



Interim Consolidated Financial Statements

SIX MONTHS ENDED
30 JUNE 2020

In accordance with
International Financial Reporting Standards

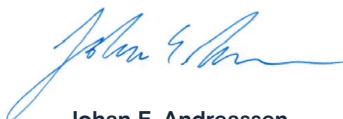


Statement by Management and the Board of Directors

Management and the Board of Directors have today considered and approved the interim consolidated financial statements of Atlantic Sapphire ASA (collectively, the "Group") for the period 1 January 2020 to 30 June 2020. The interim report, which has not been audited or reviewed by the Group's independent auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU disclosure requirements for listed companies. In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial position at 30 June 2020, as well as the

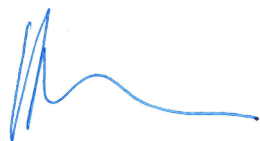
results of the Group's activities and cash flows for the period 1 January 2020 to 30 June 2020. In our opinion, Management's review provides a true and fair presentation of developments, results for the period, and overall financial position of the Group's operations in addition to a description of the most significant risks and elements of uncertainty facing the Group. Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2019.

Vikebukt, 27 August 2020



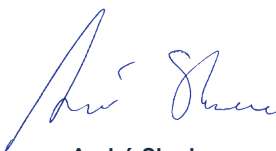
Johan E. Andreassen

Chairman



Alexander Reus

Director



André Skarbø

Director



Ellen Marie Sætre

Director



Patrice Flanagan

Director



Tone Bjørnov

Director



Runar Vatne

Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

SIX MONTHS ENDED 30 JUNE 2020, 30 JUNE 2019, AND YEAR ENDED 31 DECEMBER 2019

Unaudited (USD 1,000)	Note	30 June 2020	30 June 2019	31 Dec 2019
Revenue		2,502	2,021	5,540
Expenses				
Cost of materials		5,328	2,187	6,582
Fair value adjustment on biological assets	3	11,216	(704)	(458)
Salary and personnel costs		2,831	1,643	3,795
Other operating expenses		5,132	3,423	6,803
Depreciation and amortization	4	1,289	1,039	2,286
Total expenses		25,796	7,588	19,008
Operating loss		(23,294)	(5,567)	(13,468)
Financial income		104	183	3,640
Financial expense		(8,467)	(4,062)	(3,338)
Other income, net		83	3	14
Loss before income tax benefit		(31,574)	(9,443)	(13,152)
Income tax benefit		-	-	-
Net loss		(31,574)	(9,443)	(13,152)
Earnings per share:				
Basic earnings per share		(0.46)	(0.15)	(0.19)
Diluted earnings per share		(0.46)	(0.15)	(0.19)

Unaudited (USD 1,000)	Note	30 June 2020	30 June 2019	31 Dec 2019
Net loss		(31,574)	(9,443)	(13,152)
Exchange difference on translation of foreign operations		126	7,884	(917)
Total comprehensive loss		(31,448)	(1,559)	(14,069)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 JUNE 2020, 30 JUNE 2019, AND 31 DECEMBER 2019

Unaudited (USD 1,000)	Note	30 June 2020	30 June 2019	31 Dec 2019
ASSETS				
Non-current assets				
Property, plant, and equipment, net	4	241,147	170,185	209,616
Right of use asset		446	-	355
Restricted cash (long-term)		-	15,000	15,000
Security deposits		821	264	726
Patents		-	174	-
Other investments		11	11	11
Trade and other receivables (long-term)		81	275	118
Total non-current assets		242,506	185,909	225,826
Current assets				
Prepaid and other current assets		649	1,215	1,933
Inventories		3,337	155	3,302
Biological assets	3	8,070	7,386	11,275
Trade and other receivables (short-term)		612	1,419	1,069
Restricted cash (short-term)		332	309	324
Cash		10,815	65,706	9,147
Total current assets		23,815	76,190	27,050
TOTAL ASSETS		266,321	262,099	252,876
EQUITY AND LIABILITIES				
Equity				
Share capital	6	818	818	818
Share premium	6	236,851	236,819	236,819
Employee stock options	6	1,503	983	1,060
Accumulated deficit		(59,006)	(27,782)	(27,432)
Accumulated other comprehensive (loss) gain		(2,460)	5,298	(2,586)
Total equity		177,706	216,136	208,679
Non-current liabilities				
Borrowings (long-term)	5	71,116	27,135	27,319
Lease liability (long-term)		487	-	379
Total non-current liabilities		71,603	27,135	27,698
Current liabilities				
Borrowings (short-term)	5	-	67	79
Trade and other payables		17,012	18,761	16,420
Total current liabilities		17,012	18,828	16,499
Total liabilities		88,615	45,963	44,197
TOTAL EQUITY AND LIABILITIES		266,321	262,099	252,876

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2020, 30 JUNE 2019, AND YEAR ENDED 31 DECEMBER 2019

Unaudited (USD 1,000)	Share capital	Share premium	Employee stock options	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at 31 December 2018	720	151,764	904	(14,280)	(1,669)	137,439
Contributions	98	85,055	156	-	-	85,309
Net loss	-	-	-	(13,152)	-	(13,152)
Foreign currency translation adjustments	-	-	-	-	(917)	(917)
Balance at 31 December 2019	818	236,819	1,060	(27,432)	(2,586)	208,679
Contributions	-	32	443	-	-	475
Net loss	-	-	-	(31,574)	-	(31,574)
Foreign currency translation adjustments	-	-	-	-	126	126
Balance at 30 June 2020	818	236,851	1,503	(59,006)	(2,460)	177,706

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2020, 30 JUNE 2019, AND YEAR ENDED 31 DECEMBER 2019

Unaudited (USD 1,000)	Note	30 June 2020	30 June 2019	31 Dec 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		(31,574)	(9,443)	(13,152)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	4	1,289	1,039	2,286
Fair value adjustment on biological assets	3	11,216	(704)	(458)
Loss from disposition of other assets		31	-	25
Net interest received and paid		8,349	1,730	526
Non-cash employee stock options	6	443	411	156
Net foreign currency exchange rate differences		359	(165)	(153)
Changes in operating assets and liabilities				
Trade and other receivables		497	(894)	(90)
Inventories and biological assets, at cost	3	(8,026)	(3,467)	(10,793)
Prepaid and other current assets		1,288	1,025	41
Security deposits		(95)	(264)	(726)
Trade and other payables		(2,439)	(467)	3,776
Interest received		14	-	100
Net cash used in operating activities		(18,648)	(11,199)	(18,462)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments towards property, plant, and equipment	4	(29,676)	(39,032)	(86,790)
Right of use asset		(90)	-	-
Net cash used in investing activities		(29,766)	(39,032)	(86,790)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	5	95,156	39,544	42,595
Payments towards borrowings	5	(51,438)	(13,621)	(16,288)
Restricted cash on borrowings		14,991	(15,309)	(15,005)
Lease liability		107	-	-
Proceeds from issuance of capital		32	87,683	85,153
Interest paid		(8,363)	(1,543)	(626)
Net cash provided by financing activities		50,485	96,754	95,829
Net increase (decrease) in cash		2,071	46,523	(9,423)
Cash at beginning of period		9,147	19,018	18,699
Effects of exchange rate on cash		(403)	165	(129)
Cash at end of period		10,815	65,706	9,147

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Atlantic Sapphire ASA (“ASA”) is a Norwegian company headquartered at Vikebukt, Norway and listed on the Oslo Stock Exchange with the ticker symbol “ASA”. ASA owns the following subsidiaries (collectively, the “Group”):

- Atlantic Sapphire Denmark A/S (“ASDK”, registered in Hvide Sande, Denmark)
- Atlantic Sapphire USA LLC (“ASUS”, registered in Miami, Florida, USA)
- AS Purchasing, LLC (“ASP”, registered in Miami, Florida, USA)
- S.F. Development, L.L.C. (“ASSF”, registered in Miami, Florida, USA)
- Atlantic Sapphire IP, LLC (“ASIP”, registered in Miami, Florida, USA)

The Group’s interim consolidated statements for the six months ended 30 June 2020 were prepared in accordance with IAS 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the Group’s Annual Report for the year ended 31 December 2019 and any public announcements made by Atlantic Sapphire ASA during the interim reporting period. The interim report is unaudited and is presented in United States dollars (“USD”).

Basis for Preparation of the Accounts

The Group’s accounting policies adopted are consistent with those applied in the Group’s 2019 Annual Report as published on the Oslo Stock Exchange on 26 March 2020. No new standards under IFRS have been adopted by the Group in 2020.

Reclassification

Certain amounts in the Group’s 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. The reclassifications have no effect on the Group’s consolidated financial position or previously reported results of consolidated operations.

NOTE 2 – SEGMENTS

The Group has two strategic divisions, which represent its reportable segments. The Group's executive management reviews the internal management reports of each division. As of 30 June 2020, the Group's reportable segments consisted of the following:

Fish Farming (Denmark)

The Group owns and operates a proprietary Bluehouse land-based salmon farm in Hvide Sande, Denmark through ASDK. Principal operations consist of the production and sale of salmon.

Fish Farming (USA)

The Group owns and operates a proprietary Bluehouse land-based salmon farm in Homestead, Florida, USA through ASUS (the "Miami Bluehouse"). The Miami Bluehouse is currently under Phase 1 of its construction build out and is projected to reach approximately 10,000 tons annualized HOG¹ production in 2021.

The Group's segment information consisted of the following:

Six months ended 30 June 2020	Fish farming		Other and eliminations	Consolidated
	Denmark	USA		
Unaudited (USD 1,000)				
Revenue from sale of salmon	2,812	172	(482)	2,502
EBITDA	(6,243)	(14,136)	(1,543)	(21,922)
Pre-tax loss	(8,245)	(22,559)	(770)	(31,574)
Total assets	41,256	227,991	(2,926)	266,321
Total liabilities	37,551	85,350	(34,286)	88,615
Depreciation and amortization	1,215	74	-	1,289
Capital expenditures	1,474	31,284	-	32,758
Six months ended 30 June 2019				
	Fish farming		Other and eliminations	Consolidated
	Denmark	USA		
Unaudited (USD 1,000)				
Revenue from sale of salmon	2,021	-	-	2,021
EBITDA	(886)	(2,793)	(846)	(4,525)
Pre-tax loss	(2,538)	(4,501)	(2,404)	(9,443)
Total assets	42,651	172,062	47,386	262,099
Total liabilities	35,037	43,928	(33,002)	45,963
Depreciation and amortization	342	27	670	1,039
Capital expenditures	9,334	32,771	2,994	45,099

¹HOG - "Head-On-Gutted" fish, a term used industry-wide, is approximately 83% of live weight fish.

Year ended 31 December 2019	Fish farming		Other and eliminations	Consolidated
	Denmark	USA		
Unaudited (USD 1,000)				
Revenue from sale of salmon	6,413	-	(873)	5,540
EBITDA	(3,147)	(7,124)	(897)	(11,168)
Pre-tax loss	(6,957)	(7,730)	1,535	(13,152)
Total assets	47,319	204,387	1,170	252,876
Total liabilities	35,235	41,187	(32,225)	44,197
Depreciation and amortization	2,206	80	-	2,286
Capital expenditures	7,001	79,156	-	86,157

Significantly all the Group's revenue consisted of the sale of salmon, and the Group's disaggregation of revenue with customers consisted of the following:

Unaudited (USD 1,000)	30 June 2020	30 June 2019	31 Dec 2019
Revenue from external customers in:			
Denmark	815	397	2,390
United States	639	151	1,834
Europe	1,048	1,473	1,316
Total revenue from external customers	2,502	2,021	5,540

The Group's concentration of revenue consisted of the following:

Unaudited (USD 1,000)	30 June 2020	30 June 2019	31 Dec 2019
Sales per customer:			
Customer A	639	1,196	1,834
Customer B	619	353	1,433
Customer C	196	151	957
Customer D	382	159	607
Customer E	544	-	348
Other customers	122	162	361
Total revenue from significant customers	2,502	2,021	5,540

NOTE 3 – BIOLOGICAL ASSETS

Fair Value Measurement of Biological Assets

Under the provisions of IAS 41, the fair value of the Group's biological assets is calculated based on the market price for the relevant fish quality and size on the reporting period date. As the biomass input is mostly unobservable, biomass valuation is categorized at Level 3 in the fair value hierarchy under IFRS 13. The estimated market price in each market is normally derived from the development in recent market prices. Quoted forward prices from Fish Pool, a third-party, are used in the estimation to improve reliability and comparability of the price estimation.

The valuation model for the Group's biological assets calculates the net present value of the expected cash flow from harvested biomass based on the actual number of fish as a starting point. The time to market for live fish is based on a growth table for each generation of fish. The Group considers a live fish weight of 4.5 kg to be the target harvest weight with an expected growth period of 21 months. Expected mortality rates are used to estimate the expected volume of biomass that will reach optimal harvest weight. Fish Pool forward prices are used to determine the expected cash inflows at the time of harvest. Future cash flows are discounted at a monthly rate of 10%. Observable market prices are used where available.

The Group's biological assets consisted of the following:

Unaudited (USD 1,000)	30 June 2020	30 June 2019	31 Dec 2019
Cost of biological assets	18,213	6,885	10,864
Accumulated fair value adjustments	(10,143)	501	411
Total biological assets	8,070	7,386	11,275

The following represents a reconciliation of changes in the carrying amount of the Group's biological assets:

Unaudited (USD 1,000)	30 June 2020	30 June 2019	31 Dec 2019
Biological assets at beginning of period	11,275	3,283	3,283
Gain or loss arising from changes in fair value less costs to sell	(11,216)	704	458
Increases due to production and purchases	13,059	5,327	13,865
Decreases due to harvest	(2,428)	(1,661)	(5,978)
Decreases due to mortality	(2,576)	(257)	(297)
Net exchange rate differences	(44)	(10)	(56)
Biological assets at end of period	8,070	7,386	11,275

The Group's physical volumes of biological assets consisted of the following:

Unaudited (USD 1,000)	30 June 2020	30 June 2019	31 Dec 2019
Live weight of biomass (in tons)			
Non-harvestable fish	354	96	354
Harvestable fish	1,666	1,008	821
Total live weight of biomass (in tons)	2,020	1,104	1,175
Number of fish (in thousands)			
Non-harvestable fish	3,490	2,901	4,114
Harvestable fish	1,176	292	300
Total number of fish (in thousands)	4,666	3,193	4,414
Volume of fish harvested during the year (tons gutted weight)	353	288	1,022

NOTE 4 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following:

Unaudited (USD 1,000)	Land	Buildings	Production, plant, and machinery	Equipment and other movables	Software	Assets under construction	Total
At 1 January 2020							
Cost	8,714	15,218	22,840	1,019	180	167,070	215,041
Less: accumulated depreciation	-	(1,317)	(3,746)	(362)	-	-	(5,425)
Net book amount	8,714	13,901	19,094	657	180	167,070	209,616
Six months ended 30 June 2020							
Opening net book amount	8,714	13,901	19,094	657	180	167,070	209,616
Additions	-	-	-	34	105	32,619	32,758
Reclassifications	-	881	520	73	-	(1,474)	-
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	(395)	(782)	(89)	(30)	-	(1,296)
Reversed depreciation	-	-	-	-	-	-	-
Net exchange rate differences	-	63	70	3	(2)	(65)	69
Closing net book amount	8,714	14,450	18,902	678	253	198,150	241,147
At 30 June 2020							
Cost	8,714	16,162	23,430	1,129	283	198,150	247,868
Less: accumulated depreciation	-	(1,712)	(4,528)	(451)	(30)	-	(6,721)
Net book amount	8,714	14,450	18,902	678	253	198,150	241,147
At 1 January 2019							
Cost	3,691	10,251	21,677	702	-	93,272	129,593
Less: accumulated depreciation	-	(715)	(2,368)	(210)	-	-	(3,293)
Net book amount	3,691	9,536	19,309	492	-	93,272	126,300
Year ended 31 December 2019							
Opening net book amount	3,691	9,536	19,309	492	-	93,272	126,300
Additions	5,023	-	-	323	180	80,631	86,157
Reclassifications	-	5,176	1,624	14	-	(6,814)	-
Disposals	-	(30)	(83)	(16)	-	(12)	(141)
Depreciation charge	-	(631)	(1,475)	(161)	-	-	(2,267)
Reversed depreciation	-	29	97	9	-	-	135
Net exchange rate differences	-	(179)	(378)	(4)	-	(7)	(568)
Closing net book amount	8,714	13,901	19,094	657	180	167,070	209,616
At 31 December 2019							
Cost	8,714	15,218	22,840	1,019	180	167,070	215,041
Less: accumulated depreciation	-	(1,317)	(3,746)	(362)	-	-	(5,425)
Net book amount	8,714	13,901	19,094	657	180	167,070	209,616

NOTE 5 – BORROWINGS

On 21 April 2020, the Group amended the 2019 DNB Credit Facility (the “2020 DNB Credit Facility”) with DNB ASA which, among other conditions, increased the aggregate amount of USD 86m to USD 210m. Under the amended terms, the USA Term Loan was increased from USD 54m to USD 70m, the USA RCF was increased from USD 11m to USD 26m, and the DK RCF remained unchanged at USD 4m. The USD 17m bridge facility under the 2019 DNB Credit Facility was removed, and a delayed draw term loan of USD 110m was extended to the Group towards Phase 2 construction.

The Group’s borrowings consisted of the following:

Unaudited (USD 1,000)	30 June 2020	30 June 2019	31 Dec 2019
ASUS has a USD 70m term loan with DNB (the “USA Term Loan”). The USA Term Loan bears an amended interest rate of LIBOR plus 4.5% and matures on 21 October 2021. USD 70m was drawn on the USA Term Loan as of 30 June 2020.	69,960	27,202	27,398
ASUS has a three-year USD 26m revolving credit facility commitment with DNB (the “USA RCF”). The USA RCF will finance ASUS’ working capital requirements, and no funds have been drawn as of 30 June 2020.	-	-	-
ASDK has a three-year USD 4m revolving credit facility commitment with DNB (the “DK RCF”). The DK RCF will finance ASDK’s working capital requirements, and no funds have been drawn as of 30 June 2020.	-	-	-
ASUS had a USD 17m bridge facility with DNB. During the year ended 31 December 2019, USD 12m was drawn and subsequently repaid following the completion of the Group’s 8 May 2019 equity raise.	-	-	-
ASUS has a two-year loan payable (the “PPP Loan”) to PNC Bank, National Association (“PNC”). The PPP Loan was obtained on April 2020 under the Paycheck Protection Program (the “Program”) as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act passed in March 2020. The PPP Loan bears an interest rate of 1% and matures on April 2022. Payment is deferred for the first six months at which point the outstanding principal of the PPP Loan that is not unforgiven under the Program is payable to the maturity date.	1,156	-	-
Total borrowings	71,116	27,202	27,398
Less: short-term portion of borrowings	-	(67)	(79)
Long-term portion of borrowings	71,116	27,135	27,319

During the year ended 31 December 2019, ASUS incurred USD 3.1m in debt issuance costs in connection to the USA Term Loan under the 2019 DNB Credit Facility. Total unamortized debt issuance costs as of 31 December 2019 were USD 2.6m and were presented against its respective portion of short-term and long-term borrowings.

At 21 April 2020, total unamortized debt issuance costs presented against borrowings were USD 2.4m. Upon amending the USA Term Loan under the 2020 DNB Credit Facility, ASUS incurred USD 5.8m in new debt issuance costs. In accordance with IFRS 9 *Financial Instruments*, the previously unamortized debt issuance costs of USD 2.4m and USD 5.8m in new debt issuance costs were recognized as part of finance expense in the consolidated statements of operations.

NOTE 6 – SHARE CAPITAL AND SHAREHOLDERS

The total number of shares issued and outstanding consisted of the following:

	30 June 2020	
	Number of shares	% of shares
AlSCO AS	9,459,849	13.27%
Regents of the University of Michigan	4,360,478	6.12%
Vatne Equity AS	4,050,000	5.68%
Skagen Kon-Tiki Verdipapirfond	3,877,995	5.44%
State Street Bank and Trust Comp	2,656,208	3.73%
Brown Brothers Harriman & Co.	2,275,092	3.19%
Morgan Stanley & Co. Int. Plc.	2,185,933	3.07%
Citibank, N.A.	2,063,786	2.90%
U.S. Bank National Association	2,030,227	2.85%
Pershing LLC	1,342,019	1.88%
Joh Johansson Eiendom AS	1,340,926	1.88%
Verdipapirfondet Norge Selektiv	1,234,611	1.73%
Lani Invest AS	1,112,997	1.56%
JEA Invest AS	1,072,270	1.50%
UBS Switzerland AG	1,032,351	1.45%
Blue Future Holding AS	1,021,621	1.43%
Norron Sicav - Active	935,861	1.31%
Goldman Sachs & Co. LLC	876,653	1.23%
Verdipapirfondet DNB Norge	842,222	1.18%
Norron Sicav - Target	806,200	1.13%
Total number of shares attributed to the 20 largest shareholders	44,577,299	62.54%
Total number of shares attributed to other shareholders	26,698,801	37.46%
Total number of shares issued and outstanding	71,276,100	100.00%

On 4 May 2020, Atlantic Sapphire AS converted from a private company to Atlantic Sapphire ASA, a public company.
On 5 May 2020, Atlantic Sapphire ASA listed on the Oslo Stock Exchange under the ticker symbol "ASA".

NOTE 7 – SIGNIFICANT AND SUBSEQUENT EVENTS

Recent developments with respect to the COVID-19-virus (the “Coronavirus”), an infectious virus closely related to the SARS virus, has impacted supply chain and construction operations of the Group. In addition, Norwegian salmon prices have experienced a downward trend, pressured down by various factors including concerns over lower global exports due to the Coronavirus. Ultimately, the consequences and timeline of the Coronavirus are still unclear and the overall effect on the business is uncertain.

On 28 July 2020, ASUS initiated an emergency harvest from one of its partially commissioned grow-out systems. As a result of the event, approximately 200,000 salmon with a total weight of approximately 400 tons (HOG) were harvested. Other grow-out systems of the Miami Bluehouse were unaffected. The exact chain of events is still under investigation and preliminary findings do not indicate intoxication or disease as the cause of the event. Rather, the Group believes disruptive construction work close to the operating environment acutely stressed the fish through loud sounds and severe vibrations. Recent challenges of delayed construction and commissioning of critical components, in part because of the Coronavirus pandemic impact, have resulted in increased operational risk and limit the tools the Group has to deal with non-conformities. The Group believes that the event would have likely been mitigated if the permanent fish movement system would have been fully commissioned. The Group is still assessing the complete financial impact of the event including insurance proceeds.



www.atlanticsapphire.com