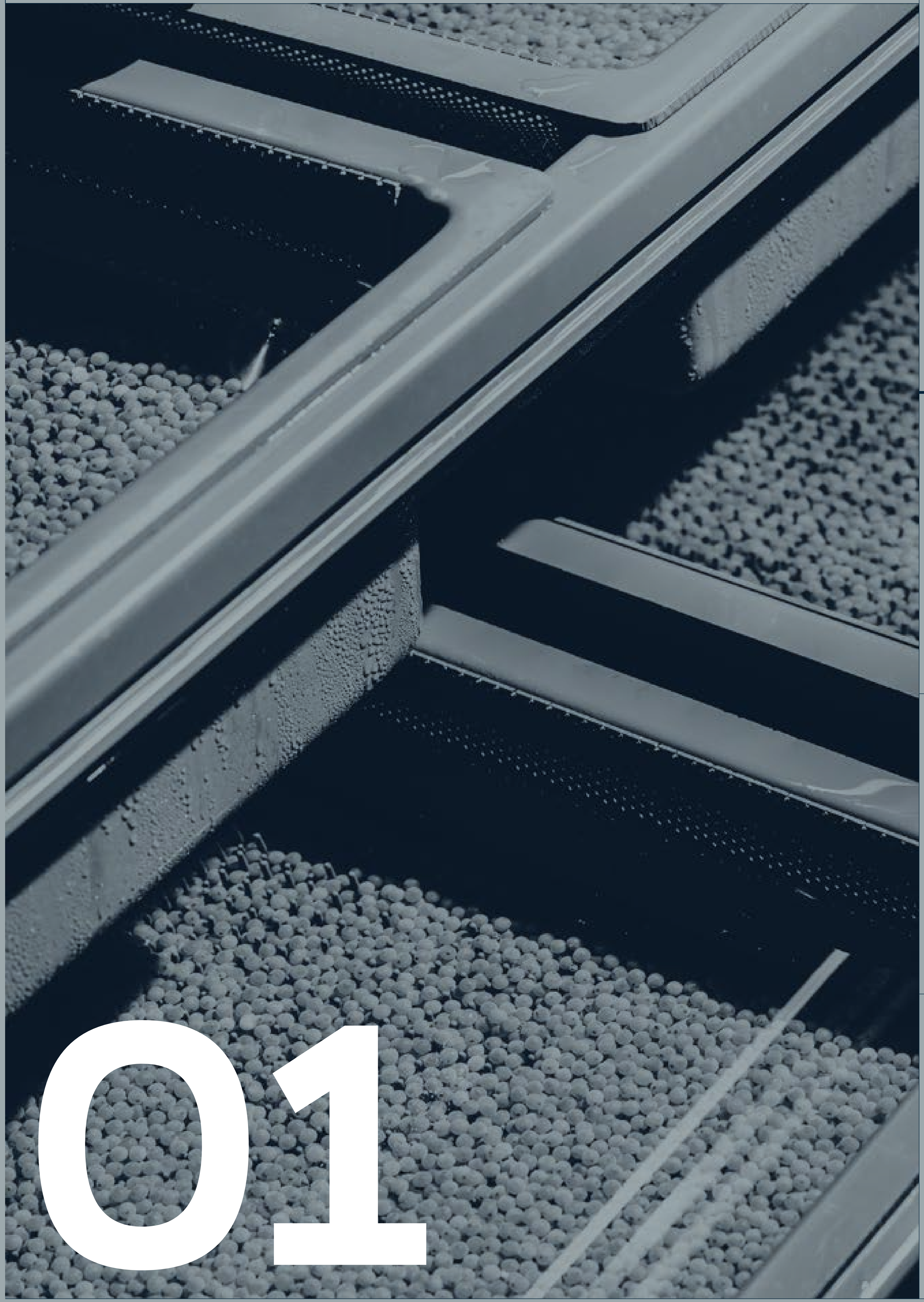
ANNUAL REPORT 2022

ATLANTIC SAPPHIRE®

Contents



2022
IN REVIEW

Message from Our Chairman

Dear Stakeholders,

2022 has been a challenging year for Atlantic Sapphire. We were faced with unforeseen setbacks and therefore, we missed our production and financial targets for the year. We decided to refocus all our efforts from rapid growth to delivering profitability in our Phase 1 Bluehouse first, fixing issues that have impacted our fish negatively. These efforts have improved fish welfare and reduced operational risk, setting the stage for good biological performance in 2023.

The most important operational improvements in 2022 were:

- A full review and "reset" of the Ongrowing RAS systems, particularly the biofilters, to minimize the risk of sedimentation and anoxic areas. This also included installation of 100+ new camera inspection points to identify and tackle potential risks early on
- The commissioning of a new chiller system, the so-called "chiller bank", which decreases operational risk, achieves significant financial savings and allows us to maintain lower and more stable water temperatures
- A new ozone system that has improved water clarity and reduced nutrient load
- Changes to the nutrition of the salmon that has had a positive effect on fillet color
- Changes to organizational structure and protocols
- Additional tank lights installed across all systems to enhance appetite and mitigate maturation

Despite challenges, 2022 also brought a lot of positive developments as the company continues to mature. Our freshwater systems are consistently performing in line with the best smolt producers in the world. Our fileting line was installed and commissioned leading to increased quality control, yields and cost savings once we are at scale.

With several years of experience running our Bluehouse, first in Denmark and then in the US, we know how much it costs to operate the facility and have executed on many cost saving opportunities. More have been identified for 2023.

In Atlantic Sapphire, operational costs are generally fixed in nature, with feed being the notable exception. Therefore, the success of our business is based on reducing fixed costs, price achievement and, most importantly, increase feeding and thereby production. This will lower the cost per kilo of salmon produced.

In the bigger picture, the macro drivers behind our vision are more relevant than ever. Topics such as climate risk, global warming, GHG emissions, ocean acidification, effects on wild species, political risk and local food security have all become the center of attention for our stakeholders. This gives us additional confidence that we're doing the right thing.

Similarly, on the consumer side, our brand awareness and its positive impact continued to increase, as Bluehouse Salmon has become "Friend of the Sea" certified, and has earned the Seal of Approval from Parent Tested Parent Approved (PTPA).

After a year with considerable heavy-lifting on the operational side, we are seeing improvements in the key parameters that will lead to higher productivity, fish health and product quality. We're excited about what 2023 will bring.

Johan E. Andreassen

Company Facts

GRI 2-1

FOUNDED	2010
LEGAL HEADQUARTERS	VIKEBUKT, NORWAY
BUSINESS HEADQUARTERS	MIAMI, FLORIDA, US
OSLO STOCK EXCHANGE TICKER	ASA
US OTCQX TICKER	AASZF

357.6M
TOTAL ASSETS (USD)

177
EMPLOYEES

(GRI 2-2) Atlantic Sapphire ASA ("ASA"), a public limited liability company incorporated in Vikebukt, Norway and domiciled in Vestnes, Norway, is the parent company of the Atlantic Sapphire group of companies (collectively, "Atlantic Sapphire" or the "Group"), which includes:

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

This report is published as a single document and part of our annual integrated financial and ESG report, written by our internal ESG committee led by CFO Karl Øystein Øyehaug. (GRI 2-3) Additionally, we publish quarterly financial reports. (GRI- 2-4)

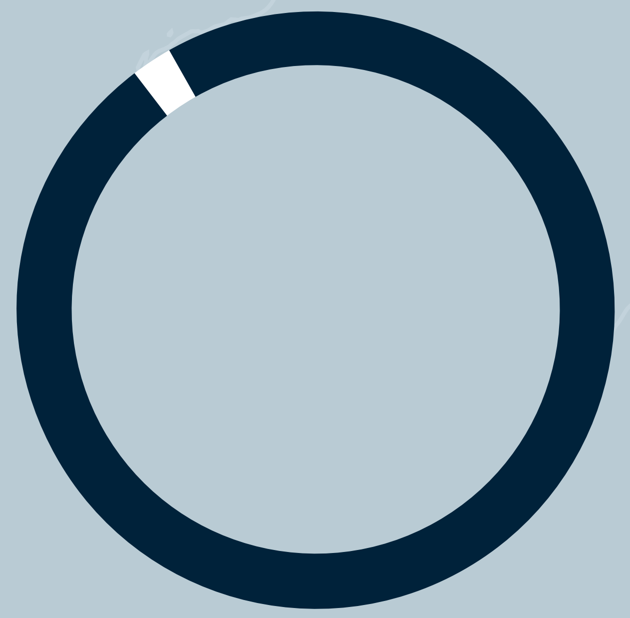
About Atlantic Sapphire

Atlantic Sapphire by Location

Revenue by Market

98% UNITED STATES

2% CANADA



2010

Atlantic Sapphire is founded by Norwegian salmon entrepreneurs Johan Andreassen and Bjorn-Vegard Løvik with the vision of creating a world-class Bluehouse in the United States, the world's largest market for Atlantic salmon

Founding partner Thue Holm, a Danish recirculation aquaculture expert, joins the company

Construction begins on the commercial pilot Denmark Bluehouse, which would become the world's largest land-based salmon operation upon completion

2011

The first ova of Atlantic salmon are stocked in the Denmark Bluehouse

2013

The first batch of Denmark Bluehouse salmon are harvested

Atlantic Sapphire salmon sells in the US market

2015

After an assessment including over 12 states, Miami, Florida is selected as the location for US operations

2016

The first water use and well drilling permits are secured for the Miami Bluehouse

2017

NOK 595m equity raise completed

US construction management agreement is signed

Well drilling and US Phase 1 Miami Bluehouse construction commences

2018

Construction of grow-out systems expansion begins in Denmark, increasing capacity from 700 metric tons to 2,900 metric tons annually of round living weight (RLW) production

NOK 600m equity raise completed and Atlantic Sapphire listed on the Merkur Market in Oslo, Norway

The first Atlantic salmon ova are stocked in the Miami Bluehouse

A 'Key to Miami-Dade County' is received from Miami-Dade County Mayor Carlos A. Gimenez in recognition of bringing responsible economic development and positive impact to the community

First United States patent granted for systems and methods of intensive recirculating aquaculture

Selected Historical Highlights (1/2)

2019

DNB debt financing completed, with a guarantee from EKF, Denmark's export credit agency, in alignment with IFC performance standards and guidelines. First 'green rated' seafood debt for DNB, the world's largest seafood lender.

NOK 783m equity raise completed. The Company increases its projected capacity target from 90,000 metric tons in 2026 to 220,000 metric tons by 2031.

The first generation of Atlantic salmon born in Florida successfully grows through the freshwater stage and onto the saltwater post-smolt systems

Atlantic Sapphire is named 'Star of Innovation' at the 2019 European Small and Mid-Cap Awards

Atlantic Sapphire joins the UN Global Compact, committing to respecting and promoting the ten principles on human rights, labor rights, environmental standards, and anti-corruption

2020

Atlantic Sapphire is listed in Oslo Stock Exchange ("OSE")

The first commercial US harvest of Atlantic Salmon raised in RAS in Florida occurs

Atlantic Sapphire initiates sales of Bluehouse Salmon from Florida in several retail chains and food service outlets

2021

Atlantic Sapphire and Skretting enter agreement to secure local feed supply

Atlantic Sapphire introduces algal oil from Veramaris,replacing fish oil by 25%

The group's brand, Bluehouse Salmon, gains the "Heart Check" certification from the American Heart Association

Atlantic Sapphire is listed in the US OTCQX market

Atlantic Sapphire Denmark A/S receives the ASC Standard certification

2022

Bluehouse Salmon is certified Friend of the Sea

Atlantic Sapphire introduces new smoked salmon products

Hot smoked Buehouse Salmon wins Parent Tested Parent Approved seal of certification

Filleting line is installed for in-house capabilities

Selected Historical Highlights (2/2)

Our Story

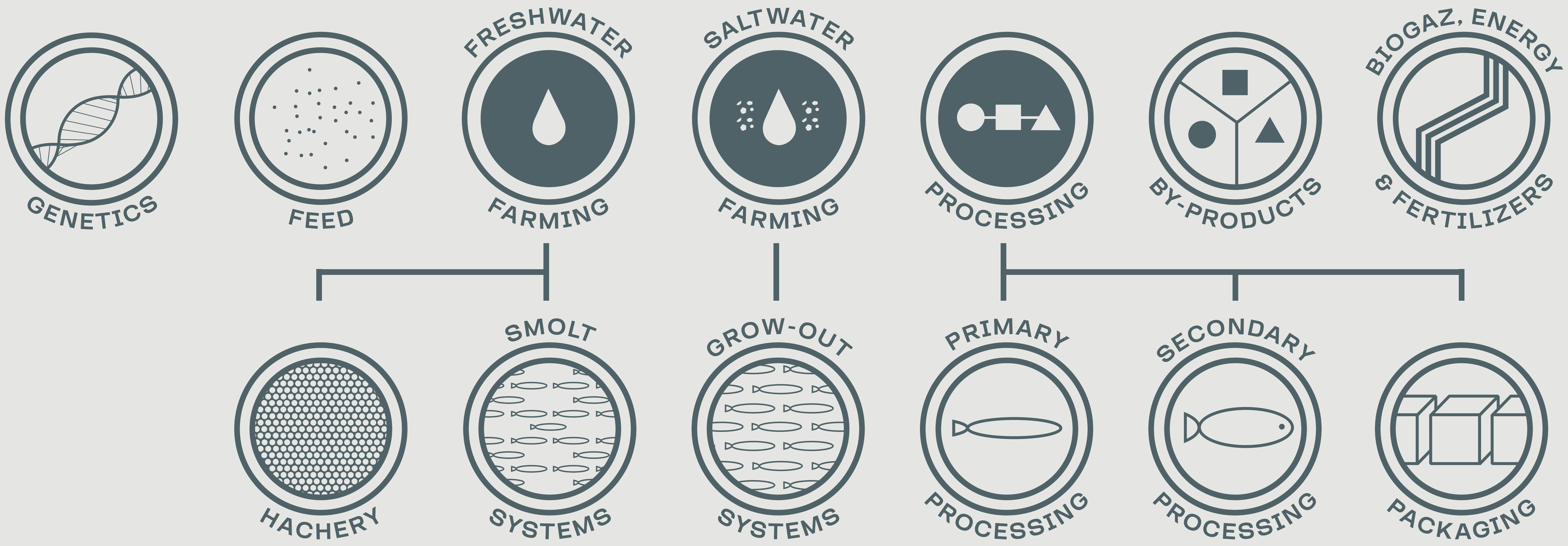
Founded in 2010, Atlantic Sapphire owns and operates a land-based Atlantic salmon farms in Miami, Florida, US. A **Bluehouse® facility** (the "Bluehouse") is **proprietary production technology** developed in collaboration with a wide range of supply chain partners to **optimize growing conditions for Atlantic salmon**. Each Bluehouse contains the facilities needed for a salmon's full value chain, from egg to fresh fillets packed for retail and food service. Consolidated operations enable Atlantic Sapphire to control the entire production cycle without having to transport salmon to and from sea-based net pens. The Group's strategy is to **produce in the end-market,** near customers, thereby **reducing the environmental impacts** and costs associated with airfreight transportation.

The Miami Bluehouse has a **designed production capacity** of approximately 9,500 tons head-on gutted ("HOG"). The Group has a target to expand production at the Miami Bluehouse up to **220,000 tons of annual capacity**. The global volume of farmed Atlantic salmon reached 2.9 million metric tons in 2022, according to Kontali.

By the end of 2022, Atlantic Sapphire employed 177 full time employees, and expects to continue increasing its workforce as the Group scales up in the US. (GRI 2-7). These reports are audited by PwC. (GRI 2-5)

Atlantic Sapphire aims to transform salmon farming by managing an **integrated value chain** of salmon production and bringing **full traceability** from egg to final product. Activities include farming, harvesting, processing, marketing, and sales. Through the specialized, efficient design of the Recirculating Aquaculture System ("RAS"), Atlantic Sapphire can control the key drivers of the production cycle consistently every day of the year. (GRI 2-6)

In the US, end-market production collapses the costs inherent in the international conventional sea-based salmon farming value chain. Bluehouse farming has fewer negative impacts on the coastal environment, and for the Miami Bluehouse, there are no coastal impacts. The innovation of the Bluehouse allows Atlantic Sapphire to contribute to **meeting the growing demand for sustainable, healthy, and fresh proteins**. Atlantic Sapphire continuously invests in research and development to ensure that the Group remains at the forefront of transforming market salmon production.



Integrated Value Chain

Executive Management

Johan E. Andreassen

Chairman and Co-Founder, CEO of Atlantic Sapphire USA LLC

Johan E. Andreassen, a Co-Founder of Atlantic Sapphire, has served as Chairman of the Board of Directors since 2010, and serves as the Chief Executive Officer of Atlantic Sapphire USA LLC. Mr. Andreassen has served as the Group's Chief Executive Officer from 2010 to 2012, and from 2017 to 2020. Prior to founding Atlantic Sapphire, Mr. Andreassen founded and led Villa Organic, a 30,000-ton capacity conventional salmon farming company, which was subsequently sold to Lerøy and SalMar in 2010.

Mr. Andreassen is an American and Norwegian citizen, currently residing in Miami, Florida, USA.

Damien Claire

Chief Sales and Marketing Officer

Damien Claire is the Group's Chief Sales and Marketing Officer. Prior to joining Atlantic Sapphire, Mr. Claire was the President of Platina Seafood, Inc. Mr. Claire's experience includes positions in several industries around the world. From 2009 to 2014, he served as Sales/Analyst for South Pacific Specialties in Miami. From 2004 to 2008 he also acted as Vice President of Business Development for Global Outsourcing in Chile. Mr. Claire earned a Bachelor's Degree in Computer Science and Business Administration from Lander University in South Carolina.

Mr. Claire is an American citizen, currently residing in Miami, Florida, USA.

Jon-Birger Løvik

Chief Operating Officer

Jon-Birger Løvik is the Group's Chief Operating Officer and was formerly Atlantic Sapphire's Director of Aqua Technology and Deputy COO until he was appointed COO in March 2022. Mr. Løvik also held the position as Managing Director of Atlantic Sapphire Denmark A/S from June 2015 to December 2018. Mr. Løvik has significant experience in the salmon farming industry and the broader seafood industry. Prior to joining Atlantic Sapphire, Mr. Løvik previously worked as a Production Manager in Villa Organic, a 30,000-ton capacity conventional salmon farming company. Mr. Løvik is also an advisor to the Norwegian salmon smolt facility Hjelvik Settefisk.

Mr. Løvik is a Norwegian citizen, currently residing in Miami, Florida, USA.

Executive Management

Karl Øystein Øyehaug

Chief Financial Officer and Managing Director Of ASA

Karl Øystein Øyehaug is the Group's Chief Financial Officer and Managing Director of ASA. Mr. Øyehaug was hired as the Group's Finance Director in 2018 and was elected as Managing Director of ASA at the time of conversion to public limited liability company in May 2020. Prior to joining the Group, Mr. Øyehaug served as an Equity Analyst at Carnegie Investment Bank in Oslo, Norway covering the seafood sector. Mr. Øyehaug holds a degree in Economics and Business Administration from the Norwegian School of Economics ("NHH") and Columbia University in New York.

Mr. Øyehaug is a Norwegian citizen, currently residing in Miami, Florida, USA.

Svein Taklo

Chief Development and Infrastructure Officer

Svein Taklo is the Group's Chief Development and Infrastructure Officer since joining the Group in October 2019. Before joining Atlantic Sapphire, Mr. Taklo held several positions within the cruise line industry, including most recently as Vice President Marine & Technical with ROW Management (The World, Residences at Sea) and previously as Chief Operational Officer and Senior Vice President of Maritime Operations for Hurtigruten from May 2014. Mr. Taklo holds a Bachelor's in Safety and Maintenance from Høgskolesenteret i Vestfold in Norway and completed the Executive Education Program by Wharton School of Business of the University of Pennsylvania.

Mr. Taklo is an American and Norwegian citizen, currently residing in Miami, Florida, USA.

Corporate Governance

GRI 2-9

Atlantic Sapphire creates long-term value by ensuring good and healthy business practices, reliable reporting, regulatory compliance, and a culture that emphasizes ESG principles and standards.

Atlantic Sapphire is publicly traded and listed on the main exchange of the Oslo stock exchange.

The Oslo Stock Exchange is governed by the Norwegian Securities Trading Act and its associated regulations. The regulations provide a framework for the governance of the stock exchange.

Key regulations governing the Oslo Stock Exchange:

1.

Listing Rules: The Oslo Stock Exchange has specific listing rules that companies must adhere to in order to be listed on the exchange. These rules cover topics such as financial reporting, corporate governance, and disclosure requirements.

2.

Trading Rules: The trading rules for the Oslo Stock Exchange govern the conduct of trading on the exchange. The rules include provisions for order types, price limits, and trading hours.

3.

Market Abuse Regulations: The market abuse regulations in Norway are designed to prevent insider trading and other forms of market abuse. These regulations are enforced by the Financial Supervisory Authority of Norway.

4.

Corporate Governance Guidelines: The Oslo Stock Exchange has issued guidelines for corporate governance that listed companies are encouraged to follow. These guidelines cover topics such as board structure, remuneration, and shareholder rights.

5.

Disclosure Requirements: Listed companies on the Oslo Stock Exchange are required to disclose certain information to the market, such as financial reports, major events or changes in ownership, and material changes in business operations.

These regulations aim to promote transparency and fairness in the Norwegian financial markets, and to protect investors and maintain confidence in the integrity of the stock exchange.

Corporate Governance

GRI 2-9

Our board members ensure Atlantic Sapphire operates with integrity and accountability:

Johan Emil Andreassen

Chairman

Johan Emil Andreassen is one of the Company's co-founders and has served as the Company's Chief Executive Officer from 2010 to 2012 and from 2017 to 2020. He has served as Chairman of the Board of Directors since 2010 and serves as the Chief Executive Officer of Atlantic Sapphire USA. Before the founding of the Company, Mr. Andreassen founded and led Villa Organic, a 30,000 tonnes capacity salmon farming company, which was subsequently sold to Lerøy and SalMar in 2010.

Mr. Andreassen is an American citizen, currently residing in Miami, Florida, USA.

André Skarbø

Director

André Skarbø has served as a Director since 2015. Mr. Skarbø is owner and managing director of Platina Seafood AS, a Norwegian fish distribution company headquartered in Stranda, Norway. Mr. Skarbø has been involved in the salmon processing and sales industry for 30 years.

Mr. Skarbø is a Norwegian citizen, currently residing in Stranda, Norway.

Kenneth Jarl Andersen

Director

Kenneth Jarl Andersen has served as a Director since August 2022. Mr. Andersen is the CEO of Strawberry Equities AS and Strawberry Capital AS, which is a large shareholder in the company. Mr. Andersen has extensive experience from the Strawberry Group, where he has been employed since 2007. In addition, Andersen has experience from Terra Fondsforvaltning and Arthur Andersen Consulting.

Mr. Andersen is a Norwegian citizen, currently residing in Oslo, Norway.

Corporate Governance

GRI 2-9

Our board members ensure Atlantic Sapphire operates with integrity and accountability:

Patrice Flanagan

Director

Patrice Flanagan has served as a Director since 2019. Ms. Flanagan has more than 35 years of experience in the US seafood industry. Ms. Flanagan worked for Slade Gorton & Co., a US seafood distributor, importer and manufacturer, for over 35 years. She most recently served as the Vice President of Fresh Seafood & Business Development until stepping down in 2019. She holds a degree in business management from Cambridge College.

Ms. Flanagan is a US citizen, currently residing in Boston, Massachusetts, USA.

Tone Bjørnov

Director

Tone Bjørnov is a full-time board member serving on the boards of several public and private companies. Her background is in bank and finance, including having served as an executive with DNB Bank. Ms. Bjørnov holds a business degree from the Norwegian School of Management (BI).

Ms. Bjørnov is a Norwegian citizen, currently residing in Oslo, Norway.

Ellen Marie Sætre

Director

Ellen Marie Sætre is an educated veterinary from the Norwegian School of Veterinary Science (2006). She has been working as a consultant in private fish health companies on questions regarding fish health, welfare, hygiene and biosecurity since 2006. Now she is leader of the fish health department in Møre og Romsdal for Åkerblå AS.

Ms. Sætre is a Norwegian citizen, currently residing in Vikebukt, Norway.

The Global Challenges Facing Seafood Production

The past years navigating the pandemic have shown that the seafood supply chain is far from immune to shocks. When the COVID-19 pandemic (the "Pandemic") hit, it exacerbated some of the critical conditions facing our food systems at both global and local levels. However, it accelerated Atlantic Sapphire's focus to build greater resilience into its food systems.

The notion of food systems has resurfaced as an important approach to the challenge of creating policy that successfully integrates nutritional and sustainability goals. Food systems need to be reshaped to feed our planet sustainably with healthy proteins. Atlantic Sapphire views its business as being part of the solution, not only by participating in a leadership role in navigating the world onto a low-carbon path for a healthier environment, but by also driving resilience for a more sustainable future.

There is an unprecedented pressure on natural resources, which creates challenges to provide enough food to sustain a growing global population. The UN Sustainable Development Goals ("SDGs") have framed the global environmental, social, and economic challenges and have urged businesses to step up with solutions that tackle the problems – fast and at scale.

Salmon farming emerged four decades ago in Norway, and later in other areas with similar oceanographic conditions, as a consistent and reliable source of healthy seafood. Salmon farming soon became one of the main sources of income and employment in many small communities, contributing to the economic development of remote parts of these countries.

According to the Food and Agriculture Organization of the United Nations ("FAO"), the growth of human consumption of fish in the last 60 years globally has increased at a rate significantly higher than the growth in world population. From 1990 to 2018 alone, the world has seen a 122% rise in total fish destined for human consumption ("food fish consumption"). The same period also saw the average annual growth rate of total food fish consumption outpace that of all other animal proteins such as meat, eggs, milk, etc. In 2017, fish provided approximately 3.3 billion people with almost 20% of their average per capita intake of animal protein, accounting for about 17% of total animal protein and 7% of all proteins consumed globally. The FAO estimates that per capita fish consumption in 2018 was 20.5 kg, expecting it to rise to 21.3 kg in 2027.[2]

Meanwhile, aquaculture production is projected to grow at a compound annual growth rate ("CAGR") of approximately 2.6%, reaching 109 million tons in 2030, an increase of 32% (26 million tons) over 2018. In comparison, the growth rate of wild-caught fish is expected to remain flat in this period. This will grow aquaculture's share of total fish supply from approximately 46% in 2016 to approximately 53% in 2026. According to Kontali, fish from aquaculture will grow faster than any other main source of animal protein, with a 2014-2024E supply CAGR of 2.8%. Salmon farming is expected to play an important role in this development. In 2022, the production of Atlantic salmon was under 2.9 million tons. The growth in 2022 was flat or even slightly negative and expected growth for 2023 is around 2%.[3]

Over the past decades, aquaculture has greatly contributed to the protection of depleting wild stocks and is expected to continue to be a significant contributor in feeding the world's increasing population.

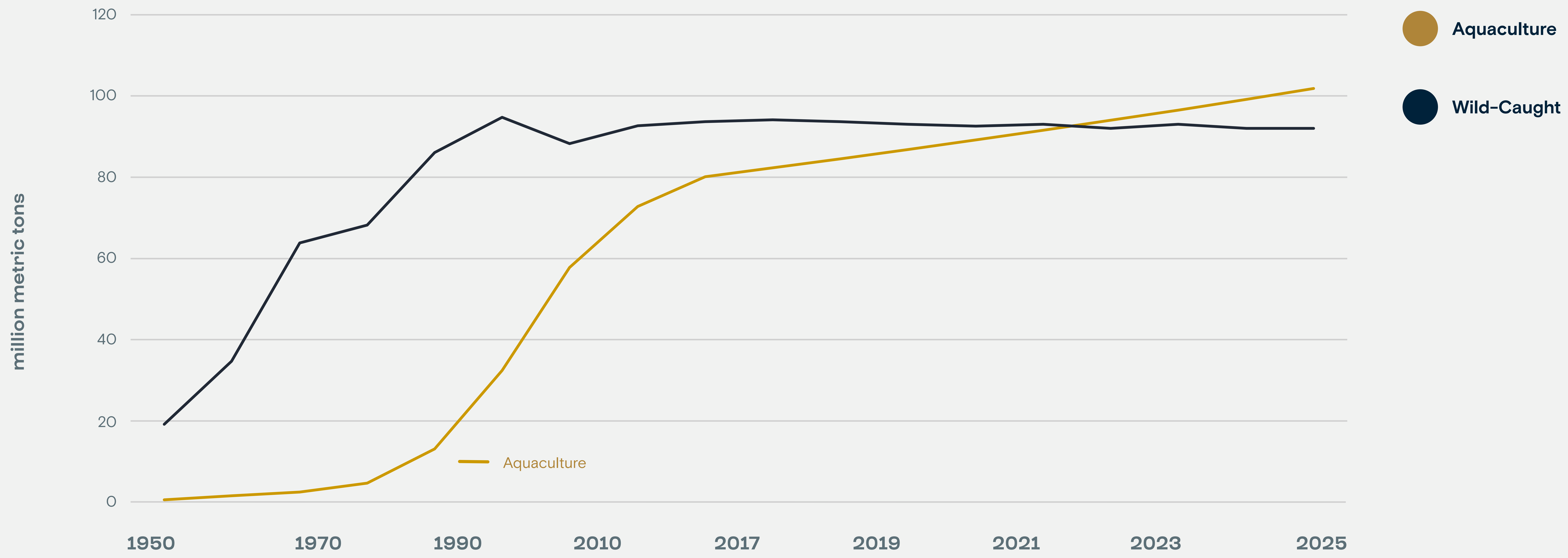
However, there is much more to be done in protecting the world's ecosystems and, in particular, its oceans. Atlantic Sapphire has become increasingly aware of the issues, and understands the need to adapt to global changes and embrace new technologies as they become available to mitigate the negative impacts that current practices may have on the environment and society as a whole.

As a member of the UN Global Compact, Atlantic Sapphire aims to contribute to the development of international policies that will establish the key role that sustainable aquaculture will play in future food systems to fulfill the expanding dietary needs of the world's population. Atlantic Sapphire will also support the work of relevant subgroups, such as the UN Blue Food Working Group, in the coming years to ensure measurable progress.

Consult the graphic

[2] FAO. 2020. *The State of World Fisheries and Aquaculture 2020. Sustainability in action.*
[3] Kontali. GSMC 2023 presentation.

Global Production



Geopolitical Picture And Challenges For The Seafood Industry

2022 has been a year marked by macro-economic and geopolitical headwinds for the global seafood industry. As the world was "reopening" after the pandemic, the industry expected supply chains to normalize and demand for seafood to continue booming around the world. Instead, in the first quarter of 2022 the world was shocked with the beginning of the invasion of Ukraine. This has had downstream effects on the world in general and the seafood industry in particular. The trade sanctions and supply chain disruptions that followed the war had an immediate effect on commodities and raw materials that are part of the food system.

Inflation in food prices has affected consumers directly as animal proteins have become more expensive, leading to consumer groups trading down from proteins to cheaper alternatives, directly impacting seafood demand.

The biggest impact on the aquaculture industry has been the increased cost of production, specifically feed prices. In addition, construction costs have increased, with construction materials such as steel and concrete increasing rapidly. This has affected Atlantic Sapphire and its Phase 2 construction project directly.

Other political headwinds include regulatory changes in major producing countries. For example, in 2022, the Norwegian government proposed a new resource tax on Norwegian net pen salmon and trout farming that could increase the tax rate by as much as 40% points. If approved, this might result in a slowdown of investments and potential long-term salmon supply growth. In Chile, the government is evaluating a plan to remove aquaculture licenses in National parks, as well as limiting potential growth in the rest of the country with more controls and regulations.

Atlantic Sapphire is partially affected by these geopolitical challenges, especially when it comes to high inflation and increases in the cost of feed and other production inputs.

However, with disrupted supply chains and tougher regulations in the main producing regions for Atlantic salmon, the Group believes that its core mission to produce healthy proteins locally in the United States is more relevant than ever. With lower expected growth in global salmon production than ever and stronger demand, the company is in prime position to fill the gap and help increase food security in America.

FOR THE HEALTH OF PEOPLE AND PLANET

Atlantic Sapphire exists for one, clear purpose: to lead the global transformation of aquaculture through innovative fish farming methods that deliver a delicious, nutritious, and sustainable product to the end-consumer. The Group's approach to doing business is sustained by an ongoing consideration of ESG factors with the goal of bringing results across four key areas: product, economic, environmental, and social responsibility.

Atlantic Sapphire is a company where talented individuals are empowered to do their best work by applying the Group's core values:

Passion

Purpose.
Dedication.
Courage.

Innovation

Continuous improvement.
Solutions.
Learning.

Performance

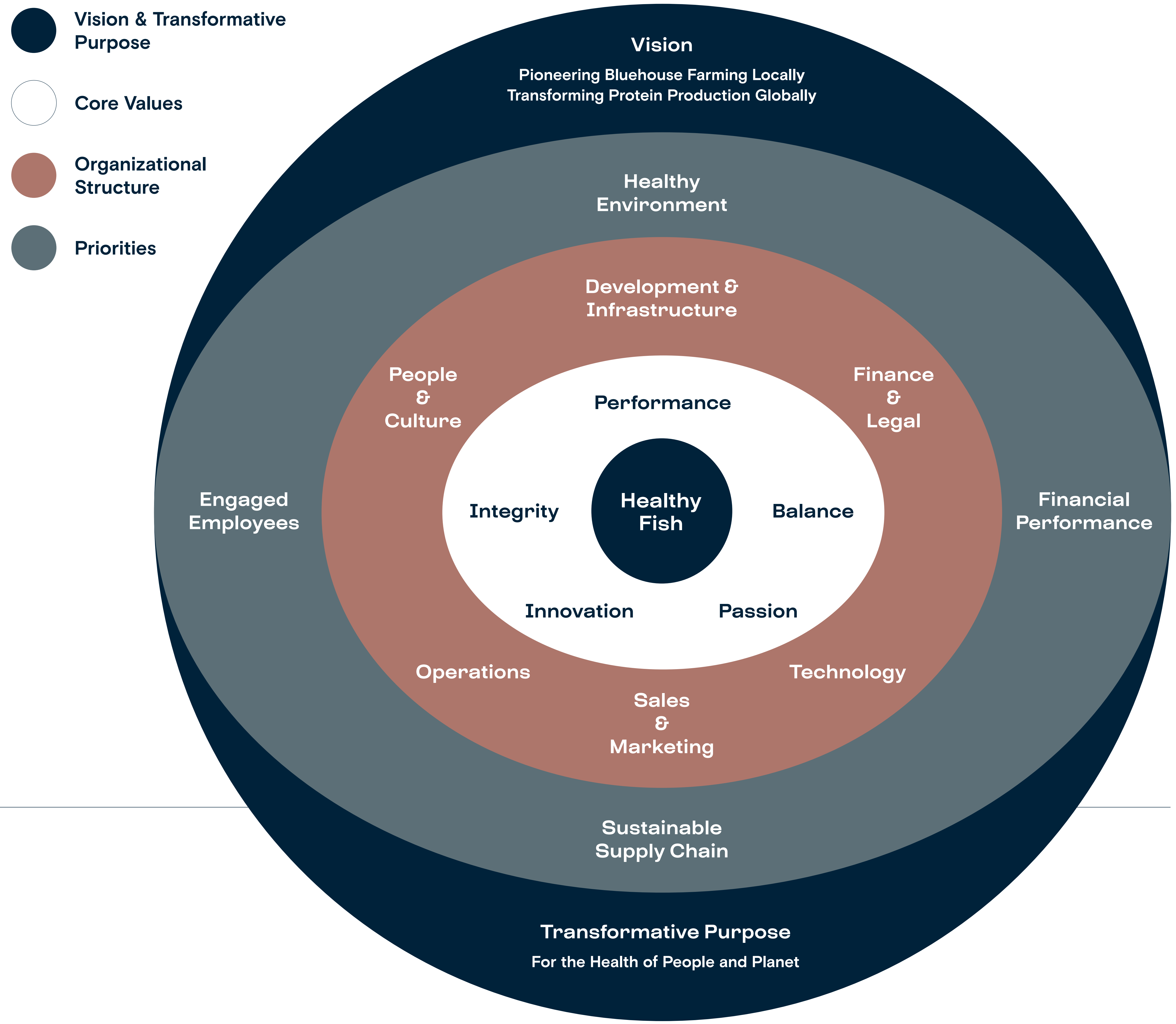
Initiative.
Collaboration.
Results.

Integrity

Accountability.
Open communication.
Care.

Balance

Healthy Fish.
Stakeholder wellness.
Sustainable planet.



ESG Framework

Prioritizing Material Risks

GRI 3-3

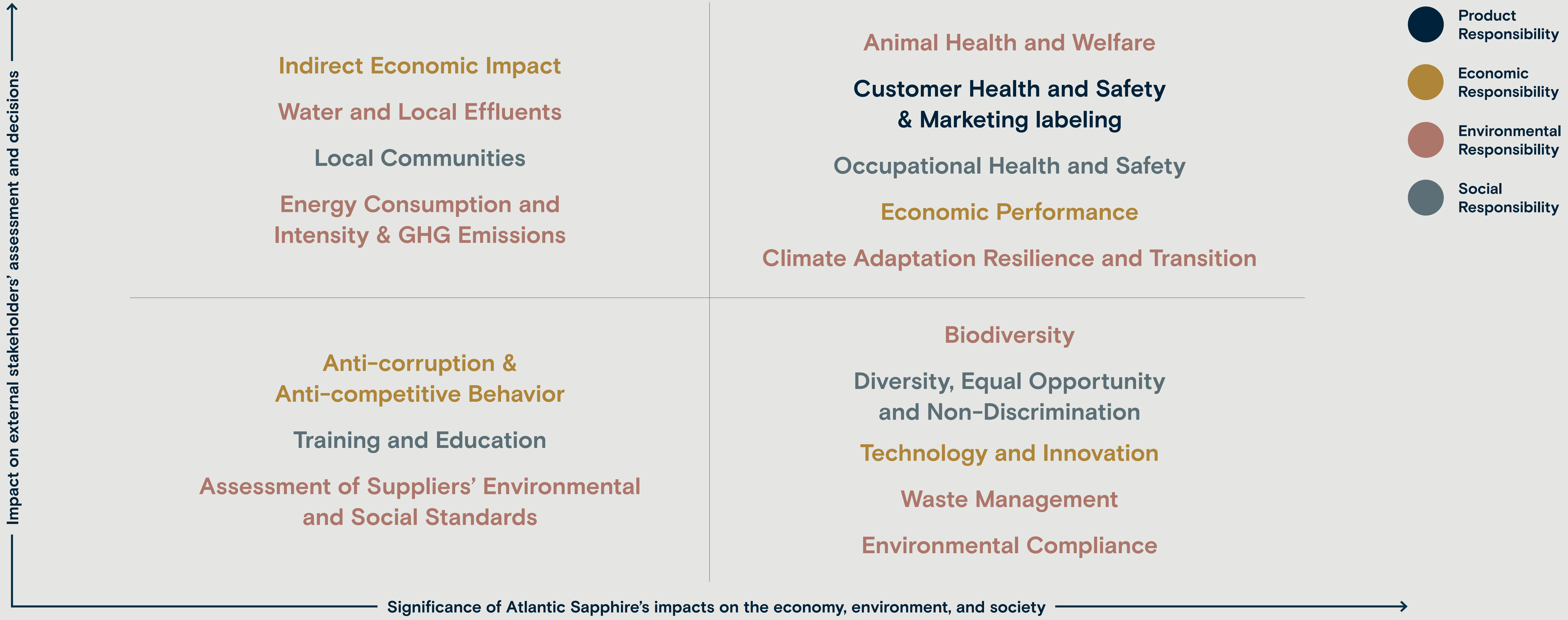
In 2019, the Group undertook its first assessment to determine its key stakeholders and their ESG priorities, disclosure topics, and risk factors. Careful consideration for guidance was included from the Global Reporting Initiative ("GRI") Standards, the Sustainability Accounting Standards Board ("SASB"), the UN Global Compact, and the UN Sustainable Development Goals ("SDGs").

Atlantic Sapphire views all potential material ESG topics, including both risks and opportunities, according to their time horizon (short-, medium-, and long-term). The Group also evaluates boundaries, considering where each of the impacts occur and the Group's direct or indirect involvement with those impacts.

Atlantic Sapphire then assesses the Group's stakeholders along its value chain, focusing on four key stakeholders and their expectations of Atlantic Sapphire: customers, employees, suppliers, and shareholders. Atlantic Sapphire has analyzed the Group's significant impacts and stakeholder expectations across over 30 relevant and key topics. Through an iterative aspect process, they prioritized the 16 topics considered most material across four topic categories: Product Responsibility, Economic Responsibility, Environmental Responsibility, and Social Responsibility.

The resulting list of topics and the materiality matrix are shown below, and its mapping has been validated by the executive team and the Board of Directors prior to publishing this report. Although the Group has not undertaken a formal validation of the overall matrix with external stakeholders after its creation, they have collected direct and indirect feedback on the priorities through an ongoing dialogue with investors and other external stakeholders. In 2022, the Group continued its validation on the materiality assessment with selected external stakeholders, ensuring that they continually monitor their understanding of the dynamic and evolving landscape of risks and opportunities in sustainable aquaculture.

Consult the Matrix



Atlantic Sapphire's Materiality Matrix

Product Responsibility

CONSUMER SAFETY
- Food safety and certification compliance
- No antibiotics or pesticides
- Integrated production and processing quality control
- No exposure to microplastic waste

FISH HEALTH
- Fish husbandry best practices
- Prevent exposure to parasites
- Prevent exposure to toxic algae or diseases

TRACEABILITY
- Secure and integrated production cycle
- Key suppliers, including genetics and feed

LOGISTICS BENEFITS
- Elimination of airfreight intermediaries
- Longer fresh product shelf-life
- Single location transportation origin
- Full byproduct utilization opportunities

Environmental Responsibility

GHG EMISSIONS AND CLIMATE CHANGE
- In-market production, eliminating airfreight transportation
- Minimal transportation for farming and processing
- Improved feed efficiency

WATER AND LOCAL EFFLUENTS
- Advanced water treatment
- Minimal impact on coastal waters
- Responsible sludge management

ENERGY CONSUMPTION AND INTENSITY
- Increase renewable energy supply
- Efficient energy investments

BIODIVERSITY
- Minimal impact on local flora and fauna
- Prevent escapees and predator issues
- Avoid microplastic contamination

SUPPLIER ENVIRONMENTAL ASSESSMENT
- New suppliers to be screened
- Actions taken against any negative impacts

WASTE
- Minimize generation and impact
- Management

Economic Responsibility

ECONOMIC PERFORMANCE
- Financial results and shareholder return
- Financial integrity and responsibility

ANTI-COMPETITIVE BEHAVIOR
- Code of Conduct adherence
- Transparent reporting

INDIRECT ECONOMIC IMPACT
- Investment and job creation impact
- Contribution to GDP growth

TECHNOLOGY AND INNOVATION
- Intellectual Property Rights
- Research & Development

Social Responsibility

OCCUPATIONAL HEALTH AND SAFETY
- Safe and hazard-free working environment
- Provision and use of health & safety equipment

COMMUNITY IMPACT
- Local supplier engagement
- Charity, civic and research organizations engagement

TRAINING AND EDUCATION
- Atlantic Sapphire Academy
- Collaboration with educational institutions
- Learning and networking events

DIVERSITY AND INCLUSION
- Equal opportunities for employees and suppliers
- Gender diversity
- Integration initiatives

SUPPLIER SOCIAL ASSESSMENT
- New suppliers to be screened
- Actions taken any negative impacts

Material ESG Risks

Material ESG Risks

The material topics listed in the following page reflect both potential risks and opportunities that will impact the decisions Atlantic Sapphire makes from a business perspective.

The Group will increasingly capture data on the material ESG topics for management attention and reporting. Data collection will increase to support additional comprehensive and accurate disclosure as Atlantic Sapphire approaches steady-state operations in the US. Examples of the data collection effort include the monitoring of Scope I and Scope II emissions, which is an addition to the Group's 2022 reporting.

Two risks that materialized during 2022 were the availability and costing of marine ingredients and value chain issues, especially for construction materials. The sourcing of marine ingredients is an environmental risk because such ingredients (fish oil and fish meal) could become challenging to source as oceans are depleted. In the short term, added cost pressure for these raw materials has been a challenge for the industry. This affected the cost of feed in 2022. The Group began using alternative ingredients in 2021 and envisions to reduce, even further, our use of marine ingredients.

Value chain issues due to COVID-19 also present an economic and operational risk to the organization. For example, oxygen supply may be impacted when hospitalization rates go up and oxygen shipments are prioritized accordingly. The Group saw the direct impact of this in 2021. In the long term, the Group is planning to invest in its own in-house oxygen production capabilities to minimize these risks.

Stakeholder Engagement

GRI 2-29

Atlantic Sapphire's business depends on its social license to operate, the trust and goodwill of its stakeholders, and on its reputation for keeping its promises.

Any circumstances that publicly damage these may lead to a broader adverse effect than solely the monetary liability arising directly from a damaging event by way of loss of business, trust and goodwill, clients and consumers, employees, partners, and neighbors.

The Group strives to build long-term relationships with all stakeholders, and the Group's management team engages in open and transparent dialogue with those interested in its business from a social, environmental, and economic perspective. The Group proactively listens to its stakeholders, provides them with information about Atlantic Sapphire's projects and operations, and addresses their needs on an ongoing basis.

Such dialogue strives to raise awareness on both the value of what Atlantic Sapphire does and the challenges they face. In the past year, the Group held valuable dialogue with stakeholders around various topics that consisted of product attributes, environmental and animal welfare aspects related to Bluehouse salmon farming, technology and R&D invested in the recirculating aquaculture systems ("RAS"), the viability of the business model, and the socio-economic impacts of its operations in Denmark and the US. Further, the Group employs different platforms to engage with its stakeholders to provide a relevant setting and frequency of communications while simultaneously maintaining a healthy level of involvement and interest with, and ultimately for, the stakeholders.

Read the Stakeholders Engagement

How Atlantic Sapphire Engages with Stakeholders

Employees

Full-time Employees | Subcontractors | Candidates

- Ongoing and regular communication on openings and feedback on status of applications
- Ongoing and consistent open engagement regarding professional goals and opportunities, needs, work performance, updates on procedures, Group and department performance, and major events
- Frequent company-wide online and (when possible) face to face communications such as townhalls, on relevant and exceptional information through different platforms
- Annual employee satisfaction surveys

Shareholders & Lenders

Investors | Banks

- Regular communication, updates in Group presentations, meetings to discuss both financial and ESG performance, ESG risks and opportunities (especially with institutional investors with a strong ESG mandate), investor roadshows, and site visits
- Availability for two-way face-to-face communication, email correspondence, and response to enquiries
- Multiple access platforms including Oslo Stock Exchange ("OSE") official channels, website, and investor relations email address

Customers

Buyers | Retailers | Food Service | Consumers

- Frequent communication through onsite visits, email, and phone to set common goals, respond to questions around product safety and attributes, and to provide updates on commercial plans
- Direct communication with customers through social media and other marketing and PR channels to answer questions about product safety, traceability, and salmon attributes

Communities

Local Communities | Education Centers | Associations | Media

- Open dialogue responding to questions, concerns and requirements via onsite visits, and participation in community activities (including those focused on the improvement of social and economic indicators), and scheduled meetings
- Engagement with organizations, such as the South Dade Chamber of Commerce and Miami Dade Beacon Council, with respect to advancing economic development in the community
- Support to educational efforts and institutions with conservation goals, such as the Frost Museum of Science in Florida, Before It's Too Late, and Miami Waterkeeper
- Provision of relevant information and updates about the progress of our operation through email, social media, press, and announcements
- Product donations to support local communities such as the Homestead Soup Kitchen and Camillus House

Business Partners

Suppliers | Contractors

- Face-to-face daily communication regarding progress on both sides
- Monthly meetings with a set agenda regarding project timelines, requirements, budgets and technical developments, or other needs
- Support local businesses whenever possible

Industry

Industry peers | Non-Governmental Organizations ("NGOs")

- Updates through Group presentations at conferences and summits gathering businesses within the seafood industry and beyond
- Notifications through OSE, market days, on-site visits strictly centered on pre-competitive dialogue
- Communications through specialized media
- Press releases, Group updates, and social media posts

Authorities

Local | Regional | National

- Continuous engagement informing of progress, practices, and permissions via formal communication
- Onsite visits
- Regular updates via face-to-face communication

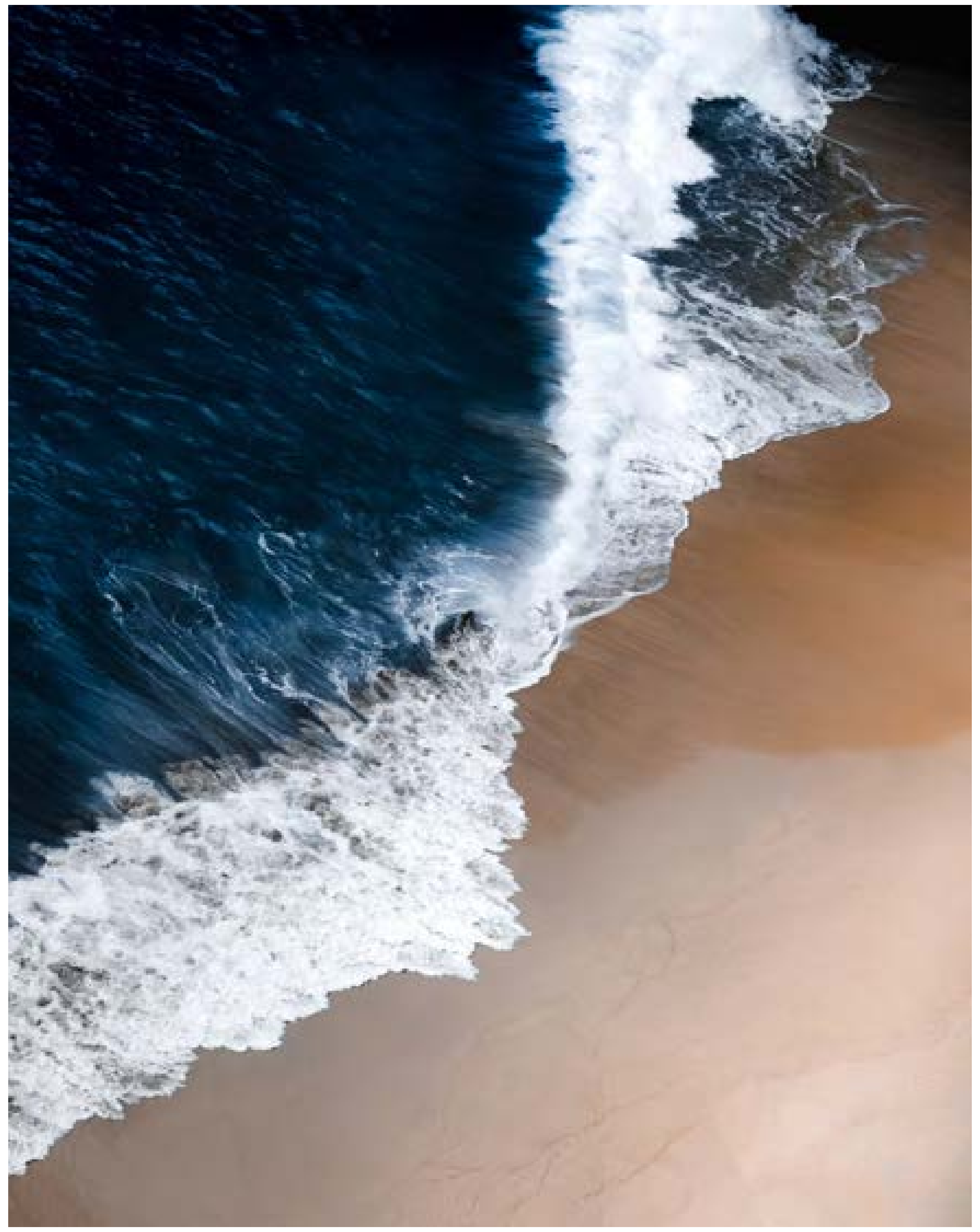
How Atlantic Sapphire Engages with Stakeholders

Commitment to Responsible Governance

Atlantic Sapphire is committed to high standards in corporate governance and complies with all the corporate governance requirements that are part of the listing requirements of the Norwegian stock exchange, Oslo Børs.

Governance Framework

GRI 2-10-2-15



The framework for responsible governance includes an Environmental and Social Management System ("ESMS"), which comprises a set of policies, procedures, and requirements for internal capacity to identify and manage ESG impacts. Atlantic Sapphire has set out a range of governance policies, including: Code of Conduct, Investor Relations Policy, Nomination Committee Charter, and a Human Rights Policy. These are published online.

The Board of Directors is ultimately responsible for the Group's sustainability performance. There is no separate board-level committee, as the entire Board is engaged in setting the Atlantic Sapphire's strategic direction for sustainability and ESG as well as monitoring performance. Daily responsibilities are integrated throughout Group's executive management. Atlantic Sapphire promotes a culture where everyone is responsible for driving value with a focus on engaged people, healthy fish, healthy environment, sustainable supply chain, and financial performance. Measurement, monitoring, and auditing of the environmental and social management system ("ESMS") and coordination is conducted by the managers accountable for the related elements of the Environmental and Social Action Plan ("ESAP").

Atlantic Sapphire's Board of Directors is independent from the Group' executive management. Johan Andreassen, the CEO of Atlantic Sapphire USA LLC, is the only Group employee represented on the Board as a non-independent member. As per Norwegian law, the Board shall always have at least 40% of both genders represented. In 2022, the Board comprised three female members out of seven (down from six in December 2022) members in total Independent committees in place for audit, nomination and remuneration. We comply with all applicable requirements under the Norwegian Public Limited Liability Companies Act, including facilitating shareholder participation through invitation to our general meetings. The agenda, materials, and meeting minutes for the General Meetings of the Group are published online in both English and Norwegian. In the 2022 AGM, 36.5% of the outstanding shares in the Group were represented. Of all the issues presented to the AGM, over 99% of present shareholders voted on each of the 13 voting items. (GRI 2-16-2-18)

Remuneration policy

GRI 2-19-2-21

Consult the Remuneration policy online

Atlantic Sapphire has a remuneration policy for the board of directors and the executive management team. This remuneration policy for the Board of Directors and the executive management team (the "Policy") provides a framework for remuneration at Atlantic Sapphire ASA ("Atlantic Sapphire" or the "Company", and together with its subsidiaries, the "Group"), as well as specific guidelines for incentive pay.

The Policy applies to: (i) the Board of Directors (the "Board"), and (ii) the Chairman and CEO of the Company and the Executive Management Team and is subject to approval by the general meeting of the Company upon its first adoption, and subsequently (i) either in respect of any material changes, or (ii) at least every four years. This Policy was approved by the annual general meeting of the Company in 2022.

The Compensation Committee prepared this Policy, and is also responsible for preparing later amendments and updates. Pursuant to this Policy, the Compensation Committee evaluates and implements the terms and conditions (including remuneration) of the appointments to the Executive Management Team and the terms and conditions (including remuneration) of the Executive Management Team.

CEO-to-Employee Pay Ratio

Total Chairman Compensation (The Chairman is also the CEO of the US subsidiary) – 500,000 Median Employee Compensation – 62,400, Mean Employee Compensation – 81,200, The ratio between the total annual compensation of the Chief Executive Officer and the mean or median employee compensation: 6.16, 8.01.

2-25 Processes to remediate negative impacts

2-30 Collective bargaining agreements

Atlantic Sapphire employees have the right to organize to form a union but employees have not initiated any efforts to unionize.

ESMS Framework

Atlantic Sapphire's ESMS was built following an external review of the Group's Environmental and Social Management Plan ("ESMP") for compliance with the IFC Performance Standards ("PS") (2012), IFC EHS Guidelines for Aquaculture (2007), and EHS General Guidelines (2007). The ESMS comprises a set of policies across a range of ESG topics – from environment, health & safety, security and emergency preparedness to employment conditions, rights and obligations, grievance management, whistleblower policy, community engagement, and communication. (GRI 2-26)

To encourage feedback from employees and community members, the Group expanded its grievance mechanism to include confidential boxes for suggestions and acknowledgements. In 2022 a total of 23 grievances, suggestions, or acknowledgments were received through these boxes and other communication channels. All of them were addressed: 19 resolved and communicated to the employee and 4 solved or addressed but not communicated to employees.

Environmental and Social Management System						
ENVIRONMENT	HEALTH & SAFETY	HUMAN RESOURCES	SECURITY	EMERGENCY PREPAREDNESS	COMMUNITY	EXTERNAL COMMUNICATION
Internal Compliance Monitoring	Data Collection & Reporting	External Due Dilligence	Certifications	Grievance Mechanism		
Communication and dialogue with internal and external stakeholders						

Atlantic Sapphire's overarching Environmental, Health, Safety, and Security ("EHSS") Policy expresses their commitment to responsible governance and includes:

1. Ensuring compliance with all applicable EHSS laws and regulations, EHSS management standards, and other EHSS standards to which Atlantic Sapphire subscribes.

2. Promoting this culture through our suppliers, vendors, and contractors.

3. Designing and reliably operating our aquaculture facilities with emphasis on effective process safety programs to maintain a safe work environment, prevent accidents, and improve efficiency in the consumption of energy, water and other resources, and material inputs.

4. Conducting employee training and implementing a top-down culture of safety awareness.

5. Identifying, evaluating, and managing risks associated with occupational health & safety, community health & safety, food safety, environmental compliance, and quality of products.

6. Continuing to improve our processes and development of technologies to increase the performance and sustainability of operations.

7. Communicating to management and all concerned parties any unlawful or unsafe conditions, security lapses, and maintaining openness, transparency, and continuing dialogue with our employees, contractors, communities, regulatory authorities, suppliers, customers, and other stakeholders.

EHSS Policy GRI 2-25

Why Sustainability Matters To Atlantic Sapphire

Atlantic Sapphire was founded upon an aspiration to find solutions to existing global environmental, social, and economic challenges. Through the Group's core business, values, and behaviors, they recognize that environmental, social, and governance ("ESG") factors have a material impact on the long-term financial performance and value creation for stakeholders. Through their daily actions, Atlantic Sapphire seeks to leverage the potential of its alignment with ESG principles to minimize risk while maximizing stakeholder value.

ESG factors are incorporated into Atlantic Sapphire's corporate culture and serve as guiding principles towards the Group's conduct, decisions, and actions. The Atlantic Sapphire team is measured on and rewarded for its contributions to achieving their corporate values and four key priorities of responsibility: Product, Economic, Environmental, and Social Responsibility.

Atlantic Sapphire strongly supports the UN Sustainable Development Goals ("SDGs"). The Group sees these goals as a blueprint for business leadership generally as well as for the industry because food production lies, as described by the World Economic Forum, at the intersection of so many major global challenges, including natural resource management, climate change, public health, food security, and trade regimes.[4] Atlantic Sapphire believes that it has a duty to find a balance between producing enough healthy proteins to feed the world and protecting the planet's limited resources. (GRI 2-22)

Atlantic Sapphire fully supports the UN Global Compact principles and SDGs as they relate to its business strategy, day-to-day operations, organizational culture, and influence. Atlantic Sapphire identified the eight SDGs highlighted below as targets based on the Group's highest priorities and the areas in which it is best placed to drive positive change. (GRI 2-23)

[4] World Economic Forum. 2020. *To feed a growing world, we need to change our food systems now.*

Our SDG Priority Targets

Product Responsibility

"Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development" SDG 3

Atlantic Sapphire produces Atlantic salmon, which is high in long-chain Omega-3s fatty acids that help maintain a healthy heart and is a rich source of vitamins and minerals. According to health authorities, a healthy, balanced diet should include at least two portions of fish a week, including one of oily fish such as salmon.

"Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all" SDG 12

Atlantic Sapphire produces high quality Atlantic salmon free of antibiotics, parasites, and other medicines and which swim in water free of micro-plastics or mercury thanks to its closed-containment salmon farming technology. The Group's Bluehouse technology enables them to responsibly use natural resources, such as water, and produce a sustainable protein for consumers.

Economic Responsibility

"Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs" SDG 8

By spearheading the development of a new cross-discipline industry, Atlantic Sapphire has secured the creation of quality jobs that will set the basis for a robust talent pool in the emerging land-based aquaculture sector. In addition to the positive impact generated through employment and the economic multiplier effect, the growth of Atlantic Sapphire and the land-based salmon farming sector generates a significant need for skills. This leads to collaboration between the public and private sectors to develop programs oriented to form students for the jobs of the future, engaging people of different ages and backgrounds.

"Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation" SDG 9

Innovation is at the heart of Atlantic Sapphire's transformative purpose. By pioneering Bluehouse salmon farming, the Group is contributing to the progress and development of the land-based salmon industry at large as they open the door for larger projects and collaborate with contractors, equipment manufacturers, and suppliers to develop new solutions. The Group invests in research and development ("R&D"), participates in conferences to contribute to the global understanding of the main challenges and opportunities of this emerging industry, and continues to expand the pool of talent by recruiting people from different disciplines who can help bring land-based salmon farming forward.

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our SDG Priority Targets

Environmental Responsibility

"Take urgent action to combat climate change and its impacts" SDG 13

Salmon farming has the lowest carbon footprint in animal protein production. Atlantic Sapphire's objective is to further contribute to the reduction of the environmental impact of salmon farming by eliminating airfreight-related carbon emissions and exploring and implementing carbon removal technologies when possible.

"Conserve and sustainably use the oceans, seas and marine resources for sustainable development" SDG 14

Atlantic Sapphire has minimal impact on the oceans, marine wildlife, and marine ecosystems. By producing salmon out of the sea, wild populations of salmon and other wildlife are protected from additional escapees, parasite, and disease pressure. In addition, the use of the Boulder Zone to discharge treated water in Miami eliminates risks of eutrophication and changes on the seabed caused by wastewater. Atlantic Sapphire's recycling technology reuses more than 99% of the water used which reduces the fresh and saltwater demand on the Group's operation. Atlantic Sapphire actively engages in reducing its reliance on marine ingredients for the feed of its salmon and ensures that these ingredients are responsibly sourced.

Social Responsibility

"The food and agriculture sector offers key solutions for development and is central for hunger and poverty eradication" SDG 2

As the world's population continues to grow, future generations will need higher availability of protein. Atlantic Sapphire is contributing to bridge the increasing gap between a stagnant growth in global supply of salmon and a rising demand by optimizing the use of natural resources and eliminating barriers such as geographical production limitations.

"Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world" SDG 5

Equality and diversity are paramount to the creation of a balanced work culture and the base of a company for the future. Atlantic Sapphire strives to offer equal opportunities and pay to male and female employees and to create inclusive employment opportunities through training programs in different areas.

ATLANTIC SAPPHIRE'S ESG PRIORITIES

The Problem

Today, the global food system generates up to one quarter of the world's greenhouse gasses. When human eating habits over-index beef, lamb, pork, and poultry, too many forests are cleared for farmland, too much methane is released into the atmosphere, and too many fossil fuels are burned to produce fertilizers, run farm equipment, and ship food around the globe.

Meanwhile, seafood protein consumption is rising. Most wild fish populations are overfished and can't absorb new demand.

The United Nations Food and Agriculture Organization reports that 90 percent of assessed wild fish populations cannot handle the pressure of additional fishing.

Ocean-based fish farming offers some answers but faces many challenges and can still pressure the world's oceans. The conventional aquaculture industry today generates a global supply of healthy Atlantic salmon of an estimated 2.7 million metric tons[5], almost all produced in ocean-based net pens or cages, primarily off the coasts of Norway and Chile due to suitable conditions. However, these industrial ocean-based fish farming areas are remote from the largest end-markets, and require significant airfreight transportation,and logistics costs, leading to high carbon emissions and a reduced shelf life of the final product.

When 80% of seafood consumed in the US — the world's largest salmon market — is imported, the carbon footprint remains a heavy tread.

In addition, the industry faces numerous other challenges such as ocean-based farmed fish in net pens, host diseases and parasites, including sea lice, requiring continuous use of pesticides and other prevention methods. Farmed salmon also escape into the surrounding waters, spreading non-native fish varieties that may intervene with the local ocean ecosystem and wild salmon. Fish waste dissipates untreated into the coastal areas causing nutrient pollution and harmful algal blooms.

Atlantic Sapphire's Bluehouse-tech **eliminates conventional industry environmental and health risks.**

Conventional ocean net pen farming experiences a series of concerns

[5] FAO. 2018. *The State of World Fisheries and Aquaculture 2018 - Meeting the sustainable development goals.* Rome. License: CC BY-NC-SA 3.0 IGO

Developing a Sustainable Option (1/2)

The Solution

Atlantic Sapphire raises salmon on land in the U.S. far from wild waters. The Group has developed their vision of a Bluehouse – essentially a greenhouse where fish can be raised in optimal conditions for animal health and welfare with a goal of feeding the world with locally raised seafood that is truly sustainable. By keeping the whole farming process on land within their biosecure Bluehouses, the Group eliminates the threats to wild fish stock as well as protecting their own fish from sea lice, parasites, and other diseases being transferred, avoids untreated fish waste being emitted into coastal areas, and ensures that no microplastics and other contaminants are ingested by the fish raised in the Bluehouse.

The Group's water source is naturally purified through limestone rock in an ancient artesian aquifer. The water is more than 20,000 years old and has never been exposed to man-made contamination such as microplastics or mercury. We recycle overMore than 99% of the water used is recycled. Of all the water used, under only 5% is freshwater and over 95% is saline water which is not otherwise suitable for irrigation or human consumption.

Atlantic Sapphire raises their salmon locally in the U.S. which means there is no airfreight needed. Consumers can receive salmon faster, fresher, and at a fraction of the carbon footprint of imported ocean-farmed salmon. Salmon raised in a Bluehouse is better for fish, for people, and for the planet.

We love our oceans, which is why we let them be.

Developing a Sustainable Option (2/2)

Consumer and Product Responsibility

Salmon has become a sought-after product as consumers increasingly demand more healthy, delicious, and sustainable protein options. Atlantic Sapphire's main markets are the US and Canada. Most of today's seafood in North America is imported, and the US has a high obesity rate and a low per capita consumption of seafood. Salmon is an excellent choice as a nutritious part of a healthy diet for all ages. The health benefits of Atlantic salmon are widely documented and include richness in Omega-3s, proteins, and essential vitamins (A, D, and B-12). Thanks to its high level of Omega-3s, our fish has received the American Heart Association's "Heart Check" certification and our Miami Bluehouse location in Florida paves a path to a locally produced and healthier diet for American consumers.

Another meaningful product attribute to consumers across all segments is the fact that our Bluehouse Salmon is raised completely in closed water containment which means less contaminants such as micro plastics and **no need for the use antibiotics or pesticides** at any point during its life. The Group's reasoning towards an even cleaner and healthier product is simple: Bluehouse Salmon is not exposed to viruses, diseases, or parasites that exist in the wild because our water source comes straight from artesian aquifers which have not been exposed to any man-made contamination.

Although the USDA has been planning to develop an organic certification standard for seafood, such a standard has yet to be formalized in the United States. Nonetheless, the Group believes that their fish is one of the cleanest seafood options available thanks to their on-shore closed containment technology and we will be working with the authorities as an organic framework for seafood is being put in place in the years to come. Atlantic Sapphire partners with organizations such as Seafood Nutrition Partnership (SNP) to support and expand educational efforts around the many benefits of Bluehouse raised salmon.

While Atlantic Sapphire's current business model and technology provide a great solution, The Group will endeavor to continuously seek ways to increase sustainability in the production of our salmon. Bluehouse Salmon not only offers the taste and health benefits valued by consumers, but is also raised in ideal conditions from a fish welfare and environmental perspective.

Bluehouse Value Chain

Atlantic Sapphire's production cycle starts with the introduction of salmon ova into the hatchery. As eggs hatch and develop, the fish are moved between increasingly sized freshwater tank systems until they reach the smolt stage in the production cycle.

Smolt typically grow until approximately 50 to 100 grams in freshwater before they are moved to saltwater tanks where the salmon are fed and raised to the target average harvest size of 4 to 4.5 kilograms. Once harvested, the salmon are processed into consumer-ready products and loaded onto trucks for transportation to retailers, restaurants, and other customers. The complete production cycle takes between 18 and 22 months.

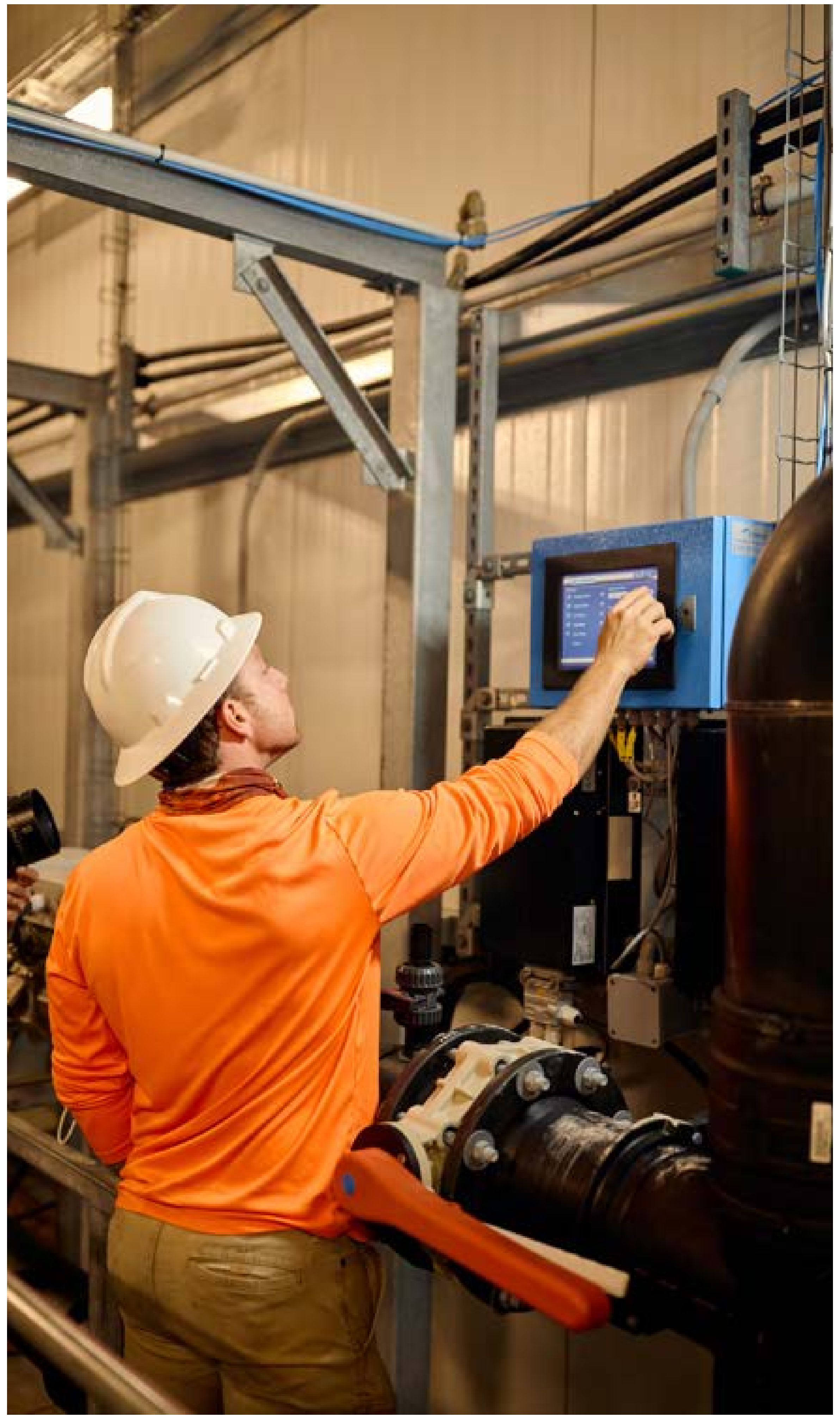
Atlantic Sapphire thrives to mimic what it believes is ideal conditions for salmon to thrive from hatch to harvest, and our Bluehouses are tailored to replicate this natural life cycle to the largest extent possible. Salmon is an anadromous fish that begins its natural life cycle in the wild in freshwater rivers and migrates out to sea after it smoltifies. The smoltified salmon then spends its life at sea to grow large and will then reproduce in the river it originated from.

Complete salmon production under one roof shortens the value chain of salmon production significantly, eliminates risk of parasites, reduces risk of diseases, simplifies logistics, and increases traceability of the end-product.

Meet the Bluehouse

Fish Welfare

The healthier the fish, the better the Group performs. Atlantic Sapphire's Bluehouse technology brings unprecedented measurements and control of critical production factors. To ensure optimal fish welfare, Atlantic Sapphire constantly monitors all relevant water quality parameters. Over time, the Group has continued to increase data collection to support ongoing improvements in water quality, the general health of the fish and their growth performance. The most powerful "sensor" is the fish itself. A healthy fish that has good environmental conditions will have high appetite and grow fast. In that way, you can say that fish welfare and profitability of the company are aligned and "a happy fish is a happy farmer". An onsite control room allows for close monitoring, quick detection of variations, and immediate adjustments to maintain optimal Bluehouse conditions. Furthermore, Atlantic Sapphire works with leading information and biotechnology companies to analyze fish welfare and corroborate internal measurements and results. All the benefits of Bluehouse farming result in Atlantic Sapphire's day-to-day mortality figures, excluding the one-off extraordinary events of the past, being significantly lower than other forms of salmon farming.



Fish Welfare (continued)

Bluehouse farming is designed to produce high-quality biomass in a high intensity environment. With high intensity comes added complexity, and successful operations require more from the equipment used and the operators of this equipment. Over the last few years, Atlantic Sapphire has made significant changes to minimize operational risks, in particular as it relates to extraordinary mortality events:

Risk of hydrogen sulfide (H2S) intoxication

- H2S is a gas that can be created in all water systems with organic material. It can affect fish growth and performance in low concentrations, whereas it can kill fish in minutes in high concentrations. In addition to being highly toxic in small volumes, the gas is very volatile which makes it unpredictable and hard to measure. The toxicity of H2S can be mitigated by adjusting certain water quality parameters and procedures that have successfully been implemented in our Bluehouses. Although Atlantic Sapphire continues to focus on H2S to ensure a low-risk environment, the Group is confident that the risk of large mortality events has been severely reduced, though not eliminated. As a result, their farms are designed with multiple independent systems.

Organizational restructuring

- Operational changes support better flow of communication and allow for tighter monitoring of all RAS system parameters. The ongrowing systems are treated as independent farms.
- Each system has 24/7 staff coverage and Atlantic Sapphire operates with a minimum of nine staff in the Bluehouse at night and during weekends, significantly reducing the risk of incidents with impact on fish or property happening outside of normal business hours.

The Facilities Operation Advisory Board (the "FOAB")

- The FOAB was created to prevent incidents such as extraordinary mortality from occurring again by drawing on internal multidisciplinary resources to scrutinize and document all novel procedures or large-scale systemic changes. Strict protocols are established with every FOAB review.

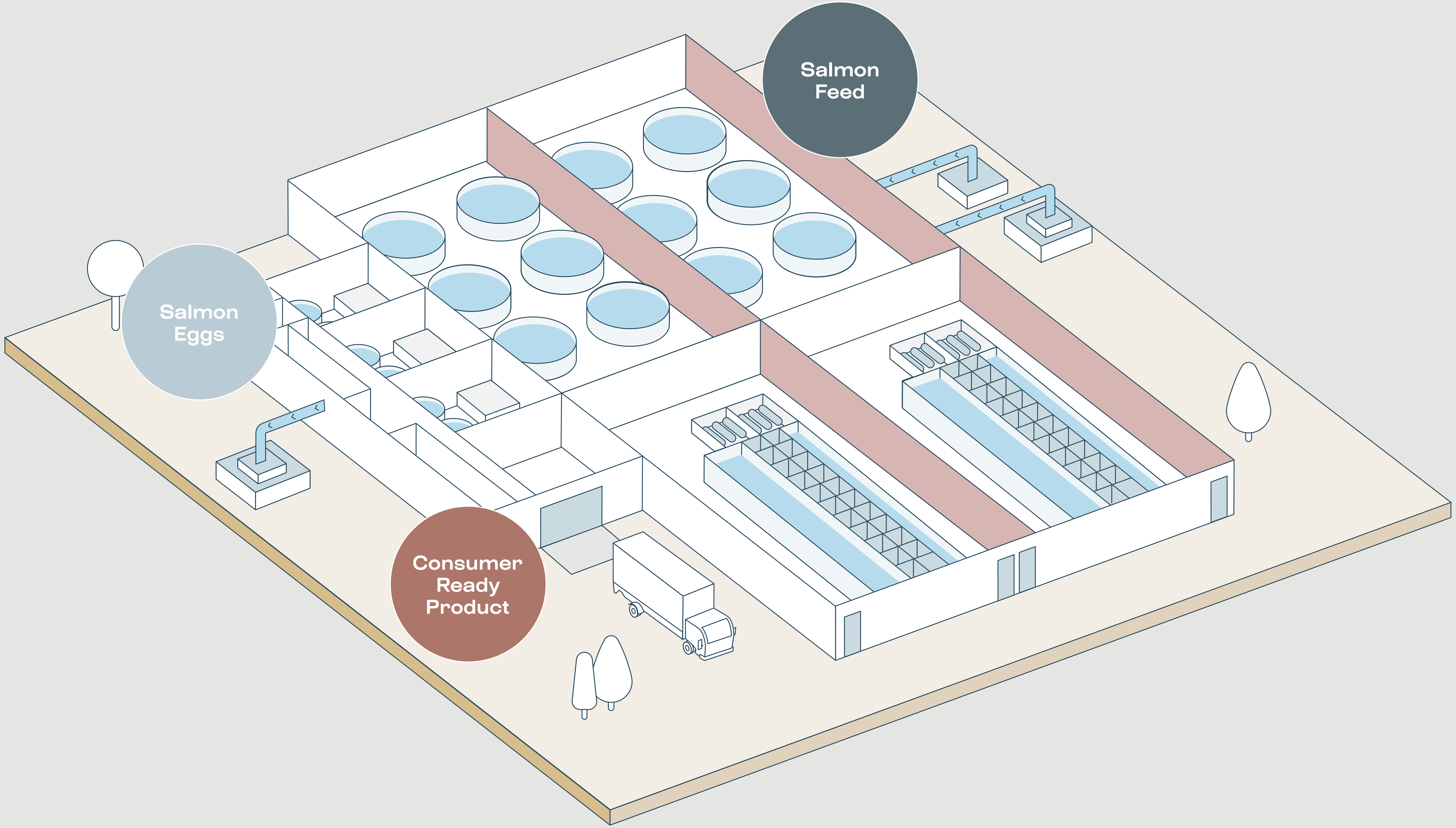
Genetics

Atlantic Sapphire imports ova from leading industry suppliers in Iceland and Norway to their Miami facilities. All ova supplied to Atlantic Sapphire meet the criteria of "no genetic engineering involved" under the terms of the EU regulations. Furthermore, Atlantic Sapphire is committed to never using genetically modified ova in its production.

Genetic development in salmon aquaculture consists of the improvement and strengthening of salmon breeds using selection and mating techniques to ensure a higher survival rate and resistance to the conditions to which salmon are exposed throughout the production cycle.

Atlantic Sapphire's salmon are raised in an environment which allows the genetic work to be focused on growth and traits more specific to Bluehouse conditions rather than attributes such as resistance to parasites, bacteria, pathogens, or other sea-specific conditions.

Atlantic Sapphire is working with leading aquaculture genetics companies to advance performance in its Bluehouses and will work in the future to establish integrated onsite genetics operations.



Read more about The Bluehouse

Leading Technological Development

Atlantic Sapphire Bluehouses deliver maximum biological control due to innovative technology that is revolutionizing the industry. The Group's proprietary capabilities build on collaboration and integration with a diverse range of technology partner solutions. All relevant parameters are constantly monitored with an increasing number of sensors, automation, tools, and equipment that measure water quality indicators such as alkalinity, carbon dioxide, oxygen, and temperature. The systems also measure potential risks for the fish, such as elevated levels of toxic gases. Early detection and mitigation of toxic hydrogen sulfide formation is critical to minimize the risk of a mortality event and continues to be a key area of technical innovation towards risk reduction and exposure for the Group. Continuous improvements in technology also allow Atlantic Sapphire to grow fish faster with less feed and with reduced consumption of oxygen and energy to ensure optimum fish welfare.

Atlantic Sapphire has patented technology pulling water from one layer of an aquifer, using the water to farm fish and discharging treated wastewater sustainably into a different layer of the aquifer:

The brackish and salty groundwater is sourced from the Floridan Aquifer, a density stratified artesian aquifer, and is located at approximately 1,200 feet below the Miami Bluehouse. The salinity of groundwater in the aquifer increases with the increase in depth as saline water is denser than freshwater. Wells constructed in the Floridian Aquifer are completed in two different zones: the upper Floridan Aquifer and the middle Floridan Aquifer. These hydrogeologic units produce groundwater with salinities of 2.7 parts per thousand ("ppt") and 35 ppt, respectively. Over 95% of the groundwater consumption for farm operations will consist of saltwater from the Floridan aquifer. The exchange of groundwater entering and exiting the Miami Bluehouse is about 10% per day. Inside the Bluehouse, the recirculation degree of filtered water in the tanks is above 99%. Less than 1% of the total water that is sent through the filtration system is discharged as non-toxic wastewater through the injection well and into the Boulder Zone of the lower Floridan Aquifer, located at a depth of nearly 3,000 feet underground. The Boulder Zone then acts as a storage zone and natural filter with a natural current that slowly filters the water over thousands of years, thus eliminating any wastewater impact on the ecosystem.

The unique groundwater resources of South Florida are well suited for Bluehouse farming at scale. A stable supply of fresh, brackish, and saline groundwater, along with a proven and environmentally desirable method for wastewater disposal, are critical elements. In 2018, Atlantic Sapphire was granted a United States patent for its systems and methods of intensive recirculating aquaculture, incorporating the use of wells constructed for groundwater supply and wastewater disposal.

Atlantic Sapphire is continuously working on advancing the aquaculture industry by being leaders in using new and advanced technologies in Bluehouse farming.

Furthermore, the Group is taking advantage of the enormous amount of data of all water quality parameters, thanks to a new AI system that recognizes how changes in different water quality parameters impacts water quality and fish appetite. With each day, the AI system becomes better at optimizing water conditions for the fish, which increases biomass gain and economic performance, and results in an even more healthy and delicious product for the end-consumers. Lastly, the Group's focus is on improved and gentle fish movement, energy consumption, and the design and concept for a more modular, highly scalable tank module as part of the Group's Grand Master Plan to reach 220,000t HOG of annual harvest volumes a decade from now.

Sustaining Trust in Our Product

GRI 4-16

Growing a brand on a promise of a healthier product and sustainability does not happen by accident. In bringing Atlantic Sapphire product to market, the Group has engaged with a range of carefully selected clients and business partners, built, fostered, and maintained trust through transparent communication, and only associated with organizations who share the Group's commitment to sustainable aquaculture and product safety. Domestically raised salmon will contribute to food safety in the value chain, and further consumer trust. Ensuring product safety from 'egg to plate' is paramount. Atlantic Sapphire follow strict protocols for testing and lab analysis, which support the Group's goals to ensure that Bluehouse Salmon remains a most safe protein for consumers to enjoy.

Since inception, Atlantic Sapphire has reviewed a range of potentially relevant certifications and quality standards and continues to do so, as part of a broad strategy of awareness. Atlantic Sapphire engages with a number of organizations ranging from consumer focus on environmental issues to health-related topics. A few of the Group's partners include *Friend of the Sea, American Heart Association, Parent Tested Parent Approved, Monterey Bay Aquarium Seafood Watch, Oceanwise* and FDACS's *Fresh from Florida*.

Bluehouse Salmon is **Friend of the Sea** certified. Friend of the Sea is a project of the World Sustainability Organization (WSO), an international NGO whose mission is to promote environmental conservation. WSO activities fully align with Agenda 2030 and its 17 sustainable development goals (SDGs). Friend of the Sea strict certification criteria and yearly audit ensure companies are focused on minimizing any negative effect of aquaculture operations, hence gaining the trust of the consumer and industry alike. Friend of the Sea has become a leading certification standard for products and services which respect and protect the marine environment.

The American **Heart Association's Heart Check** certification is a program designed to help consumers make informed choices about the foods they purchase. It makes it easy to spot heart-healthy foods in the grocery store regardless of labeling. This program is the nation's oldest, and it is science based, with a transparent and strict criterion for nutritional requirements. Atlantic Sapphire brand Bluehouse Salmon's recognition with Heart Check speaks to the direct impact in reduced risk of coronary heart disease by via of increased amounts of beneficial Omega-3 fatty acids. According to a Healthy Living Rewards Concept Test Report (2016), 75% of consumers reported that they were familiar with the Heart-Check symbol, a program that guides shoppers to healthier choices, and that they are more likely to purchase foods that feature the Heart-Check mark, regardless of age or number of kids in their household. [6]

Parent Tested Parent Approved (PTPA) is a free, parent based, community that offers families the opportunity to try and test products in exchange for their honest thoughts and opinions. This invaluable feedback is analyzed by PTPA, and in favorable cases, results in the granting of its Seal of Approval. Bluehouse Salmon has received the PTPA's Seal of Approval after being declared a 2022 Winner. The trust generated by this type of certification has been quantified in increased loyalty (approximately at 73%) and increased product trial (approximately at 63%).

[6] American Heart Association. 2016. *Healthy Living Rewards Concept Test Report*

Product Certifications (1/2)

Atlantic salmon grown in indoor recirculating tanks worldwide, such as Bluehouses, are rated Green – **Best Choice by Monterey Bay Aquarium Seafood Watch**, and Atlantic Sapphire salmon is recommended by Ocean Wise. Such third-party verifications affirm the quality and high standards of the Group's Atlantic salmon.

The Florida Department of Agriculture and Consumer Services (FDACS) conducts several programs encompassing local production, food safety and state forests among others. One of their emblematic initiatives is the **Fresh from Florida program**, which promotes Florida agricultural products through consumer marketing campaigns, partnerships with 100+ domestic and international retailers, and an established presence at prominent industry tradeshows. Bluehouse Salmon is proud to be one of the products featured by Fresh from Florida, and leverages its network of members as well as their newsletter, social media efforts and publications to reach millions of potential consumers who favor and trust locally grown or raised products.

Note that the Group's fresh product does not have labels as it is sold behind the glass counter without packaging, however, in accordance with GRI 417 Marketing and Labeling, the company produces sign toppers that showcase the product certifications (such as Heart Check) and are displayed at point of sale when allowed, enhancing the communication of the product benefits and potentially building trust with the consumer base.

Product Certifications (2/2)

Food Safety

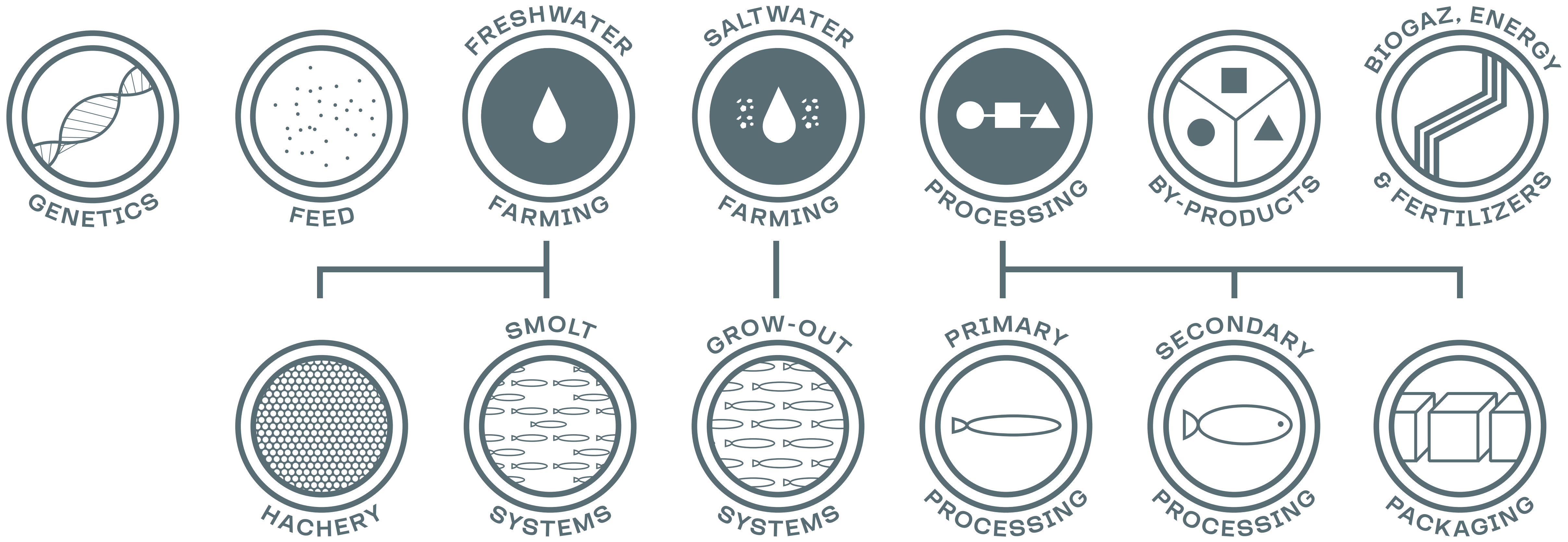
To date, Atlantic Sapphire products are carried by a broad range of retailers and food service operators in North America, from small to large scale. The growing demand for healthy and sustainably produced proteins means that retailers of every category are looking to promote safe, healthy, and safe, sustainable and healthy food products. To address the importance of food safety the Group contracted a third-party consultant in 2022 who did an internal GMP audit in order to start the SQF compliance program. The Group also hired a new quality assurance manager in Q3 2022 who holds the certification of SQF practitioner. The company is already processing according to SQF standards and has a roadmap get audited and certified in Q2, 2023. (GRI 416-1).

There have been no incidents of non-compliance concerning the health and safety impacts of products or services for the company (GRI 416-2).

Traceability

Atlantic Sapphire's full production cycle is carried out in its Bluehouse, ensuring traceability from egg to final product. The Group's internal farming, processing, labelling and inventory systems allow full traceability of every box. The very short value chain is also a factor as Atlantic Sapphire sells directly to our customers with very few intermediaries 'from egg to plate'.

Our Integrated Value Chain



Marketing and Labeling

GRI 417

Atlantic Sapphire is fully committed to responsible marketing, and consumer trust in Atlantic Sapphire's product is vital to our the Group's business and position as a leader in the marketplace. For that reason, the company is always mindful to ensure the accuracy of every sustainability-related claim it makes on the product labelling and in our marketing and to avoid any misleading claims.

Our current product portfolio includes fresh salmon, whole or fillets, and smoked salmon in two varieties, cold smoked and smoke roasted.

As already mentioned, our fresh products do not have packaging and are sold at the seafood counter without product labeling in accordance with the industry practices. Atlantic Sapphire provides product sign toppers to its customer base that indicate the product certifications whenever allowed (GRI 417-1). These certifications include American Heart Association's Heart Check and Fresh from Florida, but also product attributes such as Antibiotic Free, USA Raised, Omega-3 powered by micro-algae and others.

For the smoked salmon varieties, our product is sold in individual packages. Packaging complies with the USDA (U.S. Department of Agriculture) guidelines to Federal Food Labeling requirements for Seafood and include Country of Origin declaration and Method of Production designation. Additionally, all FDA Food Product Labeling and Packaging requirements are satisfied including product name, trademark, complete list of ingredients, allergen information, net contents, name and address of manufacturer, distributor, lot identification, expiration date, and detailed nutritional label highlighting calories, fat breakdown, cholesterol, sodium, carbohydrates breakdown and proteins (GRI 417-1).

There have been no incidents of non-compliance concerning product and service information and labeling (GRI 417-2), nor any incidents of non-compliance concerning marketing communications (GRI 417-3).

Customer Privacy

GRI 418

Atlantic Sapphire understands that maintaining customers' trust in our products requires that we protect their privacy, and the company is very sensitive to the needs of our customers who use our websites, social media and networking services and emails (collectively, our Sites).

We may collect information about customers in a variety of ways:

- Directly provided information to us
- Customer chose to allow a social networking service to share information
- Gathered information when a customer visits our Sites or click on our online ads
- We employ reasonable security measures designed to protect the security of information submitted through the Sites. At the same time, customers always have the right to review and update any information previously provided to us at the Sites. Our Sites have clearly marked sections or contact information destined to provide a resource for customers to request further transparency about our data processing practices, or access to, or deletion of, the personal information the company has collected about them.

There have been no complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1).

Consumer Health & Safety

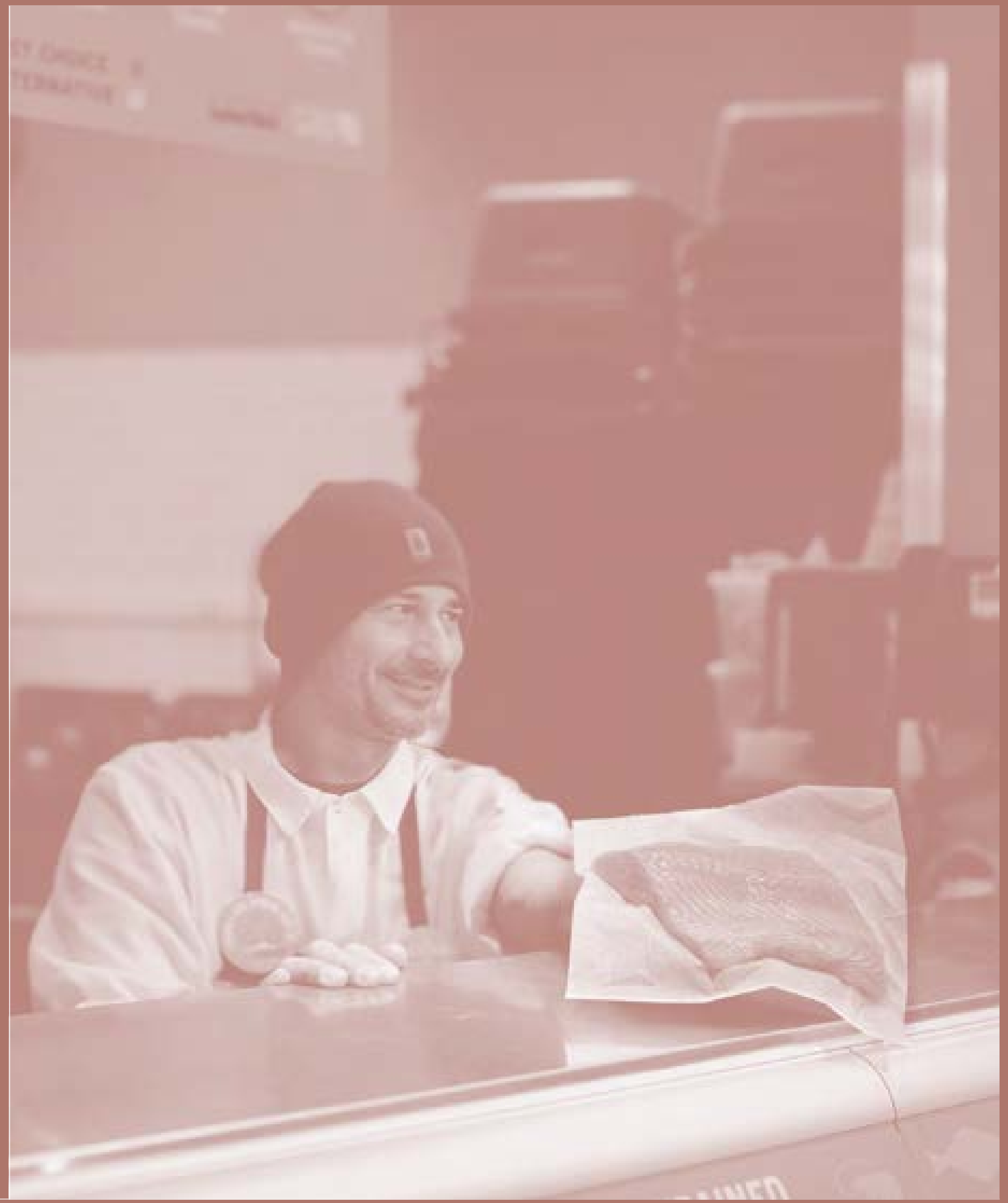
- **Continued 100% compliance with all food safety standards**
  ACHIEVED
  (FDA registration, no recalls etc..)
- **Obtain BRC certification –changed certification scheme to SQF**
  DELAYED TO 2023
- **Maintain American Heart Association Certification (US)**
  ACHIEVED

Packaging

- **Pack minimum 50% of our fish in biodegradable or recycled/recyclable packaging for the transportation of harvested salmon to lower our use of single-use plastic (US)**
  ACHIEVED 80% of fish packed in recycled/recyclable packaging

Production Responsibility

- **Zero waste of off-cuts and byproducts from our filleting facility (US)**
  ACHIEVED (heads frames and B&P sold to pet food)
- **Lower non-edible byproducts by increasing filleting yield of edible meat to minimum 70% for Trim D fillets**
  MISSED, actual 63%



Selected Targets: Product & Consumer

2022 RESULTS

Consumer Health & Safety

- Continued 100% compliance with all food safety standards
- Obtain SQF certification
- Maintain American Heart Association Certification (US)

Packaging

- Increase packaging for 60% of our fish in biodegradable or recycled/recyclable packaging for the transportation of harvested salmon to lower our use of single-use plastic (US)

Production Responsibility

- Zero waste of off-cuts and byproducts from our filleting facility (US)
- Lower non-edible byproducts by increasing filleting yield of edible meat to minimum 65% for Trim D fillets (changed)

Fish Welfare

- Better survival rate than the average rate for the Norwegian net pen industry

Selected Targets: Product & Consumer

TARGETS FOR 2023

Consumer Health & Safety

- Continued 100% compliance with all food safety standards
- Maintain SQF certification
- Maintain American Heart Association Certification (US)

Packaging

- Achieve of 100% biodegradable or recycled/recyclable packaging for the transportation of harvested salmon to eliminate our use of single-use plastic (US)

Production Responsibility

- Process 100% of off-cuts from farming operations and processing (including guts, and sludge) into value-added product (biogas, protein powder, and fish oil), towards achievement of zero waste (US)

Fish Welfare

- More than 97% survival rate as a percentage of biomass gain
- Achieve a third-party animal welfare certification

Selected Targets: Product & Consumer

TARGETS FOR 2030

Economic Responsibility

Atlantic Sapphire seeks to create prosperity for the business, investors, buyers, suppliers, and employees. The Group contributes economic value to the local societies and communities where it operates and to the business partners it transacts with. The Group's most obvious and direct contributions to driving prosperity and economic growth are its job creation and its payments to employees, suppliers, distributors, authorities, and financial partners. GRI 203-2, GRI 203-1.

Atlantic Sapphire hires local and empowers local business partners whenever possible. Some of our marketing agencies are local to the Florida market and are women owned. Atlantic Sapphire is sponsoring work permits for approximately 4% of our workforce, a number lower than our original target of 30%, which implies a positive local impact from our ability to source talent locally at a higher extent than originally targeted. Atlantic Sapphire is fully committed to acting responsibly in all its economic transactions. This means, for example, that the Group pays employee wages, supplier invoices, taxes, loan payments, and other qualified expenses, in full and on time.

At Atlantic Sapphire, we all have a responsibility not only to act with integrity, but also to protect shareholder value. Each employee creates and increases the value of Atlantic Sapphire by acting in the best interests of the Group by properly using confidential information and resources.

A joint study by McKinsey and NielsenIQ shows a clear link between environmental, social, and governance (ESG) related claims and consumer spending. Products that claimed to be environmentally and socially responsible averaged 28 percent cumulative growth over the past five years, compared to 20 percent for products that made no such claims.[7]

[7] McKinsey, February 6, 2023. Authors: Sherry Frey (NielsenIQ), Jordan Bar Am, Vinit Doshi, Anandi Malik and Steve Noble (McKinsey)

Generating Economic Value

The Group's primary investment has been the Phase 1 construction of its Miami Bluehouse facility in Homestead, Florida, and the construction of the Phase 2 expansion which started in Q2 2021. Capital expenses (CAPEX) invested in the US through the end of year 2022 has been approximately USD 330m. The Phase 2 expansion will bring total annual harvest volume capacity of the Miami Bluehouse to approximately 25,000t HOG. Its indirect economic impacts include investment in building the infrastructure leading to its production facilities, including roads and new power lines build in cooperation with the power company.

Furthermore, the construction has benefitted local suppliers and business partners who the Group has engaged and supported throughout the construction period. The Group is committed to using local suppliers and business partners to support the local economy where possible.

According to an independent assessment conducted by The Washington Economics Group, Inc., Atlantic Sapphire's business plans are estimated to generate direct, indirect, and induced employment of over 3,500 jobs for Miami-Dade County and the State of Florida by 2021.

Economic Performance

GRI 201

Atlantic Sapphire was listed on the fully regulated main list of the Oslo Stock Exchange in May 2020 and was also quoted in the US on the OTCQX market under the ticker AASZF as of January of 2021.

Indirect Economic Impacts

GRI 203

203-1: Infrastructure and services
Atlantic Sapphire has invested in significant infrastructure towards its Phase 1 and Phase 2 Bluehouse facilities located in Miami, Florida through commercial engagements. In 2022, approximately 85% of capital expenditures were from US vendors whereas approximately 15% were from foreign vendors. In 2021, approximately 89% of capital expenditures were from US vendors whereas approximately 11% were from foreign vendors.

GRI 204: Spending on local suppliers
Atlantic Sapphire engages in active dialogue and collaboration with local vendors to employ goods, service, and labor in its daily operations. Such efforts allow both Atlantic Sapphire and our partners to mutually benefit from such partnerships and ultimately support the local community. In 2022, approximately 77% of operating expenses were from US vendors whereas approximately 23% were from foreign vendors. In 2021, approximately 81% of operating expenses were from US vendors whereas approximately 19% were from foreign vendors.

2022 Selected Financial Measures	USD
Revenues	19.0M
Total Operating Expenses:	81.2M
Of which, salary and personnel costs	6.3M
Total assets	**357.6M**

Managing Financial Risk from Climate Change

GRI 201-2

Supporting the TCFD Recommendations

Atlantic Sapphire fully recognizes that there are potential financial implications for its business from both climate-related physical and transition risks, as defined by the Taskforce on Climate-Related Financial Disclosure ("TCFD").[8]

Atlantic Sapphire's production facilities are located close to coastal areas. As such, the Group has assessed and prepared for the risks of wind and water-related natural disasters such as floods, tropical storms, or hurricanes. In 2022, no major 'named' storms affected the area where the Bluehouse is situated.

Atlantic Sapphire's business can also be impacted by climate change through the sourcing of fish feed. The Group depends on fish feed from third parties, and this is the single largest cost of production item. Although feed represents a large, global commodity, supplier prices are ultimately based on raw marine and non-marine materials. A future increase in such costs to the supplier would most likely result in direct correlation towards the Group's cost of production. Such factors could potentially include climate change, increase in global demand, and low supply increase. The Group considers this risk to be high and is therefore exploring alternative raw materials to reduce dependence on marine ingredients.

Another important input to Atlantic Sapphire's business is electricity. Any increase in pricing in the local electricity market will result in higher costs for the Group. However, Atlantic Sapphire considers the risk of significantly higher energy prices in Florida as lower than many other geographical areas since Florida's electricity market is controlled by the Florida Public Service Commission. This commission regulates publicly owned municipal or cooperative electric utilities and has jurisdiction regarding rate structure, territorial boundaries, bulk power supply operations, and planning. Atlantic Sapphire is evaluating investments in renewable power production by potentially installing solar panels on-site in Florida or in conjunction with larger solar farms constructed by Florida Power & Light ("FPL"). In the near future, Atlantic Sapphire plans to transition over to renewable sources of power as they are not based on scarce resources and could reduce the risk of significant price increases for electricity (see more in the chapter on Environmental Responsibility for further details).

At the same time, Atlantic Sapphire is well-positioned to expand its supply to the market if climate change places limitations on sea-based salmon production. Farming in the ocean is being increasingly impacted by many factors including:

- Ocean temperature warming
- Mortality
- Sea lice management
- Disease management
- Oxygen and CO_2 fluctuations
- Ocean acidification
- More frequent algae blooms
- More frequent extreme climate events (freezes, storms…)

The Group's facilities in South Florida are not dependent on seawater, and its risk exposure is limited by using the unique groundwater resources in Florida. Similarly, Atlantic Sapphire expects to be less affected than others in the US market if climate risk were to impact the cost of air transportation (through a carbon tax for instance) because we supply that market from local production and use ground transportation.

In conclusion, management believes the risk associated to climate change is relatively small for the group compared to the conventional aquaculture industry.

[8] Financial Stability Board's Taskforce on Climate-related Financial Disclosure

Market Presence

GRI 202

202-1: Minimum wage
Atlantic Sapphire's primary operations are in South Florida. The Group strives to enhance its human capital through fair wages and benefits. While the hourly minimum wage in the State of Florida for 2022 was $11.00 and does not require benefits offered, the Group offered local employees an entry level minimum wage per hour for 2022 of $16.50 plus benefits. Wages offered to the Group's Florida employees is based on the scope and complexity of their respective job descriptions and commensurate on employee performance.

202-2: Senior management
The Group's senior management comprises six individuals of which four are US citizens. Therefore, 67% of senior management is considered hired from the local community. All members of senior management reside locally and are actively present in the Group's primary Bluehouse operations in Miami, Florida. Atlantic Sapphire believes this demonstrates the organization's positive market presence, and senior management's active involvement and proximity to day-to-day operations provides them the ability to enhance human capital and to understand the local community in its needs.

Green Finance

GRI 203

Our Green Finance Framework, which was implemented in October 2020, continues to help us steer the financing of our business and promote low-carbon, climate-resilient, and resource-efficient development in the seafood sector and reduce negative impact on biodiversity. CICERO provided a Second Party Opinion on our Framework[9], giving Atlantic Sapphire an overall strong CICERO Medium Green shading and a governance score of Excellent. Even before this was in place, we obtained a Green Loan from DNB, the first of its kind by DNB to a seafood company, in 2019. All Atlantic Sapphire's debt in the future will be 'green'.

Transparency around our ESG performance is critical for the capital markets to take on risk and reward responsible behavior. We are regularly in dialogue with different investors to explain how we manage climate risks and broader environmental impacts, and we engage with relevant ESG rankings to help investors make informed decisions about our commitment to managing ESG risks.

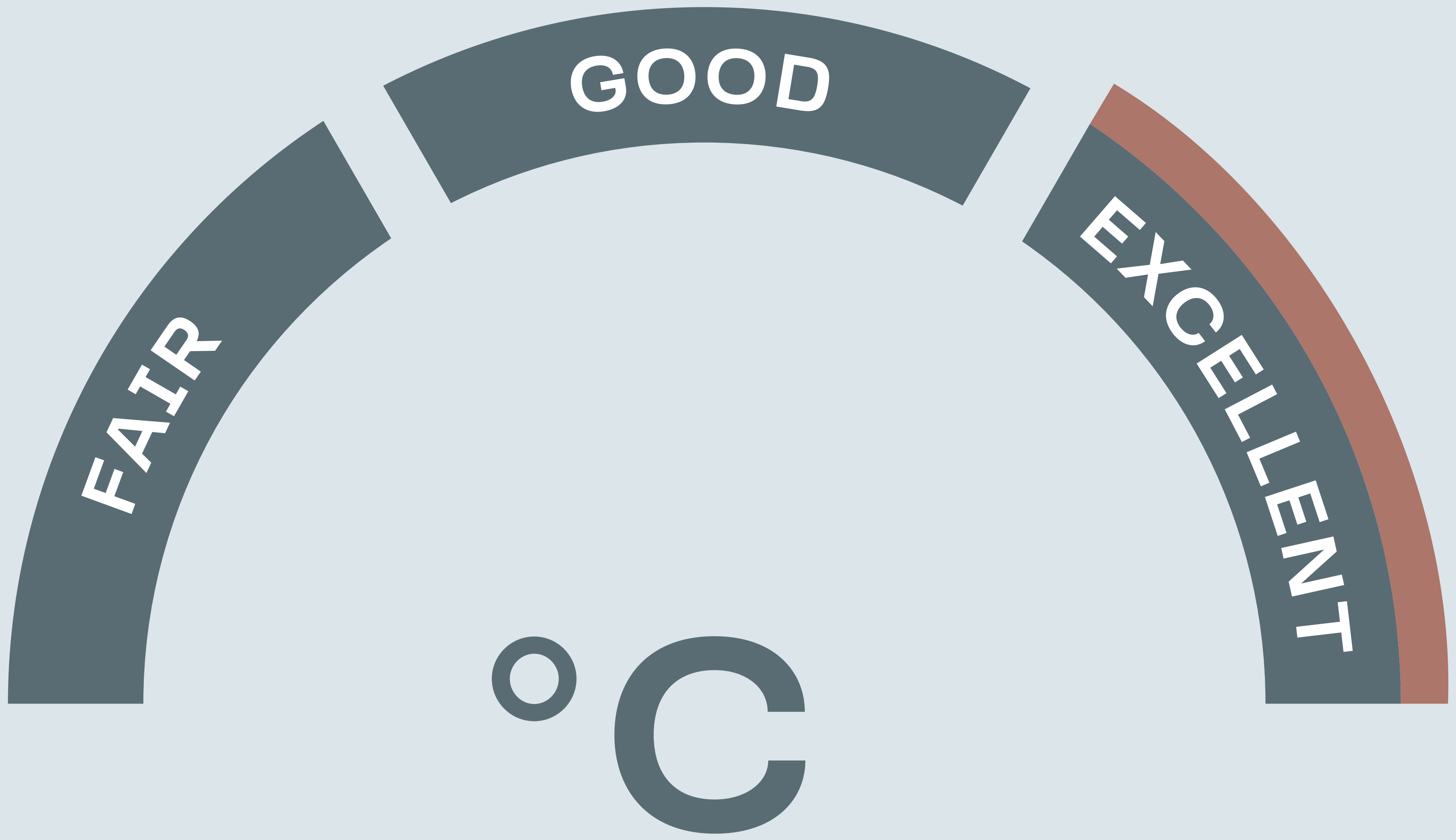
We welcome and closely follow the expanding efforts to redirect capital flows towards sustainable economic activities and investments, for example through the EU Taxonomy. Although aquaculture has yet to have technical screening criteria for the environmental objectives finalized, we are monitoring the criteria for comparable activities to understand our potential alignment. We are also following market consultations around future disclosure requirements such as capital and operating expenditures related to taxonomy-aligned activities. This includes the pending Social Taxonomy with its focus on enhancing the positive social impacts of goods and services. As our entire business and infrastructure investments centering around sustainable food production, we welcome these requirements along with the comparability such information will provide investors and other stakeholders.

We remain strongly committed to providing transparent and decision-useful information to the investment community about the contribution of our activities to climate change mitigation and adaptation.

[9] CICERO, Atlantic Sapphire ASA Green Finance Second Opinion October 15, 2020

Based on our review, we rate the Atlantic Sapphire's green finance framework CICERO Medium Green.

Included in the overall shading is an assessment of the governance structure of the green finance framework. CICERO Shades of Green finds the governance procedures in Atlantic Sapphire's framework to be Excellent.



Shades of Green

Green Bond and Green Loan Principles

Based on this review, this Framework is found in alignment with the principles.

Ensuring Responsible Business Conduct

GRI 2-23-2-24

Atlantic Sapphire's success depends on maintaining the highest standards of trust and integrity at all levels of the organization, as well as the reputation for honesty and transparency in its business. Atlantic Sapphire released its Code of Conduct in the first half of 2020 to set expectations and provide guidance to its Board of Directors and officers, employees (including part-time, temporary, and seasonal), independent contractors, and consultants. The Group's suppliers and other business partners are expected to share our commitment to integrity by following the principles of our Code.

In 2022, 100% of our direct vendors and suppliers received the Atlantic Sapphire Code of Conduct as part of our supplier onboarding process and were required to sign it.

The Code is consistent with the Group's core values, which also serve to guide employee actions. Ethical business is our goal, and employee conduct in performing their respective duties on behalf of the Group must always be honest, transparent, lawful, and in accordance with ethical and professional standards. The requirement of honest, lawful, and ethical conduct is broad and therefore must be stated in general terms. As such, this Code does not cover every issue that may arise, but instead sets out basic principles to guide all employees. Employees are expected to lead by example and to seek guidance when necessary to clarify any aspect of the Code.

Each employee creates and increases Atlantic Sapphire's value by acting in the Group's best interests by properly using confidential information and protecting intellectual property. All employees are also expected to protect and properly utilize Group assets to ensure their efficient use for legitimate business purposes. Ultimately, the Group is owned by our shareholders and all at Atlantic Sapphire have a responsibility to act with integrity and to protect shareholder value.

Supplier assessment, environmental and social

The company realizes the importance of supplier assessment and monitoring starting with our scope 3 GHG emissions and throughout the value chain for social and other environmental issues. This is why this topic is part of our materiality matrix. In 2022, the company has not yet created a formal screening format of suppliers but did enforce all suppliers to sign our code of conduct. We have also worked more actively with our 2 major suppliers (FPL for electricity and Skretting for feed) on GHG emissions and fresh water use. As part of our commitment, we have engaged with the University of Miami that will assist us with supplier monitoring starting with our scope 3 GHG emissions. (GRI 3-08, GRI 4-14).

Improper Payments and Anti-Money Laundering

Atlantic Sapphire conducts its business in compliance with all laws that prohibit money laundering or financing for illegal or illegitimate purposes and holds a zero-tolerance policy against corruption. Corrupt activities not only represent a Code violation, but also represent a serious violation of criminal and civil anti-bribery and anti-corruption laws (GRI 2-17) in the countries in which Atlantic Sapphire conducts business.

Atlantic Sapphire adheres to applicable anti-corruption laws, including the US Foreign Corrupt Practices Act, which generally prohibit companies and their intermediaries from making improper payments and require companies to keep accurate books and records, as well as appropriate internal controls. (Anti-corruption GRI 205-206) Employees review and sign the Company's Employee Handbook which specifies anti-corruption rules and regulations. In 2022, there has not been any reported cases of corruption (GRI 205/206).

Fair Competition

Atlantic Sapphire competes fairly in full compliance with all applicable antitrust and competition laws. Commercial policy and pricing will be set independently and will never be agreed upon or coordinated with competitors.

Concerns related to possible violations of the Code of Conduct and any violations of applicable laws or company policies are included as part of Atlantic Sapphire's open communication policy. The Group provides different channels for reporting and encourages any affected party to report any violations or other concerns as early as possible. The Group is not aware of any breach related to anti-competitive or corrupt conduct in our operations.

Tax

GRI 207

The GRI 207 Standard was introduced to meet stakeholder demands for greater transparency around tax. It contains three management approach disclosures and one topic-specific disclosure, country-per-country tax guidance.

207-1, 207-2 and 207-3: the Group's tax strategy, process and procedures, risks and stakehoder engagement, are documented in the Group Results section of this integrated report.

Economic Performance

- EBITDA results
  MISSED – see consolidated financials statements

Code of Conduct

- 100% of employees trained and tested
  ACHIEVED
- Require 100% of new vendors and suppliers to sign and adhere to Atlantic Sapphire's Code of Conduct
  ACHIEVED

Selected Targets: Economic
2022 RESULTS

Economic Performance

- Reach EBITDA profitability in H2 2023
- Steady state US Phase 1 production (US) in Q3

Code of Conduct

- Maintain 100% of employees trained and tested
- Require 100% of new vendors and suppliers to sign and adhere to Atlantic Sapphire's Code of Conduct

Selected Targets: Economic
TARGETS FOR 2023

Economic Performance

- TFCD framework fully integrated and implemented
- Local salmon feed production based on locally sourced ingredients
- Source renewable energy at a lower unitary cost than standard electricity from the grid

Selected Targets: Economic

TARGETS FOR 2030

Environmental Responsibility

Pursuing the most sustainable salmon farming technologies while protecting the environment where it operates is fundamental to Atlantic Sapphire. Our priorities are focused on energy and water use efficiency, minimizing waste and emissions, and avoiding impacting the surrounding marine and land ecosystems. We have always taken precautionary measures through systematic risk assessment and risk management where our activities may impact vulnerable ecosystems or resources.

Atlantic Sapphire's Environmental and Social Management System ("ESMS") requires all personnel, including Atlantic Sapphire employees and subcontractors, to act responsibly and maintain regard for impacts on the environment and climate. Through the ESMS, we ensure that our employees receive guidance, support, and training to maintain the high standards we have set itself for our environmental performance.

Minimizing the Group's Carbon Footprint

Climate change is one of the world's most pressing challenges. Food production plays a major part of the climate challenges and contributes to a significant amount of global greenhouse gas emissions. Emissions from food production and impacts of climate change on agriculture and the food system will deeply affect the way the world produces food in the future. Failure to manage environmental and climate-related risks could harm the environment, the local community, and the Group's business and reputation. Our company is committed to setting science-based targets to reduce our carbon footprint as part of our effort to combat climate change. Science-based targets provide a roadmap for reducing greenhouse gas emissions and aligning with the Paris Agreement's goal of limiting global temperature rise to well below 2 degrees Celsius.

For 2022, Atlantic Sapphire invested in measuring Scope 1 and Scope 2 carbon emissions. Scope 1 emissions are direct emissions from sources that are owned or controlled by the company, such as fuel combustion from boilers or vehicles. Scope 2 emissions, are emissions from the consumption of purchased electricity, steam, or heat. By measuring these two scopes of emissions, we are able to get a comprehensive view of our carbon footprint and identify opportunities to reduce it. This information is critical in setting realistic and achievable science-based targets, tracking our progress, while demonstrating our commitment to transparency and accountability. This year the company is using the U.S. Environmental Protection Agency's carbon footprint calculator.

In 2022 Atlantic Sapphire established a partnership with the University of Miami Business School and in 2023 will work with graduate level students from the university's Master of Science in Sustainable Business program to develop a capstone course in collaboration with the Group's ESG committee. Guided by a professor, the committee will work with students to measure Atlantic Sapphire's Scopes 1, 2 and 3 emissions, using GHG Protocol.

Additionally, our operations are estimated to be sequestering carbon at an average rate of 128 tons per day when US Phase 1 and 2 are both operational thanks to the unique water environment we're operating in.

By injecting our treated waste-water into the Boulder Zone, we're effectively making it a carbon sequestration well, of which there are only about ten in the United States.

EPA GHG Emissions Calculator - Scope 1 & 2 Emissions[10]

Emission Source	Type	Source Description	Consumption	CO_2 (kg)	CH4 (kg)	N2O (kg)
Electricity	Electricity purchased	Florida Power and Light - 14 accounts	93.7 GWh of electricity	28,173,529	Unavailable	Unavailable
Mobile Sources	Diesel	"Agricultural equipment, offroad trucks, construction equipment and industrial/commercial equipment 9 vehicles - 12 total (7 rentals & 5 HQ Fleet)"	6,500 gal of fuel	66,365	6.21	5.77
Mobile Sources	Gasoline	"Agricultural equipment and construction equipment 3 vehicles - 12 total (7 rentals & 5 HQ Fleet)"	2,500 gal of fuel	21,950	8.18	4.50
Stationary Source Fuel Combustion	Diesel	East and West Power Center, only run 2% of the year for exercise	1000 gal of fuel	74	0	93.98
Fire Suppression Equipment	Fire extinguishers	200 basic ABDC fire extinguishers	0 used	N/A	N/A	N/A
Total				**28,261,918**	**14.39**	**104.24**

[10] This data was provided by FPL and management best estimates. Initial CO_2 estimate provided by FPL, may be reviewd in May when final data is published

Energy

GRI 302

Even though salmon farming emits less carbon as compared to other livestock, Atlantic Sapphire recognizes that the full value chain does leave a carbon footprint and seeks to minimize it. As part of our plan to strengthen our position as a producer of land-based farmed salmon globally, we are committed to improving efficiency in the consumption of energy, as well as exploring increasing the use of renewable energy through direct investment in renewable energy, a partnership with a third party, or a combination of both.

Excluding transportation, Atlantic Sapphire's Bluehouse production environment requires a higher use of energy than the production of salmon at sea, as exhibited in our 2022 Scope 1 and Scope 2 reporting. Therefore, one of the Group's main priorities to explore, develop, and implement solutions to reduce the energy consumption of its operations. On the logistical standpoint to service the US market however, Atlantic Sapphire brings substantial reductions in GHG emissions as air freight is not required to transport harvested fresh salmon.

In 2022, Atlantic Sapphire consumed approximately 93.7 GWh of electricity (2021: approximately 69.8 GWh of electricity). The electricity is supplied from the Florida state grid, which is a mix of nuclear and natural gas generated energy. With US Phase 2 construction in progress, we expect to increase our energy consumption in 2023 as production continues to reach steady-state capacity. We aim to utilize the sludge it produces as either an energy source, biogas, or fertilizer. Atlantic Sapphire is determined to support growth in seafood consumption as part of lowering the global carbon footprint of the food sector. By producing and selling fresh product 'in-market' and close to the end-consumer, Atlantic Sapphire avoids the cost and carbon footprint incurred of using airfreight transportation to reach the end-consumer.

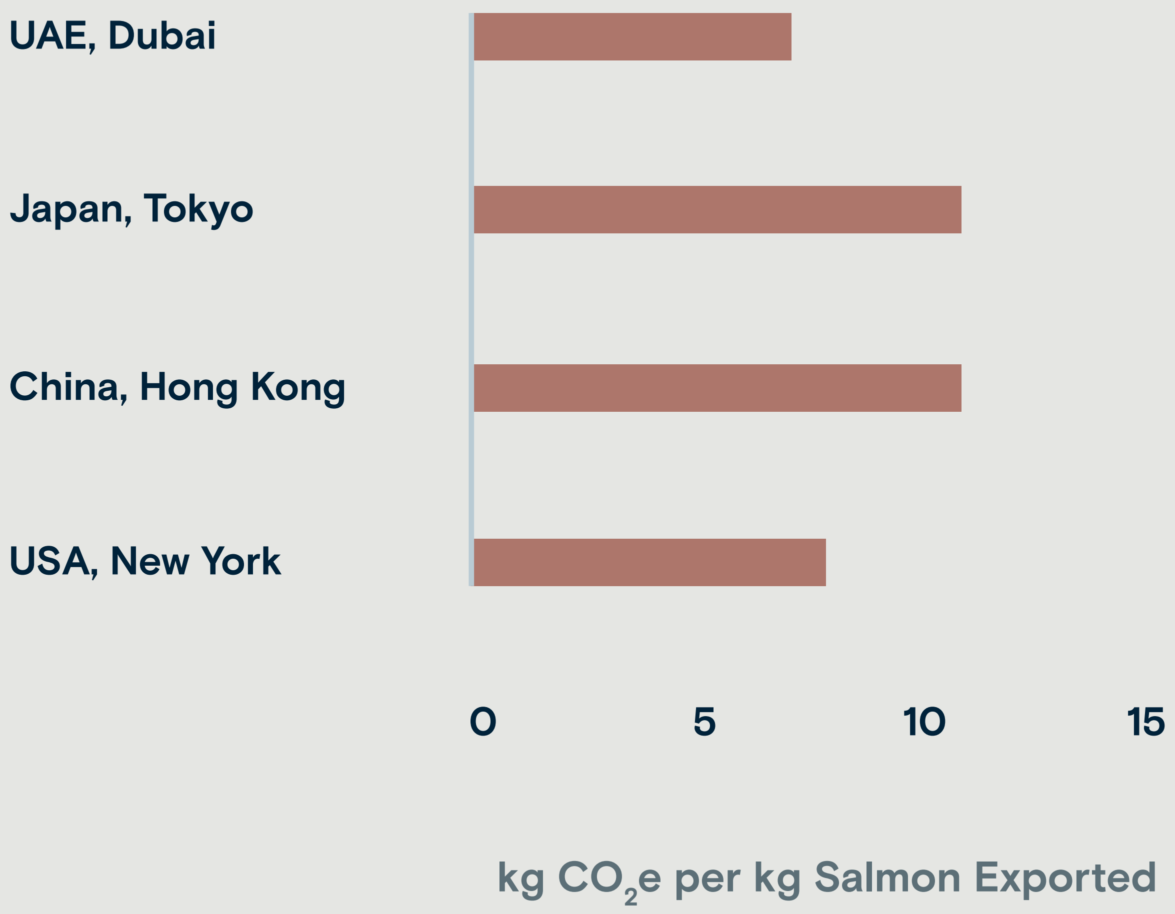
In a study on the greenhouse gas emissions of Norwegian salmon products, published by SINTEF, it was found that salmon shipped to the US are commonly transported by truck to a major airport, for example in London, and thereafter airfreighted by passenger aircrafts to the US. Based on data from the Norwegian seafood council and industry representatives, and on calculations made from environmental calculation tool, NTM (Network for Transport Measures), this report estimates the GHG emissions of Norwegian salmon products to be 6651kg of CO_2 per flight.

Airfreighted products to Asia or USA have a carbon footprint in the range from 16-28 kg CO_2e per kg of edible product delivered to wholesaler, and airfreight accounts for 68-82% of the carbon footprint.

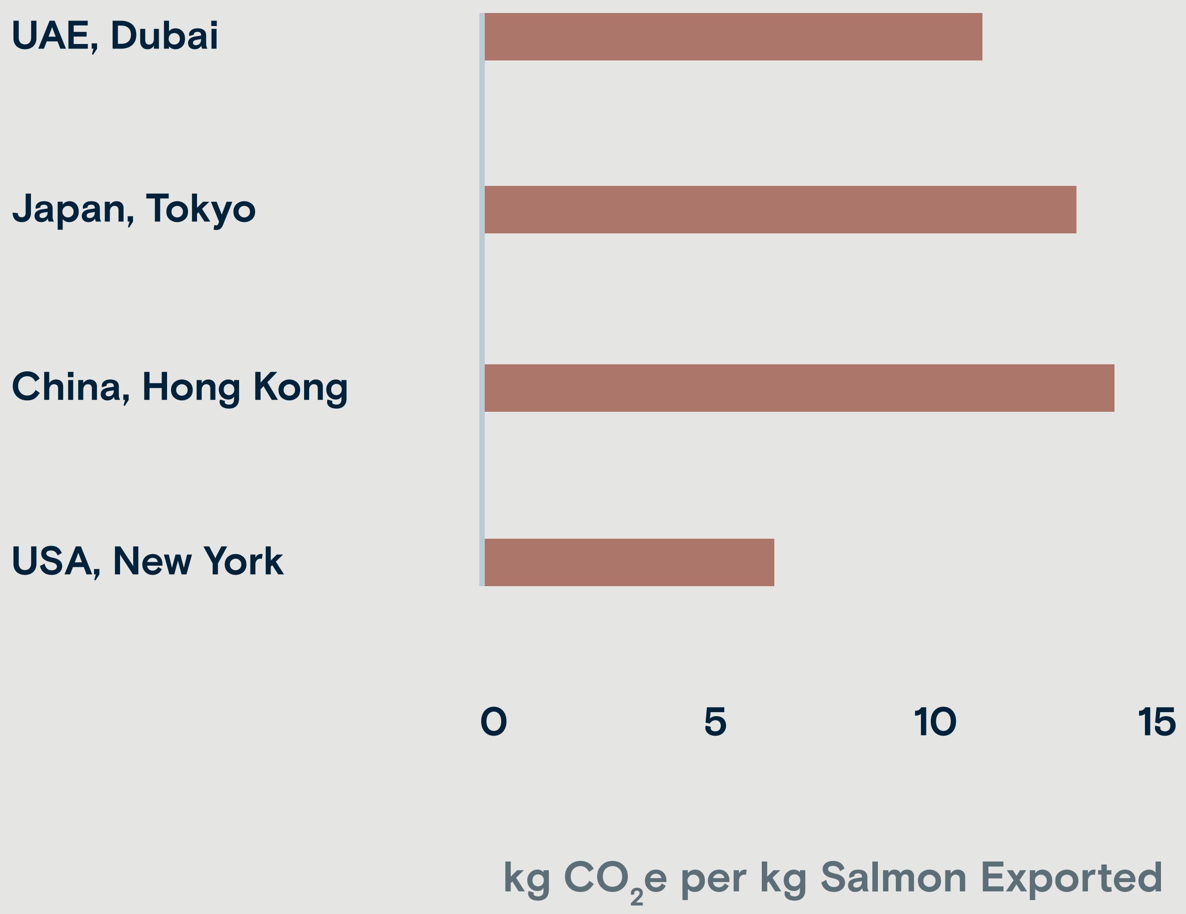
Atlantic Sapphire is proud to say that no commercial shipment of Bluehouse Salmon has ever been made via airfreight.

This is in line with our commitment to reduce our carbon footprint from transportation by supplying the US market from Miami, Florida.

Emission from Norwegian Air Freight



Emission from Chilean Air Freight



Source : SINTEF and Nordea estimates, 2019

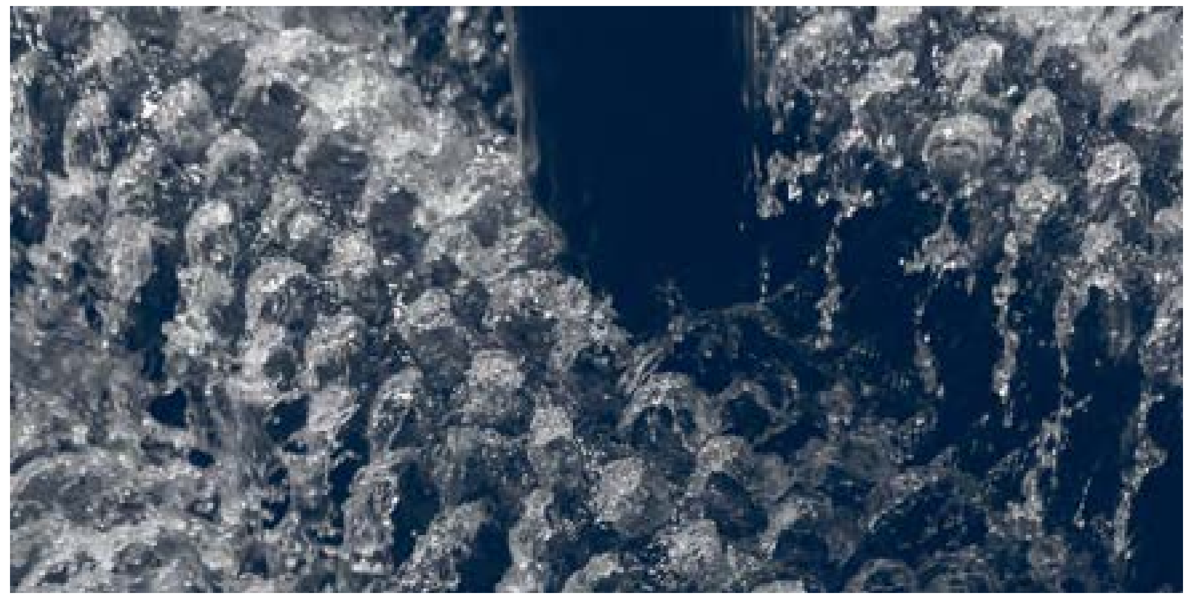
Reducing Energy Consumption

In 2022 Florida Power & Light ("FPL") committed to building a future substation on Atlantic Sapphire's property serving as a primary source of distribution for the Bluehouses. This will directly reduce energy costs for the Group as it will create a direct pipeline to distribution. This substation will have capacity large enough to power all phases of Atlantic Sapphire's expansion and the nearby communities. It will also serve as another contingency should current powerlines temporarily shut down, for example in the case of a storm of hurricane. Additionally in 2022, Next Era Energy, the parent company of FPL announced plans to cut carbon emissions by 70% in 2025 and to "Real Zero" in 2045 without the use of carbon offsets through continued investments and innovation in wind, solar, battery storage, green hydrogen and other renewable energy development. Atlantic Sapphire is committed to directly working with Next Era Energy and FPL to reduce and then fully eliminate carbon emissions from its operations.

In 2019, the Group adopted an innovative technology approach to optimize the cooling and ventilation systems in its facilities and to minimize energy loss in piping of water. Recirculating units and heat exchangers enable the Group to maintain steady temperatures in the aquaculture systems.

In November of 2022, the Group installed a new chiller bank, reducing the number of chiller units on site from 21 units to 14 units. Chillers provide stable and low temperatures for biological performance and efficient operation of the Bluehouse. This reduction in chillers reduced Atlantic Sapphire's rental and electrical costs by utilizing our current infrastructure as designed. All chillers were grouped in one location, now working together, rather than spread out throughout the Bluehouse. With the reduction and grouping of units, our electrical consumption for chillers has dropped by roughly 33%.

In September of 2021, the Group ceased reliance on generators for the chiller bank and switched fully to electrical power. This ended our use of diesel to operated the chillers. This use of technology reduces the need for electrical cooling, and hence the energy use and potential related GHG emissions. Solar energy is also being explored as another source to be utilized in the future. Thanks to the large available roof space, installing solar energy will not only be a great way to utilize the available space, but is also estimated to reduce Atlantic Sapphire's energy costs. Being at the forefront of sustainable aquaculture, Atlantic Sapphire must continue to develop technologies and implement process enhancements to increase the performance and sustainability of its operations.



Handling Water Consumption and Wastewater

GRI 303

Using recirculating aquaculture systems ("RAS") technology, our water is filtered before it re-enters into a tank system. Over 99% of the water entering our tanks is recirculated and filtered, which significantly limits our water consumption.

There is no risk of water scarcity in Homestead, Florida where Atlantic Sapphire operates. Of all the water used, approximately 5% is freshwater and 95% is saline water which is not suitable for irrigation or human consumption. For farming operations, our freshwater consumption in 2022 was 133.7 million gallons, and our saltwater consumption was 1.6 billion gallons.

This is equivalent to 202 Liters per KG of harvested fish for 2022 (calculating 3000 tons of harvest) in our farming operations

Water Intake

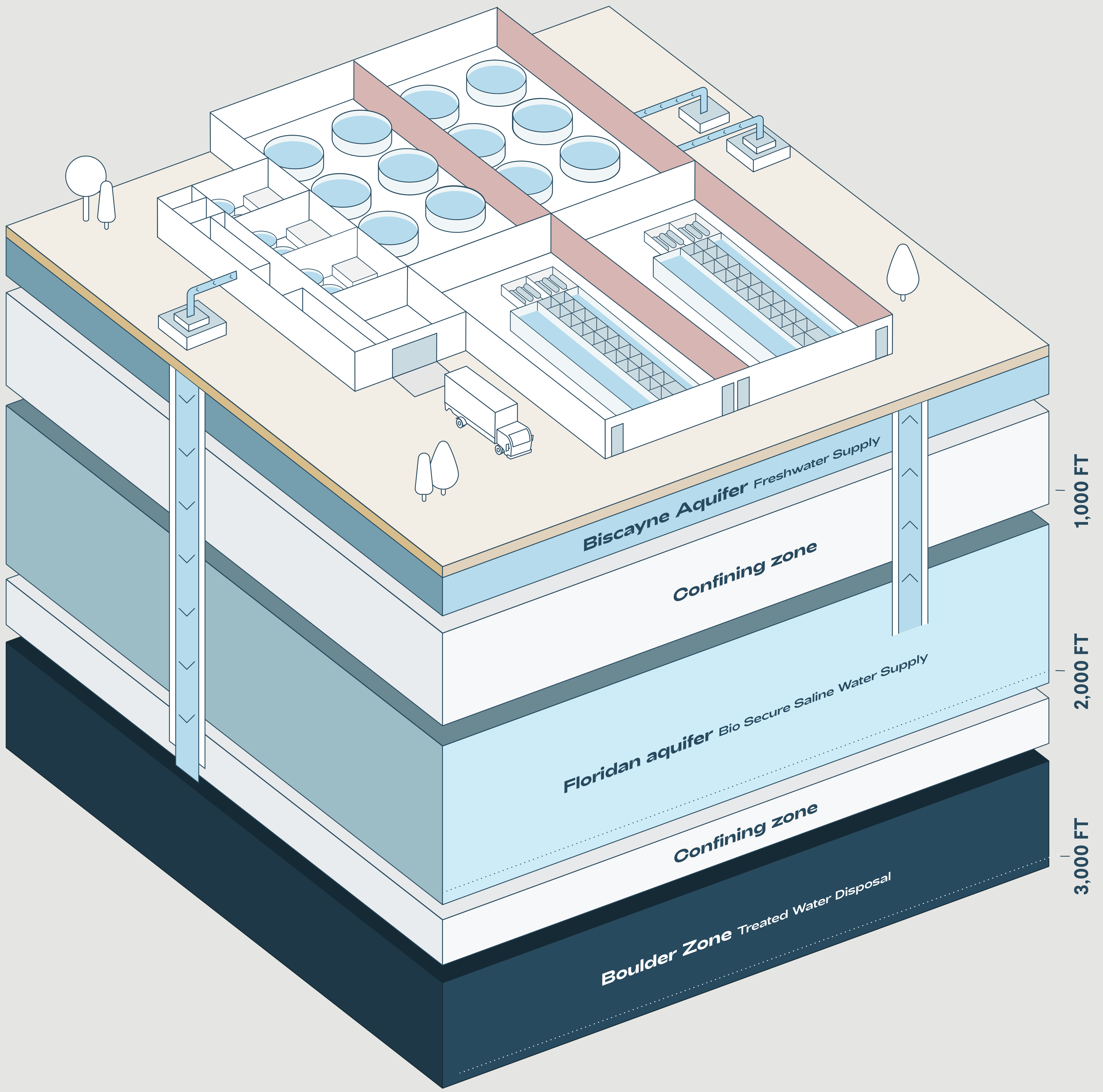
All the water used for farming operations comes from highly productive aquifers with stable brackish and fresh groundwater. The groundwater resources for the farm have been allocated for use by the South Florida Water Management District ("SFWMD") under a 20-year water use permit. The permit provides an allocation of groundwater from two subsurface sources:

- The Biscayne Aquifer, which contains fresh groundwater of very low salinity of 0.36 ppt
- The Floridan Aquifer, which contains brackish to saline groundwater that varies in salinity from approximately 2.7 to 35.0 ppt.

Our Bluehouse sources freshwater from the Biscayne Aquifer only a few feet below ground surface and accounts for about 5% of our total groundwater consumption based on the current permitted allocations.

The brackish and salty groundwater is sourced from the Floridan Aquifer, a density stratified artesian aquifer, and is located at approximately 1,200 feet below the Miami Bluehouse. The salinity of groundwater in the aquifer generally increases with the increase in depth as saline water is denser than freshwater. Wells constructed in the Floridan Aquifer are completed in two different zones: the upper Floridan Aquifer and the middle Floridan Aquifer. These hydrogeologic units produce groundwater with salinities of 2.7 parts per thousand ("ppt") and 35 ppt, respectively. Over 95% of the groundwater consumption for farm operations will consist of saltwater from the Floridan aquifer. The exchange of groundwater entering and exiting the Miami Bluehouse is about 10% per day. Inside the Bluehouse, the recirculation degree of filtered water in the tanks is above 99%. Less than 1% of the total water that is sent through the filtration system is discharged as non-toxic wastewater through the injection well and into the Boulder Zone of the lower Floridan Aquifer, located at a depth of nearly 3,000 feet underground. The Boulder Zone then acts as a storage zone and natural filter with a natural current that slowly filters the water over thousands of years until it eventually returns to the ocean as clean water, thus eliminating any wastewater impact on the ecosystem.

The unique groundwater resources of South Florida are well suited for Bluehouse farming at scale. A stable supply of fresh, brackish, and saline groundwater, along with a proven and environmentally desirable method for wastewater disposal, are critical elements. In 2018, Atlantic Sapphire was granted a United States patent for its systems and methods of intensive recirculating aquaculture, incorporating the use of wells constructed for groundwater supply and wastewater disposal. Further, water consumption is comparatively much lower than other proteins, with the Group stating a goal of 200 liters per kilogram of edible meat.



Is Farmed Salmon More Sustainable Than Meat?

It is clear that salmon production, while a well-managed industry relative to livestock production, faces a number of ESG risk that constrain production. However, does salmon have a lower environmental footprint than meat?

Salmon is commonly thought to be significantly more environmentally-friendly than chicken and pork, but academic literature suggests this depends on the particular environmental factor considered. In terms of water use, salmon offers some advantages over land-based proteins. When looking at feed consumption, the picture is less clear. Salmon has a lower kilo-for-kilo feed conversion ratio. But once we consider the higher calorific content of the feed for salmon (approximately 30% fishmeal and fish oil), the calorie and protein retention looks less impressive (28% and 25% respectively for salmon, versus 37% and 27% for chicken). As salmon only retains 25% of the proteins it requires in its feed, it does not produce protein more efficiently than chicken.

The GHG emissions accounting of individual seafood species varies considerably, yet the science is less developed than for livestock proteins. However, the latest research suggests that GHG emissions for farmed salmon are somewhere inbetween chicken and pork. A recent SINTEF report pointed to emissions from farmed salmon at 7.9kg CO_2eq as edible meat versus 6.1 kg for chicken, 12.2 kg for pork and 39 kg for beef. A Swedish study also found that farmed salmon's climate impacts were greater than chicken yet less than pork.

The incremental demand for farmed salmon has also come from further afield, including the Far East and America. Given that farm production could not be moved from Norway or Chile, and given the customer's strong preference for a fresh product, servicing these markets involves air transport. Salmon travels either in the bellies of passenger planes or in secialist cargo planes. A flight from Oslo is 7,500 km to Miami and 7,000 km to Beijing. On a calculated GHG per km air travel, this would add an extra 10 kg CO_2-eq per kg (including approxiately an extra 2.5% for conversion into edible meat). This means that a salmon product in Beijing would have emissions of 18 kg CO_2-eq per kg versus just 8 kg CO_2-eq for the same product served in Oslo. This matters because China is the fastest-growring market for Atlantic salmon, with demand increasing by 9.7% between 2018-2019.

Environmental impacts of salmon and animal protein products

Protein	Salmon	Poultry (chicken)	Pork	Beef
GHG emission, kg CO_2 per kg edible meat	**7.9**	6.2	12.2	39
Freshwater consumption, litre per kg edible meat	**2,000**	4,300	6,000	15,400
Feed conversion ratio, edible meat per 100kg feed	**56**	39	19	7
Calorie retention	**28%**	37%	21%	13%
Protein retention	**25%**	27%	16%	7%

Source: Sintef, 2019

Water Recirculation and Filtration

Water recirculation is continuously performed throughout the different farming areas and in independent systems to ensure optimal levels of water containment in line with Atlantic Sapphire's de-risking strategy. Filtration is performed through both mechanical and biological filters.

First, water is treated in mechanical filters ("drum filters") that capture the solids generated in the tanks, mainly feces and uneaten feed pellets. Water continues to circulate to biological filters ("biofilters") for the nitrification of the water, a process by which the ammonia generated by fish is converted into nitrite and nitrate in a two-step process.

As a second step, an FDA-approved organic polymer is added in mixers to flocculate the solids. The sludge collected is pumped to a sludge treatment system. Treated sludge is collected and transported to a local waste management facility. In the future, it is our intention to invest in technology to convert all sludge generated in our Bluehouses into a resource such as agriculture fertilizer, soil amendment, or biogas energy.

Water Discharge

Non-hazardous aquaculture derived wastewater is stored underground through an injection well; domestic wastewater will be disposed of on-site to two permitted septic systems under construction. The treatment of the water consists of the separation of sludge and solids generated during aquaculture operations, and effluent water.

Wastewater is stored deep underground by way of an injection well. Regulatory monitoring and reporting associated with injection well system includes both groundwater and wastewater analytical analyses for samples collected at a permit specified frequency. Physical data including groundwater elevation from a Floridan Aquifer monitor well and the operating flows and pressures at the injection well are continuously recorded. All physical and analytical laboratory data are submitted to the Florida Department of Environmental Protection monthly.

Reducing Effluents and Waste

In Florida, belt presses and a centrifuge will dewater the sludge to 30% dry matter, which is accepted as a solid waste for offsite compositing or disposal by commercial of municipal solid waste facilities. The Group is actively looking into alternative options for handling sludge in the future. For example, further treatment to 90% dry matter will make it available for disposal at a local commercially run wastewater to energy facility. Other options for use as energy or soil amendments are also being evaluated.

By using a closed system, we maintain a high degree of control of our fish waste. Atlantic Sapphire's US operations do not discharge any waste into the ocean which provides positive aspects. For example, there is no risk of: water pollution coming from antibiotics or pesticides from operations, wild species becoming dependent on eating salmon feed spilled from operations, or solid waste, mainly feces and uneaten feed, settling and solidifying on the seabed, altering natural ecosystems.

Likewise, Atlantic Sapphire's operations have not had any impact on other fauna such as seabirds or predators, and there is no risk of detachment of farming equipment (nets, plastics, or other artifacts) that can be transported by the current contaminating the water, becoming ghost gear, and potentially harming marine fauna.

Atlantic Sapphire is committed to ensuring the proper handling, management, and disposal of hazardous and non-hazardous waste. This means that the Group complies with local, state, and federal regulations for the storage, identification, record keeping, prevention, reduction, reuse, recovery, recycling, removal, and disposal requirements, as well as the requirements of international standards, such as the IFC Performance Standards and EHS Guidelines.

The Group operates sludge handling systems and mixers which allow us to keep sludge-containing water mixed in buffer tanks. By doing so, the water that passes through the filtration and water purifying plant does not clog up or need frequent adjustments and cleaning of filtration equipment.

Reducing Food Waste

Because the Bluehouse creates a controlled environment for our fish, we are able to tackle food waste in three ways:

1

Increasing production efficiency

Recirculating aquaculture systems, such as a Bluehouse, increase production efficiency by allowing fish to be grown in a controlled environment, which reduces the risk of disease and other factors that can reduce yields. Furthermore, our fish are never exposed to parasites or disease such as sea lice.

2

Minimizing shrinkage

Local production with a shorter value chain added to a longer shelf life allows retailers and food service operators to minimize the amount of fish that needs to be disposed. In the seafood industry, shrink is defined by fish that needs to be thrown away as it couldn't be sold before the best before date. The industry average is around 20% and the longer shelf life of our fish minimizes that amount.

3

Reducing seafood waste

Bluehouses help prevent seafood waste by reducing the amount of fish that is lost or discarded during the production process. This is because the controlled environment allows for better monitoring and management of fish health and growth, which can help reduce the risk of disease and other factors that can lead to fish mortality. In steady state, our fish mortality rate is 2%, compared to almost 20% for conventional net-pen ocean aquiculture.

Atlantic Sapphire does not generate food loss in its filleting operations. Currently we are selling all of our byproducts from filleting, including culling in early stages, to pet food processors and aquariums. Our fish trimmings and by-products can be also processed into further value added ingredients such as omega three and fish oil pills, protein or calcium powders or even other advanced pharmaceutical uses.

In the optic to minimize even more our waste towards a zero waste future, all natural fish waste continuously filtered from Bluehouse waters can be processed for reuse as an energy source, biogas, or fertilizer. We're excited to form relationships with traditional agriculture partners who can benefit from our upcycled fish waste through more vertical integrations.

Feed Sourcing

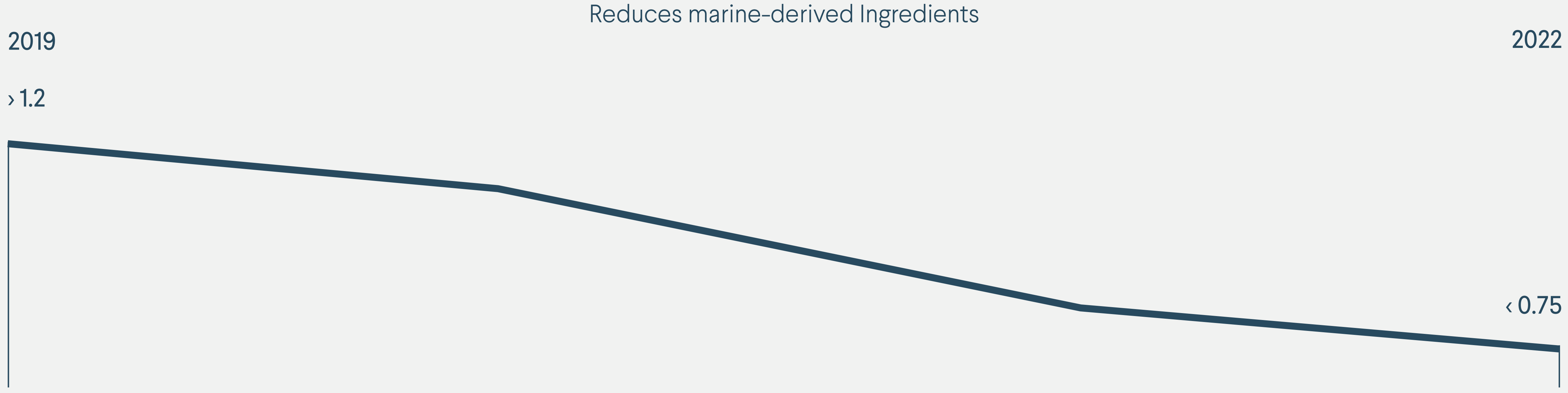
Atlantic Sapphire's goal is to continue net marine protein production of healthy, happy, and sustainably land-raised American salmon, while significantly reducing the level of contaminants coming from marine-sourced feed ingredients. Reducing marine ingredients from wild capture takes us one step further in our mission to achieve zero impact on the oceans.

Our vision is to be out of the ocean by removing marine ingredients from our fish feed. We will soon be able to produce seafood with a minimal impact and negligible amount of the contaminants coming from the ocean such as metals, PCBs, or dioxins.

To achieve this, the partnership between Atlantic Sapphire and feed supplier Skretting is focused on developing innovative fish diets for the health of people and planet. Skretting's balanced fish feed consists of a range of sustainably sourced, food safe ingredients, nutritionally formulated to provide a diet in the form of protein, fat, carbohydrates, vitamins, minerals, and antioxidant carotenoids. Atlantic Sapphire has lowered the use of marine ingredients consistently over time, resulting in a 0.46 feed fish inclusion factor ("FFIF"), and a 0.75 Fish In Fish Out ratio ("FIFO") for 2022, making us a net positive marine protein producer.

Algal Oil is Added to Bluehouse Salmon Feed

Reduces marine-derived Ingredients



In 2021, Atlantic Sapphire partnered with leading feed producer Skretting and algal oil specialist Veramaris to deliver sustainable Omega-3 rich salmon to the US market.

Our commitment to sustainability starts with what we feed our salmon. Raw material availability, origin, harvesting methods, and regulations throughout the supply chain in feed selection represent key factors in the social, environmental, and economic impact of the production of the final product. There are science and data-based comprehensive standards regulating the supply chain of feed ingredients in aquaculture. In fisheries for example, scientific bodies assess wild stocks in different fishing grounds and establish catch restrictions based on biomass volumes, average size, and the natural seasonality of the species. Atlantic Sapphire carefully selects its feed and ingredient suppliers to ensure that the strictest regulations and full traceability are in place throughout the value chain from primary raw material production through feed ingredient manufacturing and feed production. Skretting's feed ingredients are highly screened for sustainability, food safety and nutrient content to ensure the highest level of food safety and quality.

Skretting meets or exceeds all regulatory requirements for the USA and Canada. Skretting and Atlantic Sapphire are committed to sustainability, investment in innovative research and continuous improvement.

In pursuit of supporting Atlantic Sapphire's goal of achieving reduced marine impact, Skretting utilizes alternative sustainable proteins and oils, such as:

- Vegetable proteins and oils, primarily from North American sources
- Sustainable protein from human food processing by-product, allowing transition to circular economy ingredientsNovel Algal oil, highly concentrated in Omega 3's (EPA/DHA) and produced in the USA through fermentation using renewable resources.

Atlantic Sapphire chose to work with feed suppliers that source their marine ingredients from producers which fulfill the requirements of the MarinTrust, which is the international program for marine ingredient certification, formerly known as the Global Standard for Responsible Supply ("IFFO RS"), in line with the FAO Code of Conduct for Responsible Fisheries. By engaging only with suppliers that operate under third-party recognized standards, the Group ensures that all the fish used in our feed comes from responsibly managed fisheries with well-regulated biomass stocks and with zero-tolerance policies against Illegal, Unreported, and Unregulated ("IUU") fishing and full traceability systems in place.

Another major area of focus in aquaculture feed production is the use of sustainably sourced soy. Atlantic Sapphire believes it is a joint responsibility for both feed suppliers and salmon farmers to uphold strict requirements in the selection of soy with a strong focus on minimizing the risk of deforestation and zero tolerance against forced labor.

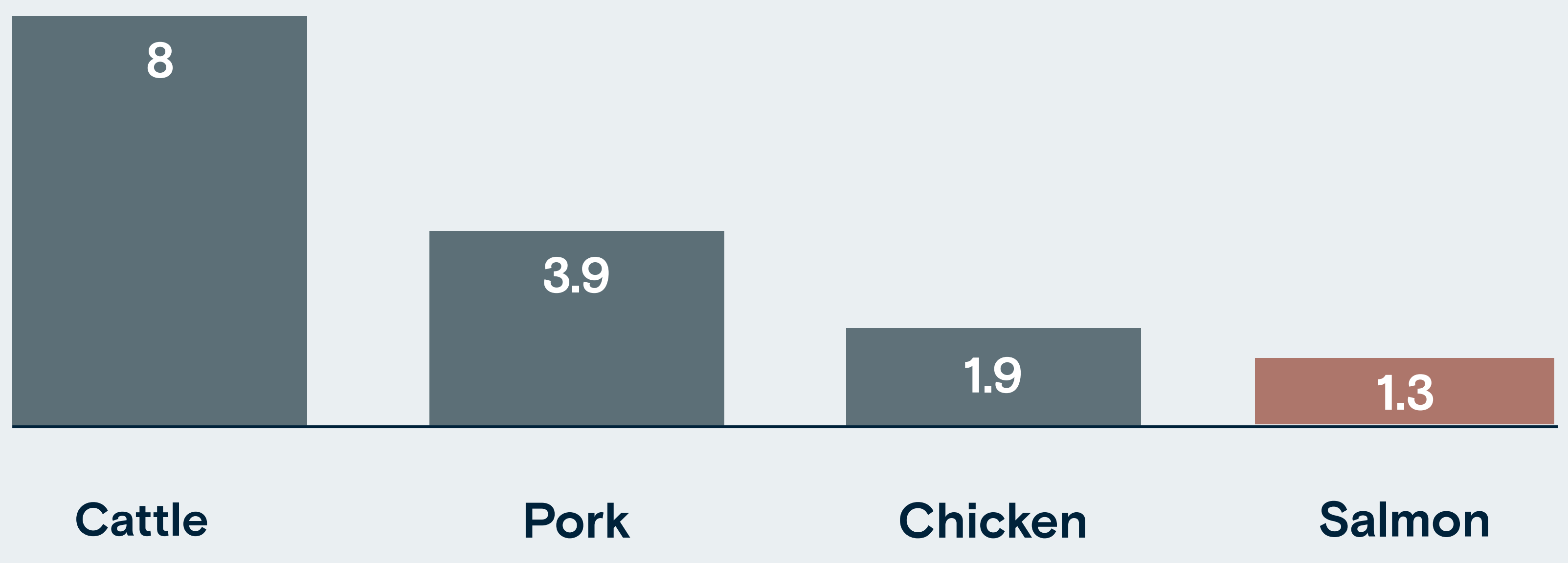
The soy utilized by Skretting North America ("Skretting"), our feed partner, is sourced using sustainability criteria and primarily comes from CJ Selecta, a company that is actively working to improve sustainability and is committed to the Amazon Soy Moratorium, an international agreement in support of protecting the Amazon biome by blocking the acquisition of grains from deforestation areas, together with the Brazilian Association of Grain Exporters ("ANEC") and the Brazilian Association of Vegetable Oil Industries ("ABIOVE").

Skretting purchases credits from the Round Table on Responsible Soy ("RTRS credits") for all soy from Brazil and ensures suppliers meets their criteria for non-deforestation areas. CJ Selecta, Skretting's main soy supplier, has published a goal to stop entirely sourcing soybeans from the Amazon biome by 2022. By the end of 2025, Skretting's ambition is to source soy ingredients that are free from both legal and illegal deforestation. (GRI 3-8.1)

Feed Conversion

Farmed salmon has a low carbon and water footprint compared to many other sources of protein such as beef and pork. The feed conversion ratio of our salmon (FCR) is a measure of the efficiency of a fish in converting feed into fish biomass. In 2022, the Group's biological feed conversion ratio was 1.35. Due to production challenges in 2022 where the fish didn't have optimal growth conditions, our economic feed conversion ratio was approximately 1.64. This means it takes 1.64 kilograms of feed to produce one kilogram of fish biomass. In steady state production we expect an economic feed conversion ratio of 1.2.

Feed conversion ratio of selected meat and fish worldwide (kg)

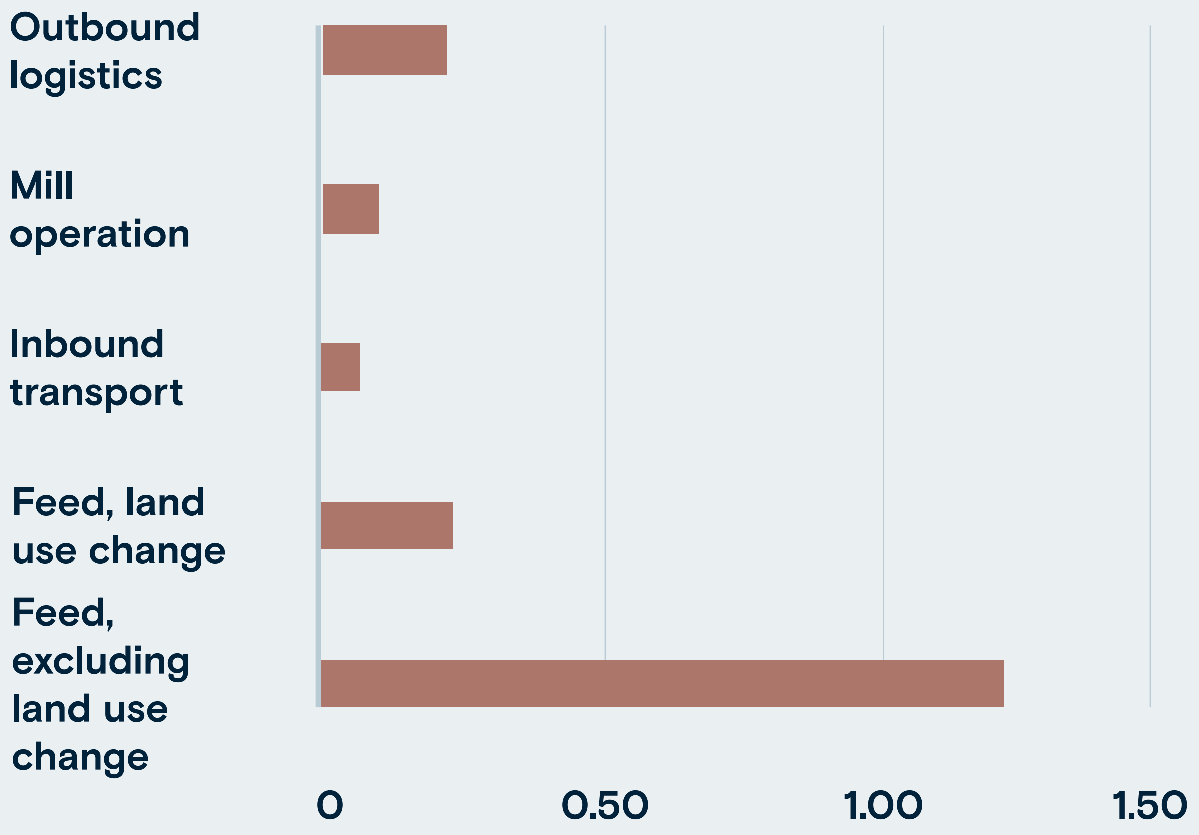


Source : Statista 2021

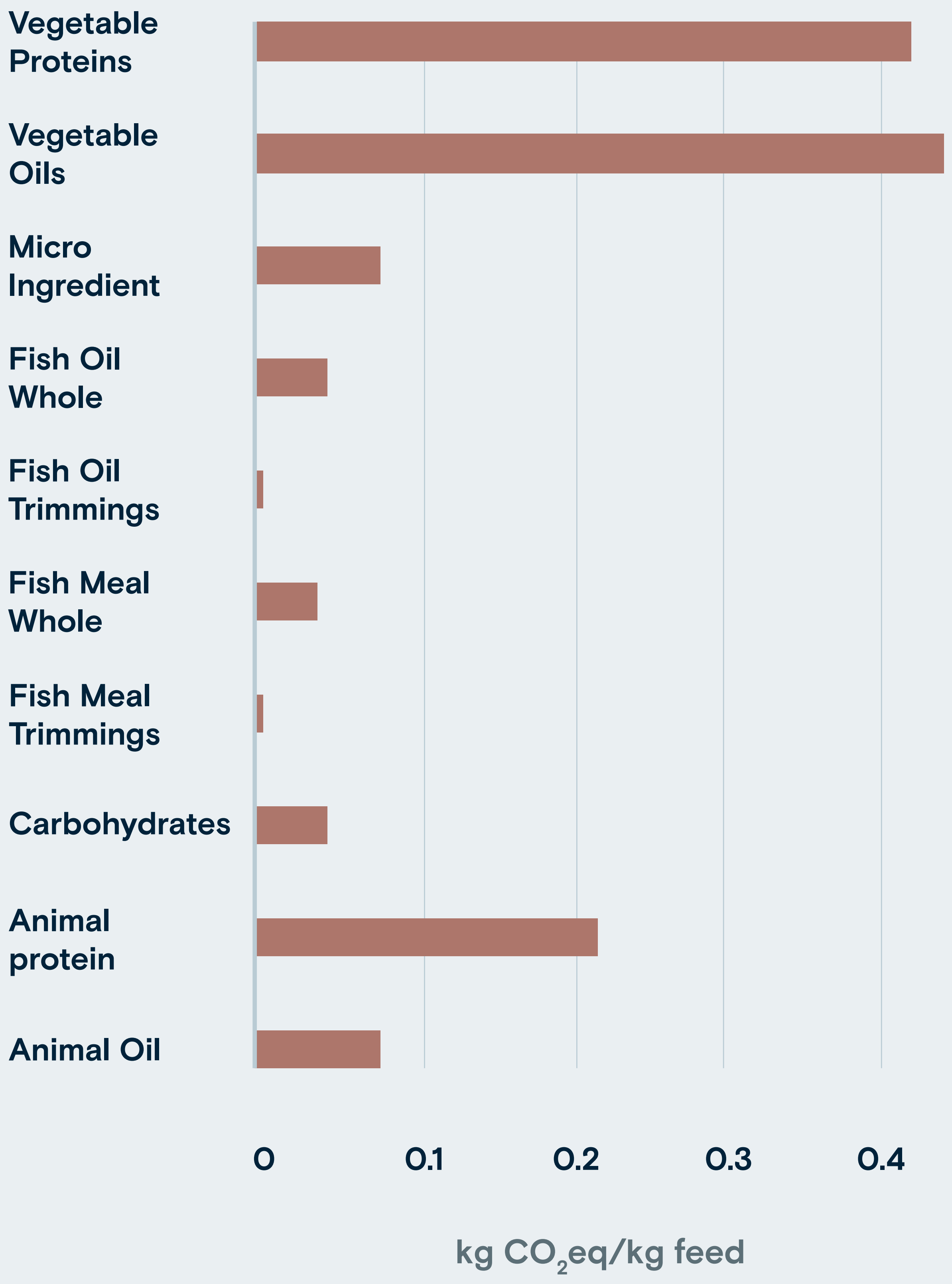
As seen in the table below, producing a kilogram of salmon requires far less feed than producing a kilogram of beef or pork, which reduces both environmental impact and the cost of production. Beef cattle hold the highest feed conversion rate, with an average ratio of eight, while in contrast an industry-average salmon needs only about 1.3 kilograms of feed to increase its bodyweight by one kilogram, making it a highly favorable conversion ratio.

Atlantic Sapphire simultaneously works with feed supplier Skretting on reducing the carbon and water footprint of its feed. In 2022, Skretting helped us reduce the carbon footprint of our feed by 23%. The main contributor of the carbon footprint this past year was raw materials production (66%), followed by the associated land use change (14%). The remaining 20% was mainly due to outbound transport (13%), mill operations (4%) and inbound transport of raw materials (3%). The main contributing raw materials to the overall carbon footprint were vegetable proteins (31%) and vegetable oils (32%) due to the land use change impact associated with these raw materials. In 2023, together with our partners from the University of Miami Business School, Atlantic Sapphire will use this data and similar data from all of our suppliers to measure our Scope 3 carbon emissions.

Carbon footprint breakdown from cradle to farm 2022



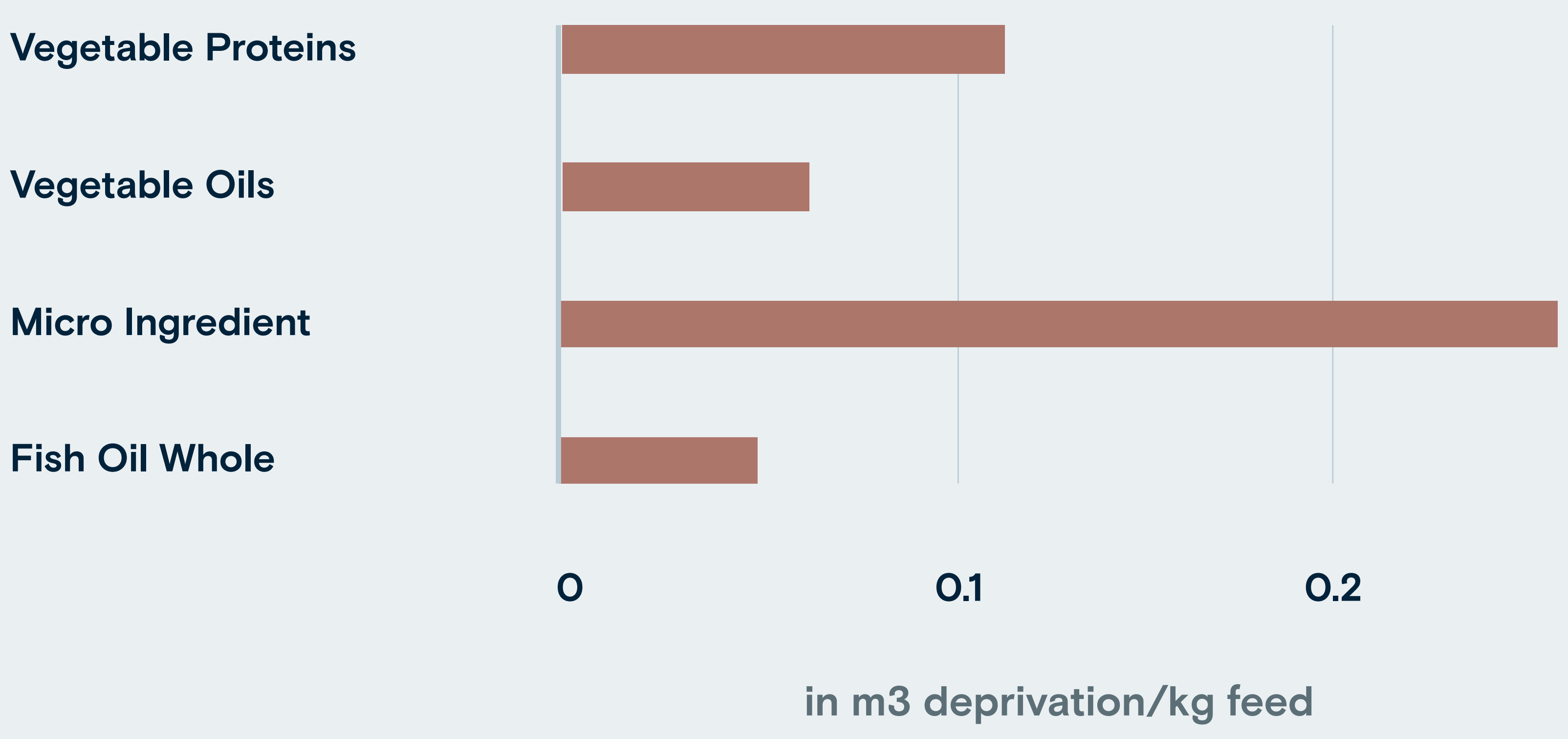
Raw material carbon footprint (including land use change) 2022



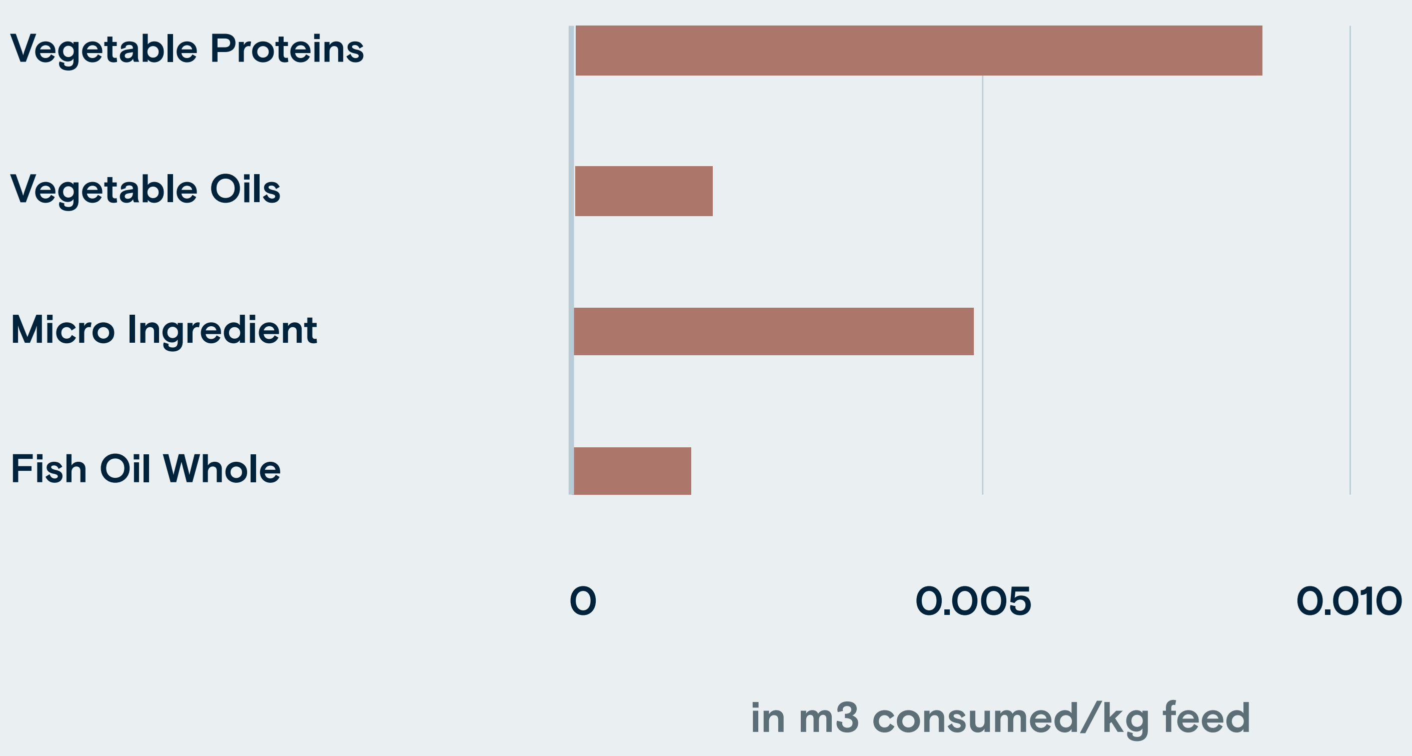
Water (scarcity or consumption) footprint was mainly determined by water consumption for synthetic amino acids, but also by crop irrigation (in water scarce areas). Skretting used the water scarcity indicator AWARE as recommended by the European Commission in their Environmental Footprint 3.0 selected methods to determine the water footprint of our feed. We did not aggregate the water consumption of each raw material, because water consumed in a water rich area does not have the same environmental impact as in a water scarce area. In the first results, the main contributing raw materials to the overall water footprint was vegetable proteins (appr. 80%), When measured again, micro ingredients contributed most (53%) to water scarcity.

Atlantic Sapphire and Skretting are committed to working together to reduce the footprint of our feed while at the same time considering the impact of ingredients on fish performance and welfare. In 2021, Skretting signed an agreement with us with the intent of building a feed plant locally in South Florida. Having local feed production means that we will lower the transportation of sourcing feed while simultaneously working in an even closer collaboration to develop new feed ingredients that are better for our systems, for our fish, and for the planet.

Raw materials water scarcity 2022



Raw materials water scarcity 2022



Processing and Packaging Solutions

GRI 306-1 and 301-3

Atlantic Sapphire does primary processing onsite in Homestead. This includes slaughter, eviscerating and packing whole salmon in a state of the art facility. The company also commissioned in 2022 our filleting line where we do pin bone in fillets on site to guarantee optimal yields, freshness and workmanship.

Atlantic Sapphire's main packaging material for HOG salmon and salmon fillets is made of fully recyclable or biodegradable material for domestic transportation. Together with a sustainability-minded supplier, coolseal USA, we are sourcing fully recyclable packaging for our whole fish and fillets and using cardboard biodegradable totes for all our byproducts from filleting operations (including heads, frames and bits and pieces).

We sell both whole fish and pin bone in fillets to our customers and use secondary processors around the country for further value added processing (pin bone out fillets, portions, smoked salmon and other value added products). The company is also planning to start using reusable bins to send pre rigor fillets to some of our secondary processors in 2023.

Thanks to this onsite processing in-market, our fish arrives faster and fresher to stores and consumers. This means longer shelf life, less shrink and lower food waste on the market side as well.

Protecting Biodiversity and Coastal Areas

GRI 304

Atlantic Sapphire has a limited impact on the local biodiversity in the locations where it operates due to its closed production method and efficient land occupation. For example, it can farm up to 1,000 tons annually of salmon on one acre of land, which is the highest yield per acre of animal protein in the world.

We plan to raise 220,000 annual tons of salmon on land that once grew only 10,000 annual tons of tomatoes.

Homestead, Florida, the home to our Florida Bluehouse, is a city within Miami-Dade County located between Biscayne National Park to the east and Everglades National Park to the west. Biscayne National Park encompasses coral reefs, islands and shoreline mangrove forest in the northern Florida Keys. America's Everglades is the largest subtropical wilderness in the United States. Everglades National Park protects an unparalleled landscape that provides important habitat for numerous rare and endangered species like the manatee, American crocodile, and the elusive Florida panther.

In 2015, prior to Phase 1 construction of the first Bluehouse, Miami-Dade County conducted an environmental assessment of the Group's property through reviewing photographic aerials, U.S.D.A. soil maps, Miami-Dade County Comprehensive Development Master Plan (CDMP) Departmental records, and a site inspection. The purpose of the assessment was to determine if a Miami-Dade County Class IV Permit for work in wetlands would be required. This environmental assessment revealed that our properties do not contain wetlands as defined by Chapter 24-5 of the Code of Miami-Dade County; therefore, a Miami-Dade County Class IV Permit was not required.

In 2022, this environmental assessment was completed again prior to Phase 2 construction and yielded the same results. Atlantic Sapphire has a goal of no impact on our oceans, and this promise extends to all areas of high biodiversity including outside protected areas. These assessments show that Atlantic Sapphire's activities, products, and services, do not have any significant impact on our surrounding biodiversity and wetlands.

Fresh water is the lifeblood of the Everglades and the South Florida economy, Our Bluehouse uses less fresh water per kg of food produced than the vegetable farm it replaced.

Over the past decades, aquaculture has greatly contributed to the protection of depleting wild stocks and is expected to continue to be a significant contributor in feeding the world's increasing population. However, there is much more to be done in protecting our ecosystems and, in particular, our oceans.

Atlantic Sapphire's farming operation has zero harmful impact on the ocean and its biodiversity by producing salmon on land, away from wild waters, using its unique groundwater resources in Florida. For more on our goal to minimize our impact on the ocean be completely out of the ocean, please refer to feed sourcing.

Selected Targets: Environment

2022 RESULTS

GHG Emissions & Climate Change

- Zero kilos of salmon flown on airplanes
  ACHIEVED
- Engage with local electricity company and develop a concrete plan to transition to 100% renewable sources of electricity (US) PARTIALLY ACHIEVED –IN PROGRESS
- Report scope 1 and 2 emissions
  NOT AN ORIGINAL TARGET

Waste

- Plan construction of a value-added facility for the Bluehouse fish waste, eliminating sludge and viscera waste
  DELAYED

Feed

- Reduce Feed Fish Inclusion Factor ("FFIF") further to maximum 0.75 [10]
  ACHIEVED (0.46)
- Increase the inclusion of alternative ingredients (i.e. algae oil) in our salmon feed
  DELAYED

[10] The feed fish inclusion factor estimates the combined fishmeal and fish oil concentration of the feed on a dry- weight basis, relative to the wild fish. Thus an FFIF of 2 signifies that the feed is twice as concentrated in marine protein and oil as in wild fish.

Water

- Reduce freshwater usage from production, processing, and feed to below 200 liters per kilo of edible meat
  MISSED (202 liters per kg of harvested fish (not including feed))

GHG Emissions & Climate Change

- Zero kilos of salmon flown on airplanes
- Engage with local electricity company and develop a concrete plan to transition to 100% renewable sources of electricity (US)
- Report Scope 1,2 and 3 emissions

Feed

- Remain a net marine protein producer ("FIFO" < 1)

Water

- Reduce freshwater usage from production, processing, and feed to below 200 liters per kilo of edible meat

Selected Targets: Environment

TARGETS FOR 2023

GHG Emissions & Climate Change

- Zero kilos of salmon flown on airplanes
- Construct and generate 5 MW of solar power on site
- Electrical onsite trucking and production equipment

Waste

- Value-added facility for the Bluehouse fish waste in operation, eliminating sludge and viscera waste

Feed

- 100% certified deforestation-free soy in our salmon feed
- Eliminate the carbon footprint of feed transportation by producing feed locally

Water

- Eliminate the consumption of fresh water in production by replacing with saline water with reverse osmosis

Selected Targets: Environment

TARGETS FOR 2030

Social Responsibility

Atlantic Sapphire is dedicated to fostering a corporate culture that goes beyond regulatory compliance and engages and empowers all employees around realizing our purpose and living our values. The Group is determined to be among the industry leaders in tackling environmental as well as social responsibility issues, consistent with the Group's core values. Since last year, our core values have been extended with new sub-values to encourage and ensure our employees live our core values every day in their dedicated efforts to help customers realize their ambitions. In 2022, we looked at additional ways that our core values could be incorporated into daily employee activities. The objectives of our Annual Performance review were centered around each of our core values and the "Going Further" Employee Recognition Program was launched to reinforce our core value related to Performance. Atlantic Sapphire's primary focus shifted to our US Operations in Homestead, Florida. The South Florida Bluehouse is strategically positioned to help support the future growth of the company and our mission.

1

Passion

Purpose, dedication, and courage

- We are all Fish Farmers.
- We are positive thinkers and look for solutions.
- We share our knowledge and energy with each other.
- We are always eager to learn.

2

Performance

Initiative, collaboration, and results

- Alone we go fast – together we go further.
- We make each other better.
- Our job is not done until the customer is happy.
- Good biological conditions drive financial performance.

3

Innovation

Continuous improvement, solutions, and learning

- What we do today, we do better than yesterday.
- We focus on the solution, not the problem.
- We listen deeply to understand each other.
- We share ideas with our coworkers.

4

Integrity

Accountability, open communication, and care

- We talk to each other, not about each other.
- We deliver what we promise.
- We stay humble and ask for help when need it.
- We speak up to solve problems because we care.

5

Balance

Healthy fish, wellness, and sustainable planete

- Healthy fish are at the heart of everything we do.
- We love life, bringing our best self to life and work.
- We care for People, Fish, and the Planet.
- We do the right things in the right way.

Values

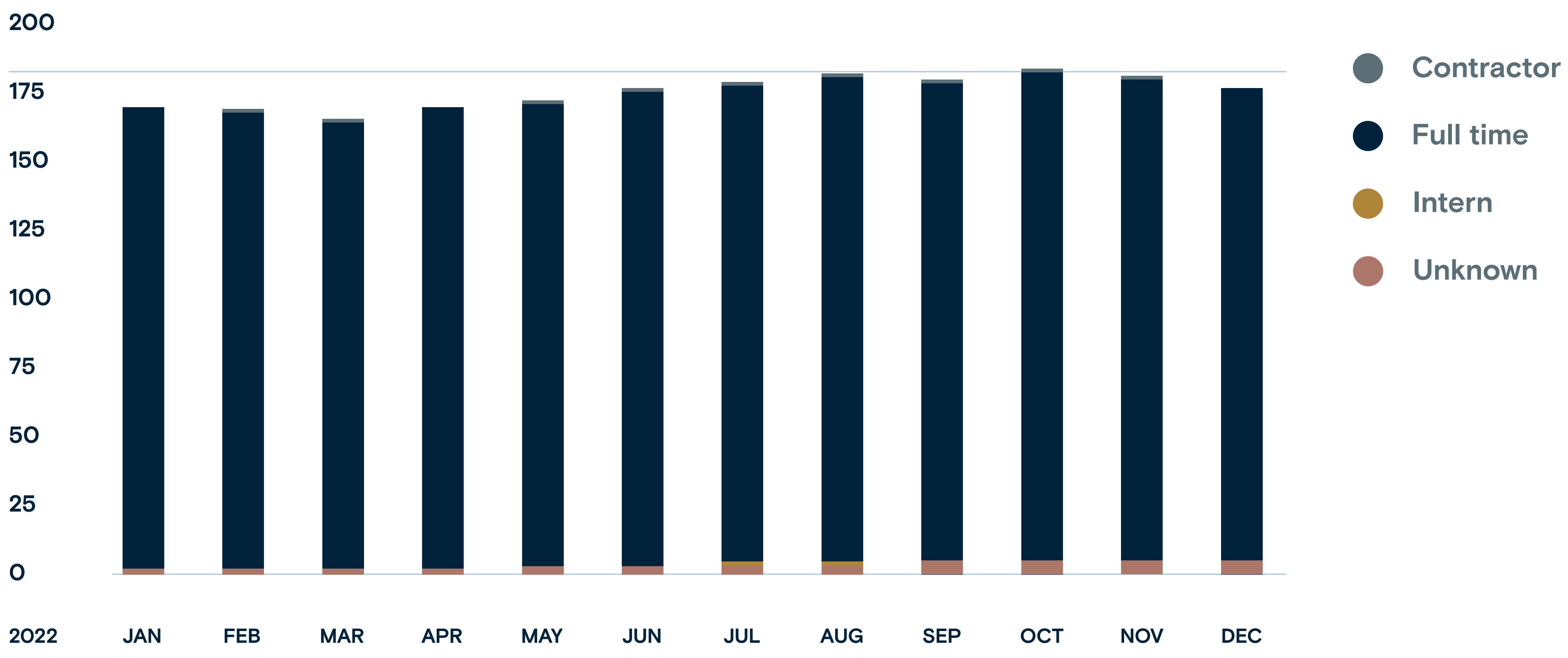
Atlantic Sapphire promotes a safe, healthy, and fair working environment. The Group depends deeply on all our employees' capabilities and contributions, and it is therefore committed to providing an inclusive, motivating, and safe working environment, as described in its Human Resource Policy and its Environmental, Health, Safety, and Security ("EHSS)" Policy. Achieving our goals while living our values can only be done if we collaborate and treat each other with respect. Atlantic Sapphire aims to be an open, positive, and supportive working environment.

104	166	177
2020	2021	2022

Employee Growth

Engaged Employees

In 2022, the Group increased its headcount once Phase 1 was completed and in full operation. As of 31 December 2022, Atlantic Sapphire had 177 full time employees. In the Phase 1 post construction period, the Group prioritized skills and experience in staffing teams to ensure that its operations are safe and secure. Phase 2 construction was slowed down to allow more focus to be placed on our current business priorities in Phase 1. Over time, the Group endeavors to increasingly hire full-time employees from the communities in which it operates.



Atlantic Sapphire has been working through extensive community engagement within universities, colleges, YMCA, and other promotional activities to drive a strong employer branding. (GRI 413-1)

In 2022, we made a concerted effort to cultivate relationships with local universities such as The University of Miami and Florida International University. In addition to hosting onsite tours and visits, we also rolled out 2 successful internships in the areas of Finance and Water Quality. Our hope is that the internship program will continue to grow as we partner to provide firsthand exposure to tomorrow's future workforce while also building brand ambassadors who are engaged and excited about our mission.

As part of our continuous feedback process in 2022, our Employee Satisfaction Survey measured that 92% of employees were proud to be a part of the Group. In 2022, there was an increased effort to engage employees and their families. Some of these initiatives included a company team building field day, a Family Day during the summer and also participating in "Take your Child to Work 2022".

Atlantic Sapphire is focused on driving innovation by bringing experience from various industries such as conventional sea-based aquaculture, wastewater, engineering, construction, maintenance, and fluid dynamics.

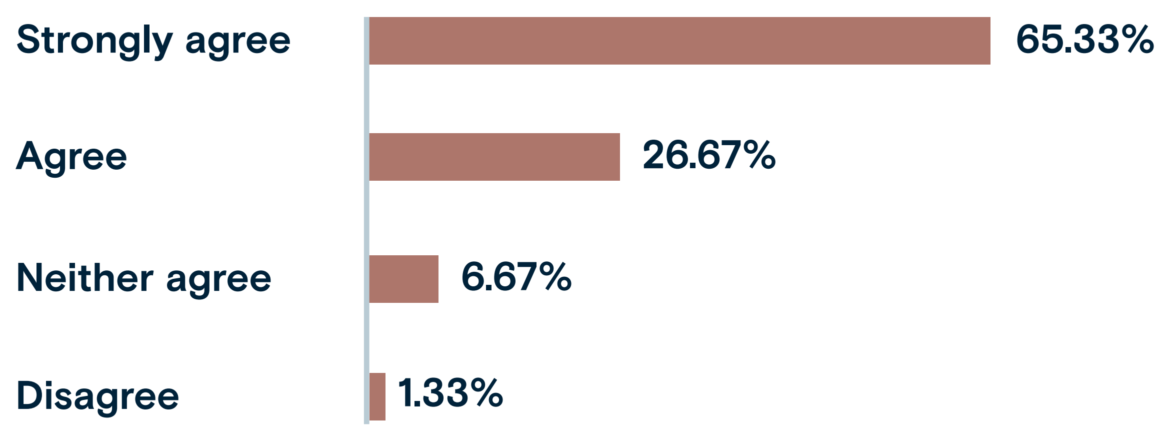
At Atlantic Sapphire, we believe that a diverse and inclusive workforce is essential to our success. We recruit globally for the talent and experience that may be difficult to find locally, all while emphasizing gender equality and equal employment opportunities. We are proud to count over 20 different nationalities in our workforce.

We onboard people who bring professional experience and fit our corporate culture, and in whom we see potential for growth. Our goal is to build a diverse workforce as Atlantic Sapphire grows – with both ethnic diversity and gender diversity. Atlantic Sapphire has set representation goals to increase diversity across the Group and will focus on three key targeted areas: targeted recruitment, development, and retention and promotion paths.

Pioneering in an industry also involves building up inexistent competences in the field. Driving performance while we retain talent throughout the organization in such an operationally geared industry is essential.

To drive a well-balanced performance driven organization while we also retain talent over time Atlantic Sapphire built an incentive program, with the support of Korn Ferry, which aligns our need to drive the performance in the short term with our long-term ambitions.

I'm proud to be an Atlantic Sapphire employee



Therefore, we have established a combination of Short-Term Incentive Program (Feeding Culture), which is a performance option program driven primarily by economic and biological performance, and a Long-Term Incentive Program (Performance Over Time) driving performance of our economic, biological, environmental, and social targets in equal parts. All management (C-suite and senior management) and employees (technical experts and individual contributors) not eligible for overtime are eligible to participate in the Performance Over Time Incentive Program. Metrics included in the Performance Over Time consist economic performance and budget achievement, biological performance and fish survivability rates, environmental targets, safety, diversity, and inclusion.

Although Atlantic Sapphire complies with applicable international and national laws, regulations and standards, there could be risks within the Group's activities that may potentially have a negative impact on its people and communities and therefore, by extension, on its business. These relate primarily to occupational health and safety, training and education, and diversity and inclusion. (GRI 2-17, 2-26)

Our Code of Conduct

Underpinning our Governance and ESMS frameworks is the central principle that the success of Atlantic Sapphire depends on maintaining the highest standards of trust and integrity at all levels of the organization, as well as the Group's reputation for honesty and transparency in its business.

Therefore, our Code of Conduct (the "Code") sets expectations and provides guidance for the Group's Board of Directors, officers, employees, independent contractors, and consultants. It is their responsibility to understand the Code as well as exercise good judgement and follow the Code. All employees must sign the Code. Additionally, suppliers and vendor partners are also required to acknowledge and adhere to our AS Standard Vendor Terms and Conditions before engaging. These documents outline our commitment to integrity by following the principles of the Code. The Code also encourages reporting of any violations to management (GRI 414-1).

The Code is consistent with the Group's core values and is aligned with Atlantic Sapphire's commitment to the UN Global Compact principals and SDGs.

Our Human Rights Policy

Atlantic Sapphire believes that it is fundamental to its business to respect and protect human rights. Our Human Rights policy therefore elaborates on the Code of Conduct to provide greater detail on how Atlantic Sapphire believes that it can positively impact human rights as a business. In accordance with principles 1 and 2 of the UN Global Compact, Atlantic Sapphire supports and respects the protection of internationally proclaimed human rights as established in the Universal Declaration on Human Rights and the International Labor Organization's Core Conventions. Human Rights is an area of importance to our employees, contractors, shareholders and investors, customers, end-consumers, civil society groups, and the local communities in which Atlantic Sapphire operates.

Our Human Rights Policy informs employees, business partners, and customers of Atlantic Sapphire's commitment to respecting and promoting human rights and in making a meaningful contribution to uphold human rights across our operations and our supply chain. Atlantic Sapphire's Human Rights Policy applies to all Atlantic Sapphire employees, anyone doing business for or with Atlantic Sapphire (including suppliers), and others acting on Atlantic Sapphire's behalf to ensure that the Group is not complicit in human rights abuses directly or indirectly. We focus on the following:

Diversity

Atlantic Sapphire is committed to equal employment opportunities and does not tolerate discrimination and harassment in the workplace. This means:

1. We select employees and contractors based on qualification, experience, and past performance.
2. We provide equal opportunity to all employees and applicants for employment without regard to race, creed, color, national origin, religion, ancestry, gender, sexual orientation, gender identity, marital status, familial status, or any other basis protected by federal, state, local law, and international conventions.
3. We respect the personal rights and dignity of all employees and accordingly, will not tolerate sexual harassment or any other forms of harassment.

Wages and Benefits

Atlantic Sapphire compensates employees competitively and equitably relative to the industry and the local labor markets. We operate in full compliance with applicable wage, overtime, and benefits laws. Currently Atlantic Sapphires starting base wage is 50% higher than the state required minimum wage of $11 plus we offer comprehensive benefits.

Child Labor

Atlantic Sapphire is committed to the abolition of child labor, in line with the ILO conventions on Minimum Age and Worst Forms of Child Labor. We prohibit the hiring of individuals under the legal age of employment in the relevant jurisdiction and under the age of 18 for positions in which hazardous work is expected.

Forced Labor and Human Trafficking

Atlantic Sapphire prohibits the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor, and any form of human trafficking in line with applicable UN and ILO conventions as well as any applicable Federal or State Anti-Trafficking regulation.

Safe and Secure Working Conditions

Atlantic Sapphire is committed to providing a safe and healthy workplace in accordance with applicable safety and health laws, regulations, and internal requirements. In addition, Atlantic Sapphire complies with the International Finance Corporation's ("IFC") Performance Standard 2 regarding labor and working conditions.

Freedom of Association

Atlantic Sapphire respects our employees' right to join or form unions without fear of reprisal, intimidation, or harassment.

Open Communication & Grievance Mechanism

Atlantic Sapphire provides processes for employees and community to use to openly discuss any issues of concern, and we will respond to any such grievances in a fair and transparent manner while simultaneously respecting the need for confidentiality, if possible.

Development and Growth

Atlantic Sapphire encourages continuous learning, conducts new hire and annual performance reviews, and provides appropriate education, training, and guidance to support a drive towards continuous improvement.

Compliance

Employees and suppliers are expected to never infringe on human rights and are alerted to report any situation in which human rights infringement is suspected. Violation of this policy or the refusal to cooperate will result in disciplinary action, up to and including termination and referral to the appropriate authorities.

Privacy

The European Union ("EU") introduced data privacy regulation called General Data Protection Regulation ("GDPR") regarding human rights related to privacy. The GDPR is in scope as Atlantic Sapphire has offices in the EU and collects and transfers data from the EU to the US. Accordingly, Atlantic Sapphire engaged a third-party consultant to perform a GDPR Gap Assessment as the recommendations will directly impact Atlantic Sapphire's GDPR compliance posture and assist in improving the Group's overall data privacy and information security maturity. Our GDPR compliance will positively impact our stakeholders by ensuring that their confidential information is safe and secure.

Responsible Sourcing

Atlantic Sapphire has a large and diverse extended supply chain. Our suppliers must be transparent about their human rights and labor practices and work to remedy any shortfalls, and their commitment to complying with our Code of Conduct is contractually secured through their signature of our Terms and Conditions. We are exploring ways of monitoring their performance and expect to have a more formalized responsible sourcing program in place in the future.

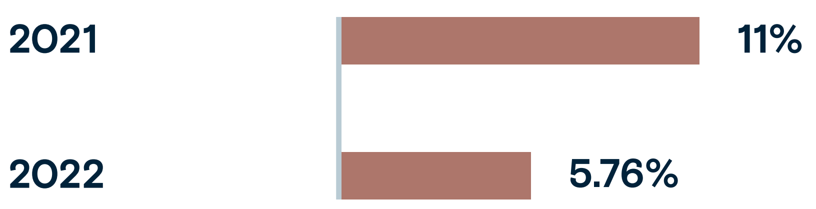
New employee hires & employee turnover

GRI 401-1

- 12% turnover in 2022
- Decreased turnover by 7.6% in 2022 compared to 2021

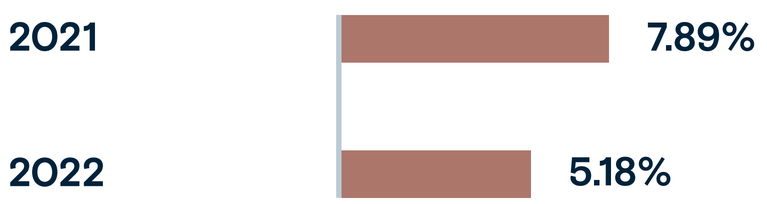
Voluntary New Hire Turnover %

19.48% Internal Benchmark



Involuntary New Hire Turnover %

19.48% Internal Benchmark



Benefits provided to full time employees that are not provided to temporary or part-time

GRI 401-2

Atlantic Sapphire appreciates our team's commitment to our success. We're equally committed to providing competitive, affordable health and wellness benefits to help take care of our associates and their families. Full-time employees working a minimum of 30 hours per week are eligible for the below benfits:

- Medical with HRA
- Dental
- Vision
- Company Paid STD & LTD
- Company Paid Life and AD&D
- Coluntary Employee and Dependant Life and AD&D
- Dependant Care FSA
- Pet Insurance
- Aflac Supplemental Benefits
- Go 365 Wellness Program
- 401k with Company Match

Parental leave

GRI 401-3

2 weeks of parental leave was added as an official Atlantic Sapphire benefit on March 17, 2021 in the 8th revision of our Employee Handbook.

Fostering Diversity and Inclusion

GRI 405

Diversity of governance bodies and employees

405-1

Headcount (% of total organisation)		Male	Female
Reports to CEO	3%	100%	0%
Leader of leaders	6%	82%	18%
Front Line Managers	23%	77%	23%
Individual Contributor	68%	80%	20%

Ratio of basic salary and remuneration of women to men

405-2

In 2022, women earned $1.01 to every dollar earned by men in non-executive positions. In the executive tier, women earned $0.62 for every dollar earned by men in executive roles (Directors & C-Suite positions).

The Group continues its commitment to fostering a culture of diversity and inclusion. In 2022, the percentage of female employees in the workforce decreased to 20%. The percentage of women serving as leaders of leaders was 18% and the percentage of women serving as front line managers was 23%.

	Male	Female
June 2019	87%	13%
December 2019	78%	22%
December 2020	76%	24%
December 2021	76%	24%
December 2022	80%	20%

As part of the overall commitment to human rights, Atlantic Sapphire is committed to providing equal opportunity to all employees and applicants for employment without regard to gender, sexual orientation, race, creed, color, national origin, religion, ancestry, gender identity, marital status, familial status, or any other basis protected by law of US, Denmark, or Norway, as applicable. Through a multifaceted approach which includes strong support from our leadership and culture and by establishing policies, talent attraction programs, awareness and training programs, and rewarding employees through Performance Over Time incentive, we are implementing our commitment to fostering a work environment that is free from harassment of any kind as well as offensive or disrespectful conduct. Other examples include providing, when possible, an equal number of female and male candidates for job interviews to reduce possible bias, and we have started tracking recruitment diversity metrics on gender, race, disability, and veteran status.

Non-discrimination

GRI 406

We have starting pay bands that are consistent regardless of gender. We clearly post required state and federal notices related to compliance including Title VII, The Genetic Information Nondiscrimination Act and ADA. We comply with the Americans with Disabilities Act and provided reasonable accommodations to 2 employees and always strive to create an inclusive workspace in 2022.

Freedom of Association and collective bargaining

GRI 407

As a company, we have not restricted employees from communicating or working to form an collective bargaining arrangement.

Child Labor

GRI 408

Atlantic Sapphire abides by the guidelines established by the Fair Labor Standards Act (FLSA). Additionally, child labor guidelines and requirement by the Florida Department of Business & Professional Regulation are posted in both English and Spanish in all common employee break areas within our facilities.

Forced or Compulsory Labor

GRI 409

Atlantic Sapphire works to provide a safe working environment for employees, contractors and our contingent work force. We pay all employees and vendors fairly based on the nature of the work and services provided.

Human Resource Information System

Atlantic Sapphire uses a centralized Human Resource Information System ("HRIS") and lifecycle experience process. Through this process, every new hire that is onboarded into Atlantic Sapphire has the same employee experience that is designed to set them up for success through alignment with our values, our vision, and our Code of Conduct as well as our environmental and social management systems. In 2022, Atlantic Sapphire enhanced security through single sign using Active Directory for many of the company's systems including our HRIS (GRI 405).

To further ensure their success, all employees are guided into our performance development program. Here, employees define goals and targets subject to a yearly performance review and development conversation with their managers. In December 2022, 93% of employees completed the performance review self-assessment tool and engaged in follow up coaching specific to their performance and career development.

Employees are updated on a weekly basis with respect to the Group's status and the biological performance of our salmon. Other regular communications informing employees on vacancies, healthcare, safety, production, and maintenance are shared centrally through our internal communication tool. (GRI 402)

In addition to this, management maintains regular communication and update meetings. As part of driving further recommendations from improvement and growth, grievance mechanisms and suggestion boxes have been actively promoted and solutions have been communicated and updated to all employees through our centralized channel. In 2022, Atlantic Sapphire launched its "Going Further" Employee Recognition program which is tied to the company's core value of Performance. Though this program, employees are encouraged to nominate a team member for an action or behavior that was above and beyond that positively impacted another employee or helped achieve a shared goal. Atlantic Sapphire understands that the core of the success is the ability from our team members and partners to perform.

In 2022, Atlantic Sapphire enhanced its training offerings to further support development and growth of our employees from a technical, managerial and leadership, and a common perspective to all our employee competence programs.

Ensuring Occupational Health & Safety

GRI 403

Atlantic Sapphire works to ensure a safe and healthy environment for all employees, contractors, and visitors. We proactively reinforce the mindset "Think Safe, Act Safe, Be Safe" at every opportunity throughout the organization.

For the year ended 31 December 2022, approximately 379,200 total work hours were recorded throughout the organization and 2,379 hours were attributed to sick or personal leave.

The Environmental and Social Management System ("ESMS") helps ensure that the Group takes extensive precautionary measures to reduce the risks. These include training of employees and a relentless focus on personal protective equipment and safe handling of hazardous materials together with systematic controls of its working processes.

Health, Safety, and Environment Policy

At Atlantic Sapphire we are committed to:

- Zero Harm
- Caring for the Community & our Environment

We believe that all work-related injuries, illnesses, and environmental incidents are preventable, and we want to be a valued member of the community in which we operate.

In particular, we will:

HEALTH & SAFETY

- **Provide a healthy and safe work environment for employees, contractors, and visitors, and promote safe behaviors.**
- **Think Safe, Act Safe, Be Safe. Establish and maintain health and safety management standards and systems in compliance with relevant industry standards and regulatory requirements.**
- **Identify and assess hazards to safety and health and control them as part of a total risk management process.**
- **Require every employee and contractor working for us to comply with relevant legislation and the health and safety management standards and systems. We will provide them with the necessary training to enable them to have the knowledge and skills to undertake that work in a safe and healthy manner.**

ENVIRONMENT & COMMUNITY

- **Conduct our operations in compliance with all relevant environmental licenses and regulations.**
- **Promote the efficient use of resources and energy.**
- **Strive to minimize our impact on the environment.**
- **Strive to be a valued corporate citizen in the community in which we operate.**
- **Respect our neighbors, their values and cultural heritage and be considerate to them in carrying out our operations.**

On each of these areas we will:

- Strive to continually improve.
- Report the progress made on our health, safety, and environment performance.
- Encourage everyone to carry out our commitment to health, safety, and the environment to their homes and to the community.

We make this commitment to our employees, contractors, customers, shareholders, and the community as we work towards Zero Harm for Everyone Everywhere and Caring for the Community & our Environment.

Employees are encouraged to always speak up and raise a concern and refuse to perform work if:

- asked to do a task you consider unsafe,
- asked to do a job you think you are not properly trained to perform and that may harm you or others,
- they see someone performing a task that you think is unsafe or that the person is not properly trained to do,
- they suspect that a piece of equipment is not operating properly and may be unsafe, or
- they observe or are made aware of an unsafe condition or a potential danger to yourself or others.

Atlantic Sapphire actively manages and mitigates health and safety risks in its production facilities including accidents, injuries and occupational diseases, and exposure to chemical hazards. The Group designs and operates its production facilities with an emphasis on effective process safety programs to maintain a safe work environment and prevent accidents.

The Group maintains general oversight of the health and safety of its employees predominantly through ongoing auditing, monitoring, and evaluation of activities to ensure compliance, and it actively promotes a strong safety culture with its suppliers, vendors, and contractors.

The Group established the KPI Lost Time Incident ("LTI"), which is also part of the Performance Over Time Incentive program. The formula is as follows: (number of lost time injuries in the reporting period) multiplied by 200,000/total hours worked. A tracking tool was implemented both in the US and in Denmark. In 2022, our lost time rate was 2.64%, up slightly from a rate of 1.75% in 2021.

Atlantic Sapphire offers comprehensive medical insurance plans along with a host of additional health and welfare benefits for its employees and their families. Employees in the US are covered under the Group Medical Plan including in-patient and out-patient services covering medical, dental, vision, and company-paid benefits such as life insurance and short and long-term disability insurance. Employees in Denmark are covered for different kinds of hospital treatment including intensive health problems, out-patient examinations, and physical and mental treatments. All employees are entitled to include members of their families in their insurance coverage in both locations.(GRI 201-3)

Investing in Life-Long Competence Development

GRI 404

At Atlantic Sapphire, we believe in the value of lifelong learning. The Atlantic Sapphire People & Culture team works to ensure that we can develop talent in a systematic and continuous way to support our scaling up. We know that the best learning comes from direct experience, and our programs are developed with a 70% hands-on, 20% shadowing, and 10% online or classroom approach. We use both the best internal and external sources to train and develop our employees, with collaboration at the core of our approach. Through our training platform, employees are continuously tracking their personal development which positions them to grow meaningful careers.

In 2022, all our employees documented a total of 1,825 hours of training which included safety, technical and managerial competencies, and skills for personal development. This number is higher than last year because there was a significant effort to equip managers with bi-monthly leadership trainings to help them better manage their teams. The group also expanded their HRIS offering to incorporate a Learning Management system that is integrated and tracked by employee to support the multi-faceted development needs of our employees.

Harassment and Discrimination Prevention training was provided for all employees. This training focused on cultural sensitivity and reinforced the Group's zero tolerance policy on harassment and discrimination. In 2022, one claim of discrimination or harassment was reported and investigated.

Employees receive Occupational Health and Safety ("OHS") induction training upon hire, which teaches about the minimum safety, environmental, and security precautions required before gaining access to our facilities. Additionally, all employees are informed throughout the year of onsite hazards and controls, the location of firefighting and first aid equipment, and our emergency response and evacuation procedures.

As our organization prepares for projected growth and expansion, we realize that we need to train and develop high-potential employees who will lead future teams. In 2022, we focused on equipping our employees with the tools to help them develop professionally and to support the anticipated needs of our growing organization. We created a Management Development Program with targeted training for current mid-level managers and prospective future leaders in which 24% of full-time employees, representing 85% of our mid-level managers, participated in this initiative.

Engaging Local Communities

GRI 413

By pioneering full-cycle salmon farming on land, Atlantic Sapphire is spearheading the development of an entire new industry. Building and maintaining its social license to operate is a critical success factor. Our stakeholder engagement is based on open communication with neighbors and other stakeholders to promote sustainable production of salmon, to create quality jobs, and to educate communities on the importance and possibilities of aquaculture. Our Group organizes visits to the farm by schools, university students, researchers, local neighbors, government, and authorities wanting to learn about Atlantic Sapphire's operations. Group employees have also collaborated with universities and presented in classes in different academic fields related to the business. In Miami, an area of our Bluehouse is specially designed to receive visitors and provide tours through the facilities without interrupting operations or compromising safety. This facility design provides unparalleled transparency into our operations for the community and includes a reception room for presentations, and walkways with windows overlooking various stages of the salmon growth cycle.

GRI 415-1, 2-28

In 2022 Atlantic Sapphire has not made any donations to political campaigns, political organizations, lobbyists or lobbying organizations.

Atlantic Sapphire paid dues and memberships to the following trade associations and other tax-exempt groups:

- Organic Trade Association
- Oceanwise
- Friend of the Sea
- Seafood Nutrition Partnership
- American Heart Association
- Miami Waterkeeper

In 2022, we engaged with the South Dade Chamber of Commerce, Miami Waterkeeper, FIU, St. Brendan high school and the University of Miami-where over 70 students carried out research projects on Atlantic Sapphire as part of their curriculum.

The Group has always participated in local events in support of the community and local economic development. We all found it immensely rewarding to help others in need and to remind ourselves of the positive outcomes achieved when we come together to support each other in a crisis.

During 2022, Atlantic Sapphire supported several causes that are close to our mission and also spoke of our commitment to improve the lives of consumers and communities around us. For instance, we donated our healthy salmon to the Homestead Soup Kitchen and to Camillus House, making an impact upon those in need. We have also contributed to the conservation efforts of Miami Waterkeeper in events such as the Shark Tagging experience.

Atlantic Sapphire partners with Omhu, an organization that is a leader in conservation, in Hvide Sande, Denmark. We share and support their beach cleanup efforts and their mission to educate young people on sourcing seafood sustainably, where students continue to learn about the UN's goals to keep life below water thriving.

Atlantic Sapphire continues to extend its stakeholder engagement plan that includes educational activities for students from schools and universities, researchers, NGOs, and the public. It also includes participation in local events whose principles and objectives align with the Group's values, such as initiatives focused on the oceans.

Diversity

- **5% increase improvement in the share of female employees represented company-wide**
  MISSED - Our percentage of female representation decreased in 2022 because we slowed hiring mid-year to focus on operations using our current workforce.

Occupational Health & Safety

- **Experience zero fatalities or serious work-related injuries**
  PARTIALLY ACHIEVED - WORK IN PROGRESS. Achieved no work-related fatalities, but we experienced 5 serious work-related injuries resulting in lost time.
- **Reduce number of Lost Time Incidents to 2.51**
  MISSED We had 5 lost time incidents in 2022.

Training and Education

- **Minimum 40 hours of training and development per employee per year through our AS academy..**
  MISSED. While all employees did not record 40 hours of training in 2022, Managers received 24 hours of training through our Management Development program and New hires working in Production all received at least a full week of training based on the enhanced onboarding experience that we launched in 2022. We are committed to our employees' development and want to continue to expand training opportunities in the future.
- **Develop clear career development paths and focus on recruitment to provide more high-quality jobs in the rural areas where we operate.**
  CHANGED. We reduced hiring mid-year to focus on operations so this was not a goal we were able to achieve.

Community Engagement

- **Continue to actively educate key stakeholders on the benefits of ESG, SDGs and Bluehouse farming**
  ACHIEVED through local business and community partnerships.
- **Support local community development, increasing the number of involvements with community organizations.**
  ACHIEVED. We supported several community initiatives and had employee involvement and representation. Looking to expand our outreach efforts in future years.

Selected Targets: Social
2022 RESULTS

Diversity

- Increase the representation of underrepresented groups in the organization's workforce by 10%

Occupational Health & Safety

- Develop and implement a safety training program for all employees to ensure they have the necessary knowledge, skills and materials to work safely.
- Reduce the number of Lost Time Incidents by 10%.
- Conduct regular safety audits to identify potential hazards and implement corrective actions to reduce the risk of accidents.

Training & Education

- Minimum 30 hours of training and development for new employees
- Minimum 20 hours of training and development per employee per year
- 25% of employees to participate in management development training
- Develop and implement a career development program for employees that provides opportunities for growth and advancement within the organization.

Employee Engagement

- Increase employee satisfaction scores by 10% within the next year through regular surveys and feedback.
- Increased participation in wellness program and initiatives by 15% in the upcoming year.

Community Engagement

- Support local community development, increasing the number of involvements with community organizations
- Introduce a company-wide Atlantic Sapphire Impact Day where employees engage in non-profit, volunteer work

Selected Targets: Social
TARGETS FOR 2023

Diversity

- Minimum 30% women in management roles

Occupational Health & Safety

- Implement a safety incentive program that rewards employees for safe behavior and adherence to safety protocols.

Training & Education

- Implement a comprehensive leadership development program, with a target of having 80% of managers participate.

Employee Engagement

- Increased year over year employee retention rates
- Increase internal promotions to exceed external hires to show internal growth and development opportunities.

Community Engagement

- 80% participation in Atlantic Sapphire Impact initiatives

Selected Targets: Social

TARGETS FOR 2030

Affiliations & Recognition

We are committed to continuous improvement in our operations and the pursuit of our sustainability goals. We aim for transparency and ongoing engagement with our stakeholders, including customers, seafood industry colleagues, as well as the local and global communities we serve. Selected stakeholder affiliations, endorsements, and voluntary initiatives are listed above.[11]

Top 25
Seafood Sustainability and Conversion

Partner
NASDAQ ESG Transparency

Recommended
Ocean Wise Recommended

Star of Innovation
European Small and Mid-Cap Awards

USA Raised
Grown and Harvested Fresh from Florida

Heart Healthy
American Heart Association Hearth-Check Certified

Participant
UN Global Compact

Partner
Seafood Nutrition Partnership

Best Choice
Monterey Bay Aquarium Seafood Watch Green/ Best Choice

Certified
Friend of the Sea

Recommended
Parent tested parent approved

Partner
Miami Waterkeepers

Partner
Ohmu

Partner
South Dade Chamber of Commerce

Partner
Miami Dade Beacon Council

[11] All logos, registered trade, and service marks are used for supporting informative purposes only and are property of their respective owners.

About this Report

This ESG Report covers the relevant and significant ethical, social, and environmental issues for the financial year 1 January to 31 December 2022 of Atlantic Sapphire ASA. This represents Atlantic Sapphire's second ESG report, which we intend to publish annually. The ESG Report provides our stakeholders with an overview of this years' ESG performance, complementing our Annual Report, which primarily covers financial and economic performance. It complies with the statutory reporting requirements of the Norwegian Supervisory Authority ("Finanstilsynet") and those for companies listed on the Oslo Stock Exchange regarding corporate social responsibility, as well as in accordance with the Norwegian Accounting Act ("Regnskapsloven") and the Norwegian Corporate Governance Code. The ESG Report also shows Atlantic Sapphire's Communication on Progress to the UN Global Compact and represents the Group's commitment to the principles of the UN Global Compact and its endeavor to impact the Sustainable Development Goals.

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option. The analysis in 2022 of material ESG topics and stakeholder expectations has informed the content of this report. It has been prepared on the basis of the GRI reporting principles and guidance on topic boundaries, considering for each topic where the impact occurs and Atlantic Sapphire's involvement with the impacts (for example, if the Group caused or contributed to an impact, or is it directly linked through its business relationships). The GRI Content Index at the end of this report provides references to sections in this report where GRI disclosures are presented.

Atlantic Sapphire continues to work on improving data quality and related processes to enhance reporting and comprehensive disclosure going forward. Unless otherwise stated, data and statements in this report cover Atlantic Sapphire's activities in Norway, Denmark, and the US.

We welcome feedback and recommendations on our sustainability efforts as they ensure that we fully understand, maintain up to date, and communicate our key issues accordingly. Feedback or questions on this ESG Report should be sent to esg@atlanticsapphire.com.

GRI Content Index

GRI Standard	Disclosure	Page Number / Comment
GRI 102 GENERAL DISCLOSURE		
102-1	Name of organization	6
102-2	Activities, brands, products, and services	10, 39, 40
102-3	Location of headquarters	6, 7
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102-8	Information on employees and other workers	6, 81, 84
102-9	Supply chain	10, 20, 70, 82, 83
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	23, 30-31, 53, 61-75
102-12	External initiatives	27, 86, 90, 95
102-13	Membership of associations	94
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102-14	Statement from senior decision-maker	4-5
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102-16	Values, principles, standards, and norms of behavior	28-30, 32-35, 79, 80, 82
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GRI Standard	Disclosure	Page Number / Comment
GRI 102 GENERAL DISCLOSURE		
Governance		
102-18	Governance structure	6, 14-16, 29
102-19	Delegating authority	12-16
102-20	Executive-level responsibility for economic, environmental, and social topics	22, 29-30
102-21	Consulting stakeholders on economic, environmental, and social topics	23, 26-27, 35
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102-40	List of stakeholder groups	27
102-41	Collective bargaining agreements	86
102-42	Identifying and selecting stakeholders	26-27
102-43	Approach to stakeholder engagement	26-27
102-44	Key topics and concerns raised	26-27, 29
Reporting Practice		
102-45	Entities included in the consolidated financial statements	6
102-46	Defining report content and topic Boundaries	22-23
102-47	List of material topics	24-25
102-48	Restatements of information	There is no restatement of ESG information.

GRI Content Index

GRI Standard	Disclosure	Page Number / Comment
GRI 102 GENERAL DISCLOSURE		
Reporting Practice (continued)		
102-49	Changes in reporting	There are no significant changes from the prior report in the list of material topics and topic boundaries.
102-50	Reporting period	January to December 2022
102-51	Date of most recent report	April 2022
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	esg@atlanticsapphire.com
102-54	Claims of reporting in accordance with the GRI Standards	95
102-55	GRI Content Index	96-98
102-56	External assurance	We have not obtained assurance for this ESG report.
GRI 103 MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	22-25
103-2	The management approach and its components	28-30
103-3	Evaluation of the management approach	22-25, 28-30, 32, 56

GRI Standard	Disclosure	Page Number / Comment
GRI 201 ECONOMIC PERFORMANCE		
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201-2	Financial implications and other risks and opportunities due to climate change	53
201-4	Financial assistance received from government	54, 163
GRI 203 INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	51-52
203-2	Significant indirect economic impacts	51-52
GRI 205 ANTI-CORRUPTION		
205-2	Communication and training about anti-corruption policies and procedures	56
205-3	Confirmed incidents of corruption and actions taken	We are not aware of any incidents of corruption during the financial year.
GRI 206 ANTI-COMPETITIVE BEHAVIOR		
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We are not aware of any legal action for such breaches during the financial year.

GRI Content Index

GRI Standard	Disclosure	Page Number / Comment
GRI 302 ENERGY		
302-1	Energy consumption within the organization	62-65
302-4	Reduction of energy consumption	65
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304-2	Significant impacts of activities, products, and services on biodiversity	75
GRI 306 EFFLUENTS & WASTE		
306-1	Water discharge by quality and destination	68-69
GRI 307 ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	We are not aware of any non-compliance with environmental laws and regulations.

GRI Standard	Disclosure	Page Number / Comment
GRI 403 OCCUPATIONAL HEALTH & SAFETY		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	88
GRI 404 TRAINING & EDUCATION		
404-3	Percentage of employees receiving regular performance and career development reviews	100 %
GRI 405 DIVERSITY & EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	81, 82, 85
GRI 406 NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	In 2022, one claim of discrimination or harassment was reported and investigated.
GRI 413 LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs	90, 94
GRI 416 CUSTOMER HEALTH & SAFETY		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	We are not aware of any non-compliance with health & safety standards for our products.

Supporting the TCFD Recommendations

Atlantic Sapphire fully recognizes that there are potential financial implications for its business from both climate-related physical and transition risks as defined by the Taskforce on Climate-Related Financial Disclosure ("TCFD").

Both of Atlantic Sapphire's production facilities are located close to coastal areas, and the Company has assessed and prepared for the risks of wind and water-related natural disasters (namely floods, tropical storms, or hurricanes). The Company's emergency preparedness and response plan were again put into action in 2021 in preparation for the possible storms at risk of reaching South Florida. However, no major "named" storm affected the Miami Bluehouse in 2021.

Atlantic Sapphire's business can also be impacted by climate change through the sourcing of fish feed. The Company depends on fish feed from third parties, which represents the Company's single largest cost item. It is based on raw marine and non-marine materials, and even though these are large, global commodities, their prices may increase in the future due to climate change and generally low supply increase, therefore incurring a financial cost to the business. Given the growing global demand for key food raw materials, the Company considers this risk to be high and is therefore looking into alternative raw materials to reduce its dependence on marine ingredients. Another important input to Atlantic Sapphire's business is electricity. Any increase in pricing in the local electricity market will result in higher costs for the Company. However, Atlantic Sapphire considers the risk of significantly higher energy prices in Florida as low since Florida's electricity market is provided by a regulated monopoly under Florida Power & Light ("FPL"). Also, the Florida Public Service Commission, to an extent, regulates publicly owned municipal or cooperative electric utilities, and has jurisdiction regarding rate structure, territorial boundaries, bulk power supply operations, and planning. Atlantic Sapphire is evaluating investments in renewable power production such as the installation of solar panels on-site in Florida through FPL's Solar Together program or in conjunction with larger solar farms constructed by FPL.

In the near future, Atlantic Sapphire is planning to transition over to renewable sources of power that could reduce the risk of significant price increases for electricity in the future as these sources of power are not based on scarce resources. Please see our section on Environmental Responsibility for further detail. At the same time, Atlantic Sapphire is well-positioned to expand its supply to the market if climate change places limitations on sea-based salmon production. The Company's Miami Bluehouse in South Florida is not dependent on seawater, and its risk exposure is limited by using the unique groundwater resources in Florida. Similarly, Atlantic Sapphire expects to be less affected than others in the USA market if climate risk impacts the cost of air transportation as we supply that market from local production and use ground transportation. In Miami, our corporate offices are leased in a Leadership in Energy and Environmental Design ("LEED") Gold Certified building.

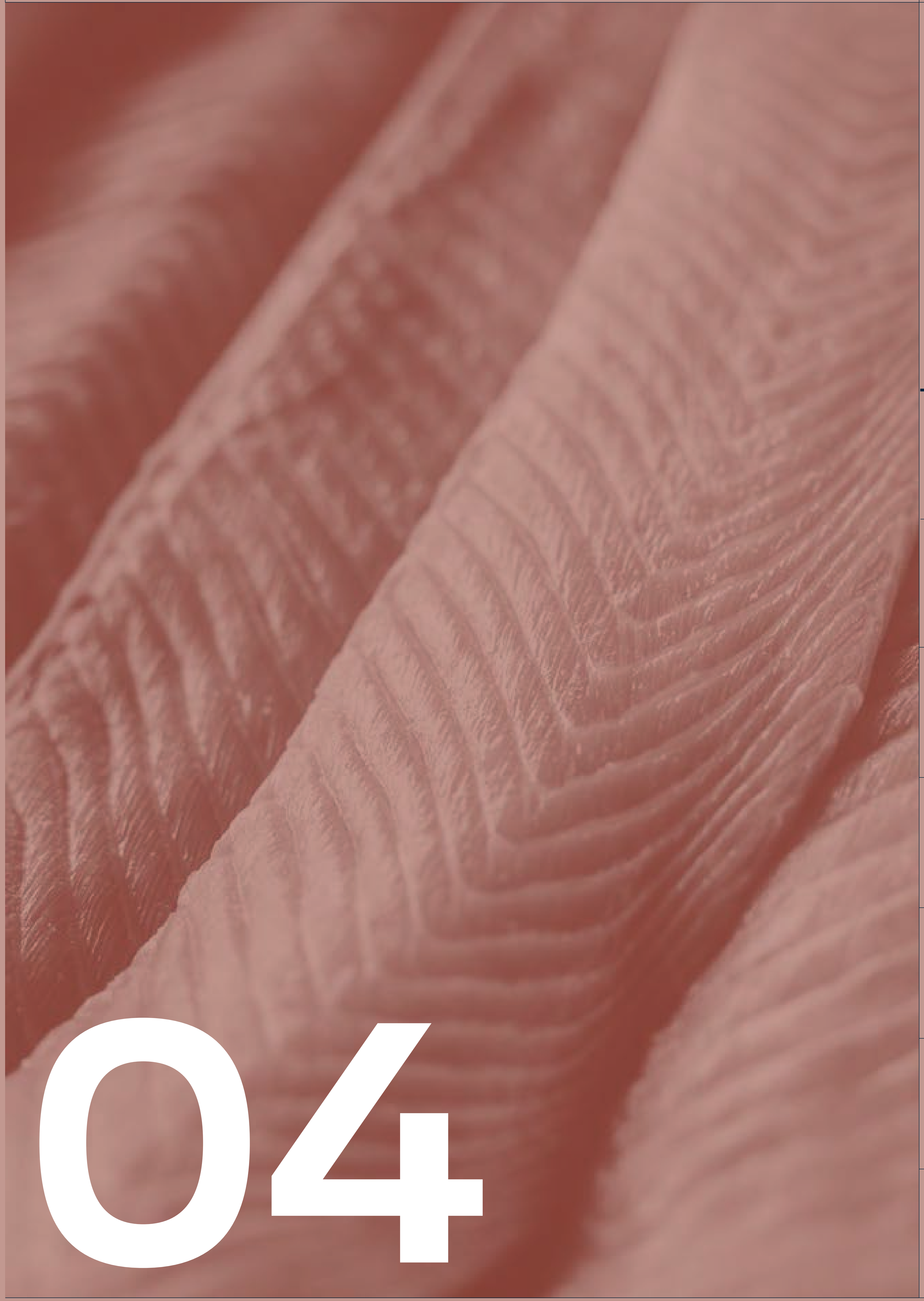
United Nations Global Compact Table

The following table provides an overview of the UNGC principles and the page(s) each principle is covered in the report.

WE SUPPORT

UN GLOBAL COMPACT

Human Rights		Read more on page
1	Business should support and respect the protection of internationally proclaimed human rights; and	82
2	Make sure that they are not complicit in human rights abuse	82, 86
Labor Standards		**Read more on page**
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,	86
4	The elimination of all forms of forced and compulsory labor;	86
5	The effective abolition of child labor; and	82, 86
6	The elimination of discrimination in respect of employment and occupation.	82, 85-86
Environment		**Read more on page**
7	Businesses should support a precautionary approach to environmental challenges;	38, 53, 62, 65, 68-69, 75
8	Undertake initiatives to promote greater environmental responsibility; and	62, 65, 68-69, 75
9	Encourage the development and diffusion of environmentally friendly technologies	40, 43, 46
Anti-corruption		**Read more on page**
10	Businesses should work against corruption in all its forms, including extortion and bribery.	56-57



GROUP RESULTS

Board of Directors' Report

To our stakeholders,

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

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

The Group owns and operates a land-based Atlantic salmon farm Homestead, Florida, US (the "Miami Bluehouse" facility) and has previously operated a land-based Atlantic salmon farm in Hvide Sande, Denmark (the "Denmark Bluehouse" facility). A Bluehouse® facility ("Bluehouse") is proprietary production technology developed by the Group in collaboration with a wide range of supply chain partners to optimize growing conditions for Atlantic salmon. Each Bluehouse contains the facilities needed to grow and produce Atlantic salmon from egg hatchery to grow-out tanks to primary processing. The Miami Bluehouse also incorporates value-added processing. Consolidated operations enable the Group to control the entire production cycle without having to transport salmon to and from ocean-based net pens. The Miami Bluehouse (Phase 1) has an annual production capacity of approximately 9,500 tons HOG[1].

Strategy and Objectives

The Group's goal is to strengthen its position as the leading producer of land-based farmed salmon globally. To achieve this objective, the Group intends to focus on innovation and execution of the following key strategies:

- Continuous identification, investment, implementation of risk mitigation strategies in all areas of its business.
- Reduce costs by developing integrated facilities in market.
- Capitalize on consumer trends and branding towards premium, healthy, and sustainable products.
- Develop and protect patents and other intellectual property rights related to the Bluehouse facilities.
- Expand production capacity at the Miami Bluehouse to approximately 220,000 tons HOG annually.
- Partner in vertical integration opportunities including value-added products, genetics, feed, renewable energy, sustainable packaging, and oxygen production.

Farm Operations

Substantial completion of US Phase 1 Bluehouse allowed for the continuous fine-tuning of systems and stable production. Since the second half of 2021, the US Phase 1 Bluehouse saw improvements in overall operational conditions, including water quality and temperatures, and stable operations. In turn, US batches introduced into the US Bluehouse from mid-2020 (the "New Batches") experienced more stable conditions in comparison to the US Phase 1 start-up initial batches introduced prior to mid-2020 (the "Initial Batches") and showed improved biological performance throughout 2022 when compared to the Initial Batches.

The Group performed significant infrastructure improvements in the second half of 2022. Of note, the Group commissioned a new chiller bank for water cooling, a new ozone system, and additional fish tank lights to help set the stage for good biological performance in 2023. The new chiller bank for water cooling allowed for significantly lower temperatures and increased temperature stability across the Miami Bluehouse. The new ozone system allowed for improved water clarity and a reduction of nutrient load. Finally, additional fish tank lights were installed across all systems to enhance appetite and mitigate early maturation. The chiller bank will be completely phased out once the Group completes construction of the new chiller plant as part of the Group's ongoing Phase 2 expansion.

In Q4 2022, the Group experienced higher-than-normal mortality in its Miami Bluehouse which negatively impacted production. As a direct response, we performed a full audit of the US Phase 1 Bluehouse infrastructure to identify the root cause and to reduce the risk moving forward. Such efforts pinpointed sedimentation and anoxic areas (those in which water was without any current or movement, with potential absence in oxygen that may contain gases) as a leading cause. Accordingly, an action plan was executed in which we "reset" and upgrade all biofilter systems, enacted organizational changes, protocol improvements, and significant upgrades to equipment and automation, and installed over 100 new camera inspection points in the RAS to proactively identify and prevent potential risks of sludge sedimentation.

The Group continued to experience increased pressure on its supply chain throughout 2022 due to the global supply chain crisis and high inflation rates in the global economy generally, and in South Florida specifically. To mitigate production cost increases as best as possible, the Group actively reviews and adjusts its procurement strategy, while also focusing on cost-cutting initiatives all across the Company.

In 2021, the Group entered into an agreement with Skretting, its global feed supplier, that aims to secure local feed supply in the future. Skretting intends to construct a specialized state-of-the-art feed plant for land-based salmon in Florida to serve the Group's US operations with market-leading feeds specialized for Bluehouse farming. A local feed plant will minimize the carbon footprint of transporting the feed to the facility, and is expected to cut the Group's logistics cost, and thereby its cost of production, by approximately USD 0.4/kg HOG.

Processing

The Group's harvest volumes for the years ended 31 December 2022 and 2021 were 2,253 and 2,374 tons HOG, respectively, which represents a 121-ton HOG decrease from prior year. When compared to 2021, this was attributed to an increase in US production offset by a halt in Danish production in Q4 2021. As a result, there were no harvest volumes in Denmark in 2022. In the US, harvest volumes for the years ended 31 December 2022 and 2021 were 2,253 tons HOG and 1,788 tons HOG , respectively, which represents a 465-ton HOG increase from prior year and held an overall higher sales price achievement than in Denmark in prior periods. Following the challenges faced in Q4 2022, the Group expects to increase the standing biomass in the facility and harvest volumes towards steady state operations in Q3 2023. In steady state production in Phase 1, Atlantic Sapphire expects to produce the equivalent of 9,500 tons HOG of annualized harvest volumes.

[1] HOG – "Head-On-Gutted" fish, approximately 83% of live weight fish.

Sales and Marketing

The Group has worked for more than eight years to position itself with strong relationships with retailers, food service players, distributors, and other selected partners. Since September 2020, the Miami Bluehouse has been harvesting every week, and currently supplies approximately 2,000 retail locations with continued strong demand for locally raised salmon in the US. The Group continues to draw new customers, which demonstrates the strong demand for Bluehouse Salmon.

For the year ended 31 December 2022, premium Bluehouse Salmon consistently achieved an average US price achievement of approximately 12 USD / kg on a return to farm basis (net of outbound freight costs) for fish graded as superior and above 3kg. In comparison, the commodity Fishpool index price during the same period, converted to USD, averaged approximately 9 USD / kg.

Brand Development

The Group has taken strides to promote brand awareness and recognition with the purpose of generating product desirability, gaining strong traction from mainstream media of public relations efforts, and supporting a price premium via differentiated attributes and communication of environmental benefits.

The Group has continued to promote our mission of Sustainable Profitable Growth by being relevant and top of mind, meeting consumers at the point of sale, and engaging consumers with social media and education. We have found that such methods have been successful in achieving consumer engagement above benchmark levels.

Construction

The Group strategically partnered with Hazen & Sawyer, an engineering company with extensive and proven experience in designing large scale US wastewater projects, as our US Phase 2 construction design consultants. The Group also selected Wharton-Smith, a construction contractor with vast experience in water facilities, as our construction partner who has worked together with Hazen & Sawyer on numerous water treatment infrastructure projects.

Currently, the project approach on US Phase 2 construction is focused on optimizing quality, reliability, and efficiency, while taking advantage of all previous learnings from US Phase 1 construction. We have taken various steps to achieve such focus. The first step consists of value engineering and working with contractors to optimize cost and quality for existing US Phase 2 construction items. The next step is to then finalize the design for remaining construction items towards the US Phase 2 construction budget during the first half of 2023, which takes into consideration out most recent learnings. Ultimately, it is the Group's discretion when and how funds should be deployed towards US Phase 2 Construction.

Intellectual Property Rights

The Group, through its direct, wholly owned subsidiary Atlantic Sapphire IP, LLC, owns and controls intellectual property. This intellectual property includes, but is not limited to, patents, proprietary information, and applications that in the aggregate are material to the Group's business. The Group holds, and continues to seek and protect, numerous patents, trade secrets, or other intellectual property rights covering its processes, designs, or inventions in general.

The table below shows the Group's registered and allowed patents:

Patent title	Geographical area	Application number	Patent number	Issue date	Expiration date
Systems and Methods of Intensive Recirculating Aquaculture	US	15/867,100	10,034,461	31 July 2018	17 May 2036
Systems and Methods of Intensive Recirculating Aquaculture	US	15/157,296	10,694,722	30 June 2020	25 March 2037
Grading Apparatuses for Aquaculture Systems	US	15/862,573	10,959,411	30 March 2021	1 April 2039
Method for Optimization of Filtration in An Aquaculture System	US	17/079,007	11,425,895	20 August 2022	23 October 2040
Systems and Methods of Intensive Recirculating Aquaculture	US	16/916,986	11,484,015	1 November 2022	31 October 2036
Transfer Assembly and System for Aquaculture	US	16/990,271	11,596,132	7 March 2023	12 February 2040

The Group is currently working on numerous other patent applications which are currently pending.

Subsequent Events

The Group has evaluated subsequent events from 31 December 2022 through the date in which the consolidated financial statements were issued (see Note 23 – Subsequent Events for further details).

Group Financial Performance

Going Concern

The Board confirms that it is appropriate to prepare the Annual Report based on a going concern assumption pursuant to section 3-3a of the Norwegian Accounting Act. This confirmation is based on the Group's forecasted performance in 2023 and the Group's plans to receive external financing to support funding of the Phase 2 expansion.

The Group believes it has sufficient financing to achieve steady state biomass and generate positive cash flow from operations. As it relates to US Phase 2 expansion, the Group has full discretion over the speed of the construction which allows the Group to better manage liquidity. Subsequently, the Group's 2020 Credit Facility was amended further on 31 March 2023 which, among other things, extended the maturity date to 21 April 2025. On 16 March 2023, the Group raised NOK 595m (approximately USD 55m) in gross proceeds through a private placement of 119,000,000 new shares, at a price per share of NOK 5.00. The issuance of the new shares was approved by the Extraordinary General Meeting on 11 April 2023. See Note 23 – Subsequent Events for further detail.

Group Operations

Below are the Group's consolidated statements of operations for the years ended 31 December 2022 and 2021:

(USD 1,000)	31 December 2022	31 December 2021	Change in USD	As a % of 2022 revenue	As a % of 2021 revenue
Revenue	18,954	16,851	2,103	100%	100%
Cost of materials	(70,030)	(65,607)	(4,423)	-369%	-389%
Fair value adjustment on biological assets	95	1,429	(1,334)	1%	8%
Salary and personnel costs	(6,294)	(10,584)	4,290	-33%	-63%
Other operating expenses	(16,309)	(24,723)	8,414	-86%	-147%
Other income (expense), net	25,542	151	25,391	135%	1%
Impairment of non-current assets	-	(34,754)	34,754	0%	-206%
Depreciation and amortization	(14,217)	(15,056)	839	-75%	-89%
Operating loss (EBIT)	**(62,259)**	**(132,293)**	**70,034**	**-328%**	**-785%**
Finance income	4,907	3,362	1,545	26%	20%
Finance expense	(7,654)	(3,847)	(3,807)	-40%	-23%
Loss before income tax	**(65,006)**	**(132,778)**	**67,772**	**-343%**	**-788%**
Income tax	-	-	-	0%	0%
Net loss	**(65,006)**	**(132,778)**	**67,772**	**-343%**	**-788%**
Non-IFRS measures					
Operating loss (EBIT)	(62,259)	(132,293)	70,034	-328%	-785%
Add back: depreciation and amortization	14,217	15,056	(839)	75%	89%
EBITDA	**(48,042)**	**(117,237)**	**69,195**	**-253%**	**-696%**
Add back: fair value adjustment on biological assets	(95)	(1,429)	1,334	-1%	-8%
Add back: impairment of non-current assets	-	34,754	(34,754)	0%	206%
Less: insurance proceeds from Denmark fire	(25,322)	-	(25,322)	-134%	0%
EBITDA, adjusted	**(73,459)**	**(83,912)**	**10,453**	**-388%**	**-498%**

Group net loss for the years ended 31 December 2022 and 2021 was USD 65.0m and USD 132.8m, respectively, which represents a USD 67.8m decrease in net losses over the prior year. Overall, the Group increased revenues from the continuation of its US harvests and experienced increased costs from its ramp-up of operations, write-down of production costs from biomass incidents and underutilized plant capacity, and recognition of insurance proceeds from the September 2021 Denmark Bluehouse fire.

The non-IFRS measures above are meant to provide an alternative understanding of the Group's underlying performance and derived from, but do not replace, IFRS measures or financial statements. Such amounts have been reviewed and approved by management and the Board of Directors as it pertains to the Group and may be used differently by other companies.

Revenue and Harvest Volume

The Group's revenue for the years ended 31 December 2022 and 2021 was USD 19.0m and USD 16.9m, respectively, which represents a USD 2.1m increase over the prior year. The Group's harvest volumes for the years ended 31 December 2022 and 2021 were 2,253 and 2,374 tons HOG, respectively, which represents a 121-ton HOG decrease from prior year. When compared to 2021, this was attributed to an increase in US production offset by a halt in Danish production in Q4 2021. As a result, there were no harvest volumes in Denmark in 2022. In the US, harvest volumes for the years ended 31 December 2022 and 2021 were 2,253 tons HOG and 1,788 tons HOG , respectively, which represents a 465-ton HOG increase from prior year and held an overall higher sales price achievement than in Denmark in prior periods.

Cost of Materials

The Group's cost of materials for the years ended 31 December 2022 and 2021 was USD 70.0m and USD 65.6m, respectively, which represents a USD 4.4m increase over the prior year. The increase in the Group's cost of materials was attributed to an increase in cost of goods sold and harvesting, processing, and shipping costs from 2021 to 2022 attributed to US operations. Further, total 2022 biomass incidents ultimately resulted in a USD 14.3m total write-off in the US versus 2021 biomass incidents that resulted in USD 12.1m total write-off (USD 4.4m and USD 7.7m in Denmark and US, respectively). Overall underutilized plant capacity decreased from USD 16.3m in 2021 to USD 15.9m in 2022.

Fair Value Adjustment on Biological Assets

The Group's fair value adjustment on biological assets for the years ended 31 December 2022 and 2021 was a positive fair value adjustment of USD 0.1m and USD 1.4m, respectively, which represents a negative USD 1.3m year-over-year change. The positive fair value adjustment in 2022 was primarily attributed to the realization of cost of production associated with US batches recognized as either sold or written off through cost of mortality.

Salary and Personnel Costs

The Group's salary and personnel costs for the years ended 31 December 2022 and 2021 were USD 6.3m and USD 10.6m, respectively, which represents a USD 4.3m decrease over the prior year. Although headcount increased from 2021 to 2022, the Group had a decrease in costs attributed to decreases in share-based compensation, temporary labor, and other payroll costs and benefits.

Other Operating Expenses

The Group's other operating expenses for the years ended 31 December 2022 and 2021 were USD 16.3m and USD 24.7m, respectively, which represents a USD 8.4m decrease over the prior year. The decrease was primarily attributed to a reduced temporary chiller leases, generator fuel and supplies costs following a breakdown of ASUS's internal chiller plant in Q1 2021.

Impairment of Non-Current Assets and Insurance Settlement Proceeds

The Group recognized an impairment allowance of USD 34.8m for the year ended 31 December 2021 attributed to a fire that broke out in the Denmark Bluehouse on 15 September 2021 that destroyed substantially all property, plant, and equipment related to its saltwater ongrowing systems. Although the Group believed that the insurance claim was probable as of 31 December 2021, the Group was not virtually certain of the insurance claim prior to the subsequent conclusion of the police report on 1 April 2022 indicating that there was no evidence of arson. As such, the Group did not recognize an insurance claim receivable as of 31 December 2021. On 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022) which is included as part of the Group's other income. The Group allocated the settlement proceeds towards US operations and construction, and the Group is currently reviewing its strategy for its Danish operations with demolition efforts currently underway subsequently in 2023. See Note 4 – Other Operating Expenses and Income and Note 9 – Property, Plant, and Equipment for further details.

Depreciation and Amortization

The Group's depreciation and amortization for the years ended 31 December 2022 and 2021 was USD 14.2m and USD 15.1m, respectively, which represents a USD 0.9m decrease over the prior year. The decrease in depreciation was primarily attributed to the fact that significantly all current year depreciation and depreciation from changes in biomass was attributed to US operations rather than prior years which included Danish operations.

Financial Items

The Group's financial losses for the years ended 31 December 2022 and 2021 were USD 2.7m and USD 0.5m, respectively, which represents a USD 2.2m increase of financial losses over the prior year. The increase in financial losses was primarily attributed to increases in interest expense from 2021 to 2022 and debt modification costs associated with the eighth amendment to the 2020 Credit Facility.

Group Financial Position

The Group's total assets as of 31 December 2022 and 2021 were USD 357.6m and USD 311.7m, respectively, which represents a USD 45.9m increase compared to the prior year. The increase was primarily driven by capital investments in connection with US Phase 2 construction of the Miami Bluehouse and continued ramp-up and sale of biological assets.

The Group's total equity as of 31 December 2022 and 2021 was USD 296.4m and USD 239.6m, which represents an increase of USD 56.8m compared to prior year. The increase was primarily attributed to proceeds of the 2022 and 2021 capital raises offset by net losses. The Group completed capital raises on 3 June 2021 for NOK 1,016m (USD 121m), 29 June 2022 for NOK 1,231m (USD 125m), and 10 August 2022 for NOK 44.0m (USD 4.5m). As of 31 December 2022, 153,266,409 shares were issued and outstanding.

The Group's total liabilities as of 31 December 2022 and 2021 were USD 61.2m and USD 72.2m, respectively, which represents a decrease of USD 11.0m compared to prior year. The decrease was primarily attributed to a decrease in year-over-year trade and other payables.

The Group's debt to equity ratio as of 31 December 2022 and 2021 was 20.6% and 30.1%, respectively, which represents a decrease of 9.5% compared to prior year. The decrease was primarily attributed to a decrease in year-over-year trade payables and an increase in equity attributed to capital contributions offset by net losses from 2021 to 2022.

On 18 April 2020, ASUS obtained a two-year loan payable to PNC Bank, National Association ("PNC") 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"). The full outstanding amount on the PPP Loan was forgiven under the Program on 7 September 2021.

As of 31 December 2022, the amended 2020 Credit Facility totaled USD 200m and was fully committed, of which USD 50.0m is attributed to the drawn US Term Loan, USD 20.0m is attributed to the revolving credit facility ("RCF"), and USD 130.0m is attributed to a delayed undrawn Term Loan for Phase 2 capital expenditures. Of the amounts, USD 47.1m was outstanding on the US Term Loan, and USD 2.6m of the RCF was allocated to letters of credit towards Meridian Leasing for the leasing of processing equipment.

Group Cash Flows

Group cash outflows from operations for the years ended 31 December 2022 and 2021 were USD 52.9m and USD 71.2m, respectively, which represents a decrease in cash outflows of USD 18.3m over the prior year. The decrease in Group cash outflows from operations was primarily due to proceeds from the insurance settlement from the Denmark Bluehouse offset by continued biomass buildup in the US and the write-down of production costs from biomass incidents and underutilized plant capacity.

Group cash outflows from investing activities for the years ended 31 December 2022 and 2021 were USD 55.8m and USD 54.5m, respectively, which represents an increase in cash outflows of USD 1.3m over the prior year. The increase in Group cash outflows from investment activities was primarily attributed to a slight increase in year-over-year capital expenditures from Phase 2 construction of the Miami Bluehouse.

Group cash inflows from financing activities for the years ended 31 December 2022 and 2021 were USD 116.5m and USD 114.9m, respectively, which represents an increase in cash inflows of USD 1.6m over the prior year. The increase in Group cash inflows from financing activities was primarily attributed to the difference in proceeds from the 2022 capital raises in comparison to those from the 2021 capital raise. Although the Group's overall 2022 liquidity was lower than that of 2021, the Group believes it has access to additional financing until steady state biomass is achieved to provide cash inflows from operations.

Subsequently on 16 March 2023, the Group raised NOK 595m (approximately USD 55m) in gross proceeds through a private placement of 119,000,000 new shares, at a price per share of NOK 5.00. The issuance of the new shares was approved by the Extraordinary General Meeting on 11 April 2023. Further, the Group's 2020 Credit Facility was amended on 31 March 2023. See Note 23 – Subsequent Events for further details.

Parent Company Operations

For the years ended 31 December 2022 and 2021, ASA generated revenue of NOK 11.6m (USD 1.2m) and NOK 10.9m (USD 1.3m), respectively, mainly related to management fee income from the Group entities. For the years ended 31 December 2022 and 2021, ASA had a net loss of NOK 2.1b (USD 214.5m) and net loss of NOK 328.7m (USD 38.2m), respectively, which was primarily attributed to financial income and expense generated from intercompany loans to the Group entities offset by write-downs of ASA's investment in and receivables due from ASDK following the September 2021 fire, and a write-down of ASA's investment in ASUS as a result of ASUS's accumulated losses. As of 31 December 2022 and 2021, ASA's total assets were NOK 2.9b (USD 302.0m) and NOK 3.7b (USD 417.7m), of which NOK 2.8b (USD 290.8m) and NOK 3.6b (USD 404.1m) were related to shares and loans to Group entities. ANSO's debt to equity ratio as of 31 December 2022 and 2021 was 0.1% and 0.1%, respectively.

Related Party Transactions

During the ordinary course of business, the Group engages in transactions with related parties similar to what management believes would have been agreed upon between unrelated parties.

During the ordinary course of business, Langsand Processing AS ("LPAS"), a related party, provides harvesting services for ASDK. Although the Group holds a minority ownership interest in LPAS, the Group does not hold control over LPAS for consolidation purposes. For the year ended 31 December 2021, ASDK incurred harvesting costs of USD 0.4m. ASDK did not incur harvesting costs following the 15 September 2021 Denmark Bluehouse fire. Such amounts are included as part of cost of materials in the accompanying consolidated statements of operations.

During the ordinary course of business, the Group may sell salmon products to Platina Seafood, Inc. ("Platina"), an entity under majority ownership by a related party of Johan E. Andreassen, the Group's Chairman of the Board and CEO. On 8 September 2022, Platina rebranded as NovoMar, Inc. ("NovoMar"). For the year ended 31 December 2022, the Group sold USD 0.2m of salmon products to NovoMar. For the year ended 31 December 2021, the Group sold USD 1.1m of salmon products to Platina.

Reporting Segments

US Operations

The Group's US production facility in Homestead, Florida is located approximately 35 miles southwest of the City of Miami, Florida. The US operations are managed through ASUS. The land in which the Miami Bluehouse is constructed on is owned by ASSF. Both ASUS and ASSF are wholly owned subsidiaries of the Group. All fish systems from US Phase 1 construction were substantially complete as of 31 December 2021.

ASUS selected Homestead, Florida as the location for its operations in the US because it is uniquely situated above abundant sources of both stable fresh and saline groundwater from different layers of the Florida aquifers. ASUS accesses freshwater from the Biscayne Aquifer and saline water from the Floridan Aquifer. Discharge wastewater from the Miami Bluehouse is sustainably disposed to the Boulder Zone, a lower Floridan Aquifer. ASUS expects that the use of groundwater will reduce the risk of contamination and increase the stability in operations. ASUS has secured groundwater infrastructure rights and received a discharge permit for 19.93 million gallons of water per day. ASUS extracts fresh and saline water from right below the surface and 2,000 ft, respectively. After use, ASUS treats and disposes the water through disposal wells 3,000 ft below the surface.

The processes and technologies used by ASUS to extract and dispose of the water used in its operations are currently patented through the year 2040.

Phase 1 of the Miami Bluehouse is expected to have an annual production capacity of approximately 9,500 tons HOG and a tank volume of approximately 66,000 m³, distributed across seven freshwater systems (six sets of tank systems plus a hatchery) and twelve grow-out systems (three grow-out tanks in each system), totaling 19 independent water systems.

ASUS commenced a capacity expansion project at the Miami Bluehouse ("US Phase 2") in Q2 2021 that will add an additional estimated 15,000 tons HOG of annual production capacity, for a total capacity of approximately 25,000 tons HOG. The Group's goal is to achieve an annual production capacity of approximately 220,000 tons HOG.

Fish processed from the Miami Bluehouse is transported via ground freight to most states within the US, as well as to Canada and Mexico.

From an operational standpoint, US Phase 1 conditions stabilized after a long period of commissioning efforts and construction challenges and allowed for the continuous fine-tuning of systems and stable production. We continued to see the importance of high smolt quality and avoiding stressors to ensure good biological results in the on-growing stage of production.

Through our Group's Facilities Operation Advisory Board, we review and approve all nonstandard procedures with experts with different backgrounds to ensure all risk areas are covered and to prevent future incidents. From our operational challenges in Q4 2022, our focus is strengthened towards risk mitigation strategies in all areas of its business.

The Group expects to achieve steady state US Phase 1 standing biomass of 4,200 tons RLW at the end of Q2 2023. From then onwards, US Phase 1 is expected to produce the equivalent of 9,500 tons HOG of annualized harvest volumes in the US.

Denmark Operations

The Group's initial production facility in Hvide Sande, Denmark is a wholly owned subsidiary located on the west coast of Denmark and has been in operation since 2011. Since commencement of operations, approximately 45 batches of Atlantic salmon were introduced into the Denmark Bluehouse. The Denmark Bluehouse had an annual production capacity of approximately 2,400 tons HOG and a tank volume of approximately 17,000 m³, distributed across twenty grow out tanks.

On 9 July 2021, ASDK experienced an incident in one of its grow-out systems in the Denmark Bluehouse that resulted in a loss of approximately 500 tons (HOG). On 15 September 2021, a fire broke out in the Denmark Bluehouse. All employees were reported safe without injuries but substantially all property, plant, and equipment related to its saltwater ongrowing systems and standing biomass in the ongrowing systems were lost in the fire. On 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022) which is included as part of the Group's other income. The Group allocated the settlement proceeds towards US operations and construction, and the Group is currently reviewing its strategy for its Danish operations with demolition efforts currently underway in 2023.

Principal Risks and Unceratinties

Atlantic Sapphire is pioneering Bluehouse® (land-raised) salmon farming, locally, and transforming protein production, globally. As pioneers in the land-based salmon farming industry, there are inherent challenges that arise as the Group continues to develop and improve upon its infrastructure, technology, and operating procedures.

The Group established its innovation center in Denmark in 2011 with a focus on developing sustainable, environmentally friendly farming methods that enable the Group to produce at scale in consumer end markets. Since its inception, the Group has identified and developed strategies to mitigate key operational, systemic, and diversification risks.

The Group faced operational risk through a fragmented subcontractor network, a smaller internal team, rapid organizational growth, and initial operational procedures that were yet to be established and fine-tuned. As Atlantic Sapphire continues to mature as a company, critical in-house systems have been established related to design, construction, and automation.

The Group also faced systemic risk through subpar equipment that resulted in frequent alarms (among other things), unfinished design at construction commencement, and production while constructing in the same systems. After many challenges and a long period of commissioning work, the Group is now experiencing stable US Phase 1 conditions.

The Group further faced diversification risk towards potential bio-mass incidents and has diligently worked in splitting its fish systems. For example, US Phase 1 originally commissioned six ongrowing systems with six tanks each. Today, each US Phase 1 ongrowing system has been split in two to provide twelve ongrowing systems with three tanks each. More recently in 2022, we identified areas of sedimentation and anoxic areas in our biofilter systems. Therefore, we executed an action plan to reset and upgrade all biofilter systems, among other organization-wide protocol improvements and changes.

The successful construction of the Group's Bluehouse facilities and continuous improvements to its operational procedures are critical for the Group to successfully achieve its business plan. Material delays, cost overruns, or errors in design and execution on the Group's Bluehouse facilities could result in an adverse situation that may hinder the Group's ability to successfully achieve its business plan.

Capital Management and Financial Risk

Capital management represents the Group's policy to assess, acquire, and utilize its capital base efficiently towards satisfactory operations and future development of the business to foster and maintain investor, lender, and market confidence. The Group's capital management contemplates available alternatives, the cyclical nature of the fish farming industry, and current socioeconomic factors. Access to borrowings is monitored periodically and the Group engages in dialogue continuously with its lenders.

The Group has obtained capital primarily from equity raises and interest-bearing borrowings. The Group's interest-bearing borrowings require certain financial covenants to be maintained. In anticipation of potentially not being able to meet its net interest-bearing debt ("NIBD") to EBITDA requirement as of 31 December 2022, the Group received a formal waiver from the Lenders dated 12 December 2022 (see Note 19 – Borrowings).

As of 31 December 2022 and 2021, the Group's consolidated equity consisted of USD 297.7m and USD 239.6m, respectively, equity share, which comprise of total equity divided by total assets, was 83% and 77%, respectively, and net interest-bearing debt, which comprise of total interest-bearing borrowings excluding the effects of IFRS 16, was USD 21.9m and USD 33.0m, respectively. The Group's Board of Directors considers the Group's capital base adequate given the scale of its operations.

On 12 May 2021, ASA's Board of Directors were given proxy to increase the share capital with up to NOK 1,600,000 through the issuance of up to 16,000,000 total shares, with a face value of NOK 0.10. On 19 May 2022, the Group held its Annual General Meeting (the "2022 AGM"). Through the 2022 AGM, ASA's Board of Directors (the "Board") withdrew its previous 12 May 2021 authorization to issue up to 16,000,000 new shares, with a face value of NOK 0.10. In turn, the Board was given the authority to increase total authorized share capital with up to NOK 1,800,000 through the issuance of up to 18,000,000 total shares, with a face value of NOK 0.10. The authorization may be used several times within this limit.

The Group holds financial instruments necessary for its operations. The Group's principal financial liabilities, other than interest-bearing borrowings and excluding the effects of IFRS 16, consist of trade and other payables and comprise most of the Group's third-party financing. The Group's principal financial assets consist of trade and other receivables, cash and restricted cash, and other investments.

The Group's risk management is carried out by the Group's Finance Department. The Group is exposed to market risk, credit risk, and liquidity risk.

Market Risk

The Group is exposed to interest rate risk and exchange rate risk. The Group's interest rate risk relates primarily to borrowings from financial institutions with variable interest rate. When possible, the Group manages its interest rate risk by entering into fixed-interest loans. The Group currently holds debt with a floating interest rate and does not maintain a program to hedge this exposure. Changes in the interest rate may affect future investment opportunities.

The Group's foreign currency risk relates to the Group's operating, investing, and financing activities denominated in a foreign currency. This includes the Group's revenues, expenses, capital expenditures, and net investments in foreign subsidiaries. The Group's reporting currency is the United States dollar ("USD"), and the predominant currencies transacted by the Group's subsidiaries are the USD, the Norwegian krone ("NOK"), the Danish krone ("DKK"), and the EU euro ("EUR").

The Group manages its foreign currency risk by maintaining cash balances in foreign denominated bank accounts, analyzing future obligations by currency, and transferring available funds as needed. The Group has not entered into derivative or other agreements to reduce the exchange rate risk and the related market risk.

Credit Risk

The Group is exposed to credit risk from its operating activities, primarily from cash and trade receivables. Cash is maintained with major financial institutions. Management regularly monitors trade receivables for aging. The Group trades only with recognized and creditworthy third parties.

The Group subjects all potential customers to credit verification procedures as part of its policy and monitors its outstanding trade receivable balances on an ongoing basis. Further, the Group's trade receivables are credit insured unless an exception is approved by the CEO. The Group monitors exposure towards individual customers closely and was not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2022 and 2021.

Liquidity Risk

The Group continuously monitors liquidity and financial projections through budgets and monthly updated forecasts. The Group's financial position depends significantly on salmon spot prices which have historically been volatile. Other liquidity risks include the impacts from fluctuations in production and harvest volumes, biological issues, and changes in feed prices. Feed prices generally correlate to the marine and agricultural commodity prices of the main ingredients.

Delays in continued construction towards the expansion of future phases of construction of the Miami Bluehouse may affect the Group's ability to achieve its operational plan and full schedule of production, thereby impacting the Group's future business and results of operations.

The provisions of the amended 2020 Credit Facility contain financial covenants to be maintained by the Group (see Note 19 – Borrowings).

Corporate Governance

Atlantic Sapphire believes good corporate governance is paramount to create and maximize sustainable, long-term shareholder value and maintain investor, lender, and market confidence. The Group's Board of Directors (the "Board") is responsible for the development and implementation of internal procedures and regulations to ensure that the Group follows applicable principles and maintains good corporate governance. We believe that our current procedures and regulations effected towards corporate governance are consistent with the latest version of the Norwegian Code of Practice for Corporate Governance. The Group has a Directors and Officers liability insurance policy for an aggregate of up to USD 1m of claims against all persons who were, are, or shall become appointed directors, managers, officers, in-house general counsel, or controller of the Group. Further, the Group has Directors and Officers liability insurance for an aggregate amount of up to NOK 100m for executive officers and board members. The Group's assessment of the various 15 issues covered by the Norwegian Code is detailed in the Corporate Governance section following the Board of Directors' Report.

Board Composition

On 3 August 2022, Runar Vatne stepped down as a director and Kenneth Jarl Anderson was elected as a new director. On 5 December 2022, Alexander Reus stepped down as a director. As such, the Board's composition of directors from 2021 to 2022 was reduced from seven to six.

Information regarding the background and competence of the Group's Board members is detailed later in the Annual Report and available on Atlantic Sapphire's website: atlanticsapphire.com.

Statement on Remuneration of Executive Management

The Group's Board of Directors determines the principles applicable to the Group's policy for compensation of executive management and presented its statement on such principles for the 2022 financial year during the Group's Annual General Meeting ("AGM") in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act. The Board of Directors' Statement on Remuneration of Executive Management is included in Note 6 – Salary and Personnel Costs of the Group's notes to the consolidated financial statements.

Sustainability, Environmental, and Social Responsibility

Sustainability Actions and Joining the UN Global Compact

The Group supports the UN Sustainable Development Goals (the "UN SDG Goals") and sees them as a blueprint for business leadership. Food production lies at the intersection of almost all major global challenges encapsulated in the UN SDG Goals. The Group believes it has a duty to find a balance between producing enough healthy proteins to feed the world and protecting the limited resources of the planet. The Group joined the UN Global Compact in support of their Ten Principles for human rights, labor, the environment, and anti-corruption.

Environmental Responsibility

Activities from the Group's production facilities are believed to meet all regulatory requirements in the countries in which they operate. For further information, please refer to the "Environmental Responsibility" section within Atlantic Sapphire's ESG Priorities.

Social Responsibility

Atlantic Sapphire holds the utmost respect for human rights, labor rights and social conditions, the external environment, and anti-corruption efforts in our business strategies insofar as it pertains to our daily operations and our stakeholders. Accordingly, the Group's ESMS was built following an external review of our Environmental and Social Management Plan ("ESMP") for compliance with the International Finance Corporation's ("IFC") Performance Standards ("PS") (2012), IFC Environmental, Health, and Safety ("EHS") Guidelines for Aquaculture (2007) and EHS General Guidelines (2007). The Environmental and Social Management System ("ESMS") comprises a set of policies across a range of ESG topics – from environment, health and safety, security and emergency preparedness to employment conditions, rights and obligations, grievance management, whistleblower policy, community engagement and communication.

Atlantic Sapphire is dedicated to fostering a corporate culture that goes beyond regulatory compliance and engages and empowers all employees around realizing our purpose and living our values. In accordance with the Norwegian Transparency Act, the Group will publish its transparency statement based on the human rights assessment performed in 2022. This statement will be available on our website by 30 June 2023.

Our Code of Conduct (the "Code") is aligned with the Group's core values and sets expectations and guidance for the Group's Board of Directors, officers, employees, independent contractors, and consultants. It is their responsibility to understand the Code as well as exercise good judgement and follow the Code. All employees must sign the Code and our suppliers and vendor partners are also required to acknowledge and adhere to our Code through our standard vendor terms and conditions before engaging. These documents outline our commitment to integrity by following the principles of the Code.

Our Human Rights Policy informs employees, business partners, and customers of Atlantic Sapphire's commitment to respecting and promoting human rights and in making a meaningful contribution to uphold human rights across our operations and our supply chain. Such areas of focus include diversity, competitive wages and benefits, prohibition of child labor, forced labor, and human trafficking, safe and secure work conditions, freedom of association, and open communication, among others detailed in our ESG Priorities.

Atlantic Sapphire is an equal opportunity employer that celebrates diversity and is committed to creating an inclusive environment for all employees. The Group does not discriminate based upon race, religion, color, national origin, gender, sexual orientation, gender identity, gender expression, age, status as a protected veteran, status as an individual with a disability, or other applicable legally protected characteristics.

For the years ended 31 December 2022 and 2021, the Group employed 177 and 166 permanent employees, respectively. No employee work-related accidents resulting in significant material damage or personal injury occurred during 2022 and 2021.

The Group's ESMS helps ensure that extensive precautionary measures are taken to reduce risks in the working environment. These measures include the training of its employees and a focus on personal protective equipment and safe handling of hazardous materials, together with systematic controls of our working processes. The Group maintains general oversight of the health and safety of its employees predominantly through ongoing auditing, monitoring, and evaluation of activities to ensure compliance. The Group actively promotes a strong safety culture with employees, suppliers, vendors, and contractors.

For further information, please refer to the "Social Responsibility" section within Atlantic Sapphire's ESG Priorities.

Outlook

US Biological Outlook

The US Bluehouse has seen improvement in overall biological performance in all batches introduced after mid-2020 compared to the Initial Batches before them. The New Batches have been performing better although the Company expects even more under stable conditions in 2023. The US Bluehouse has seen improvements in overall operational conditions (including water quality and temperatures) and stable systems after a long period of commissioning efforts and construction challenges. Improved biological performance is a positive indicator that demonstrates the ability to produce high quality products and future financial performance.

Total biomass gain for 2022 was 4,200 tons RLW (vs 3,000 tons RLW in 2021). As the New Batches continue to grow following the operational challenges from Q4 2022, monthly biomass gain is expected to increase gradually throughout H1 2023 until the Group reaches US Phase 1 steady state standing biomass of approximately 4,200t RLW in the summer of 2023.

Sales and Marketing Outlook

The Group continues to invest in the development of the Bluehouse Salmon brand and in the education of buyers and consumers. Since the first US harvest in September 2020, Atlantic Sapphire has consistently achieved a revenue per kg of approximately USD 12 for fish graded as superior and above 3kg. Notably, the price achievement has been stable despite significant fluctuations in the salmon commodity price, proving that Bluehouse Salmon is not seen as a direct substitute for other farmed Atlantic salmon. The product has been met by high demand, both among existing customers and potential new customers, giving the Group confidence that premium price achievement will be sustained.

Monthly harvest volumes are expected to increase throughout H1 2023 until Q3 2023, when the Group expects to reach steady state operations and commence producing the equivalent of 9,500t HOG of annualized harvest volumes.

Key Developments on Risk Mitigation

Atlantic Sapphire has taken large steps in minimizing operational risks, most notably against mortality events. Bluehouse farming is designed to produce high-quality biomass at scale. With high intensity farming comes added complexity. Atlantic Sapphire has over a decade of unique experience in identifying and mitigating risks that come with scaling RAS technologies to large size.

Today, Atlantic Sapphire is more robust than at any other point in its past. Tangible and quantifiable changes have been made in response to historical incidents and operational experience, including:

- A full review and "reset" of the RAS systems, specifically the biofilters, to minimize the risk of sedimentation and anoxic areas. This also included the installation of 100+ new camera inspection points in the RAS to identify and tackle potential risks of sludge sedimentation early on.
- The commissioning of the new chiller system, the "chiller bank", which decreases operational risk, achieves significant financial savings, and allows us to maintain lower and more stable temperatures across the farm.
- A new ozone system that has improved water clarity and reduced nutrient load.
- Changes to the nutrition of the salmon that has had a positive effect on fillet color.
- Operational changes in water chemistry to reduce the risk of hydrogen sulfide intoxication (H2S).
- Changes to organizational structure and protocols.
- Additional tank lights installed across all systems to enhance appetite and mitigate early maturation.

US Phase 2 Construction

We have changed our approach on the US Phase 2 construction project to optimize quality and efficiency. In contrast to the US Phase 1 construction project, we now have the appropriate staffing level for a large-scale project, we have strategically selected a design consultant with proven experience on water facilities, and we have partnered with a construction contractor with vast experience in constructing water treatment facilities.

The US Phase 2 budget is currently estimated at USD 275-300m attributed to approximately 15,000t HOG of production capacity expansion.

Processing Plant Upgrades

The US Bluehouse successfully completed and commissioned a new in-house filleting line to further improve the overall harvesting process and reduce core filleting costs. By bringing such costs in-house, the Group has significantly reduced external processing costs and has better control over its product yields and product quality. The Group will continue to utilize external processing companies for further value-added processing on its products.

Grand Master Plan

The Group is working on a detailed plan for the full buildout of the 160 acres of land it owns in Homestead, FL (the "Grand Master Plan"). The Grand Master Plan will include an overview of centralized functions and a more modular approach to building out additional grow-out capacity. These initiatives are expected to reduce the construction time and capex/kg of new capacity in the future, as the Group continues on its path to 220,000t HOG of harvest volume.

Outlook for Atlantic Sapphire and Its Associates

The Group expects to make a decision later in 2022 on the future of its Danish facility following the fire in September 2021. The site in Hvide Sande with all infrastructure, permits and water allocations is seen as a valuable aquaculture asset. Further, Atlantic Sapphire Denmark A/S has a significant tax loss carryforward for tax purposes.

Salmon Market Outlook

US consumption of fresh, farmed Atlantic salmon continues to increase significantly higher than the single-digit global supply growth of farmed Atlantic salmon, highlighting the relative attractiveness of the US salmon market. With the Group's offtake focused on the North American market, it is ideally positioned to take advantage of the strong growth in demand that is expected to continue, while also offering a product with a lower carbon footprint and lower logistical cost thanks to the avoidance of airfreight.

The global commodity market for farmed Atlantic salmon is expected to continue to be strong for the rest of 2023, supporting the sales efforts of the Group. At the time of writing, salmon commodity spot prices have been at all-time-high levels and the FishPool forward price for H2 2023 is at approximately NOK 85/kg. Further, due to ongoing value chain and logistics issues globally, combined with higher fuel prices, airfreight prices for commodity salmon are high for fresh, imported salmon from South America or Europe, which further improves the competitiveness of the Group's product in the North American market.

The Board's Assessment

After a challenging construction and commissioning phase of the US Phase 1 facility in 2020 and H1 2021, the Group had good, stable conditions for farming leading up to Q3 2022. In Q3 2023, the Group experienced above normal and increasing mortality in certain systems, and fish from these systems have been harvested earlier and at a lower average weight than originally planned.

In response, the Group's focus since Q3 2022 has been to take further corrective actions, minimize potential mortality, and optimize biological performance. Part of these actions include those aforementioned in the Strategy and Objectives section above, and the Group is actively underway to implement them.

This set-back pushed the Group's expectation of steady state production in the US to Q3 2023. At this point in time, the Group expects to become profitable measured on an EBITDA basis, a groundbreaking milestone for the Group, but also for land-based full-cycle salmon farming globally.

Such learnings will be implemented towards Phase 2 expansion, which will bring total annual harvest volume capacity up to approximately 25,000t HOG. Atlantic Sapphire is leading the technological development of large-scale land-based salmon farming globally. Although supply chain challenges and inflationary pressure are likely to continue to impact the Group in 2023, the Group is well positioned to handle these challenges both on the operational and construction side.

With a scalability that is unmatched thanks to the unique water infrastructure that the Group has secured in South Florida, growth is set to continue in all the foreseeable future, with cost of capital being the main consideration in determining the speed of construction.

Vikebukt,
20 April 2023

Johan E. Andreassen
Chairman

André Skarbø
Director

Ellen Marie Sætre
Director

Patrice Flanagan
Director

Kenneth Andersen
Director

Tone Bjørnov
Director

Karl Øystein Øyehaug
Managing Director of ASA

Board of Directors

Johan E. Andreassen, Chairman

Johan E. Andreassen is one of Atlantic Sapphire's Co-Founders and has served as the Group's Chairman from 2010 to 2012 and from 2017 to 2021. He has served as Chairman of the Board of Directors since 2010 and serves as the Chief Executive Officer of Atlantic Sapphire US. Before the founding of the Group, Mr. Andreassen founded and led Villa Organic, a 30,000-ton capacity salmon farming company, which was subsequently sold to Lerøy and SalMar in 2010. Mr. Andreassen is a Norwegian citizen, currently residing in Miami, Florida, US.

Kenneth Jarl Andersen, Director

Kenneth Jarl Andersen has served as a Director since August 2022. Mr. Andersen is the CEO of Strawberry Equities AS, which recently made a significant investment in the Group in the private placement announced on 28 June 2022. Mr. Andersen has extensive experience from the Strawberry Group, where he has been employed since 2007. In addition, Andersen has experience from Terra Fondsforvaltning and Arthur Andersen Consulting. Mr. Andersen is a Norwegian citizen, currently residing in Oslo, Norway.

Tone Bjørnov, Director

Tone Bjørnov is a full-time board member serving on the boards of several public and private companies. Her background is in bank and finance, including having served as an executive with DNB Bank. Ms. Bjørnov holds a business degree from the Norwegian School of Management (BI). Tone Bjørnov is a Norwegian citizen, currently residing in Oslo, Norway.

André Skarbø, Director

André Skarbø has served as a director since 2015. Mr. Skarbø is owner and managing director of Platina Seafood AS, a Norwegian fish distribution company headquartered in Stranda, Norway. Mr. Skarbø has been involved in the salmon processing and sales industry for 30 years. Mr. Skarbø is a Norwegian citizen, currently residing in Stranda, Norway.

Patrice Flanagan, Director

Patrice Flanagan has served as a director since 2019. Ms. Flanagan has more than 35 years of experience in the US seafood industry. Ms. Flanagan worked for Slade Gorton & Co., a US seafood distributor, importer, and manufacturer, for over 36 years. She most recently served as the Vice President of Fresh Seafood & Business Development until stepping down in 2019. She holds a degree in business management from Cambridge College. Ms. Flanagan is a US citizen, currently residing in Boston, Massachusetts, US.

Ellen Marie Sætre, Director

Ellen Marie Sætre is an educated veterinary from the Norwegian School of Veterinary Science (2006). She has been working as a consultant in private fish health companies on questions regarding fish health, welfare, hygiene, and biosecurity since 2006. Now she is leader of the fish health department in Møre og Romsdal for Åkerblå AS. Ms. Sætre is a Norwegian citizen, currently residing in Vikebukt, Norway.

Corporate Governance

The Group follows the Norwegian Code of Practice for Corporate Governance (the "Norwegian Code"), and a full description of the Norwegian Code is available on the Oslo Stock Exchange's website (euronext.com/nb/markets/oslo).

The Group has addressed the various 15 issues covered by the Norwegian Code as follows:

Norwegian Code	Compliance to the Code
1. Implementation and Reporting on Corporate Governance Principles	Compliant
2. Business	Compliant
4. Equal Treatment of Shareholders	Compliant
5. Shares and Negotiability	Compliant
6. General Meetings	Compliant
7. Nomination Committee	Compliant
8. Board of Directors: Composition and Independence	Compliant
9. The Work of the Board of Directors	Compliant
10. Risk Management and Internal Control	Compliant
11. Remuneration of the Board of Directors	Compliant
12. Remuneration of Executive Personnel	Compliant
13. Information and Communications	Compliant
14. Take-overs	Partly Compliant
15. Auditor	Compliant

The Group has reviewed its reporting on Corporate Governance based on the latest Code of Practice and is fully compliant with the Norwegian Code, except Section 14 regarding lack of explicit guidelines for dealing with take-over bids.

1. Implementation and Reporting of Corporate Governance Principles

The Group's Board of Directors (the "Board") is responsible for the development and implementation of internal procedures and regulations to ensure that the Group follows applicable principles and maintains good corporate governance. The Group's overall position with such principles is assessed annually by the Board and reported accordingly in the Group's Annual Report in accordance with the requirements for listed companies and the Norwegian Code. The Board has defined the Group's overall vision as "For the Health of People and Planet" which is further exemplified through the Group's core values of passion, performance, innovation, integrity, and balance:

- Passion – Purpose. Dedication. Courage.
- Performance – Initiative. Collaboration. Results.
- Innovation – Continuous improvement. Solutions. Learning.
- Integrity – Accountability. Open communication. Care.
- Balance – Healthy Fish. Stakeholder wellness. Sustainable planet.

Our central principle is that Atlantic Sapphire's success depends on maintaining the highest standards of trust and integrity at all levels of the organization, as well as its reputation for honesty and transparency in its business. Further, the Group is made up of diverse individuals with different backgrounds such as national origins, cultures, religions, and other customs. The Group's Code of Conduct (the "Code"), which was updated in January 2022, sets expectations and provides guidance for the Group's Board of Directors, officers, employees, independent contractors, and consultants. It is their responsibility to understand the Code as well as exercise good judgement and follow the Code. The Code must be signed by all employees, and suppliers are also expected to understand the Code and share our commitment to integrity by following the principles of the Code. The Code encourages reporting of any violations to management. The Code is consistent with the Group's core values and is aligned with Atlantic Sapphire's commitment to the UN Global Compact principals and the UN SDGs.

2. Business

The Group's objective is defined in Article 3 of ASA's Articles of Association as follows: "The objective of the Company is to engage and participate in land-based salmon production, both nationally and internationally, including through investments in other companies, and other activities in relation to this."

The Group aims to transform salmon farming by managing an integrated value chain of salmon production and bring full traceability from egg to final product. Our activities include farming, harvesting, processing, marketing, and sales of its products. Through the specialized, efficient design of the Recirculating Aquaculture System ("RAS"), The Group can consistently control the key drivers of the production cycle with the ultimate goal of creating value for shareholders in a sustainable manner. Such key drivers consist of routinely assessing the Group's objectives, strategies, and risk profiles which are detailed in the Board of Directors' Report.

3. Equity and Dividends

As of 31 December 2022, the Group's total equity totaled USD 297.7m, which represented 83% of the Group's total assets. The Group's objective is to maintain an equity level that is appropriate for the Group's objectives, strategy, and risk profile.

The Group is focused on developing and commercializing its products, production methods and technology, as well as increasing facility capacity, and intends to retain future earnings to finance development activities, operations, and growth of the business. As a result, the Group does not expect to pay any dividend in the near future.

Any future decision to pay a dividend will also depend on the Group's financial position, operating profit, capital requirement, and the terms and conditions of the Group's debt facilities. The Group has not previously distributed any dividends to its shareholders.

On 19 May 2022, ASA's Board of Directors were given proxy to increase the share capital with up to NOK 1,800,000 through the issuance of up to 18,000,000 total shares, with a face value of NOK 0.10. The authorization was used as part of the June 2022 Private Placement.

4. Equal Treatment of Shareholders

The Group has one class of shares. Any purchase or sale by the Group of its own shares will be carried out either through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

5. Shares and Negotiability

The Group has one class of Shares in issue, and in accordance with the Norwegian Private Limited Liability Companies Act and the Norwegian Public Limited Liability Companies Act, all Shares in that class provide equal rights in the Group. Each share has a nominal value of NOK 0.10 and carries one vote. The Group's shares are freely transferable.

6. General Meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for, and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of a Norwegian private limited liability company shall be held, unless ASA's Articles of Association stipulate a longer deadline, which is not currently the case for the Group.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. In accordance with the requirements of the Norwegian Securities Trading Act, the Group will include a proxy form with notices of general meetings. All of the Group's shareholders who are registered in the register of shareholders maintained with the Norwegian Central Securities Depository ("VPS") as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited liability company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a fourteen days' notice period until the next annual general meeting provided the Group has procedures in place allowing shareholders to vote electronically.

7. Nomination Committee

Article 6 of ASA's Articles of Association provide for a Nomination Committee composed of two or three members. The members of the Nomination Committee, including its chair, are elected by the AGM for a term of two years. The Nomination Committee is responsible for proposing candidates for the Board and the Nomination Committee and hold individual discussions with each Board member.

As of 31 December 2022, the Nomination Committee comprised of Bjørn-Vegard Løvik (Chair) and Kjell Bjordal, none of which are active Board members.

8. Board of Directors: Composition and Independence

ASA's Articles of Association provide that the Board shall consist of between three and six members of the Board elected by the Group's shareholders. The Group's registered business address, Daugstadvegen 445, 6392 Vikebukt, Norway, serves as the business address for the Board with respect to their directorships. The Chairman of the Board together with one Director jointly have the right to sign for and on behalf of the Group. The Board may grant procuration. Board members are normally elected for a period of two years at a time.

The Board is independent to the Group management. Johan E. Andreassen, the CEO of Atlantic Sapphire USA LLC, and Ellen Marie Saetre, related party of nomination committee member Bjørn-Vegard Løvik, are the only employees of the Group represented on the Board and non-independent members. As per Norwegian law, the Board shall always have at least 40% of both genders represented. In 2022, the Group's Board comprised of three female members out of six in total.

9. The Work of the Board of Directors

According to the Norwegian Public Limited Liability Companies Act, the Board has overall responsibility for the management of the Group, and the supervision of the Group's business activities and daily management. The Board is also responsible for approving the Group's plans and budgets and ensuring that the Group's activities are well organized.

Members of the Board owe a fiduciary duty to the Group and its shareholders, and their principal task is to safeguard the interests of the Group. Such fiduciary duty requires that the Board act in the best interests of the Group when exercising their functions and exercise a general duty of loyalty and care towards the Group. This includes a continuous assessment of the Group's related parties and any agreements and transactions conducted with them. Any transaction between the Group and a related party will be similar to what management believes would have been agreed upon between unrelated parties. The Group will make sure that major transactions with related parties are approved by the AGM in accordance with the Norwegian Public Limited Liability Companies Act. Related party transactions are discussed in Note 21 in the Group's consolidated financial statements.

The Board has formally assessed its performance, expertise, and capacity to carry out its duties both individually and as a group in 2022 as recommended by the Norwegian Code.

The Board conducted one formal shareholder Annual General Meeting on 19 May 2022. The overall shareholder attendance rate was 36.5%, with all Board members in attendance.

10. Risk Management and Internal Control

The Board shall annually review the Group's most important areas of risk exposure and the internal control arrangement in place for such areas. The review shall pay attention to any material shortcomings or weaknesses in the Group's internal control systems and how risks are being managed. Internal controls consist of guidelines, processes, duties, conduct, and other matters related to the Group's commercial objectives, internal and external reporting, and compliance with relevant legislation, regulations, and internal guidelines in Group operations.

The Finance Department performs closing procedures on a monthly basis towards internal and external reporting and actively monitors the Group's internal control systems throughout to identify risks and proactive solutions to mitigate them. Such findings are then communicated to the Board and Audit Committee for further feedback and action plan accordingly. The Group's Finance Department consists of approximately 8 full-time employees of which two are Certified Public Accountants ("CPA") licensed in the State of Florida. Accounting advisory service firms are engaged as needed to support the Finance Department in wide range of complex accounting transactions including adherence to new and revised IFRS standards.

11. Remuneration of the Board of Directors

The remuneration payable to the Board is approved by the AGM. Board remuneration shall reflect the Board's responsibilities, competence, time spent, and the complexity of the business. Board remuneration is not performance-related and contains no share option element. Additional information relating to Board remuneration can be found in Note 6 in the Group's consolidated financial statements.

12. Remuneration of Executive Personnel

The Board determines the principles applicable to the Group's policy for compensation of executive management and presented its statement on such principles for the 2022 financial year during the Group's AGM in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act.

The principles supporting the Group's remuneration policy are as follows:

- Offer executive compensation that is competitive, both on industry and national (US) levels, to attract and retain top managerial talent.
- Emphasize a collaborative culture and a lean organizational structure.
- Provide incentives that foster the creation of sustainable, long-term shareholder value.
- Ensure that the Group's executive management is aligned with key organizational goals.

In compliance with the Norwegian Public Limited Liability Companies Act, the Board prepares a statement regarding the remuneration of the executive management team for consideration by the AGM. The remuneration package for corporate executive staff consists of the following main elements:

- Fixed Compensation
- Variable Compensation
- Long-Term Incentive Program
- Retirement Benefits
- Severance Pay
- Benefits in Kind

13. Information and Communications

The Group strives to build long-term relationships with its stakeholders; the management team therefore meets on an ongoing basis in open and transparent dialogue with all stakeholders interested in its business from a social, environmental, or economic perspective. The Group proactively engages them through different platforms to address their needs, listening, and providing information about the Group's projects.

The dialogue always strives to raise awareness of both the value and the challenges of what the Group does. In 2021, the Group has had valuable dialogue with stakeholders around various topics, including: product attributes, environmental, and animal welfare aspects related to Bluehouse salmon farming, technology, the R&D investment in Recirculating Aquaculture Systems ("RAS"), the viability of the business model, financial aspects of the business, and the socio-economic impacts of its operations in Miami and Denmark. The Group uses different platforms to communicate with stakeholders on a regular basis, the frequency of communications depending on the interest and the level of involvement of these stakeholders.

The Group also complies with the Oslo Stock Exchange's investor relations recommendations by publishing its financial calendar, on an annual basis, which provides the dates on which it will present its Half-Year Report, Annual Report, and when the AGM will be held. The Group publicly discloses all information concerning major events on its website (atlanticsapphire.com) and through the distribution channels of the Oslo Stock Exchange, in line with the requirements of the Oslo Stock Exchange. All financial reports and other information are prepared and disclosed in such a way as to ensure that the Group's stakeholders are treated equally and receive accurate, clear, relevant, and up-to-date information in a timely manner. The Group holds public presentations of its results semi-annually.

14. Take-overs

In a bid situation, the Group's Board of Directors and management have an independent responsibility to ensure that the interests of shareholders are safeguarded, all shareholders are treated equally, and that operations are not disrupted unnecessarily. The Board should not hinder or obstruct any take-over bid, unless it believes such an action is justified to protect the interests of the Group and its shareholders.

The Board has not yet determined specific guidelines or principles with respect to dealing with take-over bids as recommended by the Norwegian Code.

15. Auditor

The Group has engaged PricewaterhouseCoopers AS ("PwC") as its external auditor. PwC is independent from the Group and was appointed by the Board during the AGM.

The AGM's selection of the auditor contemplated several factors including the firm's competence, size, global availability, and expected audit fee. Accordingly, the AGM also approved the auditor's fee (see Note 7 in the Group's consolidated financial statements).

The Group's Audit Committee Charter was formally approved by the Board on 27 October 2021 and was established to continuously improve corporate governance and the quality and compliance of the Group's financial reporting. In turn, the auditor presents its plan regarding the preparation of the annual accounts and audited financial statements to the Group's Audit Committee and Finance Department. The Finance Department holds regular meetings with the auditor without the presence of management prior to summary communication to the Board and Audit Committee to ultimately sign off on the Group's financials and corporate governance report.

In addition to the audit fee, the Group's remuneration to the auditor may be split with other non-audit services such as advisory and authorization services. Such non-audit services are assessed on an ad-hoc basis to ensure that there are no conflicts of interest towards independence.

PwC was selected as our auditor in 2022 with Jon Haugervåg as lead audit partner for the Group and 2022 represents his first year as lead partner PwC. PwC replaces BDO AS, which was our predecessor auditor with Roald Viken as lead audit partner for the Group since 2015.

Atlantic Sapphire Consolidated Financial Statements

Consolidated Statements of Operations Years Ended 31 December 2022 and 2021

(USD 1,000)	Note	2022	2021
Revenue	3	18,954	16,851
Expenses			
Cost of materials	5,15	70,030	65,607
Fair value adjustment on biological assets	5	(95)	(1,429)
Salary and personnel costs	6,18,20	6,294	10,584
Other operating expenses	4,7,8	16,309	24,723
Other income, net	4	(25,542)	(151)
Impairment of non-current assets	9	-	34,754
Depreciation and amortization	9	14,217	15,056
Total expenses		81,213	149,144
Operating loss		(62,259)	(132,293)
Finance income	10	4,907	3,362
Finance expense	10,19	(7,654)	(3,847)
Loss before income tax		(65,006)	(132,778)
Income tax	11	-	-
Net loss		**(65,006)**	**(132,778)**
Earnings per share:			
Retrospectively adjusted basic earnings per share	12	(0.47)	(1.34)
Retrospectively adjusted diluted earnings per share	12	(0.47)	(1.34)

Accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Loss Years Ended 31 December 2022 and 2021

(USD 1,000)	2022	2021
Net loss	(65,006)	(132,778)
Exchange difference on translation of foreign operations	(2,960)	(3,904)
Total comprehensive loss	**(67,966)**	**(136,682)**

Accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Financial Position 31 December 2022 and 2021

(USD 1,000)	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant, and equipment, net	9	303,122	264,449
Right of use asset	8	2,512	2,604
Security deposits		1,167	748
Other investments	13	6	6
Trade and other receivables (non-current)	13,14	1,343	26
Total non-current assets		308,150	267,833
Current assets			
Prepaid and other current assets		393	1,593
Inventories, net	15	4,368	6,590
Biological assets	5	18,690	16,795
Trade and other receivables, net	13,14	1,847	1,449
Restricted cash	13,16	420	468
Cash	13,16	23,683	17,012
Total current assets		49,401	43,907
TOTAL ASSETS		**357,551**	**311,740**

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Accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Financial Position 31 December 2022 and 2021

2/2

(USD 1,000)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	17,18	1,716	1,051
Share premium	17,18	577,805	454,256
Employee stock options	17,18	4,319	3,741
Accumulated deficit		(280,409)	(215,403)
Accumulated translation differences		(7,049)	(4,089)
Total equity		296,382	239,556
Non-current liabilities			
Borrowings (non-current)	13,19	28,287	50,000
Lease liability (non-current)	8	2,218	2,842
Total non-current liabilities		30,505	52,842
Current liabilities			
Borrowings (current)	13,19	18,550	-
Lease liability (current)	8	416	324
Trade and other payables	13	11,698	19,018
Total current liabilities		30,664	19,342
Total liabilities		61,169	72,184
TOTAL EQUITY AND LIABILITIES		**357,551**	**311,740**

Accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity Years Ended 31 December 2022 and 2021

(USD 1,000)	Note	Share capital	Share premium	Employee stock options	Accumulated deficit	Accumulated translation differences	Total equity
Balance at 1 January 2021		917	335,337	2,015	(82,625)	(185)	255,459
Contributions from issuance of capital	17,18	134	118,919	-	-	-	119,053
Contributions from employee stock options	17,18	-	-	1,726	-	-	1,726
Net loss		-	-	-	(132,778)	-	(132,778)
Foreign currency translation adjustments		-	-	-	-	(3,904)	(3,904)
Balance at 31 December 2021		1,051	454,256	3,741	(215,403)	(4,089)	239,556
Contributions from issuance of capital	17,18	665	123,549	-	-	-	124,214
Contributions from employee stock options	17,18	-	-	578	-	-	578
Net loss		-	-	-	(65,006)	-	(65,006)
Foreign currency translation adjustments		-	-	-	-	(2,960)	(2,960)
Balance at 31 December 2022		**1,716**	**577,805**	**4,319**	**(280,409)**	**(7,049)**	**296,382**

Accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows Years Ended 31 December 2022 and 2021

(USD 1,000)	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		(65,006)	(132,778)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	9	14,217	15,056
Bad debt		145	1
Inventory write-down	15	2,301	1,178
Fair value adjustment on biological assets	5	(95)	(1,429)
Extinguishment of debt	19	-	(1,156)
Impairment of non-current assets	9	-	34,754
Disposition of other assets	9	(243)	(5)
Net interest expense	10	3,387	486
Non-cash employee stock options	18	578	1,726
Net foreign currency exchange rate differences		(1,824)	(563)
Changes in operating assets and liabilities			
Trade and other receivables	13,14	(1,873)	368
Biological assets, at cost	5,15	(1,933)	8,083
Inventories, at cost	15	(79)	(5,068)
Prepaid and other current assets		1,196	(24)
Security deposits		(419)	75
Trade and other payables	13	(3,256)	8,058
Net cash used in operating activities		(52,904)	(71,238)

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Accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows Years Ended 31 December 2022 and 2021

2/2

(USD 1,000)	Note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant, and equipment	9	-	165
Payments towards property, plant, and equipment	9	(56,442)	(58,077)
Other investments		-	1
Interest received	10	618	3,362
Net cash used in investing activities		(55,824)	(54,549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	29,500	10,495
Payments towards borrowings	19	(32,663)	(10,495)
Payments towards lease liability	8	(511)	(347)
Proceeds from issuance of capital	17	124,214	119,053
Interest paid	10	(4,005)	(3,847)
Net cash provided by financing activities		116,535	114,859
Net increase (decrease) in cash and restricted cash		7,807	(10,928)
Cash and restricted cash at beginning of year		17,480	28,909
Effects of exchange rate on cash and restricted cash		(1,184)	(501)
Cash and restricted cash at end of year		**24,103**	**17,480**

Accompanying notes are an integral part of the consolidated financial statements.

Vikebukt,
20 April 2023

Johan E. Andreassen
Chairman

André Skarbø
Director

Ellen Marie Sætre
Director

Patrice Flanagan
Director

Kenneth Andersen
Director

Tone Bjørnov
Director

Karl Øystein Øyehaug
Managing Director of ASA

NOTE 1

Summary of Significant Accounting Policies

General Information

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

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

The Group owns and operates a land-based Atlantic salmon farm Homestead, Florida, US (the "Miami Bluehouse" facility) and has previously operated a land-based Atlantic salmon farm in Hvide Sande, Denmark (the "Denmark Bluehouse" facility). A Bluehouse® facility ("Bluehouse") is proprietary production technology developed by the Group in collaboration with a wide range of supply chain partners to optimize growing conditions for Atlantic salmon. A Bluehouse contains the facilities needed to grow and produce Atlantic salmon from egg hatchery to grow-out tanks to primary processing. The Miami Bluehouse also incorporates value-added processing. Consolidated operations enable the Group to control the entire production cycle without having to transport salmon to and from ocean-based net pens. The Miami Bluehouse (Phase 1) has an annual production capacity of approximately 9,500 tons HOG[1].

On 15 September 2021, a fire broke out in the Denmark Bluehouse. All employees were reported safe without injuries. Substantially all property, plant, and equipment related to its saltwater ongrowing systems and approximately 170 tons of standing biomass in the Danish facility's ongrowing systems with a book value of USD 0.8m were lost in the fire (see Note 5 – Biological Assets). On 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022) which is included as part of the Group's other income. The Group allocated the settlement proceeds towards US operations and construction, and the Group is currently reviewing its strategy for its Danish operations with demolition efforts currently underway subsequently in 2023.

Basis for Preparation of the Annual Accounts

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and mandatory for financial years beginning on or after 1 January 2022, and additional Norwegian disclosure requirements under the Norwegian Accounting Act as of 31 December 2022. References to "IFRS" in these consolidated financial statements refer to IFRS as adopted by the EU.

The consolidated financial statements have been prepared based on uniform accounting principles for similar transactions and events under otherwise similar circumstances and are expressed in United States ("US") dollars ("USD"). The consolidated financial statements are based on historical cost, except for biological assets at fair value less cost to sell.

New and Amended IFRS Standards Adopted by the Group

There are numerous standards, amendments to standards, and interpretations in 2022 that have been issued by the IASB that are effective in future accounting periods. The Group has decided not to early adopt any as they are not expected to have significant effect on the Group's consolidated financial statements.

The Group did not adopt any new standards, amendments to standards, and interpretations in 2022 that would impact the Group's consolidated financial statements for the year ended 31 December 2022.

Other amendments, interpretations, and changes based on the annual improvement cycle were also adopted by the Group but had no material impact nor were they expected to significantly affect the current or future reporting periods.

Consolidation

Subsidiaries are all entities over which the Group has control. The Group considers control over an entity to exist when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and can affect those returns through its ability to direct the operations 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.

The accompanying consolidated financial statements include the accounts of ASA, ASDK, ASUS, ASP, ASSF, and ASIP. When necessary, adjustments are made to the local financial statements of the Group subsidiaries to conform with the consolidated Group's accounting policies presented under IFRS.

All intercompany balances, transactions, and unrealized gains from intercompany transactions are eliminated upon consolidation. Unrealized losses from intercompany transactions are also eliminated upon consolidation unless the transaction provides evidence of an impairment of the transferred asset.

The 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 in which the Group gains control until the date in which the Group ceases to control the subsidiary.

Foreign Currency

Items included in the respective financial statements of each entity within the Group are measured using the functional currency of the primary economic environment in which the entity operates. The accompanying consolidated financial statements are presented in USD.

Foreign currency transactions are translated using the applicable 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 as part of the Group's consolidated net profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

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

Upon consolidation, exchange differences arising from the translation of non-USD denominated Group entities and non-USD denominated investments are recognized as part of consolidated other comprehensive income or loss ("OCI"). When a foreign operation is sold, the associated exchange differences related to the gain or loss on sale are reclassified to profit or loss.

The profit and loss transactions of non-USD denominated Group entities are translated to the presentation currency using the average exchange rate for the reporting period. The assets and liabilities of respective entities are translated at the exchange rate at the end of the reporting period.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

Use of Estimates and Judgements

The preparation of the consolidated financial statements in accordance with IFRS requires management to make accounting estimates and assumptions that affect the recognized amounts of consolidated assets, liabilities, income, and expenses. The estimates and underlying assumptions are based on the Group's prior experience and information perceived to be relevant and probable when the judgments are made.

Estimates are reviewed on an ongoing basis and actual values and results may deviate from these estimates. Adjustments to accounting estimates are recognized in the period in which the estimates are revised.

The evaluations and estimates deemed to be of greatest significance for the Group are as follows:

Fair Value Adjustment of Biomass

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss. The estimated fair value of the biological assets is based on historical prices achieved and the most relevant forward prices for salmon at the reporting period date in the respective markets in which the Group operates. The fair value calculation considers estimates of biomass volumes, quality, size distribution, production cost, mortality, and normal costs of harvest and sale (see Note 5 – Biological Assets).

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, it is likely that there will be a financial settlement as a result of this obligation, and the amount can be reliable. If the effect is significant, the provision is calculated by discounting future cash flows using a discounted pre-tax rate that reflects market assessments of time, value of money, and if relevant, risks specifically related to the obligation. Provisions are reviewed at each reporting period date and their level reflects the best estimate of the liability. Changes in best estimates are recognized in the accompanying consolidated statements of operations.

Classification of Current vs. Non-Current Items

Assets are classified as current when they are expected to be realized or sold, to be used in the Group's normal operating cycle, falls due, or is expected to be realized within 12 months after the end of the reporting period date. 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, 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 reporting period date.

Revenue Recognition

The Group operates proprietary Bluehouse facilities for land-based salmon farming and derives revenue from the sale of salmon. Revenue from salmon sales is recognized when the customer obtains control of the goods transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the goods upon delivery (i.e. at a point in time). The Group grants certain customers sales incentives such as rebates or discounts and treats these as a reduction of revenue at the time the sale is recognized.

A receivable is recognized when the goods are delivered as this is the point in time in which consideration is unconditional and only the passage of time is required before payment is due. Depending on credit assessment, customers are generally provided 30-day payment terms.

Leases

Leases are recognized under IFRS 16, Leases, in which all leasing agreements with a duration exceeding 12 months are to be capitalized as financial leases. The Group assesses whether a legally enforceable contract is or contains a lease at the inception date of the contract. The assessment includes several criteria to be determined based on judgment that includes whether there is an identifiable asset in connection to the lease, whether the Group has the right to control the use of the identifiable asset, and whether the Group can obtain substantially all economic benefits from the identifiable asset.

The Group recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The lease liability is calculated based on the present value of the contractual minimum lease payments using the implicit interest rate of the lease. The Group uses the incremental borrowing rate in the case the implicit rate cannot be readily determined from the lease contract. The contractual minimum lease payments consist of fixed or variable payments, including those resulting from options in which management is reasonably certain it will exercise during the lease term. The lease liability is subsequently measured at amortized cost under the effective interest rate during the lease term and may also be adjusted to management's reassessment of future lease payments based on options exercised, renegotiations, or changes of an index rate.

The ROU asset is calculated based on the lease liability, plus initial direct costs towards the lease, and less any incentives granted by the lessor. The ROU asset is subsequently amortized under the straight-line method under the shorter of the lease term or the useful life of the underlying asset and is included as part of depreciation and amortization in the accompanying consolidated statements of operations.

Leases that fall under the IFRS 16 short-term exception are recognized on a straight-line method over the lease term.

Taxes

Tax expense consists of the tax payable and changes to deferred tax. Tax is recognized in the accompanying consolidated statements of operations, except to the extent that it relates to items recognized in consolidated OCI or directly in consolidated equity.

Deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax bases, together with tax losses carried forward at the consolidated statement of financial position date. Deferred tax assets and liabilities are calculated based on the applicable tax rates and legislations that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and legislations that have been enacted or substantially enacted on the consolidated statement of financial position date. Deferred tax assets are recognized only when convincing evidence can support the availability of 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 entities included in the Group's consolidated financial statements are subject to income tax in the respective countries in which they are domiciled.

Investments and Other Financial Assets

The Group classifies its financial assets based on the following measurement categories:

- Those to be measured at amortized cost,
- Those to be measured subsequently at fair value (through other comprehensive income or loss), and
- Those to be measured subsequently at fair value (through profit or loss).

Upon initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the accompanying consolidated statements of operations.

Financial Assets at Amortized Cost

Trade receivables consist of amounts due from customers for goods sold in the ordinary course of business and are generally due for settlement within 30 days and classified as current. Trade receivables are initially recognized at the amount of consideration that is unconditional and when no element of financing is present. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Other financial assets are classified at amortized cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial Assets at Fair Value Through Other Comprehensive Income or Loss

Financial assets at fair value through other comprehensive income or loss ("FVOCI") comprise of equity securities that are not held for trading, and in which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments, and the Group considers this classification to be more relevant.

Upon disposal of such equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Dividends from such equity instruments are recognized as part of other income in the accompanying consolidated statements of operations.

Property, Plant, and Equipment

Property, plant, and equipment is capitalized at acquisition cost, which includes capitalized borrowing costs under IAS 23, Borrowing Costs, less accumulated depreciation and impairment losses, if any. Acquisition costs include expenditures that are directly attributable to the acquisition and placement of fixed assets in service. Costs of major replacements and renewals that substantially extend the economic life and functionality of fixed asset are capitalized. Costs associated with normal maintenance and repairs are expensed as incurred.

Assets are normally considered property, plant, and equipment if the 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, that portion is depreciated separately. The asset's residual value and useful life are evaluated annually. Gains or losses arising from the disposal or retirement of an asset are determined as the difference between the sales proceeds and the carrying amount of the asset and recognized as part of other income in the accompanying consolidated statements of operations.

Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service. As such, assets under construction are not depreciated.

Impairment

Management reviews long-lived assets for impairment annually, or more frequently, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying value to determine if an adjustment for impairment to such asset is necessary. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. As of 31 December 2022 and 2021, management considered an allowance for impairment necessary for long-lived assets lost in the September 2021 Denmark fire (see Note 4 – Other Operating Expenses and Income and Note 9 – Property, Plant, and Equipment).

Inventories

Inventories consist of feed, raw materials, packaging, spare parts, and processed fish. Inventories are measured at the lower of cost or net realizable value under the first-in-first-out principle. Cost price includes both the production or acquisition costs for goods and the costs of bringing goods into saleable condition. Net realizable value consists of estimated sales price less remaining costs to sell. Generally, feed, raw materials, packaging, and spare parts are maintained at cost whereas processed fish is recognized at net realizable value. Live fish are accounted for separately as biological assets under IAS 41, Agriculture, and IFRS 13, Fair Value Measurement.

Biological Assets

Under the provisions of IAS 41, Agriculture, and IFRS 13, Fair Value Measurement, biological assets ("biomass") are measured at fair value less cost to sell, unless fair value is not readily measured. For further information regarding the Group's biological assets, see Note 5 – Biological Assets.

Trade and Other Receivables

Trade receivables are initially recognized at amortized cost, less a provision for expected credit losses. Credit loss provisions are based on individual customer assessments over a 12-month period.

Cash and Restricted Cash

Cash includes cash on hand and bank deposits. Restricted cash is not available for immediate or general business use and is presented separately in the accompanying consolidated statements of financial position. Cash equivalents consist of short-term investments that can be converted into a known amount in cash within three months and contain an insignificant risk element. The Group did not hold any cash equivalents as of 31 December 2022 and 2021.

Borrowings

Borrowings are recognized at fair value when proceeds have been received, less transaction costs. In subsequent periods, borrowings are recognized at amortized cost calculated using the effective interest method. The difference between the proceeds from borrowings received (less transaction costs) and its redemption value is reflected over the term of the borrowing as part of financial expense in the accompanying consolidated statements of operations.

Trade and Other Payables

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

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave, are recognized with 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. Such amounts are generally expected to be settled in full within 12 months after the end of the reporting period in which the employees render the related service, and liabilities for wages and salaries are presented as part of trade and other payables in the accompanying consolidated statements of financial position.

Pensions

The Group offers a defined contribution plan to its employees and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as employee benefit expense when they are due and are included as part of salary and personnel costs in the accompanying consolidated statements of operations. Prepaid contributions are recognized as an asset to the extent in which a cash refund or a reduction in the future payments is available.

Share Option Program

Share-based compensation benefits are provided to employees through an employee share scheme (see Note 18 – Share Option Program). The total expense is recognized over the vesting period, which is the period over which all specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions and recognizes the impact of the revision to original estimates, if any, in the accompanying consolidated statements of operations, with a corresponding adjustment to equity. Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

Statements of Cash Flows

The accompanying consolidated statements of cash flows are prepared in accordance with the indirect method.

Reclassification

Certain amounts in the Group's 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation. The reclassifications have no effect on the Group's consolidated financial position or previously reported results of consolidated operations.

In the 2021 Annual Report, interest received of USD 3.4m was previously presented as part of net cash used in operating activities. In the 2022 Annual Report, interest received is now presented as part of net cash used in investing activities.

In the 2021 Annual Report, other income of USD 0.2m was previously presented net against other operating expenses. In the 2022 Annual Report, other income was presented as a separate line item to distinguish the insurance proceeds from the 15 September 2021 Denmark Bluehouse fire (see Note 4 – Other Operating Expenses and Income).

NOTE 2

Capital Management and Financial Risk

Capital management represents the Group's policy to assess, acquire, and utilize its capital base efficiently towards satisfactory operations and future development of the business to foster and maintain investor, lender, and market confidence. The Group's capital management contemplates available alternatives, the cyclical nature of the fish farming industry, and current socioeconomic factors. Access to borrowings is monitored periodically and the Group engages in dialogue continuously with its lenders.

The Group has obtained capital primarily from equity raises and interest-bearing borrowings. The Group's interest-bearing borrowings require certain financial covenants to be maintained. In anticipation of potentially not being able to meet its net interest-bearing debt ("NIBD") to EBITDA requirement as of 31 December 2022, the Group received a formal waiver from the Lenders dated 12 December 2022 (see Note 19 – Borrowings).

As of 31 December 2022 and 2021, the Group's consolidated equity consisted of USD 296.4m and USD 239.6m, respectively, equity share, which comprise of total equity divided by total assets, was 83% and 77%, respectively, and net interest-bearing debt, which comprise of total interest-bearing borrowings excluding the effects of IFRS 16, was USD 23.2m and USD 33.0m, respectively. The Group's Board of Directors considers the Group's capital base adequate given the scale of its operations.

On 12 May 2021, ASA's Board of Directors were given proxy to increase the share capital with up to NOK 1,600,000 through the issuance of up to 16,000,000 new shares, with a face value of NOK 0.10. On 19 May 2022, the 12 May 2021 authorization was withdrawn, and the Group's Board of Directors was given the authority to increase total authorized share capital with up to NOK 1,800,000 through the issuance of up to 18,000,000 total shares, with a face value of NOK 0.10. The authorization may be used several times within this limit.

The Group holds financial instruments necessary for its operations. The Group's principal financial liabilities, other than interest-bearing borrowings and excluding the effects of IFRS 16, consist of trade and other payables and comprise most of the Group's third-party financing. The Group's principal financial assets consist of trade and other receivables, cash and restricted cash, and other investments. The Group's significant accounting policies regarding financial instruments are disclosed in Note 1 – Significant Accounting Policies, and the Group's financial instruments are detailed in Note 13 – Financial Instruments.

The Group believes it has sufficient financing to achieve steady-state biomass and generate positive cash flow from operations. As it relates to US Phase 2 expansion, additional financing will be needed, however, the Group has full discretion over the speed of the construction which allows the Group to better manage liquidity. On 31 March 2022, the Group's 2020 Credit Facility was amended to provide an additional three-month credit facility in an aggregate amount of up to USD 25.0m (the "Facility"). On 1 July 2022, the USD 25.0m Facility under the amended 2020 Credit Facility was repaid following Tranche 1 proceeds from the 29 June 2022 equity raise.

The eighth amendment to the 2020 Credit Facility was formally committed and signed on 25 August 2022. The debt was structured under the same key terms such as interest margin and covenants, and the total amounts were restructured into a fully committed credit facility of USD 200.0m. See Note 19 – Borrowings for further details.

Subsequently, the Group's 2020 Credit Facility was amended further on 31 March 2023 (see Note 23 – Subsequent Events).

The Group's risk management is carried out by the Group's Finance Department. The Group is exposed to market risk, credit risk, and liquidity risk.

Market Risk

Interest Rate

The Group's interest rate risk relates primarily from borrowings from financial institutions with variable rate interest. When possible, the Group manages its interest rate risk by entering fixed-interest loans. The Group through ASUS holds the US Term Loan which carried an annualized borrowing rate of SOFR plus 4.0% as of 31 December 2022 (see Note 19 – Borrowings). The margin grid calls for a maximum of 4.0% and allows for a lower margin based on the net debt to EBITDA ratio. Currently, the Group does not maintain a program to hedge its variable rate exposure. Changes in the interest rate can affect future investment opportunities.

Interest Rate Sensitivity

For the years ended 31 December 2022 and 2021, the following represents the Group's potential interest expense effect based on a 1% increase on the floating interest rate:

(USD 1,000)	2022	2021
Interest expense effect on a 1% increase on floating interest rate	598	517

Foreign Currency

The Group's foreign currency risk relates to the Group's operating, investing, and financing activities denominated in a foreign currency. This includes the Group's revenues, expenses, capital expenditures, and net investments in foreign subsidiaries. The Group's reporting currency is the United States dollar ("USD"), and the predominant currencies transacted by the Group's subsidiaries are the USD, the Norwegian krone ("NOK"), the Danish krone ("DKK"), and the EU euro ("EUR").

The Group manages its foreign currency risk by maintaining cash balances in foreign currency denominated bank accounts, analyzing future obligations by currency, and transferring funds as needed. The Group has not entered into derivative or other agreements to reduce the exchange rate risk and the related market risk.

As of 31 December 2022 and 2021, the Group's cash balances were held in the following currencies:

(USD 1,000)	2022	2021
USD	21,117	15,920
NOK	2,446	816
DKK	97	137
EUR	23	139
Total cash	**23,683**	**17,012**

As of 31 December 2022 and 2021, all of the Group's long-term interest-bearing borrowing balances were held in USD.

Foreign Currency Sensitivity

For the years ended 31 December 2022 and 2021, the Group's main source of sensitivity to exchange rate movement was due to the NOK-denominated capital raise to fund USD-denominated construction and other expenses in the US and Denmark as follows:

(USD 1,000)	2022	2021
Capital raise effect in USD from a 10% reduction in the value of NOK to USD	(12,421)	(11,904)

Credit Risk

Financial instruments, which potentially subject the Group to credit risk, consist principally of cash and trade receivables. Cash is maintained with major financial institutions. The Group extends credit to some of its customers and management recognizes that extending credit and setting appropriate reserves for accounts receivable is largely a subjective decision based on knowledge of the customer. Accordingly, the Group trades only with recognized and creditworthy third parties and does not require collateral on trade receivables from its customers. Management periodically evaluates credit exposure in the aggregate and by individual credit and periodically reviews the creditworthiness of its customers to ensure the overall quality of the Group's credit portfolio. This takes into consideration expected 12-month and lifetime credit losses as well as other risks that may have arisen since original recognition. Further, the Group's trade receivables are credit insured unless an exception is approved by the CEO. The Group has not experienced any material losses on its trade receivables. Credit risk associated with revenue is limited to the amount of trade receivables outstanding for each customer.

Liquidity Risk

The Group continuously monitors liquidity and financial projections through budgets and monthly updated forecasts. The Group believes that it is appropriate to prepare the Annual Report based on a going concern assumption based on its forecasted performance in which it has sufficient financing to achieve steady state biomass and generate positive cash flow from operations.

The Group's estimation on its future financial position and liquidity requirements is based on several key assumptions, which are subject to various risks and uncertainties:

- Salmon spot prices, which have historically been volatile.
- Impacts from fluctuations in production, harvest volumes, and biological issues.
- Changes in feed process, which generally correlate to the marine and agricultural commodity prices of the main ingredients.
- Full discretion over the speed of US Phase 2 construction, which may allow the Group to better manage liquidity, but at the potential cost of delays and timing of expanded production.

The provisions of the amended 2020 Credit Facility contain financial covenants to be maintained by the Group (see Note 19 – Borrowings). The Group believes it has made reasonable judgments and estimates with respect to the key assumptions above. Should there be any potential adverse impacts or factors to the above that may materially affect the Group's overall operational and construction plan, it could lead to a breach in the Group's required minimum EBITDA covenant. In turn, this would require the Group to obtain a formal waiver from its Lenders to prevent outstanding borrowings from becoming currently due.

The following are the remaining contractual maturities of the Group's financial liabilities as of 31 December 2022 and 2021, which include gross undiscounted principal and interest payments and exclude the impact of netting agreements:

As of 31 December 2022 (USD 1,000)	**Trade and other payables**	**Lease liabilities**	**Interest on lease liabilities**	**Borrowings**	**Interest on borrowings**
Up to 3 months	11,698	101	51	1,450	903
Between 3 and 12 months	-	315	140	18,550	1,726
Between 1 and 2 years	-	473	156	26,837	705
Between 2 and 5 years	-	1,357	271	-	-
Over 5 years	-	388	181	-	-
Total financial liabilities	**11,698**	**2,634**	**799**	**46,837**	**3,334**

As of 31 December 2021 (USD 1,000)	**Trade and other payables**	**Lease liabilities**	**Interest on lease liabilities**	**Borrowings**	**Interest on borrowings**
Up to 3 months	19,018	79	38	-	579
Between 3 and 12 months	-	245	108	-	1,769
Between 1 and 2 years	-	372	129	50,000	772
Between 2 and 5 years	-	1,290	308	-	-
Over 5 years	-	1,180	239	-	-
Total financial liabilities	**19,018**	**3,166**	**822**	**50,000**	**3,120**

The Group completed equity capital raises in the amount of NOK 1,231m (USD 125m) on 29 June 2022 and NOK 1,016m (USD 121m) on 3 June 2021.

As of 31 December 2022, the amended 2020 Credit Facility totaled a fully committed amount of USD 200m (see Note 19 – Borrowings).

NOTE 3

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 31 December 2022 and 2021, the Group's reportable segments consisted of the following:

Fish Farming (Denmark)

The Group owns and has previously operated a proprietary Bluehouse land-based salmon farm in Hvide Sande, Denmark through ASDK. Principal operations comprise of the production and sale of salmon. On 15 September 2021, a fire broke out in the Denmark Bluehouse in which substantially all property, plant, and equipment related to its saltwater ongrowing systems were lost (see Note 9 – Property, Plant, and Equipment). Operations during the year ended 31 December 2022 consisted of clean-up efforts of the site.

Fish Farming (US)

The Group owns the land in Homestead, FL, US through ASSF and operates the proprietary Bluehouse land-based salmon farm through ASUS. All fish systems from US Phase 1 construction of the Miami Bluehouse were substantially complete as of 31 December 2021 and is projected to reach steady state US Phase 1 operations in Q3 2023 when the Group commences producing the equivalent of 9,500 tons HOG of annualized harvest volumes in the US. The US Phase 2 expansion project is currently under construction and is expected to add an additional estimated 15,000 tons HOG of annual production capacity, for a total capacity of approximately 25,000 tons HOG.

For the years ended 31 December 2022 and 2021, the Group's segment information consisted of the following:

Year ended 31 December 2022 (USD 1,000)	**Fish farming Denmark**	**Fish farming US**	**Other and eliminations**	**Consolidated**
Revenue from sale of salmon	-	18,954	-	18,954
EBITDA	37,974	(71,489)	(14,527)	(48,042)
EBITDA, pre-fair value adjustment on biological assets	37,974	(71,584)	(14,527)	(48,137)
EBITDA, adjusted*	12,652	(71,584)	(14,527)	(73,459)
Pre-tax income (loss)	37,904	(96,529)	(6,381)	(65,006)
Total assets	910	351,821	4,820	357,551
Total liabilities	870	152,089	(91,790)	61,169
Depreciation and amortization	36	14,182	(1)	14,217
Interest income	-	506	4,401	4,907
Interest expense	34	11,364	(3,744)	7,654
Impairment of non-current assets	-	-	-	-
Insurance proceeds	25,322	-	-	25,322
Capital expenditures	-	52,447	-	52,447
Cash flows from operating activities	24,888	(79,055)	1,263	(52,904)
Cash flows from investing activities	-	(56,323)	499	(55,824)
Cash flows from financing activities	(24,916)	148,757	(7,306)	116,535

* EBITDA adjusted for fair value adjustment on biological assets, impairment of non-current assets, and insurance settlement proceeds from Denmark

NOTE 3

Segments

Year ended 31 December 2021 (USD 1,000)	**Fish farming Denmark**	**Fish farming US**	**Other and eliminations**	**Consolidated**
Revenue from sale of salmon	3,560	13,291	-	16,851
EBITDA	(43,461)	(71,403)	(2,373)	(117,237)
EBITDA, pre-fair value adjustment on biological assets	(45,062)	(71,231)	(2,373)	(118,666)
EBITDA, adjusted*	(10,308)	(71,231)	(2,373)	(83,912)
Pre-tax loss	(48,076)	(89,528)	4,826	(132,778)
Total assets	1,488	298,617	11,635	311,740
Total liabilities	40,045	154,216	(122,077)	72,184
Depreciation and amortization	2,899	12,157	-	15,056
Interest income	-	1,388	1,974	3,362
Interest expense	1,716	7,356	(5,225)	3,847
Impairment of non-current assets	34,754	-	-	34,754
Insurance proceeds	-	-	-	-
Capital expenditures	1,908	55,549	-	57,457
Cash flows from operating activities	(3,386)	(65,113)	(2,739)	(71,238)
Cash flows from investing activities	(2,674)	(53,850)	1,975	(54,549)
Cash flows from financing activities	5,198	112,805	(3,144)	114,859

* EBITDA adjusted for fair value adjustment on biological assets and impairment of non-current assets

For the years ended 31 December 2022 and 2021, 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:

(USD 1,000)	2022	2021
Revenue from external customers in:		
United States	18,604	12,716
Canada	350	600
Denmark	-	1,168
Other countries	-	2,367
Total revenue from external customers	**18,954**	**16,851**

For the years ended 31 December 2022 and 2021, the Group's concentration of revenue consisted of the following:

(USD 1,000)	2022	2021
Sales per customer:		
Customer A	7,594	4,735
Customer B	1,948	9
Customer C	1,430	165
Customer D	1,402	778
Customer E	911	90
Other customers	5,669	11,074
Total revenue from external customers	**18,954**	**16,851**

NOTE 4

Other Operating Expenses and Income

Other Operating Expenses

For the years ended 31 December 2022 and 2021, the Group's other operating expenses consisted of the following:

(USD 1,000)	Note	2022	2021
Selling, general, and administrative		7,230	7,814
Professional fees	7	2,411	4,071
Leases	8	6,217	8,927
Maintenance and supplies		451	3,911
Total other operating expenses		**16,309**	**24,723**

The Group incurred USD 1.6m (USD 1.2m through ASUS and USD 0.4m through ASSF) for the year ended 31 December 2022 and USD 1.3m in property taxes (USD 0.9m through ASUS and USD 0.4m through ASSF) for the year ended 31 December 2021. The amounts are included as part of selling, general, and administrative expenses within the Group's other operating expenses.

In January 2021, ASUS experienced a breakdown in its internal chiller plant causing temporary temperature instability. As a result, ASUS incurred costs including USD 5.9m and USD 8.1m on temporary chiller leases for the years ended 31 December 2022 and 2021, respectively, and USD 2.9m on generator fuel and supplies for the year ended 31 December 2021. No amounts were incurred on generator fuel and supplies for the year ended 31 December 2022 as the equipment was connected to the electrical grid at the beginning of the year.

The amounts are included as part of leases and maintenance and supplies, respectively, within the Group's other operating expenses. The Group subsequently incurred approximately USD 1.0m in similar short-term costs as of the date of this report.

Other Income

For the years ended 31 December 2022 and 2021, the Group's other income consisted of the following:

(USD 1,000)	2022	2021
Other income and gain	583	1,278
Income from insurance settlement	25,322	-
Income from land lease	-	9
Other expense and loss	(133)	(1,141)
Disposal of non-current assets	(230)	5
Total other income, net	**25,542**	**151**

Insurance Settlement Proceeds

On 15 September 2021, a fire broke out in the Denmark Bluehouse. Substantially all property, plant, and equipment related to its saltwater ongrowing systems were lost in the fire and an impairment of non-current assets of USD 34.8m was previously recognized. The Group did not recognize an insurance claim receivable as of 31 December 2021 as the probability of the insurance claim was not virtually certain prior to the conclusion of the Danish police's (Midt- og Vestjyllands Politi) investigation on 1 April 2022 in which they announced that the cause of the fire was inconclusive and that there was no evidence of arson in connection with the incident.

On 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022) which is included as part of the Group's other income. The Group allocated the settlement proceeds towards US operations and construction, and the Group is currently reviewing its strategy for its Danish operations with demolition efforts currently underway subsequently in 2023.

NOTE 5

Biological Assets

Fair Value Measurement of Biological Assets

Under the provisions of IAS 41, Agriculture, and IFRS 13, Fair Value Measurement, biological assets ("biomass") are measured at fair value less cost to sell, unless fair value is not readily measured. Biomass comprises of salmon roe and live fish in tanks from fry to adult grow-out. The historical cost of biological assets ("production costs") includes all costs required to raise salmon from roe to harvest. Direct production costs, which include salmon roe and other raw materials such as feed, are allocated fully to production costs. Indirect production costs, which consist of salary and personnel costs, depreciation, and other overhead costs, are allocated based on a ratio of actual vs hypothetical feed capacity per fish system that approximates normal capacity under IAS 2. Portions of indirect production costs attributed to underutilized Bluehouse tank capacity are recognized as period cost under cost of materials in the accompanying consolidated statements of operations.

Non-Harvestable Fish (Measured at Cost)

Fish with a live weight below 1 kg, including salmon roe, are considered non-harvestable due to its little biological conversion and are therefore measured at historical cost (IAS 41.24). Fish measured at cost are routinely assessed for impairment losses whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Harvestable Fish (Measured at Fair Value Less Cost to Sell)

Fish held in tanks with a live weight over 1 kg are considered harvestable and is therefore calculated based on an implied estimated fair value of the fish in a hypothetical market using a future cash flow model that calculates the net present value of the estimated revenue cash flows from harvested biomass based on the available biomass as of the reporting period date as a starting point, less estimated remaining costs to sell until the fish is harvested from a specific batch.

The Group utilizes several key assumptions to estimate the fair value of biological assets:

- Estimated revenues: The key element in approximating fair value is the assumed market price expected to be achieved on the future date in which the fish is to be harvested. Our estimated market price is based on a variety of sources including, but not limited to, the Group's historical sales prices achieved and quoted forward market prices as per the NASDAQ salmon index to improve reliability and comparability of the price estimation.
- Remaining costs to sell: Estimated revenues are reduced by remaining costs to sell (production costs, processing costs, and freight costs) to determine the Group's gross marginreturned to farm.
- Biological performance: Our estimated market price and remaining cost to sell are based on an overall understanding of the quality of the batch being harvested. Changes in biology, anticipated quality and size, or overall biomass volume may affect the market price and remaining costs to sell.
- Time to market: 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 optimal harvest weight with an expected growth period of approximately 20 to 22 months.
- Mortality: Expected mortality rates are used to estimate the expected volume of biomass that will reach optimal harvest weight. On average, an estimated 64% of the number of fish is expected to reach the optimal harvest weight. This considers both natural mortality and culling.
- Discount rate: The discount rate used towards the Group's net present value calculation is based on the Group's annualized borrowing rate of SOFR plus 4.0% as of 31 December 2022 (see Note 19 – Borrowings). The stated interest rate is based on an interest rate grid that allows for a lower interest rate to be implemented in the future, upon reaching certain milestones.

The difference between the fair value and the remaining cost to sell is recognized under fair value adjustments in the accompanying consolidated statements of operations to adjust the biomass value on the balance sheet accordingly. As the key assumptions above towards biomass input are not derived from observable markets, biomass valuation is categorized at Level 3 in the fair value hierarchy under IFRS 13. As of 31 December 2022, all biological assets weighing above 1 kg were classified as Level 3 and there were no transfers to or from Level 1 or Level 2 during the year.

Incident-Based Mortality

Incident-based mortality is recognized when a Bluehouse system experiences elevated or substantial mortality due to an incident out of expected normal capacity. In such cases, mortality expense is included as part of cost of materials in the accompanying consolidated statements of operations, and the fair value associated with the affected biomass is then adjusted under fair value adjustments in the accompanying consolidated statements of operations.

As of 31 December 2022 and 2021, the Group's biological assets consisted of the following:

(USD 1,000)	2022	2021
Cost of biological assets	26,489	24,688
Fair value adjustments	(7,799)	(7,893)
Total biological assets	**18,690**	**16,795**
Cost of biological assets (harvestable fish)	19,505	16,240
Fair value adjustments	(7,799)	(7,893)
Total biological assets of harvestable fish	11,706	8,347
Cost of biological assets (non-harvestable fish)	6,984	8,448
Total biological assets	**18,690**	**16,795**

The following represents a reconciliation of changes in the carrying amount of the Group's consolidated biological assets for the years ended 31 December 2022 and 2021:

(USD 1,000)	2022	2021
Biological assets at beginning of year	16,795	24,610
Gain (loss) arising from changes in fair value less costs to sell	95	1,429
Increases due to production and purchases	60,407	53,064
Net changes in production depreciation	(120)	(792)
Decreases due to harvest	(28,738)	(32,657)
Decreases due to mortality	(13,803)	(12,011)
Decreases due to underutilized plant capacity	(15,929)	(16,616)
Net exchange rate differences	(17)	(232)
Biological assets at end of year	**18,690**	**16,795**

As of 31 December 2022 and 2021, the Group's physical volumes of biological assets consisted of the following:

	2022	2021
Live weight of biomass (in tons RLW)		
Non-harvestable fish	581	882
Harvestable fish	1,815	1,691
Total live weight of biomass (in tons RLW)	2,396	2,573
Number of fish (in thousands)		
Non-harvestable fish	4,623	4,581
Harvestable fish	1,152	488
Total number of fish (in thousands)	5,775	5,069
Volume of fish harvested during the year (tons gutted weight)	2,253	2,374

Sensitivity Analysis

Although the Group has acquired expertise in assessing various factors regarding biomass, the estimate of unrealized fair value adjustment under IFRS 13 is based on several uncertain assumptions, and the realized profit ultimately achieved upon the sale of inventory may differ from the calculations of fair value accordingly. Such assumptions include biomass volume and growth rate, biomass quality and size distribution, production costs, fish mortality, and market price.

Biomass Volume and Growth Rate:

Biomass volume and growth rate is estimated from the changes between known tank density prior to the release of fish in tanks and the current tank density with live fish. The difference in densities is then used to estimate growth between any given period, which gives little uncertainty with respect to biomass volume and growth rate.

Biomass Quality and Size Distribution:

Biomass quality prior to harvest is estimated based on periodic samples obtained throughout the life of a given batch. However, the actual biomass quality for the entire batch population is difficult to assess prior to harvest and some degree of variation of quality is expected. Fair value is first assessed as superior quality fish and the estimated price per kg is reduced on downgraded ordinary and production grade fish based on standard rates from industry benchmarks. Biomass size distribution prior to harvest is estimated from counting and grading systems prior to harvest. Although some degree of variation is expected, actual fish size is not expected to deviate substantially from the average distribution for the overall batch and therefore, the Group's estimated value of biomass with this respect.

Production Costs:

Estimated future production costs are based on the Group's prognoses taking into consideration factors such as uncertainty with feed prices or other biomass cost developments. Changes in the Group's estimation towards production costs would influence the value of biomass and is recognized accordingly as part of the fair value adjustments in the accompanying consolidated statements of operations.

Fish Mortality:

Mortality under normal capacity is expected and directly affects the fair value estimates as it ultimately results in a reduction in harvestable biomass volumes. Further, overall production costs for a given batch includes the cost of fish that will perish under expected mortality.

Market Price:

The key element in the fair value model of biological assets is the estimated forward market price that is expected to be received in the future when the fish is harvested. The estimated market price in each market is normally derived from the Group's latest price achievement and overall understanding of the quality of the batch being harvested. An increase in anticipated forward market prices would increase the fair value of the biological assets and vice versa. A change in production costs will generally have lesser impact on the estimated fair value calculation that a similar change in anticipated forward market prices.

The fair value of the Group's biological assets was calculated based on different parameters.

As of 31 December 2022 and 2021, the estimated effect on the book value of biological assets was as follows:

(USD 1,000)	Note	2022	2021
Change in biomass size	2%	542	217
Change in forward price	2%	636	272
Change in discount rate	2%	(175)	(48)

Incident-Based Mortality

On 23 March 2021, ASUS experienced an incident in one of its grow-out systems in the Miami Bluehouse that resulted in approximately 500 tons (HOG) of fish lost with an average weight of approximately 1kg, equivalent of around 5% of annualized US Phase 1 harvest volumes. Other independent systems in the Miami Bluehouse were unaffected. The value of the biomass represented by the affected fish was USD 4.6m and the Group received approximately USD 1.6m (EUR 1.5m) in biomass insurance proceeds subsequently on 12 April 2023. Prior to this incident, ASUS had identified a center drain design issue with all US Phase 1 grow-out systems. Although work had commenced to rectify the issue prior to this incident, the affected system had not yet been modified. Today, among other risk-mitigating initiatives, ASUS split all its six independent US Phase 1 grow-out systems into twelve.

On 9 July 2021, ASDK experienced an incident in one of its grow-out systems in the Denmark Bluehouse that resulted in a loss of approximately 500 tons (HOG). On 15 September 2021, a fire broke out in the Denmark Bluehouse. All employees were reported safe without injuries. Approximately 170 tons of standing biomass in the Danish facility's ongrowing systems with a book value of USD 0.8m were lost. See Note 4 – Other Operating Expenses and Income for further details regarding insurance proceeds.

During the year ended 31 December 2022, ASUS experienced above normal and increasing mortality in certain systems, notably from September 2022 through December 2022. In turn, fish from these systems were harvested earlier and at a lower average weight of approximately 2kg HOG than originally planned. A thorough investigation and audit of our systems was set in place and no sign of diseases or any issues with any production inputs were identified. ASUS attributed the elevated mortality levels primarily to sedimentation and anoxic areas inside the RAS systems. Accordingly, an action plan was executed to reset and upgrade all biofilters, to enact organizational changes, protocol improvements, and upgrades to equipment and automation. Additionally, over 100 new camera inspection points were installed in the RAS systems to enable us to monitor new areas through visible inspection that were not previously available due to the design of the systems and to minimize the potential risk of sludge sedimentation.

NOTE 6

Salary and Personnel Costs

During the ordinary course of business, the Group capitalizes portions of total salary and personnel costs towards biological assets and assets under construction.

For the years ended 31 December 2022 and 2021, the Group's salary and personnel costs consisted of the following:

(USD 1,000)	2022	2021
Salaries, including holiday pay and bonuses	17,100	17,702
Payroll taxes	1,119	1,155
Pension costs	346	488
Share-based compensation benefits	576	1,559
Temporary labor	893	2,416
Other payroll costs and benefits	278	716
Total salary and personnel costs	20,312	24,036
Less: production labor capitalized towards biological assets	(10,083)	(10,455)
Less: construction labor capitalized towards assets under construction	(1,632)	(1,275)
Less: processing labor towards cost of materials	(2,303)	(1,722)
Total salary and personnel costs	**6,294**	**10,584**

For the years ended 31 December 2022 and 2021, the Group employed 177 and 166 full-time employees, respectively.

For the years ended 31 December 2022 and 2021, total compensation to the Group's Board of Directors consisted of the following:

(USD 1,000)	2022	2021
Johan E. Andreassen, Chairman of the Board and CEO	-	-
Patrice Flanagan, Director	64	68
Alexander Reus, Director (3)	68	82
André Skarbø, Director	64	68
Tone Bjørnov, Director	89	68
Runar Vatne, Director (1)	34	72
Kenneth Andersen, Director (2)	34	-
Ellen Marie Sætre, Director	74	68
Total Board of Directors	**427**	**426**

(1) Stepped down as director 3 August 2022

(2) Elected as new director 3 August 2022

(3) Stepped down as director 5 December 2022

NOTE 6

Salary and Personnel Costs

For the years ended 31 December 2022 and 2021, the Group's remuneration to executive management consisted of the following:

Executive management (USD 1,000)	**Salary**	**Bonus**	**Pension contribution**	**Other benefits**	**Total**	**Share-based compensation**
Year ended 31 December 2022						
Johan E. Andreassen, CEO	500	-	12	-	512	-
Jon-Birger Løvik, COO (Stepped in on 7 March 2022)	308	-	7	-	315	-
Svein Taklo, CDIO	290	-	12	-	302	-
Karl Øystein Øyehaug, CFO and Managing Director	255	-	10	-	265	-
Alejandro Castro, CBO	255	-	10	-	265	-
Danielle Villoch, CLO (Stepped down on 19 June 2022)	127	-	5	-	132	-
Total remuneration to executive management	**1,735**	**-**	**56**	**-**	**1,791**	**-**
Year ended 31 December 2021						
Johan E. Andreassen, CEO	502	-	12	-	514	591
Dharma Rajeswaran, COO (Stepped down on 16 August 2021)	176	-	11	110	297	-
Svein Taklo, CDIO	286	-	11	-	297	-
Karl Øystein Øyehaug, CFO and Managing Director	238	-	8	-	246	-
Alejandro Castro, CBO	238	-	9	-	247	-
Cristina Espejo, CPO (Stepped down on 11 August 2021)	157	-	10	90	257	-
Danielle Villoch, CLO	251	-	10	-	261	-
Total remuneration to executive management	**1,848**	**-**	**71**	**200**	**2,119**	**591**

Total remuneration to executive management is included as part of total salary and personnel costs in the accompanying consolidated statements of operations.

A bonus scheme is in place for executive management based on the Group's revenue, operating profits, and commensurate performance. The Group's remuneration to executive management consists of the Group's ordinary pension schemes (see Note 20 – Pensions) and no additional pension scheme for executive management is in place. There are severance clauses in each respective executive officer's employment agreements with varying terms based on termination for cause or not-for-cause.

For the year ended 31 December 2021, USD 110k was paid to Dharma Rajeswaran, who stepped down as the Group's COO on 16 August 2021, and USD 90k was paid to Cristina Espejo, who stepped down as the Group's CPO on 11 August 2021. For the year ended 31 December 2022, an additional USD 177k was paid to Dharma Rajeswaran and an additional USD 164k was paid to Cristina Espejo.

Board of Directors' Statement on Remuneration of Executive Management

The Group's Board of Directors determines the principles applicable to the Group's policy for compensation of executive management and, as a separate document from this Annual Report, presented its statement on such principles for the 2022 financial year during the Group's Annual General Meeting ("AGM") in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act.

Pursuant to Section 5-6 (3) of the Norwegian Public Limited Companies Act, the Group's AGM held a consultative vote over this statement. However, the guidelines related to share-based incentive schemes (see "Long-Term Incentive Program" below) was voted on and binding for the Group's Board of Directors (cf. Section 5-6 (3) of the Norwegian Public Limited Companies Act).

The following principles guide the determination of compensation and other incentive awards regarding the remuneration of the Group's executive management. The Group's remuneration policy seeks to promote growth, reward performance, and motivate executive management to maximize the creation of sustainable, long-term shareholder value.

Guidelines for Executive Management Compensation

Atlantic Sapphire's long-term goal is to transform the salmon farming industry and become a global leader in sustainable, high-quality protein production through innovation and the responsible implementation of land-based aquaculture technology. Executive management plays a critical role in achieving this goal.

The principles supporting the Group's remuneration policy are as follows:

- Offer executive compensation that is competitive, both on industry and national (US) levels, to attract and retain top managerial talent.
- Emphasize a collaborative culture and a lean organizational structure.
- Provide incentives that foster the creation of sustainable, long term shareholder value.
- Ensure that the Group's executive management is aligned with key organizational goals.

Fixed Compensation

Fixed compensation comes in the form of base salaries paid to executive management and are intended to attract and retain talented individuals. It is set to reflect market standards, each executive's respective roles and responsibilities within the Group, as well as such person's experience as it relates to his or her position. Over time, Atlantic Sapphire expects the base salaries of executive management to be at or around the market median for comparable positions in the industry and in the US.

The Group may pay above or below the market median for certain individuals for a variety of reasons, including, but not limited to, knowledge and skill, scarcity of qualified candidates, individual capabilities and contributions, time in the industry and organization, importance of the role to the Group overall and potential for future growth.

Variable Compensation

The Group offers a short-term annual cash incentive program plan designed to drive desired performance and business results throughout the Group. This program is based on predetermined goals and key performance indicators for each fiscal year with corresponding compensation awards determined at a "minimum", "target", or a "maximum" level. The program for 2022 was comprised of the following three performance areas: US construction costs, biomass growth, and EBITDA. This program has a maximum payout for any senior executive at 12% of such an individual's annual base salary. No amounts were paid out in 2022.

Long-Term Incentive Program

The key objectives of Atlantic Sapphire's long-term incentive ("LTI") program are to align the interests of executive management, employees and shareholders and provide the Group's employees an opportunity to share in the value creation and long-term development of the Group.

The Group has a share option scheme that was approved by the Group's Annual General Meeting in 2022, which authorized up to 2,000,000 shares. In 2022, no new share options were granted to employees under the share option scheme, and no options were granted as part of the Group's annual long-term incentive program.

Individual LTI grants will be determined based on the Group's performance, comparable market practices and performance. At this time, the LTI grants provided by the Group include the following: 1) Share options granted at the five-day trading average as of the date of grant, and 2) Performance-based share options granted at a strike price of 30% above the five-day trading average as of the date of grant. All share options referenced above and granted under the LTI program are subject to a four-year vesting period and certain other requirements.

Retirement Benefits

The Group has a 401(k) plan, which is open to all employees after the first three months of employment. The Group will make a matching contribution on each employee's behalf equal to (1) 100% of such employee's contribution up to 3% of such employee's base salary, plus (2) 50% of the amount of such employee's contribution that exceeds 3% of base salary, up to 5% of the employee's base salary, for the calendar year. The 401(k) plan has no vesting requirements.

Severance Pay

The Group has individual employment agreements with executive management, which also provide for certain terms and conditions with respect to notice periods and severance pay should the Group terminate or request the resignation of the executive.

Benefits in Kind

In addition to fixed and variable compensation, members of executive management are provided with other benefits, such as a mobile phone, laptop, and a transportation reimbursement. Executive management also receive health, vision, and dental insurance, as well as short-term and long-term disability and life insurance. Other than health insurance, the total value of these benefits are de minimis and account only for a limited portion of each executive's total remuneration package.

NOTE 7

Auditor's Fees

For the years ended 31 December 2022 and 2021, remuneration to the Group's auditors, excluding VAT, consisted of the following:

(USD 1,000)	2022	2021
Statutory auditing services	380	343
Tax advisory services	-	-
Other services	-	-
Total auditor's fees	**380**	**343**

Total amounts towards auditor's fees are included as part of professional fees in other operating expenses (see Note 4 – Other Operating Expenses and Income).

NOTE 8

Leases

The Group leases certain land, offices, vehicles, and equipment under various lease agreements with lessors under IFRS 16, Leases, in which the Group establishes a right-of-use asset and lease liability for material leases. The Group's leases do not contain variable lease payment terms.

For the years ended 31 December 2022 and 2021, total rent expense recognized under the short-term exemption under IFRS 16 consisted of USD 6.2m and USD 8.9m, respectively, and is included as part of leases in other operating expenses (see Note 4 – Other Operating Expenses and Income).

In January 2021, ASUS experienced a breakdown in its internal chiller plant causing temporary temperature instability. As a result, ASUS incurred costs including USD 5.9m and USD 8.1m on temporary chiller leases for the years ended 31 December 2022 and 2021, respectively. The amounts exclude any future insurance or claim proceeds and are included as part of leases in other operating expenses.

For the years ended 31 December 2022 and 2021, the reconciliation of the Group's right-of-use asset and liability consisted of the following:

Year ended 31 December 2022 (USD 1,000)	**Right-of-use asset**	**Lease liability**
Carrying amount, opening balance	2,604	3,166
New contracts	2,361	2,361
Amortization	(333)	-
Lease payments	-	(262)
Termination of agreements	(2,095)	(2,584)
Currency effects	(25)	(47)
Carrying amount, closing balance	**2,512**	**2,634**

Year ended 31 December 2021 (USD 1,000)	**Right-of-use asset**	**Lease liability**
Carrying amount, opening balance	3,337	3,573
Amortization	(450)	-
Lease payments	-	(349)
Termination of agreements	(242)	-
Currency effects	(41)	(58)
Carrying amount, closing balance	**2,604**	**3,166**

For the years ended 31 December 2022 and 2021, amortization of the Group's right-of-use assets was USD 0.3m and USD 0.4m, respectively, and is included as part of depreciation and amortization in the accompanying consolidated statements of operations. Lease liability interest expense for the years ended 31 December 2022 and 2021 was USD 0.2m, and is included as part of finance expense in the accompanying consolidated statements of operations.

Land Lease

The Denmark Bluehouse was built upon land that is still currently leased under an agreement with a third party. The lease commenced on 1 April 2018 and expires on 31 October 2037.

Office Leases

ASUS held lease arrangements of corporate premises ("Suite 2400") in Miami, Florida and had previously recognized a right-of-use asset and related lease liability with a commencement date of 23 September 2020.

On 3 March 2022, ASUS terminated its Suite 2400 office lease of corporate premises in Miami, Florida ahead of the original lease term. In connection with the early lease termination, ASUS agreed to pay approximately USD 0.3m, which consisted of USD 0.1m in the equivalent of three-monthly rent installments and USD 0.2m in commissions and other administrative costs. Such amounts were included as part of leases within the Group's other operating expenses and the remaining right of use asset and lease liability associated with the Suite 2400 office lease were written off accordingly.

For the years ended 31 December 2022 and 2021, total office lease expense was USD 0.1m and USD 0.2m, respectively, and the amounts are included as part of leases in other operating expenses.

NOTE 8

Leases

Vehicle Leases

During the ordinary course of business, the Group leases certain vehicles under lease agreements with third parties to facilitate operations. ASDK holds a forklift lease through a right-of-use asset and the related lease liability. All other vehicle rent is included as part of other operating expenses in the accompanying consolidated statements of operations as the Group considers the overall potential right-of-use assets and lease liabilities associated with vehicles to have a marginal effect on the consolidated financial statements as a whole.

Equipment Leases

During the ordinary course of business, the Group leases certain equipment under lease agreements with third parties to facilitate operations.

ASDK held a lease for its automated feed system through a right-of-use asset and the related lease liability. As a result of the September 2021 Denmark fire, an impairment was recognized over the right-of-use asset and the related lease liability was settled subsequently in 2022.

In 2022, ASUS entered into lease agreements of processing equipment in Miami, Florida under Meridian Leasing. Subject to the provisions of the lease agreements, two separate components were identified: a fileting line and a packing line with total minimum lease contract payments of approximately USD 2.5m and USD 0.3m, respectively. In accordance with IFRS 16, ASUS recognized the present value of the allocated minimum lease payments towards the filleting line and packing line components as a right-of-use asset and the related lease liability in June and December 2022, respectively. The fileting line and packing line lease terms commenced on 1 July 2022 and 1 January 2023, respectively, and both respective components are payable in 60 monthly installments based on an annual interest rate of Prime Lending Rate plus 4.5%.

Excluding temporary chiller leases, all other equipment rent is included as part of other operating expenses in the accompanying consolidated statements of operations as the Group considers the overall potential right-of-use assets and lease liabilities associated with equipment to have a marginal effect on the consolidated financial statements as a whole. For the years ended 31 December 2022 and 2021, total equipment lease expense was USD 21k and USD 0.3m, respectively, and the amounts are included as part of leases in other operating expenses.

As of 31 December 2021, the total amount of USD 2.8m in future office lease payments was related to the Suite 2400 lease under ASUS that was subsequently terminated in 2022.

Future Lease Payments

As of 31 December 2022 and 2021, the Group's future lease payments under non-cancellable leases consisted of the following:

(USD 1,000)	Land	Office	Vehicles	Equipment	Total
As of 31 December 2022					
Less than one year	35	-	10	571	616
Between one and five years	160	-	10	2,032	2,202
More than five years	584	-	-	-	584
Total future lease payments	**779**	**-**	**20**	**2,603**	**3,402**
As of 31 December 2021					
Less than one year	36	432	19	277	764
Between one and five years	168	1,862	32	-	2,062
More than five years	694	501	-	-	1,195
Total future lease payments	**898**	**2,795**	**51**	**277**	**4,021**

NOTE 9

Property, Plant, and Equipment

As of 31 December 2022 and 2021, the Group's property, plant, and equipment, net consisted of the following:

(USD 1,000)	Land	Buildings	Production, plant, and machinery	Equipment and other movables	Software	Assets under construction	Total
At 1 January 2022							
Cost	8,714	154,833	96,616	1,364	782	66,007	328,316
Less: accumulated depreciation, amortization, and impairment	-	(24,905)	(37,414)	(888)	(287)	(373)	(63,867)
Opening net book amount	**8,714**	**129,928**	**59,202**	**476**	**495**	**65,634**	**264,449**
Year ended 31 December 2022							
Opening net book amount	8,714	129,928	59,202	476	495	65,634	264,449
Additions	-	-	-	12	(17)	52,454	52,449
Reclassifications	-	2,697	14,442	2,267	-	(19,406)	-
Depreciation and amortization charge	-	(4,659)	(8,498)	(390)	(217)	-	(13,764)
Net exchange rate differences	-	(11)	(1)	-	-	-	(12)
Closing net book amount	**8,714**	**127,955**	**65,145**	**2,365**	**261**	**98,682**	**303,122**
At 31 December 2022							
Cost	8,714	157,519	111,057	3,643	765	99,055	380,753
Less: accumulated depreciation, amortization, and impairment	-	(29,564)	(45,912)	(1,278)	(504)	(373)	(77,631)
Closing net book amount	**8,714**	**127,955**	**65,145**	**2,365**	**261**	**98,682**	**303,122**

NOTE 9

Property, Plant, and Equipment

(USD 1,000)	Land	Buildings	Production, plant, and machinery	Equipment and other movables	Software	Assets under construction	Total
At 1 January 2021							
Cost	8,714	134,641	84,323	1,379	561	42,810	272,428
Less: accumulated depreciation, amortization, and impairment	-	(4,983)	(9,738)	(565)	(62)	-	(15,348)
Opening net book amount	**8,714**	**129,658**	**74,585**	**814**	**499**	**42,810**	**257,080**
Year ended 31 December 2021							
Opening net book amount	8,714	129,658	74,585	814	499	42,810	257,080
Additions	-	-	-	48	221	57,188	57,457
Reclassifications	-	20,602	12,685	25	-	(33,312)	-
Disposals	-	-	-	(21)	-	-	(21)
Depreciation and amortization charge	-	(5,184)	(8,215)	(201)	(225)	-	(13,825)
Impairment loss	-	(14,738)	(19,461)	(182)	-	(373)	(34,754)
Net exchange rate differences	-	(410)	(392)	(7)	-	(679)	(1,488)
Closing net book amount	**8,714**	**129,928**	**59,202**	**476**	**495**	**65,634**	**264,449**
At 31 December 2021							
Cost	8,714	154,833	96,616	1,364	782	66,007	328,316
Less: accumulated depreciation, amortization, and impairment	-	(24,905)	(37,414)	(888)	(287)	(373)	(63,867)
Closing net book amount	**8,714**	**129,928**	**59,202**	**476**	**495**	**65,634**	**264,449**
Economic life	(Non-depreciable)	15-25 years	10-15 years	3-7 years	3 Years	(Not in service)	
Depreciation plan	(Non-depreciable)	20 Years	15 Years	5 Years	3 Years	(Not in service)	

Depreciation and Amortization Expense

For the years ended 31 December 2022 and 2021, the Group's depreciation and amortization consisted of the following:

(USD 1,000)	2022	2021
Fixed asset depreciation and amortization	13,764	13,825
Right of use depreciation	333	439
Changes in biomass	120	792
Total depreciation and amortization	**14,217**	**15,056**

Gross depreciation attributed to the US Phase 1 Bluehouse is capitalized to biological assets during production and subsequently expensed as period cost upon the harvest of live fish out of the Bluehouse. As such, the total depreciation and amortization expense presented on the Group's accompanying consolidated statements of operations includes the net effect of biomass depreciation from production and harvest.

Debt Secured by Borrowings

Substantially all the Group's property, plant, and equipment are secured by its borrowings (see Note 19 – Borrowings).

Contractual Commitments

The Group has built, or is in the process of building, Bluehouse facilities in Homestead, Florida, US. As of 31 December 2022 and 2021, significant capital expenditures contracted for at the end of the reporting periods, but not recognized as liabilities, were related to US Phase 2 construction based on signed bid packages. Such amounts are based on projected billings on work completed based on the speed of construction determined solely at the Group's discretion. The Group expects to incur only demobilization costs should the scope of work not be completed.

Impairment of Non-Current Assets

Atlantic Sapphire USA LLC

For the year ended 31 December 2022, certain indicators existed that led us to test for impairment under IAS 36. Such factors included market value declines in ASA's share price from 2021 to 2022, accumulated losses from prior years, higher-than-normal mortality levels and production challenges in Q4 2022, and external market factors that caused inflationary pressure and increased interest rates.

Our impairment test consisted of a discounted cash flow analysis based on forecasts for the next 5 years, with a terminal value thereafter, based on following underlying significant assumptions, which are subject to various risks and uncertainties:

- Achievement of steady state operations and consistent harvest volumes.
- Capital expenditures, including the completion and commissioning of Phase 2 construction.
- EBITDA / margins.
- Discount rate.

As of 31 December 2022, the recoverable amount substantially exceeded the carrying amount of the cash generating unit (the "CGU") based on projected cash flows for US Phase 1 and US Phase 2.

The projected discounted cash flows were subjected to different scenario analyses. Inputs included changes in EBITDA, harvest volumes, and changes in the discount rate. For the recoverable amount to equal the total carrying amount and reduce the estimated headroom to zero, holding all other inputs constant:

Input description	Overall NPV
EBITDA would need to decrease by:	15.36%
Harvest volumes would need to decrease by:	20.51%
The discount rate would need to increase from:	10.0% to 12.2%

The Group believes it has made reasonable judgments and estimates with respect to the underlying significant assumptions above. Should there be a change in such assumptions, which influences the projected cash flows, it may result in a need to recognize a potential impairment in future periods.

Atlantic Sapphire Denmark A/S

On 15 September 2021, a fire broke out in the Denmark Bluehouse. Substantially all property, plant, and equipment related to its saltwater ongrowing systems were lost in the fire and an impairment of non-current assets of USD 34.8m was recognized. The Danish facility was insured against fire for the full book value of the facility of approximately USD 33m. Although the Group believed that the insurance claim was probable as of 31 December 2021, the Group was not virtually certain of the insurance claim prior to the subsequent conclusion of the police report on 1 April 2022 indicating that there was no evidence of arson. As such, the Group did not recognize an insurance claim receivable as of 31 December 2021.

On 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022) which is included as part of the Group's other income (see Note 4 – Other Operating Expenses and Income).

NOTE 10

Finance Income and Expense

For the years ended 31 December 2022 and 2021, finance income and expense, net consisted of the following:

(USD 1,000)	2022	2021
Interest income	618	19
Interest expense	(4,005)	(2,626)
Finance and commitment fees	(3,649)	(1,221)
Other finance income	202	1,156
Currency exchange effects	4,087	2,187
Total finance expense, net	**(2,747)**	**(485)**

In accordance with IFRS 9, Financial Instruments, debt modification costs are considered towards presenting borrowings at amortised cost using the effective interest rate method and amortized over the life of borrowings as part of finance and commitment fees as part of total finance expense, net in the accompanying consolidated statements of operations. During the year ended 31 December 2022, ASUS incurred USD 1.9m in debt modification costs in connection to the amended 2020 Credit Facility. Of the USD 1.9m in debt modification costs, USD 1.6m was expensed upon modification, while USD 0.3m was recognized against borrowings as part of effective interest.

As of 31 December 2020, Phase 1 construction of the Miami Bluehouse was significantly completed and no proceeds from borrowings were obtained in 2021 or 2022 towards construction. As such, borrowing costs were no longer capitalized under IAS 23, Borrowing Costs, and expensed as period cost as interest expense during the years ended 31 December 2022 and 2021.

For the year ended 31 December 2022, other finance income consisted of USD 0.2m in a patronage refund in connection with the amended 2020 Credit Facility. For the year ended 31 December 2021, other finance income consisted of USD 1.2m in complete forgiveness of outstanding principal on the PPP Loan (see Note 19 – Borrowings).

NOTE 11

Taxes

For the years ended 31 December 2022 and 2021, the Group's income tax expense consisted of the following:

(USD 1,000)	2022	2021
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense (benefit)	-	-
Current tax on profits for the year	-	-
Current tax	-	-
Deferred tax due to changes in temporary differences	(15,975)	(31,526)
Effect of change in tax rate	1,968	-
Tax losses for which no deferred tax asset is recognized	14,007	31,526
Deferred tax	-	-
Effective tax rate	**0.00%**	**0.00%**

For the years ended 31 December 2022 and 2021, the reconciliation of the Group's tax expense with the Norwegian tax rate consisted of the following:

(USD 1,000)	2022	2021
Reconciliation of tax benefit with the nominal tax rate		
(Loss) profit before tax	(65,006)	(132,778)
Nominal tax rate	22.00%	22.00%
Expected tax benefit using nominal tax rate	(14,301)	(29,211)
Non-deductible expenses (income)	(855)	(708)
Effect from different tax rate in other countries	(1,973)	(2,995)
Tax losses for which no deferred tax asset is recognized	17,003	32,571
Non-deductible share-based payment expenses	126	343
Income tax	-	-

Changes in Tax Rate

The nominal tax rate in Norway remained at 22% in 2022 and 2021.

As of 31 December 2022 and 2021, the Group's deferred tax balances consisted of the following:

(USD 1,000)	2022	2021
Deferred tax balances		
The balance comprises temporary differences attributable to:		
Deferred tax assets:		
Tax losses	84,114	46,996
Property, plant, and equipment	1,788	8,590
Lease liability	526	-
Other	2,021	2,697
Set-off tax	(16,779)	(621)
Net deferred tax assets after set-off	71,670	57,662
Unrecognized deferred tax assets	(71,670)	(57,662)
Net deferred tax assets	**-**	**-**
Deferred tax liabilities:		
Property, plant, and equipment	16,262	58
Right of use asset	517	554
Other	-	9
Set-off tax	(16,779)	(621)
Net deferred tax liabilities	**-**	**-**

As of 31 December 2022 and 2021, the Group's carry forward of tax losses consisted of the following:

(USD 1,000)	2022	2021
Tax losses carried forward		
Expires (2033 and forward)	4,320	4,320
Never expires	353,687	189,921
Total tax losses carried forward	358,007	194,241
Tax losses for which deferred tax asset is recognized	-	-
Tax losses for which no deferred tax asset is recognized	358,007	194,241
Potential tax benefit	**84,114**	**46,996**

As of 31 December 2022, the Group had an estimated USD 358.0m of carry forward of tax losses attributed to Norway (USD 10.1m), Denmark (USD 40.9m), and US (USD 307.0m).

NOTE 12

Earnings per Share

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period.

Options are dilutive when they result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price in the period is treated as an issue of ordinary shares for no consideration.

Under IAS 33, the calculation of earnings per share for the years ended 31 December 2022 and 2021 were presented retrospectively and adjusted as the private placements in 2022 and 2023 represented shares issued below the market rate prior to the respective transactions. Following the 29 June 2022 private placement, the number of shares for 2021 and the first half of 2022 were adjusted with a factor of 1.03, while a factor of 1.11 was used for both 2021 and 2022 following the subsequent 16 March 2023 private placement.

For the years ended 31 December 2022 and 2021, the Group's earnings per share consisted of the following:

	2022	2021
Loss attributable to the ordinary equity holders of the Group	(65,006,000)	(132,778,000)
Loss for calculation of diluted earnings per share	(65,006,000)	(132,778,000)
Weighted average number of shares outstanding	123,298,000	86,729,384
Options*	-	-
Weighted average number of ordinary shares and potential ordinary shares	123,298,000	86,729,384
Basic earnings per share (USD per share)	(0.53)	(1.53)
Diluted earnings per share (USD per share)	(0.53)	(1.53)
Retrospectively adjusted weighted average number of shares outstanding	138,558,737	99,371,798
Options*	-	-
Retrospectively adjusted weighted average number of ordinary shares and potential ordinary shares	138,558,737	99,371,798
Retrospectively adjusted basic earnings per share (USD per share)	(0.47)	(1.34)
Retrospectively adjusted diluted earnings per share (USD per share)	(0.47)	(1.34)

* The options that would result in issue of 12,677 ordinary shares in 2021 (no ordinary shares in 2022) are not included in the calculation of diluted earnings per share because they are anti-dilutive and would decrease loss per share.

NOTE 13

Financial Instruments

As of 31 December 2022 and 2021, the Group's financial instruments consisted of the following:

Financial assets (USD 1,000)	**Amortized cost**	**Fair value through OCI**	**Total**
As of 31 December 2022			
Trade and other receivables	3,190	-	3,190
Cash	23,683	-	23,683
Restricted cash	420	-	420
Other investments	-	6	6
Total financial assets	**27,293**	**6**	**27,299**
As of 31 December 2021			
Trade and other receivables	1,475	-	1,475
Cash	17,012	-	17,012
Restricted cash	468	-	468
Other investments	-	6	6
Total financial assets	**18,955**	**6**	**18,961**

Financial liabilities (USD 1,000)	**Amortized cost**	**Fair value through OCI**	**Total**
As of 31 December 2022			
Trade and other payables	11,698	-	11,698
Borrowings	46,837	-	46,837
Total financial liabilities	**58,535**	**-**	**58,535**
As of 31 December 2021			
Trade and other payables	19,018	-	19,018
Borrowings	50,000	-	50,000
Total financial liabilities	**69,018**	**-**	**69,018**

Cash and restricted cash (USD 1,000)	**2022**	**2021**
A+ or better	24,103	17,480

NOTE 14

Trade and Other Receivables

As of 31 December 2022 and 2021, the Group's trade and other receivables consisted of the following:

(USD 1,000)	2022	2021
Trade receivables	1,847	1,403
Other current receivables	-	46
Other non-current receivables	1,343	26
Total trade and other receivables, net	**3,190**	**1,475**

As of 31 December 2022 and 2021, the Group's trade and other receivables were due within one year and considered fully collectible. Accordingly, the fair value of the Group's trade and other receivables was equal to nominal value, no material bad debt was recognized for the years then ended, and management did not consider a provision for uncollectible accounts necessary.

Receivables denominated in foreign currencies are valued at the daily rate. Due to the short-term nature of current receivables, their carrying amount is considered equal to their fair value.

As of 31 December 2022 and 2021, the Group's trade and other receivables, specified by currencies, consisted of the following:

(USD 1,000)	2022	2021
USD	3,190	1,253
DKK	-	148
EUR	-	48
NOK	-	26
Total trade and other receivables	**3,190**	**1,475**

NOTE 15

Inventories

As of 31 December 2022 and 2021, the Group's inventories consisted of the following:

(USD 1,000)	2022	2021
Raw materials	1,562	742
Spare parts inventory	2,107	1,472
Finished goods inventory	699	4,376
Total inventories	**4,368**	**6,590**

The Group's inventory consists primarily of raw materials, spare parts, and finished products. Raw materials comprise mainly of feed for smolt and marine-phase fish production, and packaging materials used towards processing. Spare parts comprise of consumables to be used at a future date through operations. Finished goods inventory comprise of all salmon products ready for sale which include fresh head-on-gutted salmon, processed salmon products, and frozen salmon products.

For the year ended 31 December 2022 and 2021, the Group recognized a USD 2.3m and USD 1.2m write-off of its frozen finished goods inventory, respectively, attributed to excess costs above the expected selling price minus future costs to sell.

NOTE 16

Cash and Restricted Cash

As of 31 December 2022 and 2021, the Group's cash and restricted cash consisted of the following:

(USD 1,000)	2022	2021
Cash	23,683	17,012
Restricted cash (short-term)	420	468
Total cash and restricted cash	**24,103**	**17,480**

Of the Group's short-term restricted cash, USD 0.4m was obtained in connection with agency bonding requirements for water well permits in Florida.

NOTE 17

Share Capital and Shareholders

Atlantic Sapphire ASA has one class of shares that confer the same rights in the Group. As of 31 December 2022 and 2021, the Group's share capital consisted of the following:

	2022	2021
Total number of shares as of 1 January	91,048,551	80,663,551
Shares issued during the year	62,217,858	10,385,000
Total number of shares as of 31 December	153,266,409	91,048,551
Nominal value as of 31 December (NOK)	0.10	0.10
Share capital (total number of shares at nominal value) (NOK 1,000)	15,327	9,105
Share capital (total number of shares at nominal value) (USD 1,000)	1,677	1,051

On 3 June 2021, the Group raised approximately NOK 1,016m (USD 121m) in gross proceeds through a private placement of 10,300,000 new shares, at a price per share of NOK 98.60, which was approximately equal to the last closing price on 2 June 2021. Net proceeds from the transaction were NOK 985m (USD 119m).

For the year ended 31 December 2021, 85,000 shares were issued related to the Group's employee share option program, bringing the total shares outstanding to 91,048,551, each with par value of NOK 0.10.

On 29 June 2022, the Group raised NOK 1,231m (approximately USD 125m) in gross proceeds through a private placement of 60,060,976 new shares, at a price per share of NOK 20.50. The private placement was divided in two tranches in which the first tranche ("Tranche 1") consisted of 18,000,000 new shares and the second tranche ("Tranche 2") consisted of 42,060,976 new shares.

Tranche 1 of 18,000,000 new shares was issued pursuant to Board authorization granted by the 2022 AGM. On 30 June 2022, the share capital increase from Tranche 1 was registered with the Norwegian Register of Business Enterprises ("NRBE") and share capital increased by NOK 1.8m through issuance of 18,000,000 new shares, each with a par value of NOK 0.10. Net proceeds from Tranche 1 were NOK 356.6m (USD 36.1m).

On 21 July 2022, the share capital increase from the first sub-tranche of Tranche 2 was registered with the NRBE and share capital increased by NOK 3.1m through issuance of 31,047,666 new shares, each with a par value of NOK 0.10. Net proceeds from the first sub-tranche of Tranche 2 were NOK 615.2m (USD 61.8m). On 27 July 2022, the share capital increase from the second sub-tranche of Tranche 2 was registered with the NRBE and share capital increased by NOK 1.1m through issuance of 11,013,310 new shares, each with a par value of NOK 0.10. Net proceeds from the second sub tranche of Tranche 2 were NOK 218.4m (USD 22.1m).

On 10 August 2022, the Group approved and published a prospectus (the "2022 Prospectus"), and on 11 August 2022, commenced the subscription period in the subsequent offering (the "Subsequent Offering") of up to 9,000,000 new shares (the "Offer Shares"), each at a subscription price per share of NOK 20.50. By the end of the subscription period on 24 August 2022, the Group received valid subscriptions for a total of 2,156,882 Offer Shares and these were allocated by the Board of Directors in accordance with the allocation criteria set out in the 2022 Prospectus. The Subsequent Offering raised gross proceeds of approximately NOK 44.0m (approximately USD 4.5m). Accordingly, the Board of Directors resolved to increase the Group's share capital with NOK 215,688.20 through the issuance of 2,156,882 Offer Shares, each with a par value of NOK 0.10.

For the year ended 31 December 2022, no shares were issued related to the Group's employee share option program, and as of 31 December 2022, the Group had 153,266,409 total shares outstanding, each with par value of NOK 0.10.

Equity Transaction Costs

For the years ended 31 December 2022 and 2021, total equity transaction costs arising on share issues amounted to USD 4.6m and USD 3.5m, respectively. Such amounts are net against the Group's share premium balance in the accompanying consolidated statements of financial position.

NOTE 17

Share Capital and Shareholders

As of 31 December 2022 and 2021, the Group's total number of shares issued and outstanding consisted of the following:

Shareholder	2022 Number of shares	2022 % of shares	2021 Number of shares	2021 % of shares
UBS AG	11,154,568	7.28%	3,413,062	3.75%
ALSCO AS	10,427,344	6.80%	9,939,540	10.92%
STRAWBERRY CAPITAL AS	9,229,380	6.02%	250,000	0.27%
SKAGEN KON-TIKI VERDIPAPIRFOND	8,148,000	5.32%	4,931,417	5.42%
JOH JOHANNSON EIENDOM AS	7,649,929	4.99%	1,698,967	1.87%
VATNE EQUITY AS	7,439,024	4.85%	5,000,000	5.49%
NORDLAKS HOLDING AS	7,317,073	4.77%	-	0.00%
THE BANK OF NEW YORK MELLON	6,392,353	4.17%	4,199,153	4.61%
STATE STREET BANK AND TRUST COMP	5,117,800	3.34%	1,909,436	2.10%
MORGAN STANLEY & CO. INT. PLC.	4,990,420	3.26%	3,639,145	4.00%
CITIBANK, N.A.	3,534,230	2.31%	2,884,992	3.17%
RBC INVESTOR SERVICES BANK S.A.	2,549,478	1.66%	2,738,168	3.01%
THE NORTHERN TRUST COMP, LONDON BR	2,400,000	1.57%	1,779,000	1.95%
COLUMBI SALMON AS	2,074,536	1.35%	-	0.00%
ASINVEST AS	1,764,066	1.15%	1,062,915	1.17%
NORSK LANDBRUKSKJEMI AS	1,700,000	1.11%	900,000	0.99%
U.S. BANK NATIONAL ASSOCIATION	1,545,364	1.01%	1,347,598	1.48%
FOUGNER INVEST AS	1,298,108	0.85%	588,663	0.65%
J.P. MORGAN SE	1,284,342	0.84%	-	0.00%
WENAASGRUPPEN AS	1,210,441	0.79%	-	0.00%
Total number of shares attributed to the 20 largest shareholders	97,226,456	63.44%	46,282,056	50.83%
Total number of shares attributed to other shareholders	56,039,953	36.56%	44,766,495	49.17%
Total number of shares issued and outstanding	**153,266,409**	**100.00%**	**91,048,551**	**100.00%**

NOTE 17

Share Capital and Shareholders

As of 31 December 2022 and 2021, shares directly or indirectly held by members of the Board of Directors, Chief Executive Officer, and Executive Management consisted of the following:

Shareholder	2022 Number of shares	2022 % of shares	2021 Number of shares	2021 % of shares
Runar Vatne, Member of the Board	7,839,024	5.11%	5,400,000	5.93%
Johan E. Andreassen, Chairman of the Board and CEO	6,287,442	4.10%	6,043,540	6.64%
Bjørn-Vegard Løvik, Chair of the Nomination Committee	5,213,672	3.40%	4,969,770	5.46%
Andre Skarbø, Member of the Board	1,764,066	1.15%	1,062,915	1.17%
Alexander Reus, Member of the Board	1,601,051	1.04%	1,635,051	1.80%
Jon-Birger Løvik, COO (As of 7 March 2022 Step-In Date)	158,086	0.10%	-	0.00%
Svein Taklo, CDIO	44,814	0.03%	35,058	0.04%
Karl Øystein Øyehaug, CFO and Managing Director	29,850	0.02%	17,655	0.02%
Tone Bjørnov, Member of the Board	19,406	0.01%	7,650	0.01%
Patrice Flanagan, Member of the Board	4,900	0.00%	4,900	0.01%
Alejandro Castro, CBO	920	0.00%	920	0.00%
Danielle Villoch, CLO (As of 19 June 2022 Step-Down Date)	487	0.00%	487	0.00%
Thue Holm, CTO	-	0.00%	697,899	0.77%
Dharma Rajeswaran, COO (As of 9 August 2021 Step-Down Date)	-	0.00%	11,935	0.01%
Cristina Espejo, CPO (As of 10 August 2021 Step-Down Date)	-	0.00%	3,300	0.00%

NOTE 18

Share Option Program

In accordance with the authorization granted by the Group's AGM, the Group's Board of Directors introduced a share option program for senior executives and key personnel employed by the Group and its subsidiaries (the "Program").

As of 31 December 2022 and 2021, the Program included up to 1,584,491 and 1,650,535 shares, respectively, with a term between three and four years as follows:

	2022 Weighted average exercise price (NOK)	2022 Number of shares	2021 Weighted average exercise price (NOK)	2021 Number of shares
Outstanding at 1 January	208.88	1,650,535	111.98	683,438
Granted during the year	-	-	222.61	1,354,570
Forfeited during the year	137.99	(38,735)	102.73	(266,242)
Exercised during the year	-	-	28.00	(85,000)
Lapsed during the year	75.17	(27,309)	98.44	(36,231)
Outstanding at 31 December	**212.92**	**1,584,491**	**208.88**	**1,650,535**

For the year ended 31 December 2022, no share options were outstanding that had vested and were exercisable, and no share options were granted.

For the year ended 31 December 2021, the total number of share options outstanding that had vested and were exercisable were 12,677, and the weighted average fair value of each share option granted was NOK 17.53 (USD 2.04).

The exercise price of options outstanding as of 31 December 2021 ranged between NOK 28 and NOK 400 and their weighted average contractual life was 4.5 years.

The following information is relevant in the determination of the fair value of options granted for the years ended 31 December 2022 and 2021:

	2022	2021
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price at grant date (NOK)	-	94.16
Exercise price (NOK)	14.74	87.70
Weighted average contractual life (days)	1,825	1,646
Expected volatility	31.18%	31.00%
Expected dividend growth rate	0.00%	0.00%
Risk-free interest rate	1.12%	0.65%

NOTE 19

Borrowings

DNB Credit Agreement

The Group holds a Green credit facility (the "2020 Credit Facility") with DNB Bank ASA ("DNB"), Farm Credit of Florida, ACA ("Farm Credit"), and DNB Markets, Inc, which can be utilized towards the Group's Bluehouses and operations therein considered green. ASUS and ASDK are listed as borrowers (the "Borrowers"), and ASA, ASSF, and ASP are listed as guarantors (the "Guarantors"). As of 1 January 2021, the Group's amended 2020 Credit Facility consisted of USD 150m through a USD 50m US Term Loan, USD 20m revolving credit facility ("RCF"), and USD 80m in delayed draw term loans. The amended 2020 Credit Facility bore an amended interest rate of LIBOR plus an applicable margin and maturity date of 21 April 2023, with a portion of the RCF available for use towards ASDK's working capital requirements or as standby Letters of Credit towards equipment financing.

On 28 January 2021, the Group's 2020 Credit Facility was amended to increase the total credit facility from USD 150m to USD 200m comprising of the existing USD 50m US Term Loan, USD 20m RCF, USD 32m committed term loan for Phase 2 capital expenditures, and a USD 98m uncommitted accordion facility on the same terms and conditions as the Group's committed term loans.

On 31 March 2022, the Group's 2020 Credit Facility was amended to provide an additional three-month credit facility in an aggregate amount of up to USD 25.0m (the "Facility") with DNB Capital, LLC as lender. The Facility was secured by a second priority security interest and lien on all assets and equity interests held by the Group and carried an annualized borrowing rate of SOFR plus an applicable margin of 7.0% from 31 March 2022 to 30 April 2022, 7.5% from 1 May 2022 to 31 May 2022, and 8.0% from 1 June 2022 to 30 June 2022. Further, the annualized borrowing rate on all credit facilities was amended to SOFR plus an applicable margin determined by a margin grid, which calls for a maximum of 4.0% and allows for a lower margin upon reaching certain milestones, and the Group's minimum EBITDA covenant was adjusted towards all credit facilities. On 1 July 2022, the USD 25.0m Facility under the amended 2020 Credit Facility was repaid following Tranche 1 proceeds from the 29 June 2022 equity raise.

On 25 August 2022, the eighth amendment to the 2020 Credit Facility was formally committed and signed. The debt was structured under the same key terms such as interest margin and covenants, and the total amounts were restructured into a fully committed credit facility of USD 200.0m, of which USD 50.0m is attributed to the drawn US Term Loan, USD 20.0m is attributed to the RCF, and USD 130.0m is attributed to a delayed undrawn Term Loan for Phase 2 capital expenditures. Of the drawn USD 50.0m US Term Loan, USD 30.0m bears a maturity date of 21 April 2024 and USD 20.0m bears a maturity date of 21 April 2023. The USD 20.0m RCF bears a maturity date of 21 April 2024. Of the delayed undrawn USD 130.0m Term Loan, USD 118.0m bears a maturity date of 21 April 2024 and USD 12.0m bears a maturity date of 21 April 2023. The Group incurred amendment and extension fees of approximately USD 1.9m, of which USD 1.6m was expensed upon modification, while USD 0.3m was recognized against borrowings as part of effective interest.

PPP Loan

On 18 April 2020, ASUS obtained a two-year loan payable to PNC Bank, National Association ("PNC") 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"). The full outstanding amount on the PPP Loan was forgiven under the Program on 7 September 2021.

As of 31 December 2022 and 2021, the Group's borrowings consisted of the following:

(USD 1,000)	2022	2021
ASUS has an amended USD 50.0m term loan with DNB (the "US Term Loan"). The US Term Loan bears an amended interest rate of SOFR plus an applicable margin (4.0% at 31 December 2022). USD 18.6m matures on 21 April 2023 and USD 30.0m matures on 21 April 2024. USD 47.1m was outstanding on the US Term Loan as of 31 December 2022 and is presented at amortised cost.	46,837	50,000
ASUS has an amended three-year USD 20.0m revolving credit facility commitment with DNB (the "RCF"). The RCF will finance ASUS' working capital requirements or serve as standby Letters of Credit towards equipment financing. Of the total RCF amount, USD 4.0m is also available towards ASDK's working capital requirements. As of 31 December 2022, USD 17.4m was available on the RCF (USD 20.0m undrawn, less USD 2.6m allocated to a letter of credit towards Meridian Leasing for the leasing of processing equipment).	-	-
ASUS had a USD 25.0m facility with DNB (the ""Facility""). The Facility bore an interest rate of SOFR plus an applicable monthly margin. The Facility was due on and paid subsequently on 1 July 2022.	-	-
ASUS had 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 bore an interest rate of 1% and the full outstanding amount was forgiven under the Program on 7 September 2021.	-	-
Total borrowings	46,837	50,000
Less: current portion of borrowings	18,550	-
Non-current portion of borrowings	**28,287**	**50,000**

The above amounts are presented at amortised cost using the effective interest rate method.

NOTE 19

Borrowings

The borrowing base on the USD 20m RCF is tied to the amount of outstanding trade receivables, product inventory, and standing biomass. This calculation is reviewed periodically, and the balance is adjusted accordingly.

The amended delay draw USD 130.0m Term Loan will be available for the Group's use subject to a one-time fulfillment of an incurrence tests related to an operational milestone with respect to harvest volume and reaching certain EBITDA metrics. The main operational milestones and financial metrics are a minimum required annualized production level to be maintained for at least two months, aggregate positive EBITDA over the last three months prior to drawdown, a minimum EBITDA level prior to drawdown, and compliance with financial covenants agreed under the amended 2020 Credit Facility.

The 2020 Credit Facility is secured by substantially all Group's assets, which includes existing and after-acquired personal and real property held, the equity interest held by the Borrowers and the Guarantors in their respective subsidiaries, certain receivables, and certain bank accounts perfected under First Priority security.

The provisions of the 2020 Credit Facility require, among other things, certain financial performance covenants to be maintained as defined in the agreements. This includes certain covenants that limit the Group's ability to, among other things, grant liens, incur additional indebtedness, make acquisitions or investments, dispose of certain assets, make dividends and distributions, change the nature of their businesses, enter certain transactions with affiliates, or amend the terms of material indebtedness.

In anticipation of not being able to meet its net interest-bearing debt ("NIBD") to EBITDA requirement as of 31 December 2022, the Group received a formal waiver from the Lenders dated 12 December 2022.

Subsequently, the Group's 2020 Credit Facility was amended further on 31 March 2023 (see Note 23 – Subsequent Events).

The following are the remaining contractual maturities on the Group's borrowings as of 31 December 2022 and 2021:

(USD 1,000)	2022	2021
Up to 3 months	1,450	-
Between 3 and 12 months	18,550	-
Between 1 and 2 years	26,837	50,000
Between 2 and 5 years	-	-
Over 5 years	-	-
Total	**46,837**	**50,000**

The following represents a reconciliation of changes in the carrying amount of the Group's borrowings and lease liabilities for the years ended 31 December 2022 and 2021:

(USD 1,000)	Borrowings	Lease liabilities
Balance at 1 January 2022	50,000	3,166
Changes from financing cash flows		
Proceeds from borrowings	29,500	-
Payments towards borrowings	(32,663)	(262)
Total changes from financing cash flows	46,837	2,904
New contracts	-	2,361
Termination of agreements	-	(2,584)
Currency effects	-	(47)
Balance at 31 December 2022	**46,837**	**2,634**

(USD 1,000)	Borrowings	Lease liabilities
Balance at 1 January 2021	51,156	3,573
Changes from financing cash flows		
Proceeds from borrowings	10,495	-
Payments towards borrowings	(10,495)	(349)
Total changes from financing cash flows	51,156	3,224
Forgiveness of debt	(1,156)	-
Currency effects	-	(58)
Balance at 31 December 2021	**50,000**	**3,166**

NOTE 20

Pensions

The Group's employees are covered by different pension plans that vary from country to country depending on the respective subsidiary's location. All pension plans are assessed to be defined contribution plans. In Norway, ASA is subject to the requirements of the Mandatory Company Pensions Act, and ASA's pension plan follows its requirements. In the US, the Group offers a Safe Harbor 401(k) salary deferral participation retirement plan to all employees. As of 31 December 2022 and 2021, 118 and 95 employees participated in the Group's pension plans, respectively.

The Group's pension plan provisions require the Group to pay premiums to public or private administrative pension plans on a mandatory, contractual, or voluntary basis. There are no further obligations once the annual premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Prepaid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

For the years ended 31 December 2022 and 2021, the Group's total pension cost consisted of USD 0.3m and USD 0.5m, respectively, and are included as part of salary and personnel costs in the accompanying consolidated statements of operations.

NOTE 21

Related Party Transactions

During the ordinary course of business, the Group engages in transactions with related parties similar to what management believes would have been agreed upon between unrelated parties.

During the ordinary course of business, Langsand Processing AS ("LPAS"), a related party, provides harvesting services for ASDK. Although the Group holds a minority ownership interest in LPAS, the Group does not hold control over LPAS for consolidation purposes. For the year ended 31 December 2021, ASDK incurred harvesting costs of USD 0.4m. ASDK did not incur harvesting costs following the 15 September 2021 Denmark Bluehouse fire. Such amounts are included as part of cost of materials in the accompanying consolidated statements of operations.

During the ordinary course of business, the Group may sell salmon products to Platina Seafood, Inc. ("Platina"), an entity under majority ownership by a related party of Johan E. Andreassen, the Group's Chairman of the Board and CEO. On 8 September 2022, Platina rebranded as NovoMar, Inc. ("NovoMar"). For the year ended 31 December 2022, the Group sold USD 0.2m of salmon products to NovoMar. For the year ended 31 December 2021, the Group sold USD 1.1m of salmon products to Platina.

NOTE 22

Contingencies and Legal Claims

The Group has evaluated contingencies and legal claims from 31 December 2022 through the date in which the consolidated financial statements were issued.

The Group is currently involved in an arbitration against OHLA Building, Inc. ("OHL"), who performed work in connection with the construction of Phase 1 of the Homestead Bluehouse, which is ongoing and not settled as of the date of this report. OHL has made a claim for the Group's alleged failure to pay for approved work and change order, in the aggregate amount of approximately USD 4.2m, and also reimbursement of attorneys' fees and interest. The Group is denying that there has been a failure of payment, and has filed a counterclaim in the arbitration, in the aggregate amount of USD 20.0m (such number may be adjusted up significantly later in the process), on the grounds of alleged faulty workmanship by OHL and its subcontractors. In connection with the dispute with OHL, the sub-contractors Billund Aquaculture A/S ("Billund Design"), a company that was engaged by the Group for design work related to Phase 1 and acted as sub-contractor to OHL in the construction of Phase 1, and Billund Aquaculture US Corp. ("Billund Construction"), a company that was engaged by OHL as a sub-contractor to OHL in the construction of Phase 1, have also each become party to the arbitration process. The Group, OHL, Billund Design and Billund Construction participated in a mediation with a view to reach an amicable solution in October 2022. Such mediation was unsuccessful, and the matter is therefore expected to move forward to a formal arbitration hearing and is currently expected to take place, at the earliest, in Q4 2023.

NOTE 23

Subsequent Events

The Group has evaluated subsequent events from 31 December 2022 through the date in which the consolidated financial statements were issued.

Private Placement

On 16 March 2023, the Group raised NOK 595m (approximately USD 55m) in gross proceeds through a private placement of 119,000,000 new shares, at a price per share of NOK 5.00. The private placement was divided in two tranches in which the first tranche ("Tranche 1") consisted of 30,653,281 new shares and the second tranche ("Tranche 2") consisted of 88,346,719 new shares.

On 11 April 2023, the Group held an Extraordinary General Meeting (the "April 2023 EGM"). Through the April 2023 EGM, the Board of Directors was given the authority to increase the Company's share capital with up to NOK 11,900,000 through the issuance of 119,000,000 shares, each with a face value of NOK 0.10, at a subscription price of NOK 5.00 per share. Further, the Board of Directors was authorized to increase the Company's share capital with up to NOK 2,000,000 through the issuance of 20,000,000 new shares, each with a par value of NOK 0.10, as part of a Subsequent Offering. The subscription price per new share upon use of the authorization shall be NOK 5.00.

Tranche 1 of 30,653,281 new shares was issued pursuant to Board authorization granted by the April 2023 EGM. On 12 April 2023, the share capital increase from Tranche 1 was registered with the Norwegian Register of Business Enterprises ("NRBE") and share capital increased by NOK 3.1m through issuance of 30,653,281 new shares, each with a par value of NOK 0.10. Gross proceeds from Tranche 1 were NOK 153.3m (approximately USD 14.2m).

On 12 April 2023, the share capital increase from Tranche 2 was registered with the NRBE and share capital increased by NOK 8,834,671.90 through issuance of 88,346,719 new shares, each with a par value of NOK 0.10. Gross proceeds from Tranche 2 were NOK 441.7m (approximately USD 40.8m). These shares became tradeable under the same ISIN number as the existing shares of the Company upon approval of the prospectus on 14 April 2023.

Ninth Amendment to 2020 Credit Facility

The ninth amendment to the 2020 Credit Facility was formally committed and signed on 31 March 2023. The debt was structured under many of the same key terms such as covenants, and the total amounts were restructured into a fully committed credit facility of USD 170.0m directly with DNB with an extended maturity date of 21 April 2025, of which USD 50.0m is attributed to the drawn US Term Loan (of which USD 4.2m had been repaid as of the date of this report), USD 20.0m is attributed to the RCF (of which USD 17.4m is available), and USD 100.0m is attributed to a delayed undrawn Term Loan for Phase 2 capital expenditures. Further, the maximum applicable interest margin was increased from 4.0% to 5.0% and allows for a lower margin based upon an interest rate grid, with NIBD to EBITDA as the criteria. The Group incurred amendment and extension fees of approximately USD 1.0m.

Subsequent Offering

On 14 April 2023, the Group approved and published a prospectus (the "2023 Prospectus") and intends to carry out a subsequent offering (the "Subsequent Offering") of up to 20,000,000 new shares (the "Offer Shares"), each at a subscription price per share of NOK 5.00. The 2023 Prospectus was published on 14 April 2023 and the Subsequent Offering subscription period was commenced on 17 April 2023.

Atlantic Sapphire ASA Financial Statements

Atlantic Sapphire ASA Statements of Operations Years Ended 31 December 2022 and 2021

(NOK, 1,000)	Note	2022	2021
Management fee revenue	8	11,616	10,850
Expenses			
Other operating expenses	2,8	9,604	15,789
Salary and personnel costs	2	7,481	8,934
Total expenses		17,085	24,723
Operating loss		(5,469)	(13,873)
Finance income	3,8	78,281	69,623
Finance expense	3	(10,235)	(19)
Impairment of non-current assets	3,4,8	(2,116,265)	(384,474)
Loss before income tax		(2,053,688)	(328,743)
Income tax	5	-	-
Net loss		**(2,053,688)**	**(328,743)**
Allocation to controlling interest		(2,053,688)	(328,743)
Application and allocation			
To accumulated deficit	6	**(2,053,688)**	**(328,743)**
Total application and allocation		**(2,053,688)**	**(328,743)**

Accompanying notes are an integral part of the financial statements.

Atlantic Sapphire ASA Statements of Financial Position 31 December 2022 and 2021

(NOK, 1,000)	Note	2022	2021
ASSETS			
Non-current assets			
Investment in subsidiaries	4,11	1,995,081	2,548,856
Due from related parties (non-current)	8	758,796	1,011,738
Trade and other receivables (non-current)		-	22
Total non-current assets		2,753,877	3,560,616
Current assets			
Due from related parties (current)	8	59,466	15,642
Trade and other receivables (current)		111	198
Cash	7	50,107	104,314
Total current assets		109,684	120,154
TOTAL ASSETS		**2,863,561**	**3,680,770**

1/2

Accompanying notes are an integral part of the financial statements.

Atlantic Sapphire ASA Statements of Financial Position 31 December 2022 and 2021

(NOK, 1,000)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	6,9	15,327	9,105
Share premium	6,9	5,161,428	3,937,282
Employee stock options	6,9	38,157	32,630
Accumulated deficit	6	(2,354,075)	(300,387)
Total equity		2,860,837	3,678,630
Current liabilities			
Trade payables		736	727
Other current payables and liabilities		1,429	1,413
Due to related parties (current)		559	-
Total current liabilities		2,724	2,140
Total liabilities		2,724	2,140
TOTAL EQUITY AND LIABILITIES		**2,863,561**	**3,680,770**

2/2

Accompanying notes are an integral part of the financial statements.

Atlantic Sapphire ASA Statements of Cash Flows Years Ended 31 December 2022 and 2021

(NOK, 1,000)	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		(2,053,688)	(328,743)
Adjustments to reconcile net loss to net cash provided by operating activities			
Impairment of current and non-current assets	4,8	2,116,265	391,431
Changes in operating assets and liabilities			
Trade and other receivables		109	344
Trade and other payables		9	553
Other liabilities		16	212
Net cash provided by operating activities		62,711	63,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Contributions towards investment in subsidiaries	4	(1,499,203)	(978,083)
Loans to subsidiaries	8	151,917	(107,624)
Net cash used in investing activities		(1,347,286)	(1,085,707)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital	6	1,230,368	987,493
Net cash provided by financing activities		1,230,368	987,493
Net decrease in cash and restricted cash		(54,207)	(34,417)
Cash and restricted cash at beginning of year		104,314	138,731
Cash and restricted cash at end of year		**50,107**	**104,314**

Accompanying notes are an integral part of the financial statements.

Vikebukt,
20 April 2023

Johan E. Andreassen
Chairman

André Skarbø
Director

Ellen Marie Sætre
Director

Patrice Flanagan
Director

Kenneth Andersen
Director

Tone Bjørnov
Director

Karl Øystein Øyehaug
Managing Director of ASA

NOTE 1

Summary of Significant Accounting Policies

General Information

Atlantic Sapphire ASA ("ASA") is a Norwegian company headquartered in 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, US)
- AS Purchasing, LLC ("ASP", registered in Miami, Florida, US)
- S.F. Development, L.L.C. ("ASSF", registered in Miami, Florida, US)
- Atlantic Sapphire IP, LLC ("ASIP", registered in Miami, Florida , US)

The Group owns and operates a land-based Atlantic salmon farm Homestead, Florida, US (the "Miami Bluehouse" facility) and has previously operated a land-based Atlantic salmon farm in Hvide Sande, Denmark (the "Denmark Bluehouse" facility). A Bluehouse® facility ("Bluehouse") is proprietary production technology developed by the Group in collaboration with a wide range of supply chain partners to optimize growing conditions for Atlantic salmon.

A Bluehouse contains the facilities needed to grow and produce Atlantic salmon from egg hatchery to grow-out tanks to primary processing. The Miami Bluehouse also incorporates value-added processing. Consolidated operations enable the Group to control the entire production cycle without having to transport salmon to and from ocean-based net pens. The Miami Bluehouse (Phase 1) has an annual production capacity of approximately 9,500 tons HOG[1].

On 15 September 2021, a fire broke out in the Denmark Bluehouse. All employees were reported safe without injuries. Substantially all property, plant, and equipment related to its saltwater ongrowing systems and approximately 170 tons of standing biomass in the Danish facility's ongrowing systems with a book value of USD 0.8m were lost in the fire (see Note 5 – Biological Assets). On 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022) which is included as part of the Group's other income. The Group allocated the settlement proceeds towards US operations and construction, and the Group is currently reviewing its strategy for its Danish operations with demolition efforts currently underway subsequently in 2023.

Basis for Preparation of the Annual Accounts

The financial statements were prepared in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway ("Norwegian GAAP"). The financial statements have been prepared based on uniform accounting principles for similar transactions and events under otherwise similar circumstances and are expressed in Norwegian kroner ("NOK"). The annual financial statements below are applied only to ASA as the parent company of the Group. The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

Foreign Currency

Foreign currency transactions are translated using the applicable 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 as part of ASA's net profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

Revenue Recognition

ASA's revenue consists of intercompany management fees charged to its affiliates and is recognized when services are rendered. A receivable is recognized accordingly as this is the point in time in which consideration is unconditional and only the passage of time is required before the payment is due.

Use of Estimates and Judgements

The preparation of the financial statements in accordance with Norwegian GAAP requires management to make accounting estimates and assumptions that affect the recognized amounts of assets, liabilities, income, and expenses. The estimates and underlying assumptions are based on ASA's prior experience and information perceived to be relevant and probable when the judgments are made.

Estimates are reviewed on an ongoing basis and actual values and results may deviate from these estimates. Adjustments to accounting estimates are recognized in the period in which the estimates are revised.

Taxes

Tax expense consists of the tax payable and changes to deferred tax. Tax is recognized in the accompanying statements of operations, except to the extent that it relates to items recognized in equity.

Deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax bases, together with tax losses carried forward at the statement of financial position date. Deferred tax assets and liabilities are calculated based on the applicable tax rates and legislations that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and legislations that have been enacted or substantially enacted on the statement of financial position date. Deferred tax assets are recognized only when convincing evidence can support the availability of 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.

Subsidiaries

ASA's investment in subsidiaries is valued at the cost of the shares in each respective subsidiary, less any impairment losses. In accordance with Norwegian GAAP, an impairment loss is recognized if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

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

NOTE 1

Summary of Significant Accounting Policies

Classification of Current vs. Non-Current Items

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

Cash and Restricted Cash

Cash includes cash on hand and bank deposits. Restricted cash is not available for immediate or general business use and is presented as part of cash balances as the amounts are not material to ASA's financial statements as a whole. Cash equivalents consist of short-term investments that can be converted into a known amount in cash within three months and contain an insignificant risk element. ASA did not hold any cash equivalents as of 31 December 2022 and 2021.

Trade and Other Receivables

Trade receivables are initially recognized at amortized cost, less a provision for expected credit losses. Credit loss provisions are based on individual customer assessments over each reporting period and not on a 12-month period. As of 31 December 2022 and 2021, management did not consider a provision for doubtful accounts or impairment necessary.

Statements of Cash Flows

The accompanying statements of cash flows are prepared in accordance with the indirect method.

NOTE 2

Operating Expenses

Other Operating Expenses

For the years ended 31 December 2022 and 2021, ASA's other operating expenses consisted of the following:

(NOK, 1,000)	2022	2021
Selling, general, and administrative	5,412	11,434
Professional fees	3,914	4,180
Leases	168	111
Maintenance and supplies	110	64
Total other operating expenses	**9,604**	**15,789**

Auditor Fees

For the years ended 31 December 2022 and 2021, remuneration to ASA's auditors, excluding VAT, consisted of the following:

(NOK, 1,000)	2022	2021
Statutory auditing services	2,944	1,490
Total auditor's fees	**2,944**	**1,490**

Total amounts towards auditor's fees are included as part of professional fees in other operating expenses.

Salary and Personnel Costs

For the years ended 31 December 2022 and 2021, ASA's salary and personnel costs consisted of the following:

(NOK, 1,000)	2022	2021
Salary	7,026	7,873
Employer's national insurance contribution	330	845
Pension costs	90	167
Other personnel expenses	35	49
Total salary and personnel costs	**7,481**	**8,934**

For the years ended 31 December 2022 and 2021, ASA employed one and three full-time employees, respectively.

For the years ended 31 December 2022 and 2021, remuneration to members of the Board consisted of NOK 4.4m and NOK 3.7m, respectively.

Pensions

ASA satisfies the requirements of the Mandatory Company Pensions Act related to mandatory occupational pensions (Norwegian: OTP). The schemes are mainly established as defined contribution schemes. ASA's pension plan provisions require ASA to pay premiums to public or private administrative pension plans on a mandatory, contractual, or voluntary basis. There are no further obligations once the annual premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Prepaid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

For the years ended 31 December 2022 and 2021, the ASA's total pension cost consisted of NOK 0.1m and NOK 0.2m, respectively, and are included as part of salary and personnel costs in the accompanying statements of operations.

Board of Directors' Statement on Remuneration of Executive Management

The Group's Board of Directors determines the principles applicable to the Group's policy for compensation of executive management and, as a separate document from this Annual Report, presented its statement on such principles for the 2022 financial year during the Group's Annual General Meeting ("AGM") in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act. The Board of Directors' Statement on Remuneration of Executive Management is included in Note 6 – Salary and Personnel Costs of the Group's notes to the consolidated financial statements.

NOTE 3

Finance Income and Expense

For the years ended 31 December 2022 and 2021, ASA's finance income and expense, net consisted of the following:

(NOK, 1,000)	2022	2021
Interest income	4,779	159
Interest income – intercompany	36,163	44,970
Interest expense	(112)	(19)
Impairment of non-current assets – intercompany	(2,116,265)	(384,474)
Currency exchange effects	37,339	16,975
Currency exchange effects – intercompany	(10,123)	7,519
Total finance expense, net	**(2,048,219)**	**(314,870)**

Impairment of Non-Current Assets

On 15 September 2021, a fire broke out in the Denmark Bluehouse. Substantially all property, plant, and equipment related to its saltwater ongrowing systems were lost in the fire. As a result, ASA recognized impairment of non-current assets of towards ASA's investment in ASDK and intercompany loan due from ASDK in 2022 (NOK 57.8m) and 2021 (NOK 384.5m). As a result of ASUS's accumulated losses, ASA recognized an impairment of assets of NOK 2.0b towards ASA's investment in ASUS in 2022. See Note 8 – Related Party Transactions.

NOTE 4

Investment in Subsidiaries

As of 31 December 2022 and 2021, ASA's investment in subsidiaries consisted of the following:

Company (NOK, 1,000)	**Registered office**	**Voting share**	**Ownership share**	**Equity at 31 December 2022**	**Net loss for year ended 31 December 2022**	**Balance sheet in parent company**
Atlantic Sapphire Denmark A/S	Hvide Sande, DK	100%	100%	391	362,851	-
Atlantic Sapphire USA LLC	Miami, FL, US	100%	100%	1,874,306	(920,352)	1,874,308
S.F. Development, L.L.C.	Miami, FL, US	100%	100%	80,419	(3,714)	82,616
Atlantic Sapphire IP LLC	Miami, FL, US	100%	100%	-	-	-
Employee stock options						38,157

Company (NOK, 1,000)	**Registered office**	**Voting share**	**Ownership share**	**Equity at 31 December 2021**	**Net loss for year ended 31 December 2021**	**Balance sheet in parent company**
Atlantic Sapphire Denmark A/S	Hvide Sande, DK	100%	100%	(339,733)	(413,965)	-
Atlantic Sapphire USA LLC	Miami, FL, US	100%	100%	1,196,484	(768,049)	2,433,610
S.F. Development, L.L.C.	Miami, FL, US	100%	100%	75,818	(2,893)	82,616
Atlantic Sapphire IP LLC	Miami, FL, US	100%	100%	-	-	-
Employee stock options						32,630

NOTE 5

Taxes

For the years ended 31 December 2022 and 2021, ASA's income tax calculation consisted of the following:

(NOK, 1,000)	2022	2021
Tax payable calculation:		
Current year loss before tax	(2,053,688)	(328,743)
Permanent differences	2,078,241	313,522
Change in temporary differences	(47,442)	47,442
Utilization of tax losses carried forward from prior years	22,889	(32,221)
Taxable base	-	-
Tax payable		
Tax expense distribution:	-	-
Tax payable	-	-
Change in deferred tax due to change in basis for calculation	-	-
Change in deferred tax due to new tax rate	-	-
Too much or too little allocated earlier years	-	-
Total tax expense	-	-
Tax payable in the statements of financial position:	-	-
Tax payable on current year profit	-	-
Tax effect from contributions	-	-
Total tax payable	-	-

For the years ended 31 December 2022 and 2021, the specification of the basis for ASA's deferred tax consisted of the following:

(NOK, 1,000)	2022	2021
Temporary differences:		
Fixed assets	(3,194)	(3,194)
Deficit that can be carried forward	(98,979)	(76,090)
Total temporary differences	(102,173)	(79,284)
Tax rate	22%	22%
Potential deferred tax not recorded in the statements of financial position	**(22,478)**	**(17,442)**

NOTE 6

Equity and Shareholder Information

For the years ended 31 December 2022 and 2021, changes in ASA's equity consisted of the following:

(NOK, 1,000)	Share capital	Share premium	Employee stock options	Retained earnings (accumulated deficit)	Total equity
Balance at 1 January 2021	8,066	2,950,828	17,761	28,356	3,005,011
Contributions from issuance of capital	1,039	986,454	-	-	987,493
Accumulated contributions from employee stock options	-	-	14,869	-	14,869
Net loss	-	-	-	(328,743)	(328,743)
Balance at 31 December 2021	9,105	3,937,282	32,630	(300,387)	3,678,630
Contributions from issuance of capital	6,222	1,224,146	-	-	1,230,368
Contributions from employee stock options	-	-	5,527	-	5,527
Net loss	-	-	-	(2,053,688)	(2,053,688)
Balance at 31 December 2022	**15,327**	**5,161,428**	**38,157**	**(2,354,075)**	**2,860,837**

NOTE 6

Equity and Shareholder Information

Atlantic Sapphire ASA has one class of shares that confer the same rights in ASA. As of 31 December 2022 and 2021, the Group's share capital consisted of the following:

	2022	2021
Total number of shares as of 1 January	91,048,551	80,663,551
Shares issued during the year	62,217,858	10,385,000
Total number of shares as of 31 December	153,266,409	91,048,551
Nominal value as of 31 December (NOK)	0.10	0.10
Share capital (total number of shares at nominal value) (NOK 1,000)	15,327	9,105
Share capital (total number of shares at nominal value) (USD 1,000)	1,677	1,051

On 3 June 2021, the Group raised approximately NOK 1,016m (USD 121m) in gross proceeds through a private placement of 10,300,000 new shares, at a price per share of NOK 98.60, which was approximately equal to the last closing price on 2 June 2021. Net proceeds from the transaction were NOK 985m (USD 119m).

For the year ended 31 December 2021, 85,000 shares were issued related to the Group's employee share option program, bringing the total shares outstanding to 91,048,551, each with par value of NOK 0.10.

On 29 June 2022, the Group raised NOK 1,231m (approximately USD 125m) in gross proceeds through a private placement of 60,060,976 new shares, at a price per share of NOK 20.50. The private placement was divided in two tranches in which the first tranche ("Tranche 1") consisted of 18,000,000 new shares and the second tranche ("Tranche 2") consisted of 42,060,976 new shares.

Tranche 1 of 18,000,000 new shares was issued pursuant to Board authorization granted by the 2022 AGM. On 30 June 2022, the share capital increase from Tranche 1 was registered with the Norwegian Register of Business Enterprises ("NRBE") and share capital increased by NOK 1.8m through issuance of 18,000,000 new shares, each with a par value of NOK 0.10. Net proceeds from Tranche 1 were NOK 356.6m (USD 36.1m).

On 21 July 2022, the share capital increase from the first sub-tranche of Tranche 2 was registered with the NRBE and share capital increased by NOK 3.1m through issuance of 31,047,666 new shares, each with a par value of NOK 0.10. Net proceeds from the first sub-tranche of Tranche 2 were NOK 615.2m (USD 61.8m). On 27 July 2022, the share capital increase from the second sub-tranche of Tranche 2 was registered with the NRBE and share capital increased by NOK 1.1m through issuance of 11,013,310 new shares, each with a par value of NOK 0.10. Net proceeds from the second subtranche of Tranche 2 were NOK 218.4m (USD 22.1m).

On 10 August 2022, the Group approved and published a prospectus (the "2022 Prospectus"), and on 11 August 2022, commenced the subscription period in the subsequent offering (the "Subsequent Offering") of up to 9,000,000 new shares (the "Offer Shares"), each at a subscription price per share of NOK 20.50. By the end of the subscription period on 24 August 2022, the Group received valid subscriptions for a total of 2,156,882 Offer Shares and these were allocated by the Board of Directors in accordance with the allocation criteria set out in the 2022 Prospectus. The Subsequent Offering raised gross proceeds of approximately NOK 44.0m (approximately USD 4.5m). Accordingly, the Board of Directors resolved to increase the Group's share capital with NOK 215,688.20 through the issuance of 2,156,882 Offer Shares, each with a par value of NOK 0.10.

For the year ended 31 December 2022, no shares were issued related to the Group's employee share option program, and as of 31 December 2022, the Group had 153,266,409 total shares outstanding, each with par value of NOK 0.10.

NOTE 6

Equity and Shareholder Information

As of 31 December 2022 and 2021, the total number of shares issued and outstanding consisted of the following:

Shareholder	2022 Number of shares	2022 % of shares	2021 Number of shares	2021 % of shares
UBS AG	11,154,568	7.28%	3,413,062	3.75%
ALSCO AS	10,427,344	6.80%	9,939,540	10.92%
STRAWBERRY CAPITAL AS	9,229,380	6.02%	250,000	0.27%
SKAGEN KON-TIKI VERDIPAPIRFOND	8,148,000	5.32%	4,931,417	5.42%
JOH JOHANNSON EIENDOM AS	7,649,929	4.99%	1,698,967	1.87%
VATNE EQUITY AS	7,439,024	4.85%	5,000,000	5.49%
NORDLAKS HOLDING AS	7,317,073	4.77%	-	0.00%
THE BANK OF NEW YORK MELLON	6,392,353	4.17%	4,199,153	4.61%
STATE STREET BANK AND TRUST COMP	5,117,800	3.34%	1,909,436	2.10%
MORGAN STANLEY & CO. INT. PLC.	4,990,420	3.26%	3,639,145	4.00%
CITIBANK, N.A.	3,534,230	2.31%	2,884,992	3.17%
RBC INVESTOR SERVICES BANK S.A.	2,549,478	1.66%	2,738,168	3.01%
THE NORTHERN TRUST COMP, LONDON BR	2,400,000	1.57%	1,779,000	1.95%
COLUMBI SALMON AS	2,074,536	1.35%	-	0.00%
ASINVEST AS	1,764,066	1.15%	1,062,915	1.17%
NORSK LANDBRUKSKJEMI AS	1,700,000	1.11%	900,000	0.99%
U.S. BANK NATIONAL ASSOCIATION	1,545,364	1.01%	1,347,598	1.48%
FOUGNER INVEST AS	1,298,108	0.85%	588,663	0.65%
J.P. MORGAN SE	1,284,342	0.84%	-	0.00%
WENAASGRUPPEN AS	1,210,441	0.79%	-	0.00%
Total number of shares attributed to the 20 largest shareholders	97,226,456	63.44%	46,282,056	50.83%
Total number of shares attributed to other shareholders	56,039,953	36.56%	44,766,495	49.17%
Total number of shares issued and outstanding	**153,266,409**	**100.00%**	**91,048,551**	**100.00%**

NOTE 6

Equity and Shareholder Information

As of 31 December 2022 and 2021, shares directly or indirectly held by members of the Board of Directors, Chief Executive Officer, and Executive Management consisted of the following:

Shareholder	2022 Number of shares	2022 % of shares	2021 Number of shares	2021 % of shares
Runar Vatne, Member of the Board	7,839,024	5.11%	5,400,000	5.93%
Johan E. Andreassen, Chairman of the Board and CEO	6,287,442	4.10%	6,043,540	6.64%
Bjørn-Vegard Løvik, Chair of the Nomination Committee	5,213,672	3.40%	4,969,770	5.46%
Andre Skarbø, Member of the Board	1,764,066	1.15%	1,062,915	1.17%
Alexander Reus, Member of the Board	1,601,051	1.04%	1,635,051	1.80%
Jon-Birger Løvik, COO (As of 7 March 2022 Step-In Date)	158,086	0.10%	-	0.00%
Svein Taklo, CDIO	44,814	0.03%	35,058	0.04%
Karl Øystein Øyehaug, CFO and Managing Director	29,850	0.02%	17,655	0.02%
Tone Bjørnov, Member of the Board	19,406	0.01%	7,650	0.01%
Patrice Flanagan, Member of the Board	4,900	0.00%	4,900	0.01%
Alejandro Castro, CBO	920	0.00%	920	0.00%
Danielle Villoch, CLO (As of 19 June 2022 Step-Down Date)	487	0.00%	487	0.00%
Thue Holm, CTO	-	0.00%	697,899	0.77%
Dharma Rajeswaran, COO (As of 9 August 2021 Step-Down Date)	-	0.00%	11,935	0.01%
Cristina Espejo, CPO (As of 10 August 2021 Step-Down Date)	-	0.00%	3,300	0.00%

NOTE 7

Cash and Restricted Cash

As of 31 December 2022 and 2021, ASA's cash consisted of NOK 50.1m and NOK 103.8m, respectively.

As of 31 December 2022 and 2021, ASA held restricted cash in tax withholding accounts of NOK 43k and NOK 0.5m, respectively, and are presented as part of ASA's cash balances in the accompanying statements of financial position.

NOTE 8

Related Party Transactions

During the ordinary course of business, ASA engages in transactions with subsidiaries within the Group similar to what management believes would have been agreed upon between unrelated parties.

During the ordinary course of business, ASA performs management and administrative tasks on behalf of subsidiaries within the Group. For the years ended 31 December 2022 and 2021, ASA charged management fees of NOK 11.6m and NOK 10.9m, respectively. As of 31 December 2022 and 2021, total outstanding amounts due from related parties in connection to such transactions consisted of NOK 25.6m and NOK 14.0m, respectively.

During the ordinary course of business, ASA may loan amounts or pay expenses on behalf of subsidiaries within the Group. Such transactions create amounts due from and to related parties. As of 31 December 2022 and 2021, total outstanding amounts due from related parties in connection with amounts loaned consisted of NOK 758.8m and NOK 1.1b, respectively. Such transactions may result in intercompany finance income and expense (see Note 3 – Finance Income and Expense).

On 15 September 2021, a fire broke out in the Denmark Bluehouse that destroyed substantially all property, plant, and equipment related to its saltwater ongrowing systems. As a result, ASA recognized a NOK 391.4m impairment for the year ended 31 December 2021 that consisted of a NOK 344.0m write-down of its investment of ASDK to zero, a NOK 6.9m write-down of its intercompany receivable from ASDK to zero, and a NOK 40.5m write-down of its intercompany loan due from ASDK to reflect a value of NOK 290.8m (USD 33m), the expected full book value of the Danish facility insured against the fire, less the value of the assets that were unaffected.

For the year ended 31 December 2022, ASA wrote down an additional NOK 57.8m against the intercompany loan due from ASDK to reflect ASDK's current book value. Further, as a result of ASUS's accumulated losses, ASA recognized an impairment of assets of NOK 2.0b towards ASA's investment in ASUS in 2022.

NOTE 9

Share Option Program

In accordance with the authorization granted by ASA's AGM, the Group's Board of Directors introduced a share option program for senior executives and key personnel employed by the Group and its subsidiaries (the "Program").

As of 31 December 2022 and 2021, the Program included up to 1,584,491 and 1,650,535 shares, respectively, with a term between three and four years as follows:

	2022 Weighted average exercise price (NOK)	2022 Number of shares	2021 Weighted average exercise price (NOK)	2021 Number of shares
Outstanding at 1 January	208.88	1,650,535	111.98	683,438
Granted during the year	-	-	222.61	1,354,570
Forfeited during the year	137.99	(38,735)	102.73	(266,242)
Exercised during the year	-	-	28.00	(85,000)
Lapsed during the year	75.17	(27,309)	98.44	(36,231)
Outstanding at 31 December	212.92	**1,584,491**	208.88	**1,650,535**

For the year ended 31 December 2022, no share options were outstanding that had vested and were exercisable, and no share options were granted.

For the year ended 31 December 2021, the total number of share options outstanding that had vested and were exercisable were 12,677, and the weighted average fair value of each share option granted was NOK 17.53 (USD 2.04).

The exercise price of options outstanding as of 31 December 2021 ranged between NOK 28 and NOK 400 and their weighted average contractual life was 4.5 years.

The following information is relevant in the determination of the fair value of options granted for the years ended 31 December 2022 and 2021:

	2022	2021
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price at grant date (NOK)	-	94.16
Exercise price (NOK)	14.74	87.70
Weighted average contractual life (days)	1,825	1,646
Expected volatility	31.18%	31.00%
Expected dividend growth rate	0.00%	0.00%
Risk-free interest rate	1.12%	0.65%

NOTE 10

Contingencies and Legal Claims

ASA has evaluated contingencies and legal claims from 31 December 2022 through the date in which the consolidated financial statements were issued.

The Group is currently involved in an arbitration against OHLA Building, Inc. ("OHL"), who performed work in connection with the construction of Phase 1 of the Homestead Bluehouse, which is ongoing and not settled as of the date of this report. OHL has made a claim for the Group's alleged failure to pay for approved work and change order, in the aggregate amount of approximately USD 4.2m, and also reimbursement of attorneys' fees and interest. The Group is denying that there has been a failure of payment, and has filed a counterclaim in the arbitration, in the aggregate amount of USD 20.0m (such number may be adjusted up significantly later in the process), on the grounds of alleged faulty workmanship by OHL and its subcontractors. In connection with the dispute with OHL, the sub-contractors Billund Aquaculture A/S ("Billund Design"), a company that was engaged by the Group for design work related to Phase 1 and acted as sub-contractor to OHL in the construction of Phase 1, and Billund Aquaculture US Corp. ("Billund Construction"), a company that was engaged by OHL as a sub-contractor to OHL in the construction of Phase 1, have also each become party to the arbitration process. The Group, OHL, Billund Design and Billund Construction participated in a mediation with a view to reach an amicable solution in October 2022. Such mediation was unsuccessful, and the matter is therefore expected to move forward to a formal arbitration hearing and is currently expected to take place, at the earliest, in Q4 2023.

NOTE 11

Commitments

The amended 2020 Credit Facility is secured by substantially all Group's assets, which includes existing and after-acquired personal and real property held, the equity interest held by the Borrowers and the Guarantors in their respective subsidiaries, certain receivables, and certain bank accounts perfected under First Priority security. Farm Credit partially guarantees the US Term Loan subject to the provisions of the amended 2020 Credit Facility.

NOTE 12

Subsequent Events

ASA has evaluated subsequent events from 31 December 2022 through the date in which the financial statements were issued.

Private Placement

On 16 March 2023, the Group raised NOK 595m (approximately USD 55m) in gross proceeds through a private placement of 119,000,000 new shares, at a price per share of NOK 5.00. The private placement was divided in two tranches in which the first tranche ("Tranche 1") consisted of 30,653,281 new shares and the second tranche ("Tranche 2") consisted of 88,346,719 new shares.

On 11 April 2023, the Group held an Extraordinary General Meeting (the "April 2023 EGM"). Through the April 2023 EGM, the Board of Directors was given the authority to increase the Company's share capital with up to NOK 11,900,000 through the issuance of 119,000,000 shares, each with a face value of NOK 0.10, at a subscription price of NOK 5.00 per share. Further, the Board of Directors was authorized to increase the Company's share capital with up to NOK 2,000,000 through the issuance of 20,000,000 new shares, each with a par value of NOK 0.10, as part of a Subsequent Offering. The subscription price per new share upon use of the authorization shall be NOK 5.00.

Tranche 1 of 30,653,281 new shares was issued pursuant to Board authorization granted by the April 2023 EGM. On 12 April 2023, the share capital increase from Tranche 1 was registered with the Norwegian Register of Business Enterprises ("NRBE") and share capital increased by NOK 3.1m through issuance of 30,653,281 new shares, each with a par value of NOK 0.10. Gross proceeds from Tranche 1 were NOK 153.3m (approximately USD 14.2m).

On 12 April 2023, the share capital increase from Tranche 2 was registered with the NRBE and share capital increased by NOK 8,834,671.90 through issuance of 88,346,719 new shares, each with a par value of NOK 0.10. Gross proceeds from Tranche 2 were NOK 441.7m (approximately USD 40.8m). These shares became tradeable under the same ISIN number as the existing shares of the Company upon approval of the prospectus on 14 April 2023.

Ninth Amendment to 2020 Credit Facility

The ninth amendment to the 2020 Credit Facility was formally committed and signed on 31 March 2023. The debt was structured under many of the same key terms such as covenants, and the total amounts were restructured into a fully committed credit facility of USD 170.0m directly with DNB with an extended maturity date of 21 April 2025, of which USD 50.0m is attributed to the drawn US Term Loan (of which USD 4.2m had been repaid as of the date of this report), USD 20.0m is attributed to the RCF (of which USD 17.4m is available), and USD 100.0m is attributed to a delayed undrawn Term Loan for Phase 2 capital expenditures. Further, the maximum applicable interest margin was increased from 4.0% to 5.0% and allows for a lower margin based upon an interest rate grid, with NIBD to EBITDA as the criteria. The Group incurred amendment and extension fees of approximately USD 1.0m.

Subsequent Offering

On 14 April 2023, the Group approved and published a prospectus (the "2023 Prospectus") and intends to carry out a subsequent offering (the "Subsequent Offering") of up to 20,000,000 new shares (the "Offer Shares"), each at a subscription price per share of NOK 5.00. The 2023 Prospectus was published on 14 April 2023 and the Subsequent Offering subscription period was commenced on 17 April 2023.

Statement of Responsibility

Statement of Responsibility

We confirm that, to the best of our knowledge, the consolidated financial statements for the period from 1 January to 31 December 2022 have been prepared in accordance with IFRS as adopted by the EU, with such additional information as required by the Norwegian Accounting Act and give a true and fair view of the Group's consolidated and ASA's assets, liabilities, financial position, and results of operations. We confirm that the Board of Directors' report provides a true and fair view of the development and performance of the business and the position of the Group and ASA, together with a description of the key risks and uncertainty factors that the Group and ASA are facing.

Vikebukt,
20 April 2023

Johan E. Andreassen
Chairman

André Skarbø
Director

Ellen Marie Sætre
Director

Patrice Flanagan
Director

Kenneth Andersen
Director

Tone Bjørnov
Director

Karl Øystein Øyehaug
Managing Director of ASA

Auditor's Report

To the General Meeting of Atlantic Sapphire ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atlantic Sapphire ASA, which comprise:

- the financial statements of the parent company Atlantic Sapphire ASA (the Company), which comprise the statements of financial position as at 31 December 2022, the statements of operations and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Atlantic Sapphire ASA and its subsidiaries (the Group), which comprise the statements of financial position as at 31 December 2022, the statements of operations, statements of comprehensive loss, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2022, and its financial performance and its cash flows for the year then ended in accordance with 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 19 May 2022 for the accounting year 2022.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
Measuring of the amount of biological assets	
Biological assets include inventories of eggs, fry, smolt and live fish held for harvesting purposes. We focused on the measurement of biological assets (biomass), emphasizing live fish held for harvesting purposes, because it constitutes the major part of the Group's biological assets. Furthermore, there is an inherent risk of error in the measurement of both number of fish and biomass, as the biological assets, by nature, are difficult to count, observe and measure due to lack of sufficiently accurate measuring techniques that at the same time do not affect fish health. As a result, there is some uncertainty related to the number of fish and biomass in the on-growing tanks. The Group has established control procedures for measurement of both number of fish and biomass. The amount of biomass in the on-growing tanks has a direct influence on the valuation; see more about this in the paragraph *Valuation of biological assets at fair value* below. See note 5 (Biological assets) for further information about measuring of biological assets.	For audit of material inventories, the International Audit Standards (ISAs) require that we participate at inventory counts, provided that it is practicable. Due to the nature of the biological assets and the described difficulty related to counting, observing and measuring the fish and the biomass, we have performed alternative audit procedures to obtain sufficient appropriate audit evidence regarding the inventory's existence and condition. The Group's biomass system shows the number of fish, average weight and biomass per batch. We directed our effort at the movement in biological inventory (in numbers) in the period. The movement is the total of smolt stocked, loss of fish and harvested fish for the period. We reviewed the Group's processes for overseeing the number of fish stocked in the on-growing tanks. To assure accuracy of the number of fish registered in the biomass system, we tested a selection of fish transfers between on-growing tanks to underlying documentation from the counting machines used by the Group. In addition, we tested the harvest deviation related to the number of fish. The growth in the period is connected to the total feed consumption and is closely associated with purchase of feed. We performed sampling testing on feed purchases and checked these against the booked feed purchase and volume. We also assessed recorded accumulated feed conversion rate for live fish held for harvesting purposes and obtained explanations from management and further documentation for sites with significantly either higher or lower feed conversion rate than expected. Our procedures substantiated that the growth for the year was not unreasonable. In order to challenge the historical accuracy of management's biomass estimates, we reviewed the harvest deviation for the period and the first two months of 2023. By harvest deviation, we refer to the deviation between actual harvested biomass (in numbers and kilos) and the estimated biological inventory according to the Group's biomass system.We found the accumulated deviations to be negative, but the estimated consequence for the booked value of the biomass not to be material. We satisfied ourselves that the disclosures in the notes about measuring of biological assets were reasonable.
Valuation of biological assets at fair value	
The Group measures biological assets at fair value using the requirements in IAS 41. On 31 December 2022, the book value of biological assets is USD 18,690 thousand, of which USD 26,489 thousand is historical cost and USD -7,799 thousand is value adjustment. Biological assets comprise about 5% of total assets. Fluctuations in fair value estimates that occur due to, for instance, changes in market price, may have significant impact on the period's operating result. The Group therefore shows the effect of fair value adjustments for biological assets as a separate line item before operating result (EBIT). We focused on valuation of biological assets at fair value due to the complexity of the underlying calculation, the required level of management judgement in making the estimate, and because of the materiality of the amounts involved including its corresponding significance to the financial result for the year. See note 5 (Biological assets) for further information about valuation of biological assets at fair value.	We challenged management's model for calculation of fair value of biological assets by assessing the model against the criteria in IAS 41 and IFRS 13. We found that the model included the elements that the accounting standards require. We examined whether the biomass that formed the basis for the Group's model corresponded with the Group's biomass system and tested whether the model made mathematical calculations as intended. After having assured that these fundamental elements were in place, we assessed whether the assumptions that management used in the model were reasonable. We challenged the assumptions made with regards to when the fish is considered to be ready for harvest, the expected price, the expected monthly mortality rate and the discount rate applied. We found management's assumptions to be reasonable. Further, we assessed whether information about fish health and harvest deviation after the balance sheet date is reflected in the valuation. We found that the calculation model adequately reflected available information. We satisfied ourselves that the disclosures in note 5 to the financial statements referring to valuation of biological assets appropriately reflected the valuation methods used.

Impairment of property, plant, and equipment	
The Group's most material assets are property, plant, and equipment with a carrying value of USD 303 122 thousand on 31 December 2022. During 2022 there was a significant reduction in the Group's market value on the stock exchange. In addition the Group experienced production problems. Management identified these events as impairment indicators according to IAS 36 and prepared an impairment assessment. Key assumptions used by Management such as expected future net cash flows and rate of return are judgemental by nature. We focused on valuation of production plants due to the degree of judgment Management exercised in the impairment assessment. No impairment charge was recognised as a result of the impairment test for 2022. For further information about the judgements exercised by Management and the valuation assessments, we refer to the Group's note 1 summary of significant accounting policies and note 9 property, plant and equipment.	We obtained an understanding of Management's process related to preparation of the impairment assessment. We obtained Management's valuation model and assessed whether it contained the key elements required. We found that the model contained the elements we expect from an impairment model. We tested the mathematical accuracy of the model, and noted no material errors. We held discussions with Management, and challenged Management's estimates and underlying assumptions. For certain key assumptions we specifically used external data to assess the assumptions used by Management. We reviewed Managements sensitivity analyses and challenged Management's assumptions related to future cash flows. We assessed the applied discount rate by comparing its inherent components to data from relevant internal and external sources. We found the discount rate to be within an acceptable range. Based on our audit procedures we found Management's assumptions to be reasonable. We reviewed the information in notes 1 and 9 regarding the valuation assessment and found that these provided appropriate information.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial

statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. 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.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements 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 and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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 consolidated 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Atlantic Sapphire ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name AtlanticSapphireASA-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Bergen, 20 April 2023
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

ABOUT ATLANTIC SAPPHIRE

Atlantic Sapphire ASA

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CVR: 895436232

Investor Relations

Karl Øystein Øyehaug,
Chief Financial Officer and Managing Director
1-786-292-3632
investorrelations@atlanticsapphire.com

Domicile of Entity

Vestnes, Norway

Legal Form of Entity

Public limited liability company:
Allmennaksjeselskap (ASA)

Country of Incorporation

Norway

Principal Place of Business

Homestead, Florida

Description of Principal Operations

45102010, Farming, Fishing, Ranching, and Plantations