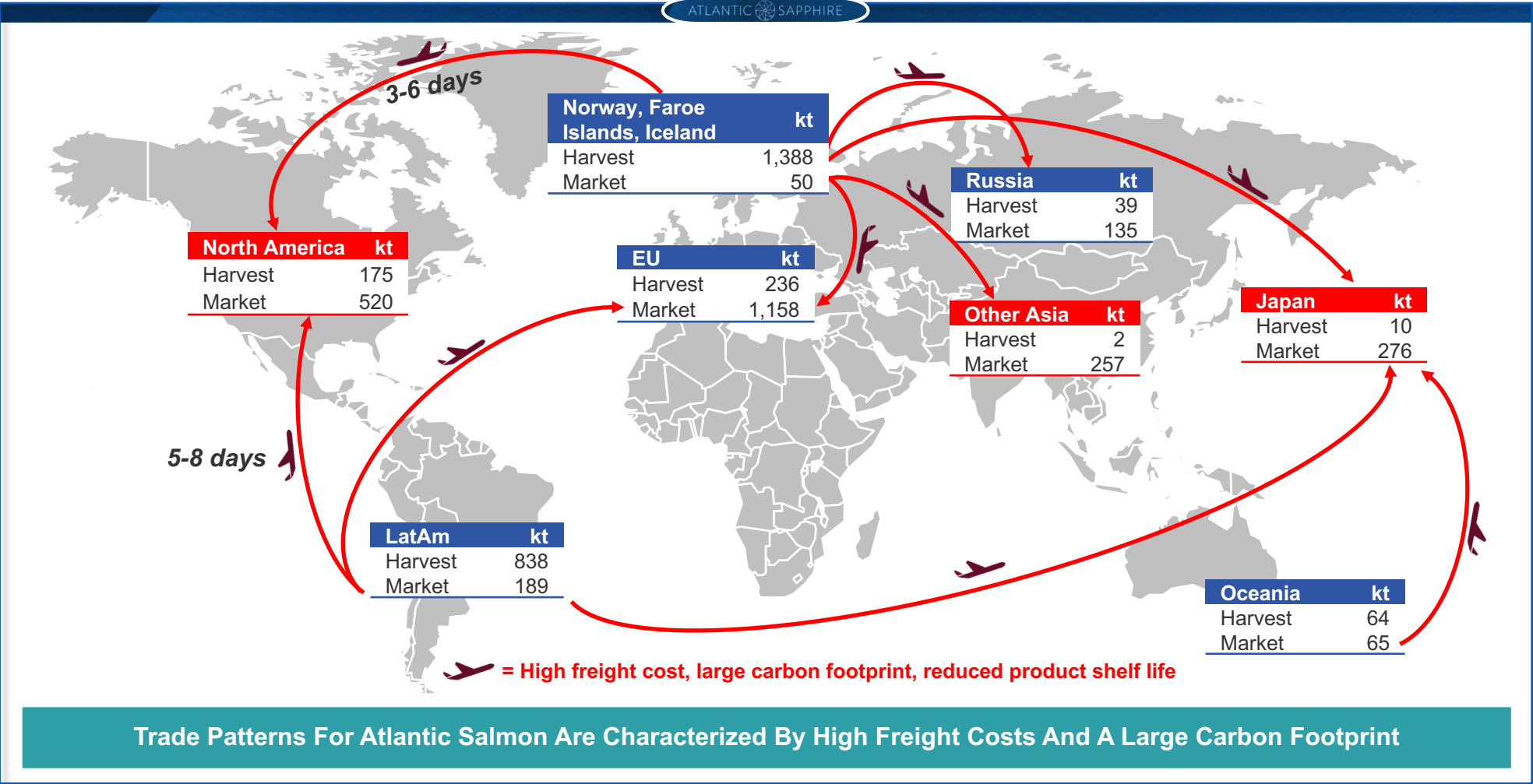
Salmon consumption per capita (kg/year)



- There is still large potential in increasing the salmon consumption per capita in the US

**Atlantic Sapphire Is Targeting The ~260,000 Tonnes Fresh, Farmed Atlantic Salmon Imported To US Annually**

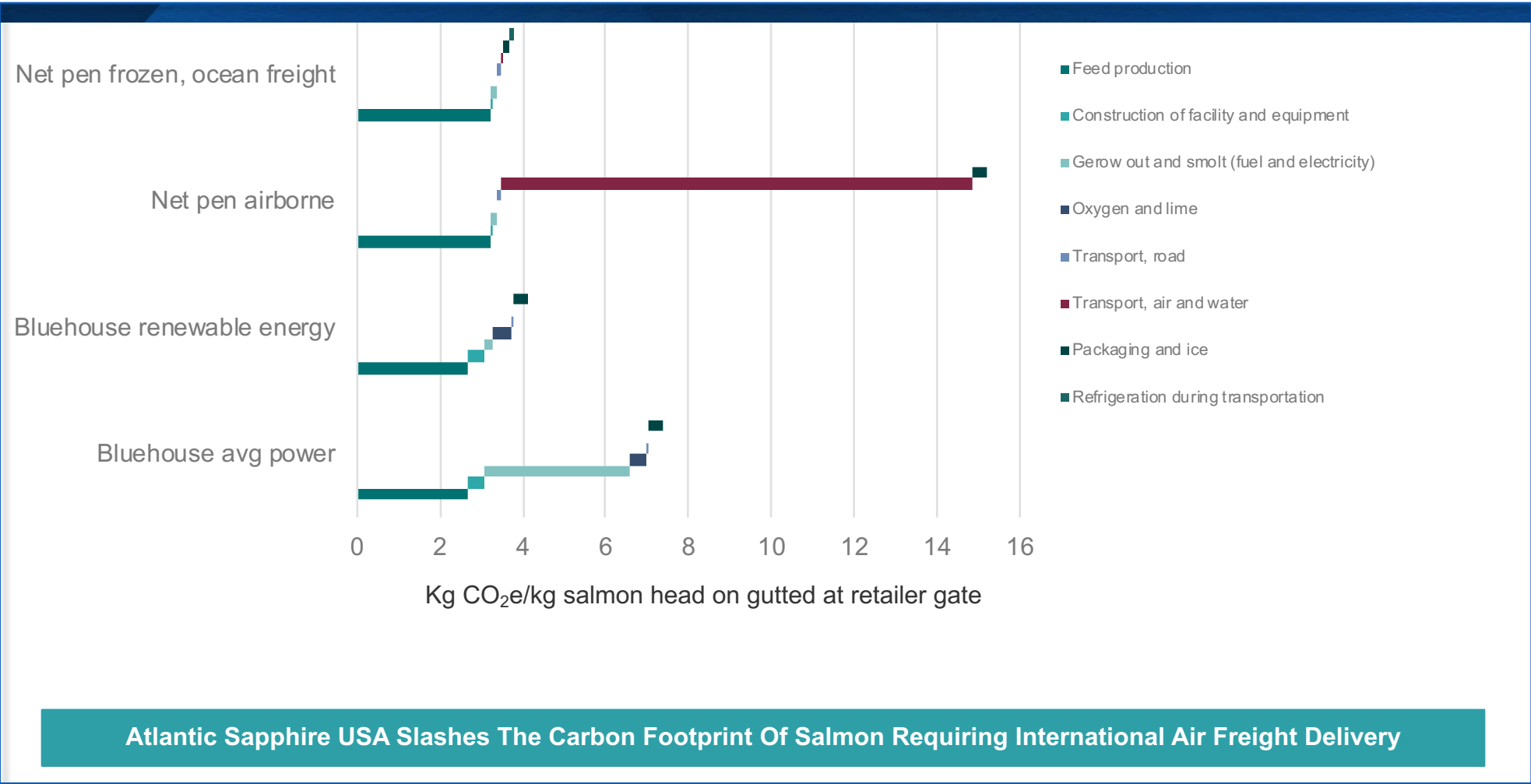
# Global Salmon Market



Source: Kontali (Salmon world 2017 and Salmon Market Analysis 2017, wfe, all salmonids excluding small trout)



# Carbon Footprint Analysis By Production Method - Delivered U.S.

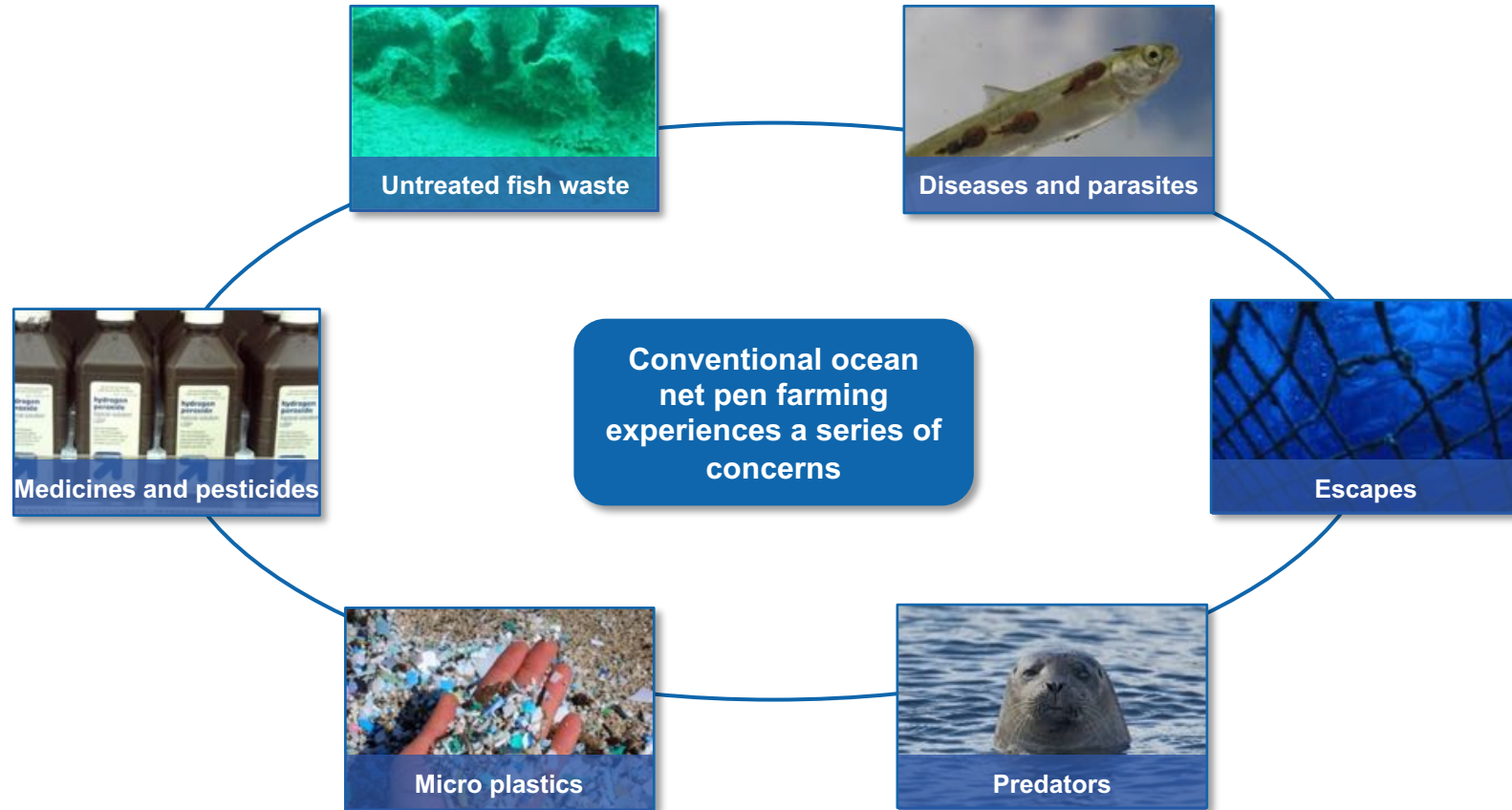


**Atlantic Sapphire USA Slashes The Carbon Footprint Of Salmon Requiring International Air Freight Delivery**

Sources: SINTEF and the Freshwater Institute. Atlantic Sapphire management estimates.

# Conventional Industry Issues

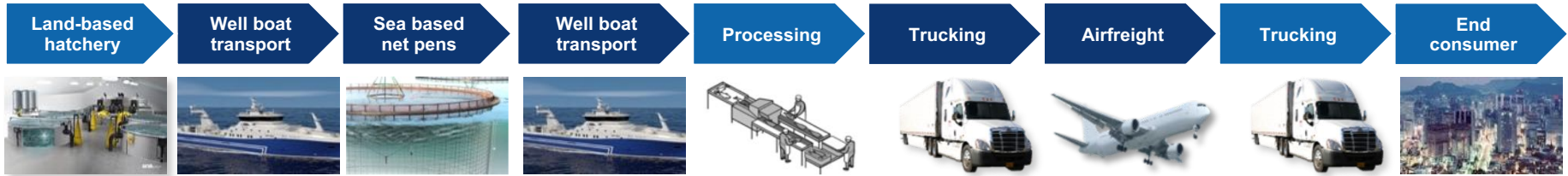
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**Conventional Ocean Net Pen Farming Industry Issues Are Significant, Costly And Growing.  
- We Believe Atlantic Sapphire Bluehouse™ Is The Preferred Solution**

# Unique Value Proposition

## Typical conventional sea based salmon farming value chain



## Atlantic Sapphire Miami operation value chain

Bluehouse™

Trucking

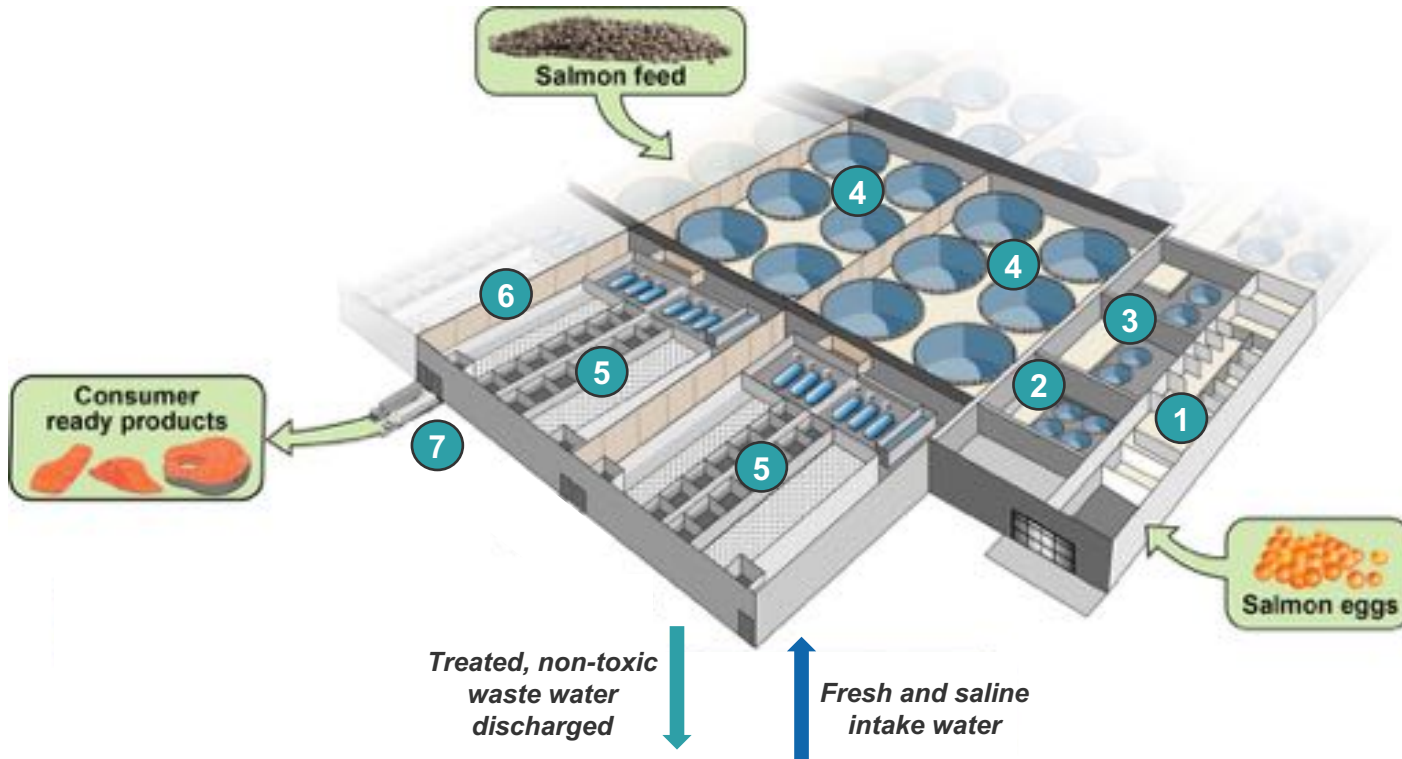
End consumer



Atlantic Sapphire Collapses Costs Inherent In The Incumbent Value Chain

# Technology and Infrastructure - Bluehouse™

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- 1 Egg hatchery
- 2 Juvenile tanks
- 3 Smolt tanks
- 4 Grow-out tanks
- 5 Biofilters
- 6 Processing
- 7 Truck pick-up

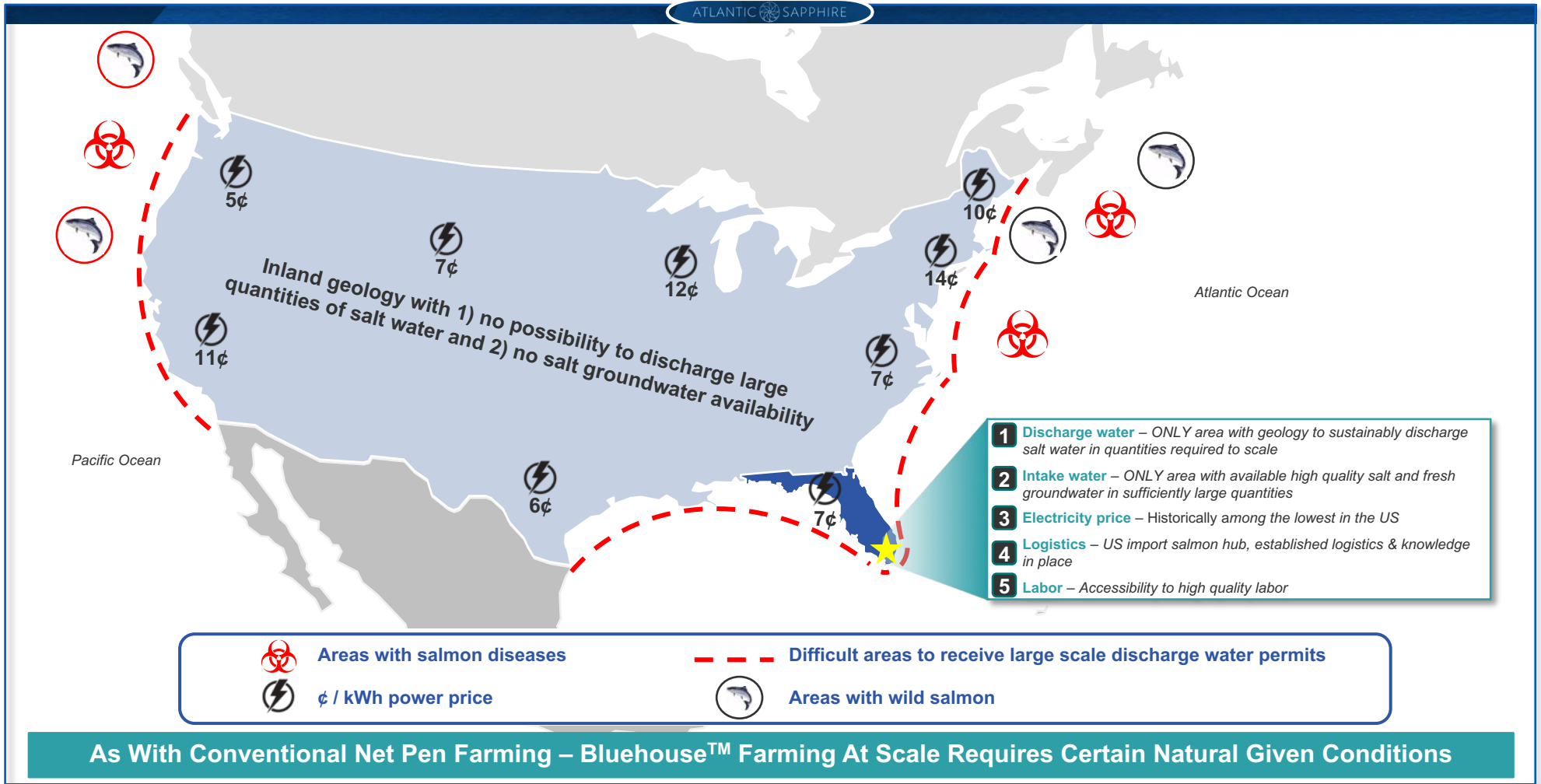
From Egg To Plate – Bluehouse™ Fully Controls Key Drivers Of Production Cycle, 12 Months Of The Year

## Bluehouse™ Drives Unprecedented Innovation And Risk Management Control

Bluehouse Variables	Performance Impact & Consistency Control	Measures
<b>Intake Water</b>	Salinity, biosecurity	ppt, micron meters, cfu
<b>Oxygen</b>	Biological performance, biofiltration	% saturation
<b>Carbon Dioxide</b>	Alkalinity, biological performance	mg/litre
<b>Nitrite / Nitrate</b>	Biological performance, biofiltration	NO <sub>2</sub> mg/litre, NO <sub>3</sub> mg/litre
<b>Water Quality</b>	Clarity, suspended solids, bacteria and algae levels, alkalinity, temperature control, geosmin/MIB	UVT, ph, TAN, °C
<b>Stocking Density</b>	Fish behavior, system risk	kg / m <sup>3</sup>
<b>Water Filtration</b>	Removal of solids, bacteria and gas byproduct	TSS mg/litre, cfu
<b>Fish Grading</b>	Biological performance, reducing aggressive behavior	Average grams/fish

**Big Data – Bluehouse™ Intensively Measures And Manages All Key Drivers To Optimize ‘Risk-Adjusted’ Biological Performance**

# Location Rationale – Miami, Florida



Source: Management estimates based on data from U.S. Energy Information Administration

# US Water Infrastructure

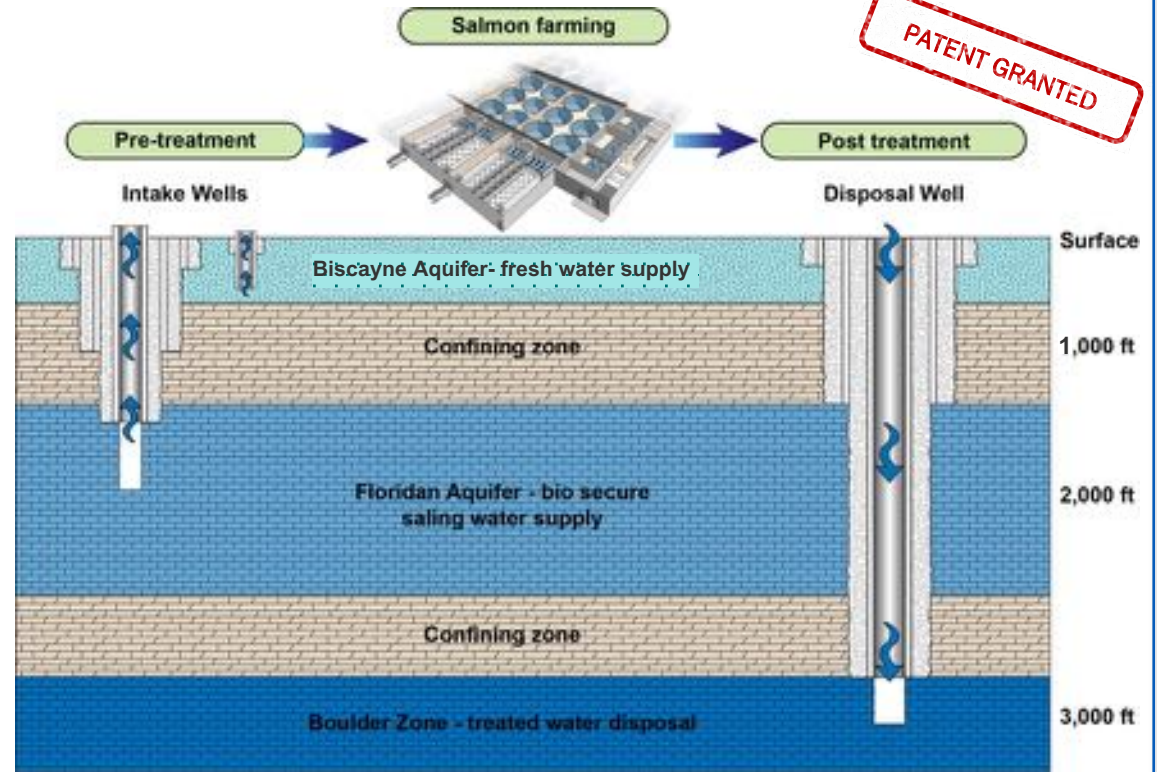
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- ✓ Critical production wells are already completed and tested water quality successfully
- ✓ Onsite access to underground aquifers for fresh and saline water supply
- ✓ Deep well waste water discharge to the lower “boulder zone”
- ✓ Current water infrastructure is unique and optimal for Bluehouse™ at scale



Class I Injection Well capable of receiving 20MGD of non-toxic wastewater

## Unique Florida groundwater aquifer production and discharge geology



Florida Provides Unique And Incomparable Water Infrastructure Conditions For Bluehouse™ Production At Scale

# Industry Acreage Required For Salmon Farming In Bluehouse™

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With unlimited intake and discharge water, the entire Norwegian salmon industry would fit in 2 square miles of land.

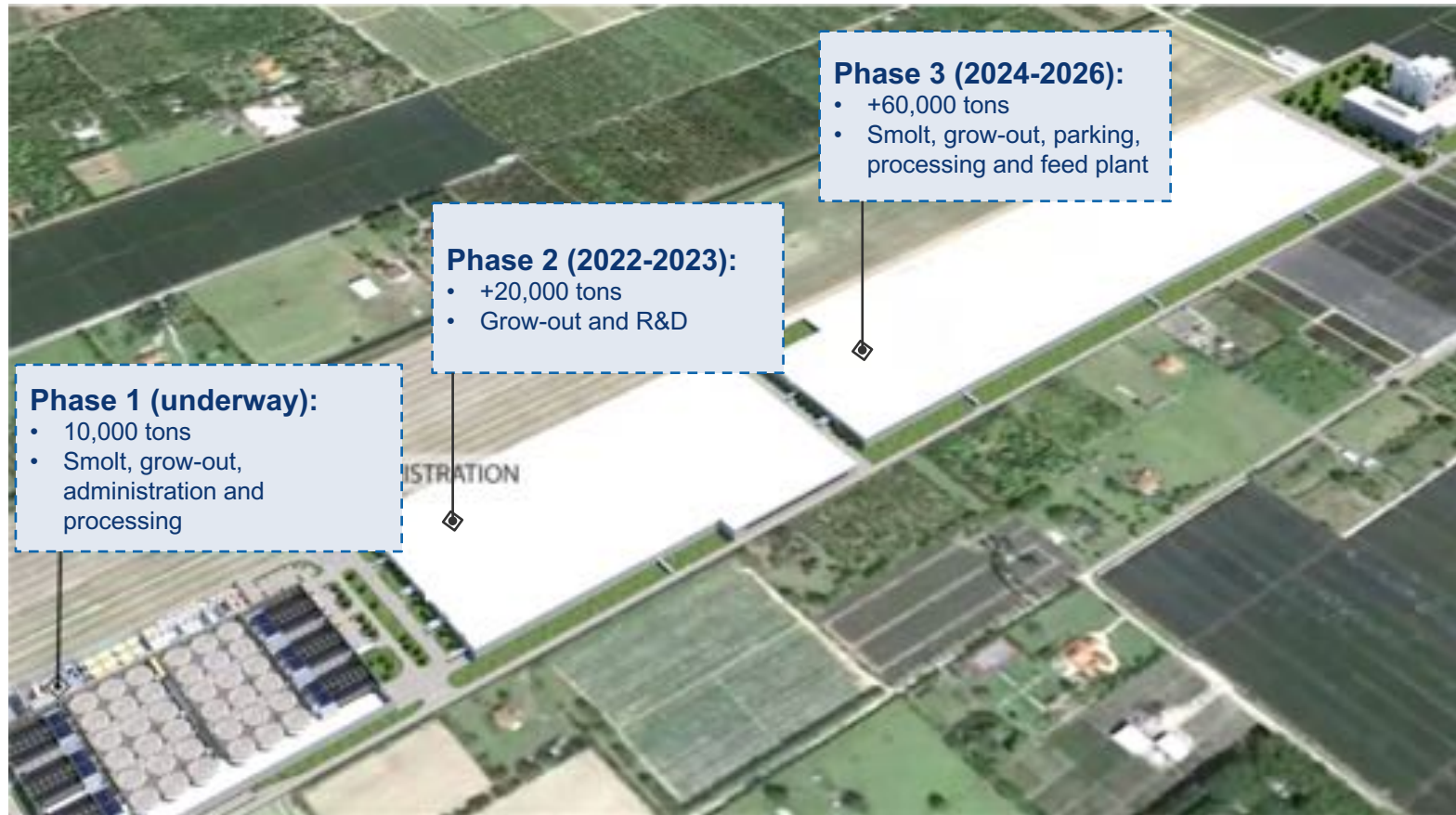


**Bluehouse™ Farming Is Area Efficient, However It Is Critical And Challenging To Find High Quality In-Take Water And Discharge Water Capacity**

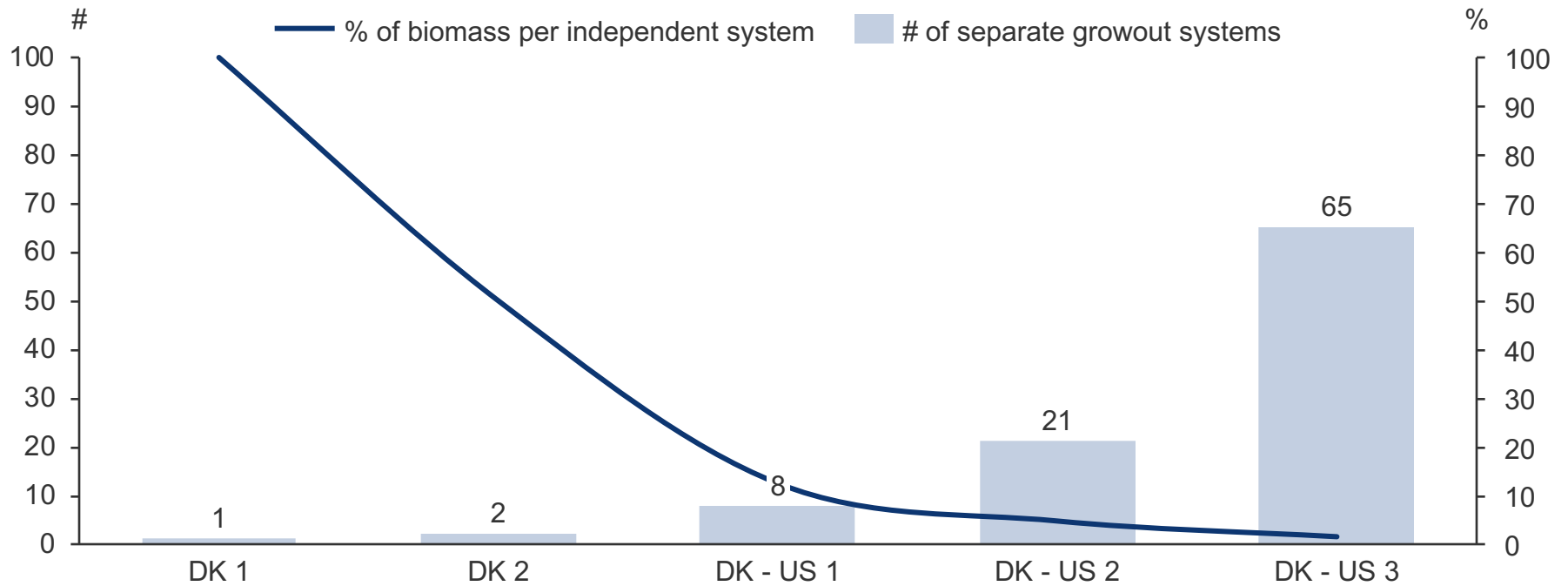


# US 3-Phased Growth – Rendering

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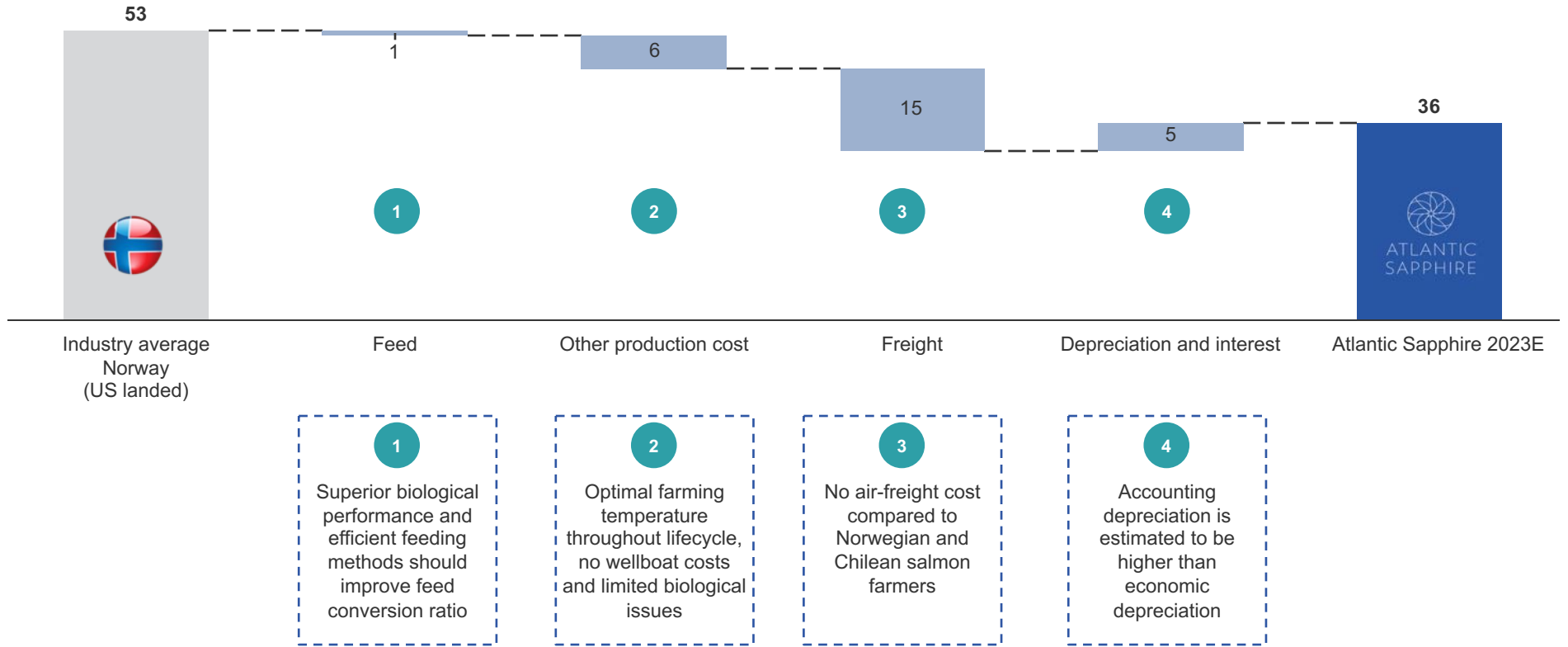
# Risk Mitigation With Scale



Risk Of Biomass Loss Is Sought Reduced With Scale Due To Increasing Number Of Independent Growout Systems

# Comparative Cost Analysis

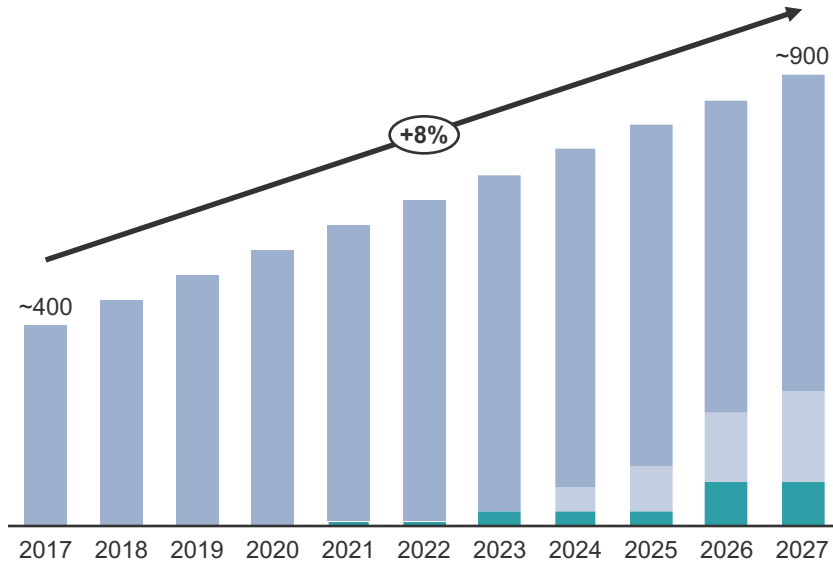
US landed production cost: Industry Norway vs Atlantic Sapphire (NOK/kg HOG)



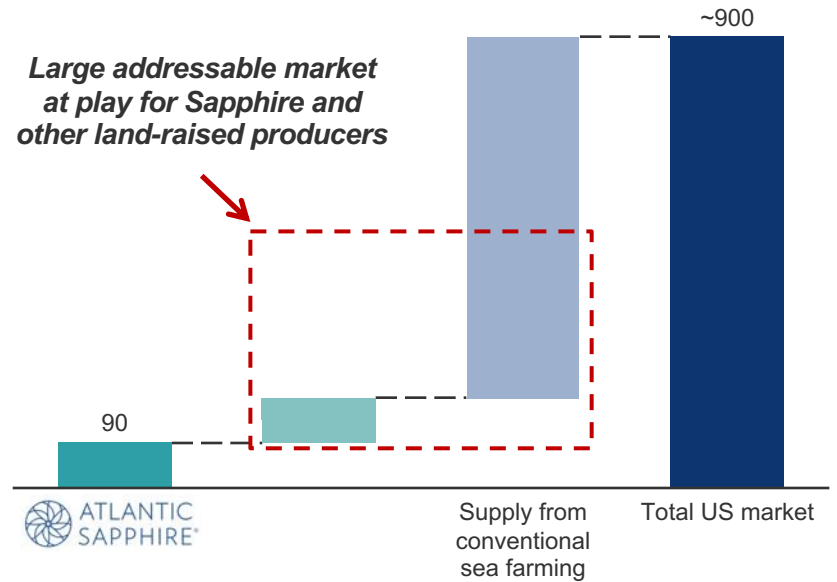
**In Market Production Provides Transport Cost Advantage And Increased Freshness. Expected to be Lowest Cost Producer Supplying the US Market By Phase 2.**

# US Market Potential

Estimated US market size, Atlantic salmon (kt)



US market projection, 2027 (kt)



■ Conventional sea farming 
 ■ Land-raised addressable market 
 ■ Atlantic Sapphire

**The US Salmon Market is Estimated to Grow by up to ~500k Tonnes Over The Next Ten Years - Significant Share is Addressable For In-Market Land-Raised Production**

Market size estimates are based on projections of Atlantic Sapphire management

# Unique Market Opportunities For Atlantic Sapphire

## Description

### 1 Celebrity chefs and high end restaurants

Sapphire salmon has won blind tastings with Michelin starred and celebrity chefs. Our name is printed on menus, building strong brand awareness

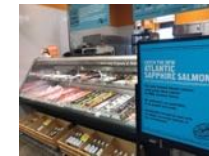
#### From menu

### Grilled Atlantic Sapphire Salmon

smoked tomato cream, warm fingerling potato-b-cauliflower puree walnut gremolata

### 2 Sustainability oriented retailers and hospitality groups

Several retailers and hospitality groups in the USA refuse to purchase net pen farmed salmon or fish that has flown in an airplane due to environmental concerns



### 3 Online retailers/Meal kit delivery

Online retailers such as Amazon often require short response time; Atlantic Sapphire is in pole position for fast delivery. Meal kit delivery is a growing trend with millennials



### 4 Military and other federal agencies

The Berry Act requires for government agencies to purchase seafood that is caught or raised in the USA. Government agencies purchase high end proteins.



### 5 Unique product types

Market-leading freshness opens opportunities for unique product types such as super fresh and sashimi raw products; the fastest growing new trend in the USA is Poke.



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1. Summary
2. Atlantic Sapphire - In Brief
3. Financial Summary
4. US
5. Denmark
6. Organization, Intellectual Property, Financing
7. Shareholder Overview



- US Phase I scheduled introduction of eggs in Q4 2018. Steady state production remains projected for Q3 2020
- Denmark Phase II expansion completion and commercial harvest expected by Q4 2018
  - Controlled growth, strong biological performance
  - Normalized production of 2.4 kt HOG annually expected from Q2 2019
- Strengthened global organization and intellectual property
  - Key management hires in Denmark and the US
  - US patent for 'systems and methods of intensive recirculating aquaculture' received
- Financing
  - NOK 600M equity private placement completed in May 2018
  - Outlook on total Denmark and US project capex increased US\$ 13M for the period until steady state production in the US, related to increases in (i) water quality management, (ii) process data collection, (iii) construction material costs, and (iv) regulatory related costs. The capex increase is projected primarily to reduce operating risk and expenses. In addition, US\$ 4M in projected capex is moved out to 2H 2020 when the company is expected to be generating positive cash flow
  - Constructive process with key lenders continuing towards an amended and improved debt facility, including access to additional liquidity, with aim to close by year-end 2018
  - Given the current business plan and the amended debt facility discussions outlook, the company is expected to be fully funded until steady state revenue is achieved in the US Phase 1 facility in 2020

**US Phase 1 - On Track. Denmark Showing Solid Biological Performance With Harvesting Scheduled For Q4 2018**



### Global land-raised salmon leader

- Experienced management team, equity linked performance culture
- Proven technology for producing commercial harvest size and quality fish at scale
  - Most sustainable, environmentally friendly, salmon farming method
- NOK 1.4B paid-in equity to date
  - 8 independent grow-out systems by 2020, mitigating systemic risk
- Strategic development
  - Key US water discharge permits secured for up to 90 kt HOG annual production
  - First systems and methods patent obtained
  - EW Group strategic co-operation in progress for genetics development and egg supply

**Atlantic Sapphire Bluehouse™ Drives Unprecedented Innovation And Risk Management Control**

#### Period ended 30 June 2018

(Amounts in NOK 000s)	Fish farming		Other and eliminations	Consolidated
	Denmark	USA		
Revenue	31	-	-	31
EBITDA	-5,237	-23,321	-5,371	-33,929
Pre-tax profit or loss	-11,480	-29,704	-6,649	-47,833
Total assets *	228,574	487,323	568,295	1,284,192
Total liabilities	206,686	74,457	-185,202	95,941
Depreciation and amortization	2,716	213	-	2,929
Capital expenditure	73,948	259,752	-	333,700

#### Period ended 30 June 2017

	Fish farming		Other and eliminations	Consolidated
	Denmark	USA		
Revenue	11,917	-	-	11,917
EBITDA	-7,224	-4,972	-7,052	-19,248
Pre-tax profit or loss	-13,103	-5,390	-3,967	-22,460
Total assets	88,929	68,958	19,420	177,307
Total liabilities	101,159	15,212	-73,664	42,707
Depreciation and amortization	2,284	5	-	2,289
Capital expenditure	12,569	29,552	-	42,121

\* Includes NOK 627.8M in cash and cash equivalents



- Miami Phase 1 site development continues. Photos from August, 2018

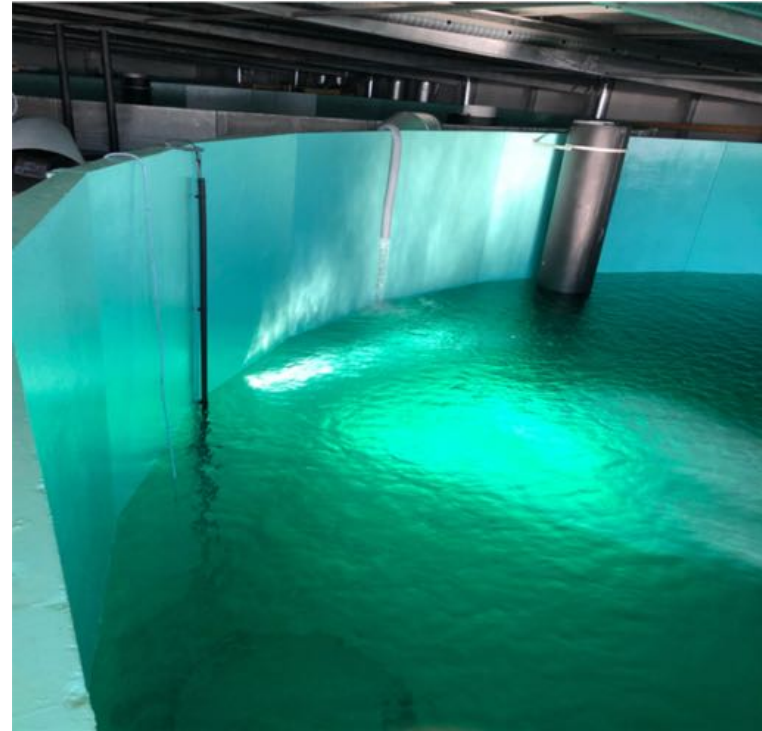


**Sole US Land-Raised Salmon Farming Company At Scale, Avoiding Air-Freight Cost And Carbon Footprint**

- US 1 facility construction on track
  - Aquifer production and disposal wells construction completed. Saltwater production wells casing set at 1,170 ft and 1,750 ft, respectively. Injection well casing set at 2,705 ft.
- Commencement of fresh water operations with first eggs scheduled for Q4 2018
- Post-smolt facility expected to be in operation from Q3 2019
- Steady state harvest projected in Q3 2020, in line with 2018 beginning of year forecast.
- Outlook for US project capex is estimated to increase US\$ 15M, impacting total required funding by US\$ 11M for the period until steady state US production. In addition, US\$ 4M in projected capex is deferred to 2H 2020 when the company is expected to be generating positive cash flow. The additional capex is related to (i) increased water quality management, (ii) increased aquaculture process data collection, and (iii) increased civil engineering (additional wells for water cooling). These factors are expected to reduce operating risk significantly, as well as expenses, (or increase production capacity on a risk adjusted basis - which management is not electing to pursue). In addition, higher than expected construction material costs and regulatory related costs also contributed to the increase.

**Eggs In The Hatchery Scheduled For Q4 2018. Normalized Production Projected From Q3 2020 – On Track**

- Denmark grow out expansion nearing completion. Photos from August, 2018



**The Largest Grow Out Facility In The World Expected To Be Fully Online In Q4 2018**

- Biological performance
  - Mortality since release in grow-out phase less than 2%
  - Feed conversion ratio (eFCR) outperforming plan
  - No signs of early maturation
  - Biomass gain to date somewhat behind plan due to reduced feeding to mitigate risk ahead of transition to the new facility.
  - Biomass growth rates expected to meet plan again by Q4 2018
- New Denmark management team in place
- Expansion completion and full operation expected by November 2018. Commercial harvest expected in Q4 2018
  - First fish expected to be moved to the newly constructed grow out facility by week 38 2018
- Steady state standing biomass of approximately 1.0 kt in Q1 2019 expected. Steady state production of 2.4 kt HOG annually expected from Q2 2019
- Outlook for 2018 capex has increased US\$ 2M since April 2018 toward risk reduction and operational improvements, including increased cooling capacity, feeding system and process measurement technology

**Denmark Showing Solid Biological Performance. Harvest Commencement Scheduled For Q4 2018**

- Management team additions include;
  - Ole Christian Norvik – Managing Director, Denmark (formerly NRS). Bruno Sardenberg – Director of Aquaculture Engineering (formerly University of Miami, RSMAS). Karl Oyehaug – Director of Finance (formerly Carnegie)
- First US patent US 10,034,461 B2 received for Systems and Methods of Intensive Recirculating Aquaculture, on July 31, 2018
  - An example system includes water sourced from an upper saline aquifer segment, RAS receiving and producing water which is then discharged to point in a lower aquifer segment.
- Financing
  - On 24 April 2018, the Company raised NOK 600M in a private placement, with proceeds net of transaction in the amount of NOK 570M. On May 15 2018 the Company was admitted to trading on Merkur Market, Oslo.
  - Given the current business plan and amended debt facility aiming to close in Q4 2018, the company is expected to be fully funded until steady state revenue is achieved in the US Phase 1 facility in 2020.

**Strengthened Management And Intellectual Property. Maintain Expectations to Be Fully Funded Through To US Phase 1**

# 7. Shareholder Overview (As of September 5, 2018)

1<sup>st</sup> Half, 2018 Update



## Atlantic Sapphire AS

Total Shares Outstanding: 62,502,716

Oslo Bors, Merkur Market Ticker Symbol: ASA-ME

Share Price (As of September 5 2018): NOK 46.00 / share

Market Capitalization: NOK 2.88B

Ranking	Holding	Percentage	Name	Country	Type of account
1	9,459,671	15%	ALSCO AS	Norway	Ordinary
2	5,844,306	9%	SKAGEN KON-TIKI	Norway	Ordinary
3	2,832,893	5%	VATNE EQUITY AS	Norway	Ordinary
4	2,369,430	4%	DANSKE BANK AS	Denmark	Nominee
5	2,299,859	4%	EVERMORE GLOBAL VALUE FUND	Belgium	Ordinary
6	1,775,280	3%	MOHN LOUISE	Norway	Ordinary
7	1,632,953	3%	SUNDT AS	Norway	Ordinary
8	1,621,621	3%	BLUE FUTURE HOLDING AS	Norway	Ordinary
9	1,425,830	2%	NORRON SICAV - TARGET	Luxembourg	Ordinary
10	1,375,490	2%	CITIBANK N.A.	United States	Nominee
11	1,367,756	2%	HORTULAN AS	Norway	Ordinary
12	1,214,595	2%	JOH JOHANNSSON EIENDOM AS	Norway	Ordinary
13	1,102,630	2%	JEA INVEST AS	Norway	Ordinary
14	1,092,665	2%	NORRON SICAV - ACTIVE	Luxembourg	Ordinary
15	1,067,855	2%	VERDIPAPIRFONDET DNB SMB	Norway	Ordinary
16	1,006,363	2%	NORDEA BANK AB	Sweden	Nominee
17	970,484	2%	LANI INVEST AS	Norway	Ordinary
18	964,010	2%	CANICA AS	Norway	Ordinary
19	943,000	2%	STATOIL PENSJON	Norway	Ordinary
20	850,000	1%	TACONIC AS	Norway	Ordinary
21	810,237	1%	EIKA NORGE	Norway	Ordinary
22	744,284	1%	NORSK LANDBRUKSKJEMI AS	Norway	Ordinary
23	714,244	1%	BORGANO AS	Norway	Ordinary
24	700,000	1%	SKØIEN AS	Norway	Ordinary
25	689,400	1%	REGENTS OF THE UNIVERSITY OF MICHIGAN	United States	Ordinary
<b>Top 25</b>	<b>44,874,856</b>	<b>72%</b>			
Other	17,627,860	28%			
<b>Total</b>	<b>62,502,716</b>	<b>100%</b>			

Share Price Performance (Last Twelve Months)





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