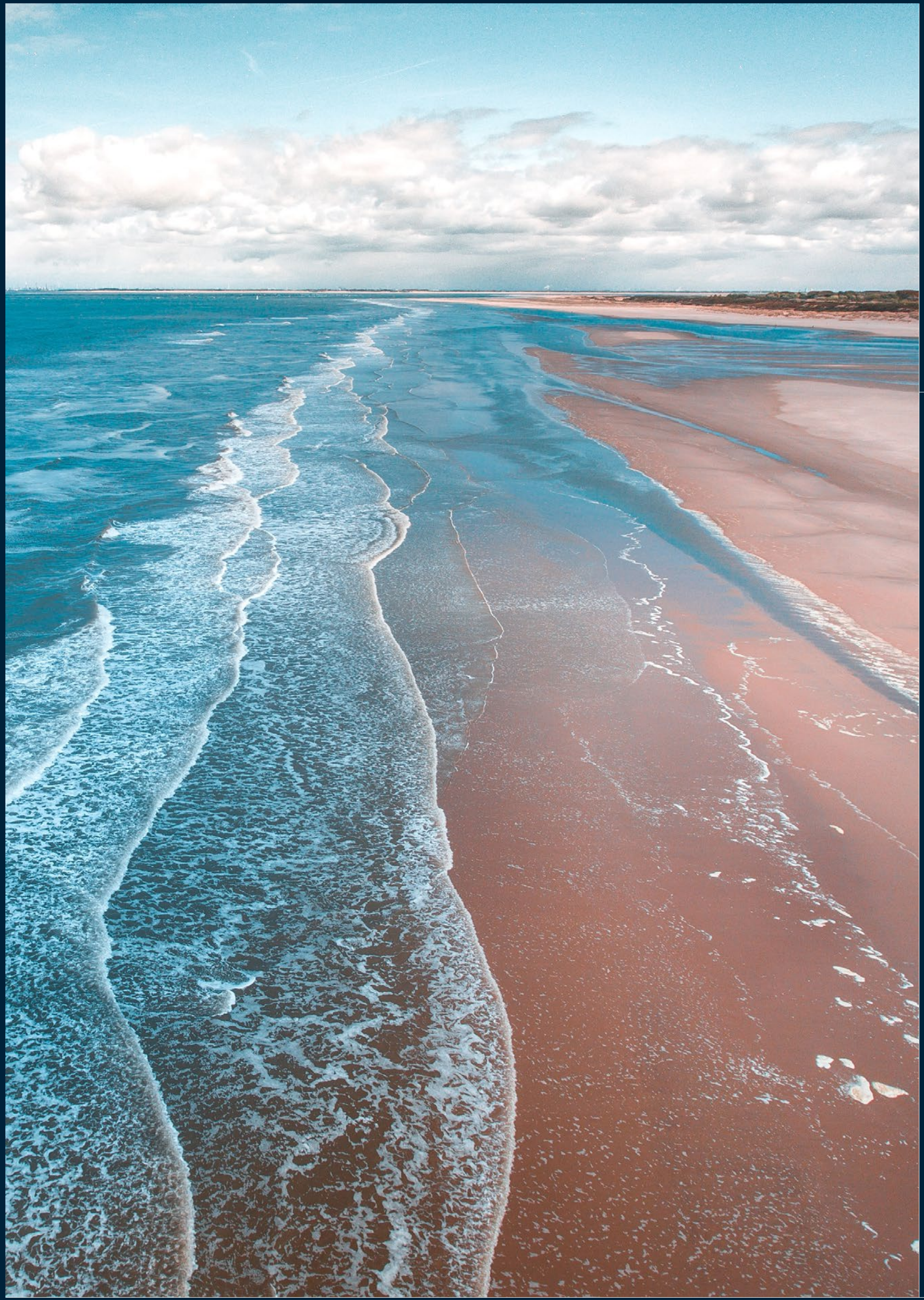


INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2023

In accordance with International Financial Reporting Standards

ATLANTIC SAPPHIRE®

Statement by the Board of Directors and Managing Director

30 June 2023 Interim Consolidated Financial Statements

The Board of Directors and Managing Director have today considered and approved the interim consolidated financial statements of Atlantic Sapphire ASA (collectively, the "Group") for the period 1 January 2023 to 30 June 2023.

To the best of our knowledge, we declare that the condensed set of interim consolidated financial statements, which have not been audited or reviewed by the Group's independent auditors, has been prepared in accordance with IAS 34, Interim Financial Reporting, and provides a true and fair view of the Group's assets, liabilities, and financial position as of 30 June 2023, as well as the Group's overall results for the period 1 January 2023 to 30 June 2023.

To the best of our knowledge, we declare that the Interim Management Report provides a true and fair review of important events that occurred during the accounting period, their impact on the condensed set of interim consolidated financial statements, principal risks and uncertainties for the remaining six months of the financial year, and material related party transactions.

The Board of Directors
and Managing Director of
Atlantic Sapphire ASA

Vikebukt, 24 August 2023

Kenneth Andersen
Chairman

André Skarbø
Director

Ellen Marie Sætre
Director

Eirik Welde
Deputy Chairman

Marta Rojo Alonso
Director

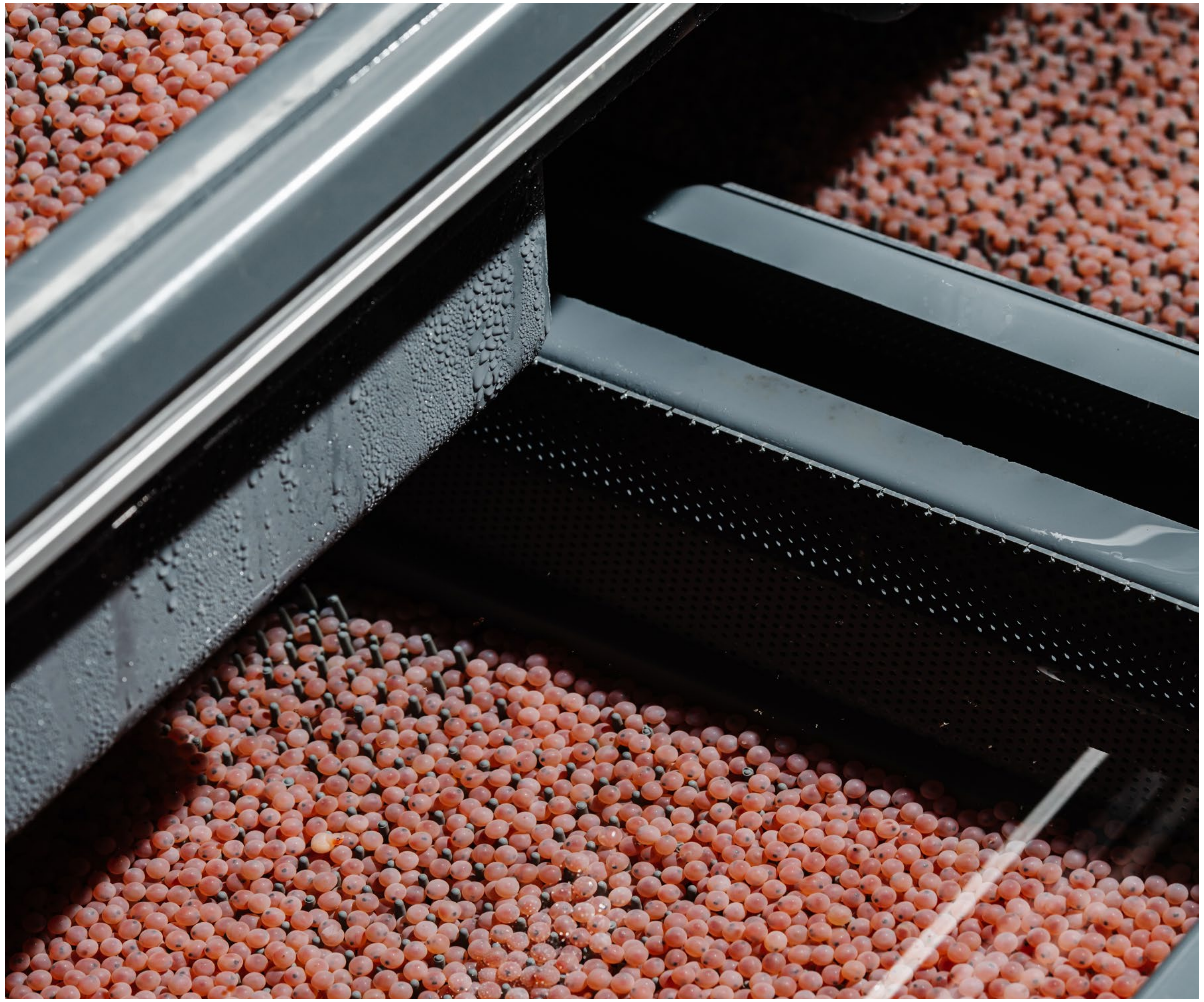
Johan E. Andreassen
Managing Director of ASA

Interim Management Report

30 June 2023
Interim Consolidated
Financial Statements

Key Highlights Half Year 2023

- Approximately 2,100t RLW gross biomass gain and total harvest volume of 870t HOG for H1 2023.
- Decrease in revenue driven by lower volume, partially offset by higher sales price achievement.
- Consistent premium price achievement on premium fish (superior, 3kg+).
- Increase of overall cost per kg of biomass produced compared to the same period in 2022.
- Focus on heavy infrastructure upgrades and operational improvements, requiring feeding and production to be put on hold while work was ongoing.
- Fine-tuning of the Group's US Phase 1 facility sets the stage for a safer production environment and improved biomass gain leading up to steady state production capacity.
- An internal reorganization within the Group initiated in first half of the year to streamline the organization and strengthen operational resources.
- Continued focus on brand development to promote brand awareness and recognition.
- US Phase 2 construction currently focused on design and optimizing quality and cost of the project, limiting actual capital expenditures for the project to a minimum (e.g. completion of a new wastewater treatment plant).
- Strengthened the balance sheet through a NOK 595m private placement in March 2023 and a NOK 34m Subsequent Offering in April 2023 (both gross proceeds).
- Extension of the debt facilities with DNB to April 2025.



Key Figures

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Operating revenue	8,058	9,678	18,954
EBIT	(43,703)	(12,344)	(62,259)
EBIT %	-542.36%	-127.55%	-328.47%
EBITDA	(36,375)	(5,726)	(48,042)
Net loss	(48,377)	(14,472)	(65,006)
Earnings per share:			
Retrospectively adjusted basic earnings per share	(0.22)	(0.13)	(0.47)
Retrospectively adjusted diluted earnings per share	(0.22)	(0.13)	(0.47)
Non-IFRS measures			
EBIT	(43,703)	(12,344)	(62,259)
Add back:			
Depreciation and amortization	7,328	6,618	14,217
Fair value adjustment on biological assets	2,917	(1,917)	(95)
EBITDA, pre-fair value adjustment on biological assets	**(33,458)**	**(7,643)**	**(48,137)**
Add back:			
Denmark insurance proceeds	-	(25,289)	(25,322)
EBITDA, adjusted *	**(33,458)**	**(32,932)**	**(73,459)**
Total assets	365,654	363,421	357,551
Capital expenditures	14,551	33,642	52,447
Net interest bearing debt	20,991	41,395	23,154
Equity share	83.29%	71.92%	82.89%

* EBITDA adjusted for fair value adjustment on biological assets and Denmark insurance proceeds

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Key Figures

Unaudited	30 June 2023	30 June 2022	31 Dec 2022
Volume of fish harvested during the period (tons gutted weight)	870	1,217	2,253
EBIT / kg (gutted weight)	(50.23)	(10.14)	(27.63)
EBIT, pre-fair value adjustment on biological assets / kg (gutted weight)	(46.88)	(11.72)	(27.68)
EBIT, adjusted ** / kg (gutted weight)	(46.88)	(32.50)	(38.92)

** EBIT adjusted for fair value adjustment on biological assets and Denmark insurance proceeds

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Group Financial Performance

Going Concern

The Board confirms that it is appropriate to prepare the interim consolidated financial statements for the period 1 January 2023 to 30 June 2023 based on a going concern assumption pursuant to section 3-3a of the Norwegian Accounting Act. This confirmation is based on the Group's results, financial position, business strategy, and forecasted performance in future periods.

Given subsequent operational underperformance in Q3 2023, the Group expects a reduction in expected revenue and operational cash flow in H2 2023 and a breach of its Q3 2023 financial covenants. In anticipation, the Group has engaged financial advisors as it estimates additional funding will be required to reach US Phase 1 steady state production with a sufficiently large buffer. The Group's largest existing shareholders represented on the Board of Directors have indicated their continued financial support and the Lender has provided indications to either reset its covenant levels or grant the necessary waiver upon successful financing.

The Group believes it can obtain and get access to sufficient financing to achieve steady state biomass, generate positive cash flow from operations, and complete its US Phase 2 expansion upon finalizing its design and budget.

Overall Group Operations

Group net loss for the six months ended 30 June 2023 (the "Current Period") was USD 48.4m, which represents an increase in net loss of USD 33.9m compared to the Group's net loss of USD 14.5m for the six months ended 30 June 2022 (the "Prior Period"). The increase is attributed to the fact that the Prior Period net loss included insurance settlement proceeds of USD 25.3m from the 15 September 2021 Denmark Bluehouse fire (see Note 3 – Other Operating Expenses and Income). Further, the Group had lower harvest volumes, higher cost of goods sold, and higher finance expenses in the Current Period compared to the Prior Period. The Group also recognized a downward fair value adjustment to biological assets in the Current Period versus an upward fair value adjustment to biological assets in the Prior Period.

Revenue and Harvest Volume

The Group's revenue for the six months ended 30 June 2023 was USD 8.1m, which represents a decrease of USD 1.6m compared to the Group's revenue of USD 9.7m for the six months ended 30 June 2022. Total volume of fish harvested for the Current Period was 870t HOG, which represents a 347t HOG decrease in comparison to the Group's harvest volume of 1,217t HOG for the Prior Period. The decrease in harvest volume is the result of the Group's decision to prioritize increasing the standing biomass in the farm combined with operational challenges faced by the Group. The decrease in revenue from volume was partially offset by an increase in the price achievement. Harvestable fish was no longer produced in Denmark from 2022 onwards.

Cost of Goods Sold

The Group's cost of goods sold for the six months ended 30 June 2023 was USD 36.4m, which represents an increase of USD 4.3m over the Group's cost of goods sold of USD 32.1m for the six months ended 30 June 2022. The overall increase in cost of goods sold was attributed to higher mortality write-downs and lower utilization of the US Phase 1 facility's total capacity.

Of the Current Period amount of USD 36.4m (vs USD 32.1m in the Prior Period), USD 12.4m was attributed to cost of fish sold (vs USD 17.5m in the Prior Period), USD 7.4m was attributed to mortality (vs USD 1.3m in the Prior Period), USD 13.4m was attributed to excess production costs from underutilized plant capacity (vs USD 8.2m in the Prior Period), and USD 3.2m was attributed to processing and shipping costs (vs USD 5.1m in the Prior Period).

Fair Value Adjustment on Biological Assets

The Group recorded a net loss on accumulated fair value adjustments on biological assets of USD 2.9m for the six months ended 30 June 2023 to bring the accumulated fair market value adjustment of biological assets to negative USD 10.7m. In comparison, the Group recorded a net gain on accumulated fair value adjustments on biological assets of USD 1.9m for the six months ended 30 June 2022 to bring the accumulated fair market value adjustment of biological assets to negative USD 6.0m. The loss was primarily attributed to the batches affected by operational challenges from Q4 2022 through Q2 2023, which resulted in an increase to the accumulated carrying cost of production.

Salary and Personnel Costs

The Group's salary and personnel costs for the six months ended 30 June 2023 was USD 2.6m, which represents a decrease of USD 0.8m compared to the Group's salary and personnel costs of USD 3.4m for the six months ended 30 June 2022. The decrease was primarily attributed to an internal reorganization and shift of personnel roles from corporate to production from 2022 to 2023. Further, the amount of share-based compensation recognized for the six months ended 30 June 2023 (USD 0.2m) was lower compared to that of the six months ended 30 June 2022 (USD 0.3m).

Selling, General, and Administrative Costs

The Group's selling, general, and administrative costs ("SG&A") for the six months ended 30 June 2023 were USD 4.3m, which represents a decrease of USD 3.2m compared to the Group's SG&A of USD 7.5m for the six months ended 30 June 2022. The decrease was primarily driven by the fact that rental chillers, attributed to a breakdown in its internal chiller plant in January 2021, were taken as part of cost of production in 2023 (USD 2.2m in the Current Period) whereas such amounts were recognized as period expense in 2022 (USD 2.7m in the Prior Period). The remaining decrease in SG&A was attributed to various cost-cutting initiatives (see Note 3 – Other Operating Expenses and Income).

Other Income, Net

The Group's other income, net for the six months ended 30 June 2023 was USD 1.8m, which represents a decrease of USD 23.9m compared to the Group's other income, net of USD 25.7m for the six months ended 30 June 2022. The decrease was primarily attributed to the fact that 2022 amounts included USD 25.3m from the Denmark Bluehouse insurance settlement proceeds (see Note 3 – Other Operating Expenses and Income).

Depreciation and Amortization

The Group's depreciation and amortization for the six months ended 30 June 2023 was USD 7.3m, which represents an increase of USD 0.7m compared to the Group's depreciation and amortization of USD 6.6m for the six months ended 30 June 2022. The increase was primarily attributed to less allocation of depreciation to production costs due to underutilization of plant capacity between the six months ended 30 June 2023 vs 2022.

Finance Expense, Net

The Group's net finance expense for the six months ended 30 June 2023 was USD 4.7m, which represents a USD 2.6m increase of the Group's net finance expense of USD 2.1m for the six months ended 30 June 2022. The increase was primarily attributed to debt issuance costs related to the ninth amendment to the Credit Facility and an overall increase in SOFR.

Group Financial Position

The Group's total assets as of 30 June 2023 were USD 365.7m, which represents an increase of USD 2.3m compared to the Group's total assets of USD 363.4m as of 30 June 2022. The increase is primarily attributed to an increase in capital expenditures offset by net cash used in operations.

The Group's total equity as of 30 June 2023 was USD 304.6m, which represents an increase of USD 43.2m compared to the Group's total equity of USD 261.4m as of 30 June 2022. The increase is primarily attributed to proceeds from the 29 June 2022 and 16 March 2023 equity raises, proceeds from the 10 August 2022 and 17 April 2023 subsequent offerings, offset by net losses.

The Group completed an equity raise on 29 June 2022 for NOK 1,231m (approximately USD 125m) in gross proceeds with equity transaction fees of USD 4.1m. The 29 June 2022 private placement consisted of 60,060,976 new shares at a price per share of NOK 20.50 and was divided in two tranches in which the first tranche ("2022 Tranche 1") consisted of 18,000,000 new shares and the second tranche ("2022 Tranche 2") consisted of 42,060,976 new shares. On 11 August 2022, the Group commenced the subscription period in the subsequent offering (the "2022 Subsequent Offering") of up to 9,000,000 new shares each at a subscription price per share of NOK 20.50. By the end of the subscription period on 24 August 2022, the 2022 Subsequent Offering raised gross proceeds of approximately NOK 44.0m (approximately USD 4.5m) through the issuance of 2,156,882 new shares, each with a par value of NOK 0.10.

The Group completed an equity raise on 16 March 2023 for NOK 595m (approximately USD 55m) in gross proceeds with equity transaction fees of USD 1.7m. The 16 March 2023 private placement consisted of 119,000,000 new shares at a price per share of NOK 5.00 and was divided in two tranches in which the first tranche ("2023 Tranche 1") consisted of 30,653,281 new shares and the second tranche ("2023 Tranche 2") consisted of 88,346,719 new shares. On 14 April 2023, the Group commenced the subscription period in the subsequent offering (the "2023 Subsequent Offering") of up to 20,000,000 new shares each at a subscription price per share of NOK 5.00. By the end of the subscription period on 17 April 2023, the 2023 Subsequent Offering raised gross proceeds of approximately NOK 32.5m (approximately USD 3.0m) through the issuance of 6,706,606 new shares, each with a par value of NOK 0.10.

As of 30 June 2023, 278,973,015 shares were issued and outstanding (109,048,551 as of 30 June 2022).

The Group's total liabilities as of 30 June 2023 were USD 61.1m, which represents a decrease of USD 41.0m compared to the Group's total liabilities of USD 102.1m as of 30 June 2022. The decrease was primarily attributed to USD 30.5m in payments against short term debt (previously outstanding as of 30 June 2022), USD 5.4m in principal payments against the US Term Debt, and an overall decrease in vendor payables. As of 30 June 2023, USD 44.6m was outstanding on the Group's amended 2020 Credit Facility (USD 80.5m as of 30 June 2022) and the Group's net interest-bearing debt was USD 21.0m (USD 41.4m as of 30 June 2022).

The Group's debt to equity ratio as of 30 June 2023 was 20.1%, which represents a decrease of 19.0% from 39.1% as of 30 June 2022. The decrease was primarily attributed to the debt paydowns indicated above and net proceeds from equity financing.

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 5.4m 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. Given subsequent operational underperformance in Q3 2023, the Group is actively monitoring its financial projections and compliance with financial covenants and is in active dialogue with its Lender to either reset its covenant levels or to obtain the necessary waiver should it be necessary.

Group Cash Flows

Group net cash outflows from operations for the six months ended 30 June 2023 were USD 36.5m, which represents an increase of USD 28.6m cash outflows compared to the Group's cash outflows from operations of USD 7.9m for the six months ended 30 June 2022. The change in Group cash flow from operations was primarily due to the 2022 proceeds from the 15 September 2021 Denmark Bluehouse fire insurance settlement and an overall increase of Current Period net loss attributed to lower harvest volume and overall increase in operational costs in comparison to Prior Period (see Note 3 – Other Operating Expenses and Income).

Group net cash outflows from investing activities for the six months ended 30 June 2023 were USD 15.2m, which represents a decrease of USD 17.0m cash outflows compared to the Group's cash outflows from investing activities of USD 32.2m for the six months ended 30 June 2022. The decrease in Group cash outflows from investment activities was primarily attributed to the decision to slow down US Phase 2 construction from H2 2022 while the Group focused on Phase 1 operations.

Group net cash inflows from financing activities for the six months ended 30 June 2023 were USD 52.3m, which represents a decrease of USD 11.0m cash inflows compared to the Group's cash inflows from financing activities of USD 63.3m for the six months ended 30 June 2022. The net decrease was primarily attributed to the fact that the Group made payments of USD 15.0m towards borrowings for the Current Period (whereas no amounts were paid in the Prior Period) and received comparatively higher debt and equity proceeds from the Current Period (USD 70.0m) in comparison to the Prior Period (USD 66.6m).

Group Operational Performance

Price Achievement and Geographic Market Presence

The Group has worked for more than eight years to develop strong relationships with retailers, food service players, distributors, and other selected partners.

We are approaching three years of consecutive weekly harvest and are currently supplying approximately 2,000 retail locations with continued strong demand for locally raised salmon in the US.

For the six months ended 30 June 2023, premium Bluehouse Salmon consistently achieved an average US price achievement of approximately 12 USD / kg HOG equivalent on a return to farm basis (excluding freight costs) for fish graded as superior and above 3kg. In comparison, the commodity Fishpool index price during the same period, converted to USD using Norges Bank rates, averaged approximately 10 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 also sought to continue brand development to promote our mission of Sustainable Profitable Growth to consumers 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 levels above benchmark.

US Operations

From an operational standpoint, the first half of 2023 was characterized by continued infrastructure upgrades of the US Phase 1 facility in order to achieve stable operating conditions for the salmon. The work involved a full review of the Bluehouse Infrastructure to reduce the risk of sedimentation and anoxic areas through the RAS system. This is critical work to reduce the risk of producing gases that historically have increased mortality and impacted growth negatively. For example, all biofilters were "reset" and upgraded to their intended condition.

In addition, organizational changes, protocol improvements and significant upgrades have been made to equipment and automation. Over 100 new camera inspection points in the previously inaccessible areas of the RAS have been installed to identify and tackle potential risks of sludge sedimentation early on.

Other completed upgrades included a new water chiller system (the "chiller bank"), new lighting across all systems to enhance appetite and mitigate early maturation, nutritional changes to enhance fillet color, and a new ozone system for improved water clarity and reduced nutrient load.

Due to the ongoing infrastructure improvements during the first half of 2023, feeding and production was limited, because a lot of the water filtration capacity was offline. Production was also negatively impacted by higher-than-normal mortality. This resulted in relatively low biomass gain and harvest volumes in the period.

Denmark Operations

On 15 September 2021, a fire broke out in the Denmark Bluehouse. On 1 April 2022, the Danish police (Midt- og Vestjyllands Politi) announced that their investigation on the 15 September 2021 Denmark Bluehouse fire was concluded and on 10 May 2022, the Group agreed on a cash settlement of DKK 180.0m (USD 25.3m equivalent upon receipt in June 2022). The Group allocated the settlement proceeds towards US operations and construction, and the Group is currently reviewing its strategy for its Danish operations (see Note 3 – Other Operating Expenses and Income). The Group is currently in the final stages of the demolition and clean-up process of the site, expected to be completed later in H2 2023, and is currently undergoing a strategic review of the future of its Danish entity.

Principal Risks and Uncertainties

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, rapid organizational growth, initial operational procedures that were yet to be fine-tuned and the complexity of managing both technical and biological risk. As Atlantic Sapphire continues to mature as a company, critical in-house systems have been established related to design, construction, water quality monitoring, operational procedures, and automation.

The Group also faced systemic risk through subpar equipment that resulted in frequent alarms, unfinished design at construction commencement, and production while constructing in the same systems.

The Group further faced diversification risk towards potential biomass 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.

The successful construction of the Group's Bluehouse facilities and continuous improvements towards 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 quarterly financial covenants to be maintained.

In anticipation of not being able to meet its minimum EBITDA requirement for Q2 2023, the Group received a formal waiver from its Lender dated 29 June 2023 (see Note 10 – Significant and Subsequent Events).

The Group's debt to equity ratio as of 30 June 2023 was 20.1%, which represents a decrease of 19.0% from 39.1% as of 30 June 2022. Net interest-bearing debt, which comprise of total interest-bearing borrowings less cash and cash equivalents, was USD 21.0m.

From the Group's AGM on 23 May 2023, ASA's Board of Directors were given proxy to increase the share capital with up to NOK 5,500,000 through the issuance of up to 55,000,000 new shares, with a face value of NOK 0.10. The authorization may be used several times within this limit.

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, liquidity risk, and climate 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. The Group monitors the possibilities of entering into fixed-interest loans as a tool to manage interest rate risk.

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 30 June 2023.

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.

Climate Risk

The Group fully recognizes that there are potential financial implications for its business from both climate-related physical and transition risks. Atlantic Sapphire's production facilities are located in a tropical climate. 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.

The Group is well-positioned to expand its supply to the market if climate change places limitations on sea-based salmon production. 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, the Group expects to be less affected than others in the US market if climate risk were to impact the cost of air transportation because we supply that market from local production and use truck transportation. However, electricity represents an important input to Atlantic Sapphire's business and any increase in pricing in the local electricity market will result in higher costs for the Group. The Group is evaluating future sourcing of and investments in renewable energy to minimize the carbon footprint of production and potentially achieve energy cost savings.

The Group'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 production cost. Although feed represents a large, global commodity, supplier prices are ultimately based on marine and non-marine raw materials. A future increase in such costs to the supplier would most likely result in increases to the Group's cost of production. Such factors could potentially include climate change, increase in global demand, and lower supply. The Group considers this risk to be high and is therefore exploring alternative raw materials to reduce dependence on marine ingredients.

Outlook

US Biological Outlook

Monthly biomass gain is expected to increase gradually until the Group reaches a fully stocked farm. Having a fully stocked farm is the prerequisite to reach the targeted steady state biomass gain and harvest volume of US Phase 1 ("steady state" production).

In Q3 2023 to date, the Group expects a lower-than-expected biomass gain and a lower standing biomass than previously estimated due to elevated farming temperatures and its consequences for overall water quality. The Group expects the cooling issue to be solved and the achievement of targeted temperatures by the end of September through the installation of additional water chillers, thus creating a stable production environment and gradually improving biological performance moving forward. All else equal, the Group expects a harvest volume of approximately 400t HOG equivalent in Q3 2023, a ramp-up in harvest volume expected in Q4 2023, and continuous steps towards strengthening the organization further.

In production, the Group has seen cost inflation across multiple production inputs. For example, feed, chemical, and oxygen unitary costs have increased over the last year.

Atlantic Sapphire is constantly looking to engage with industry leaders and ensure that it's always taking advantage of technological and operational developments that are happening throughout the global RAS and salmon farming industries. For example, after the Private Placement in March 2023, Nordlaks, one of the largest family-owned salmon farming companies in the world, became the largest owner of the Group. As part of the collaboration, Nordlaks has contributed knowledge and experience from operation, design, and engineering of large-scale saltwater RAS, as well as biological experience that are expected to benefit the operations of the Group.

Sales and Marketing Outlook

Although the Group is currently monitoring the consumer response to high inflation in food prices and consumer's ability to pay a premium price for proteins closely, the Group still expects to maintain premium pricing for its Bluehouse Salmon. We will continue to invest in the development of the Bluehouse Salmon brand and in the education of buyers and consumers. Since our first US harvest in September 2020, Atlantic Sapphire has consistently achieved an average US price achievement of approximately 12 USD / kg HOG equivalent 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.

Under stable conditions, approximately 80 to 90% of total harvest is expected to be sold at the Bluehouse premium price, which is expected to raise the average price achievement considerably. Further, the Group expects to see an increase in its average price achievement as average harvest weights increase in steady state production.

Key Developments on Risk Mitigation

Atlantic Sapphire is constantly working on 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 is experienced in identifying and mitigating risks that come with upscaling RAS technologies. The Group is operating a total of 12 independent growout systems in the US, which accelerates the speed of operational learnings in the organization.

With the significant infrastructure improvements that have been completed in H1 2023, Atlantic Sapphire believes its Bluehouse is more robust than at any other point in its past. Combined with a more experienced team operating the systems, the Group believes it has set the stage for stable operating conditions, good water quality and strong biological performance going forward.

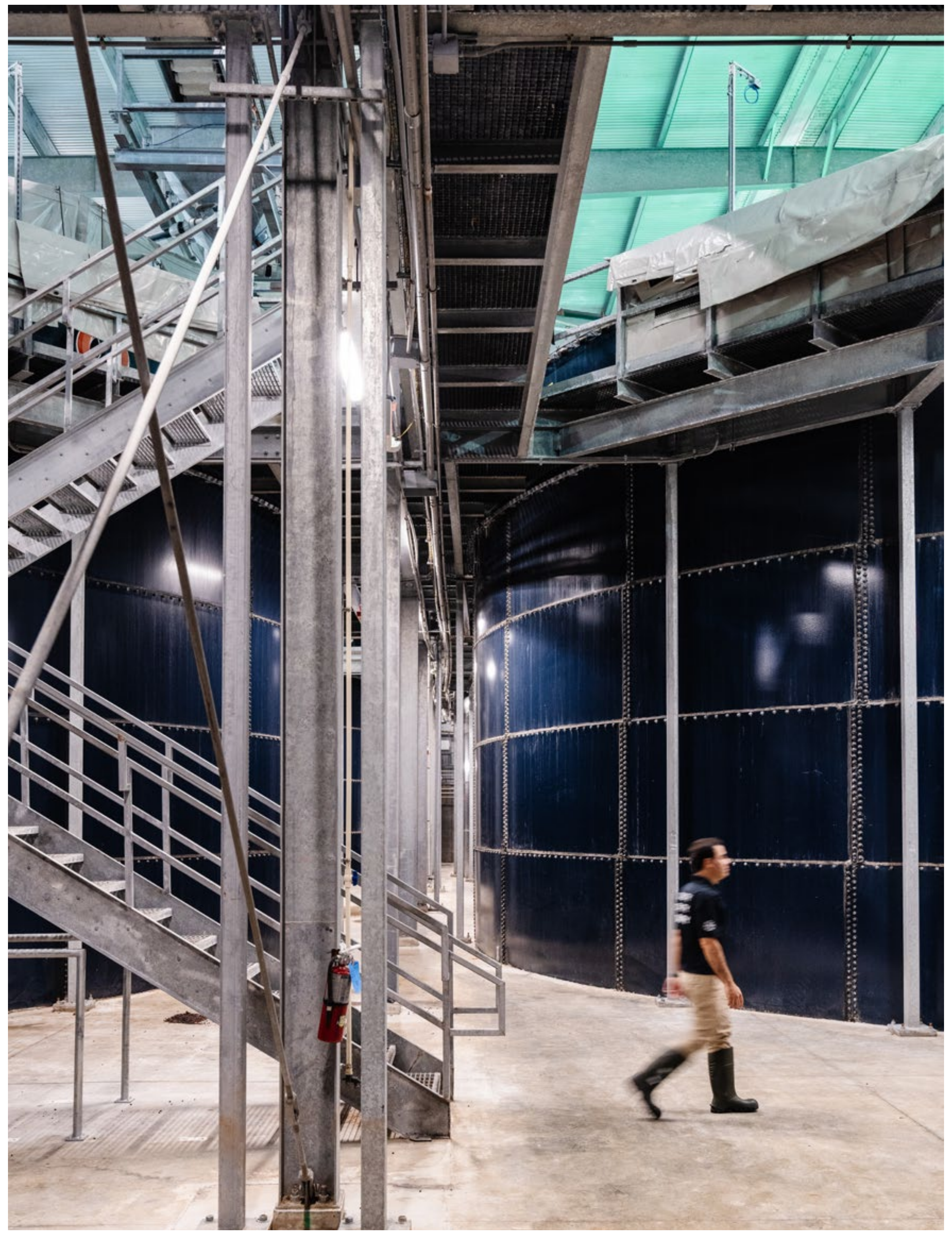
US Phase 2 Construction

The US Phase 2 project, which is estimated to bring total annual harvest volumes to 25,000t HOG, is currently estimated to be one third along the way towards construction completion, with approximately USD 98.8m invested into the project as of 30 June 2023. In addition, USD 14.1m has been invested in supporting infrastructure and USD 5.3m of operational expenses have been allocated and capitalized to the ongoing construction project.

In contrast to the US Phase 1 project, we now have the appropriate staffing level for a large-scale project, we have strategically selected a design consultant with proven experience on large water facilities, and we have partnered with a construction contractor with vast experience in constructing water treatment facilities locally in Florida.

Given the current focus of reaching steady state production in the existing Phase 1 facility, the Group is focused on value engineering and is working with its contractors to optimize cost and quality for outstanding Phase 2 construction items. Therefore, with the exception of certain critical systems such as a new wastewater treatment plant, full buildout of the Phase 2 facility is on temporary pause to allow for the prioritization of construction quality and cost optimization over building speed. Further, this allows for the Group to further refine Phase 1 learnings to be implemented towards Phase 2.

The US Phase 2 budget is estimated at USD 275.0m to 300.0m, however there remains risk in this construction budget range and timing, as work is still ongoing to finalize the design and secure the remaining quotes and, eventually, contracts needed to finalize the Phase 2 construction.



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, 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 Managing Director and CEO. On 8 September 2022, Platina rebranded as NovoMar, Inc. ("NovoMar"). For the six months ended 30 June 2023, the Group sold salmon products of USD 0.4m to NovoMar.

During the ordinary course of business, and commencing in June 2023, NovoMar provides harvesting services for ASUS. For the six months ended 30 June 2023, ASUS incurred harvesting costs of USD 0.2m. Such amounts are included as part of cost of goods sold in the accompanying consolidated statements of operations.

As of 30 June 2023, the Group had a net amount due from NovoMar of USD 0.1m and collected upon such amounts subsequently.

Significant and Subsequent Events

Reference is made to Note 10 regarding significant and subsequent events.

Consolidated Statements of Operations

Six Months Ended 30 June 2023, 30 June 2022, and Year Ended 31 December 2022

Unaudited (USD 1,000)	Note	30 June 2023	30 June 2022	31 Dec 2022
Revenue		8,058	9,678	18,954
Expenses				
Cost of goods sold	4	36,432	32,084	70,030
Fair value adjustment on biological assets	4	2,917	(1,917)	(95)
Salary and personnel costs		2,551	3,437	6,294
Selling, general, and administrative costs	3	4,303	7,476	16,309
Other income, net	3	(1,770)	(25,676)	(25,542)
Depreciation and amortization	5	7,328	6,618	14,217
Total expenses		**51,761**	**22,022**	**81,213**
Operating loss		**(43,703)**	**(12,344)**	**(62,259)**
Finance income		747	627	4,907
Finance expense		(5,421)	(2,755)	(7,654)
Loss before income tax		**(48,377)**	**(14,472)**	**(65,006)**
Income tax		-	-	-
Net loss		**(48,377)**	**(14,472)**	**(65,006)**
Earnings per share:				
Retrospectively adjusted basic earnings per share		(0.22)	(0.13)	(0.47)
Retrospectively adjusted diluted earnings per share		(0.22)	(0.13)	(0.47)

Consolidated Statements of Comprehensive Loss

Six Months Ended 30 June 2023, 30 June 2022, and Year Ended 31 December 2022

Unaudited (USD 1,000)	Note	30 June 2023	30 June 2022	31 Dec 2022
Net loss		(48,377)	(14,472)	(65,006)
Exchange difference on translation of foreign operations		(1,136)	(183)	(2,960)
Total comprehensive loss		**(49,513)**	**(14,655)**	**(67,966)**

Consolidated Statements of Financial Position

30 June 2023, 30 June 2022, and 31 December 2022

Unaudited (USD 1,000)	Note	30 June 2023	30 June 2022	31 Dec 2022
ASSETS				
Non-current assets				
Property, plant, and equipment, net	5	310,740	291,323	303,122
Right of use asset		2,187	2,462	2,512
Security deposits		1,448	1,167	1,167
Other investments	6	6	6	6
Trade and other receivables (non-current)	6	1,146	375	1,343
Total non-current assets		**315,527**	**295,333**	**308,150**
Current assets				
Prepaid and other current assets		708	1,188	393
Inventories, net		4,955	4,599	4,368
Biological assets	4	18,623	21,336	18,690
Trade and other receivables, net	6	1,617	1,455	1,847
Restricted cash	6	615	427	420
Cash	6	23,609	39,083	23,683
Total current assets		**50,127**	**68,088**	**49,401**
TOTAL ASSETS		**365,654**	**363,421**	**357,551**

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Consolidated Statements of Financial Position

30 June 2023, 30 June 2022, and 31 December 2022

Unaudited (USD 1,000)	Note	30 June 2023	30 June 2022	31 Dec 2022
EQUITY AND LIABILITIES				
Equity				
Share capital	8	3,123	1,246	1,716
Share premium	8	633,909	490,177	577,805
Employee stock options	8	4,500	4,079	4,319
Accumulated deficit		(328,786)	(229,875)	(280,409)
Accumulated translation differences		(8,185)	(4,272)	(7,049)
Total equity		**304,561**	**261,355**	**296,382**
Non-current liabilities				
Borrowings (non-current)	6,7	44,600	-	28,287
Lease liability (non-current)	3	1,955	2,286	2,218
Total non-current liabilities		**46,555**	**2,286**	**30,505**
Current liabilities				
Borrowings (current)	6,7	-	80,478	18,550
Lease liability (current)	3	433	248	416
Trade and other payables	6	14,105	19,054	11,698
Total current liabilities		**14,538**	**99,780**	**30,664**
Total liabilities		**61,093**	**102,066**	**61,169**
TOTAL EQUITY AND LIABILITIES		**365,654**	**363,421**	**357,551**

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Consolidated Statements of Changes in Equity

Six Months Ended 30 June 2023, 30 June 2022, and Year Ended 31 December 2022

Unaudited (USD 1,000)	Share capital	Share premium	Employee stock options	Accumulated deficit	Accumulated translation differences	Total equity
Balance at 1 January 2022	1,051	454,256	3,741	(215,403)	(4,089)	239,556
Contributions from issuance of capital	665	123,549	-	-	-	124,214
Contributions from employee stock options	-	-	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**
Contributions from issuance of capital	1,407	56,104	-	-	-	57,511
Contributions from employee stock options	-	-	181	-	-	181
Net loss	-	-	-	(48,377)	-	(48,377)
Foreign currency translation adjustments	-	-	-	-	(1,136)	(1,136)
Balance at 30 June 2023	**3,123**	**633,909**	**4,500**	**(328,786)**	**(8,185)**	**304,561**

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Consolidated Statements of Changes in Equity

Six Months Ended 30 June 2023, 30 June 2022, and Year Ended 31 December 2022

Unaudited (USD 1,000)	Share capital	Share premium	Employee stock options	Accumulated deficit	Accumulated translation differences	Total equity
Balance at 1 January 2022	1,051	454,256	3,741	(215,403)	(4,089)	239,556
Contributions from issuance of capital	195	35,921	-	-	-	36,116
Contributions from employee stock options	-	-	338	-	-	338
Net loss	-	-	-	(14,472)	-	(14,472)
Foreign currency translation adjustments	-	-	-	-	(183)	(183)
Balance at 30 June 2022	**1,246**	**490,177**	**4,079**	**(229,875)**	**(4,272)**	**261,355**

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Consolidated Statements of Cash Flows

Six Months Ended 30 June 2023, 30 June 2022, and Year Ended 31 December 2022

Unaudited (USD 1,000)	Note	30 June 2023	30 June 2022	31 Dec 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		(48,377)	(14,472)	(65,006)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	5	7,328	6,618	14,217
Bad debt		-	-	145
Inventory write-down		243	1,388	2,301
Fair value adjustment on biological assets	4	2,917	(1,917)	(95)
Debt amortisation and extinguishment		264	-	-
Disposition of other assets		56	(80)	(243)
Net interest expense		1,927	2,127	3,387
Non-cash employee stock options	8	181	338	578
Net foreign currency exchange rate differences		(712)	1,033	(1,824)
Changes in operating assets and liabilities				
Trade and other receivables		427	(373)	(1,873)
Biological assets, at cost	4	(2,735)	(2,397)	(1,933)
Inventories, at cost		(830)	602	(79)
Prepaid and other current assets		(316)	400	1,196
Security deposits		(281)	(419)	(419)
Trade and other payables		3,374	(722)	(3,256)
Net cash used in operating activities		**(36,534)**	**(7,874)**	**(52,904)**

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Consolidated Statements of Cash Flows

Six Months Ended 30 June 2023, 30 June 2022, and Year Ended 31 December 2022

Unaudited (USD 1,000)	Note	30 June 2023	30 June 2022	31 Dec 2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments towards property, plant, and equipment	5	(15,735)	(32,798)	(56,442)
Interest received		521	627	618
Net cash used in investing activities		**(15,214)**	**(32,171)**	**(55,824)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	7	12,500	30,478	29,500
Payments towards borrowings	7	(15,001)	-	(32,663)
Payments towards lease liability		(254)	(491)	(511)
Proceeds from issuance of capital		57,511	36,116	124,214
Interest paid		(2,448)	(2,755)	(4,005)
Net cash provided by financing activities		**52,308**	**63,348**	**116,535**
Net increase in cash and restricted cash		**560**	**23,303**	**7,807**
Cash and restricted cash at beginning of period		24,103	17,480	17,480
Effects of exchange rate on cash and restricted cash		(439)	(1,273)	(1,184)
Cash and restricted cash at end of period		**24,224**	**39,510**	**24,103**

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NOTE 1

Summary of Significant Accounting Policies

General Information

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

- Atlantic Sapphire Denmark A/S
("ASDK", registered in Hvide Sande, Denmark)
- Atlantic Sapphire USA LLC
("ASUS", registered in Miami, Florida, 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's interim consolidated statements for the half-year reporting period ended 30 June 2023 were prepared in accordance with IAS 34, Interim Financial Reporting under International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the Group's Annual Report for the year ended 31 December 2022 and any public announcements made by Atlantic Sapphire ASA during the interim reporting period. This interim financial report is unaudited and is presented in United States dollars ("USD").

Basis for Preparation of the Annual Accounts

The Group's accounting policies adopted are consistent with those applied in the Group's 2022 Annual Report published on the Oslo Stock Exchange on 20 April 2023. No new standards under IFRS have been adopted by the Group in 2023.

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 towards the fair value adjustment of biomass is deemed to be of greatest significance for the Group. 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.

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 4 – Biological Assets.

RECLASSIFICATION

Certain amounts in the Group's 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation. The reclassifications have no effect on the Group's consolidated financial position or previously reported results of consolidated operations.

In the 2022 Annual Report, the financial statement line item for "Cost of Goods Sold" was previously named "Cost of Materials". The change in name aims to enhance clarity about what the amounts represent and to denote that such amounts also include cost elements other than materials but exclude depreciation, which is accounted for in a separate financial statement line item. No changes have been made to the amounts presented within this financial statement line item.

In the 2022 Annual Report, the financial statement line item for "Selling, General, and Administrative Costs" was previously named "Other Operating Expenses". The change in name aims to enhance clarity about what the amounts represent and to denote that such costs are not associated with production either when incurred or sold. No changes have been made to the amounts presented within this financial statement line item.

NOTE 2

Segments

The Group's executive management reviews the internal management reports of each division, which represents its reportable segments. As of 30 June 2023, the Group's reportable segments consisted of fish farming production and sale of salmon in Miami, Florida, US and previously in Hvide Sande, Denmark. 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. Danish operations thereafter consisted primarily of clean-up efforts of the site.

The Group's segment information consisted of the following:

Six months ended 30 June 2023 Unaudited (USD 1,000)	**Fish farming Denmark**	**Fish farming US**	**Other and eliminations**	**Consolidated**
Revenue from sale of salmon	-	8,058	-	8,058
EBITDA	152	(35,476)	(1,051)	(36,375)
EBITDA, pre-fair value adjustment on biological assets	152	(32,559)	(1,051)	(33,458)
Pre-tax income (loss)	94	(49,178)	707	(48,377)
Total assets	930	346,029	18,965	365,654
Total liabilities	799	153,975	(93,681)	61,093
Depreciation and amortization	41	7,287	-	7,328
Capital expenditures	-	14,551	-	14,551

NOTE 2
Segments

The Group's segment information consisted of the following:

Six months ended 30 June 2022 Unaudited (USD 1,000)	**Fish farming Denmark**	**Fish farming US**	**Other and eliminations**	**Consolidated**
Revenue from sale of salmon	-	9,678	-	9,678
EBITDA	30,623	(29,551)	(6,798)	(5,726)
EBITDA, pre-fair value adjustment on biological assets	30,623	(31,468)	(6,798)	(7,643)
EBITDA, adjusted*	5,334	(31,468)	(6,798)	(32,932)
Pre-tax income (loss)	30,046	(40,443)	(4,075)	(14,472)
Total assets	1,727	355,498	6,196	363,421
Total liabilities	7,794	186,680	(92,408)	102,066
Depreciation and amortization	20	6,598	-	6,618
Capital expenditures	-	33,642	-	33,642

* EBITDA adjusted for fair value adjustment on biological assets and Denmark insurance proceeds

NOTE 2

Segments

The Group's segment information consisted of the following:

Year ended 31 December 2022 Unaudited (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
Capital expenditures	-	52,447	-	52,447

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* EBITDA adjusted for fair value adjustment on biological assets and Denmark insurance proceeds

NOTE 2

Segments

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

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Revenue from external customers in:			
United States	7,931	9,516	18,604
Canada	127	162	-
Denmark	-	-	350
Total revenue	**8,058**	**9,678**	**18,954**

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

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Revenue per significant customer:			
Customer A	3,468	4,300	7,594
Customer B	1,226	911	1,948
Customer C	684	766	1,430
Customer D	641	685	1,402
Customer E	431	437	911
Other customers	1,608	2,579	5,669
Total revenue	**8,058**	**9,678**	**18,954**

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NOTE 3

Other Operating Expenses and Income

The Group's selling, general, and administrative costs consisted of the following:

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
General and administrative costs	2,416	2,518	5,845
Professional fees	1,192	1,147	2,411
Sales and marketing	538	727	1,385
Leases	54	2,856	6,217
Maintenance and supplies	103	228	451
Total selling, general, and administrative costs	**4,303**	**7,476**	**16,309**

In January 2021, ASUS experienced a breakdown in its internal chiller plant causing temporary temperature instability. As a result, ASUS incurred USD 2.2m for the six months ended 30 June 2023 (USD 2.7m for the six months ended 30 June 2022) in short-term costs related to temporary chiller leases, excluding any future insurance or claim proceeds. The amounts were previously included as part of leases within the Group's selling, general, and administrative costs up to 2022. From January 2023 onwards, the amounts were considered as part of cost of production and included as part of the cost of biological assets. The Group subsequently incurred approximately USD 0.6m in similar short-term costs as of the date of this report.

The Group's other income, net consisted of the following:

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Other income and gain	1,825	691	583
Income from insurance settlement	-	25,289	25,322
Other expense and loss	(59)	(74)	(133)
Disposal of non-current assets	4	(230)	(230)
Total other income, net	**1,770**	**25,676**	**25,542**

The Group's other income and gain consists primarily of biomass and other insurance claims, excluding the one-time Denmark settlement below.

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.

NOTE 4

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, 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 goods sold in the accompanying consolidated statements of operations. Depreciation is allocated similar to indirect production costs, with depreciation associated with changes in biomass recognized as part of depreciation and amortization 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 their 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 are 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 on 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 margin returned 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 expected mortality and culling.
- Discount rate: The discount rate used towards the Group's net present value calculation is based on the Group's estimated weighted average cost of capital.

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 30 June 2023, 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 a short period of time. In such cases, mortality expense is included as part of cost of goods sold 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.

The Group's biological assets consisted of the following:

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Cost of biological assets	29,339	27,312	26,489
Fair value adjustments	(10,716)	(5,976)	(7,799)
Total biological assets	**18,623**	**21,336**	**18,690**
Cost of biological assets (harvestable fish)	18,823	18,212	19,280
Fair value adjustments	(10,716)	(5,976)	(7,799)
Total biological assets of harvestable fish	**8,107**	**12,236**	**11,481**
Cost of biological assets (non-harvestable fish)	10,516	9,100	7,209
Total biological assets	**18,623**	**21,336**	**18,690**

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

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Biological assets at beginning of period	18,690	16,795	16,795
Gain (loss) arising from changes in fair value less costs to sell	(2,917)	1,917	95
Increases due to production and purchases	36,058	29,058	76,337
Net changes in production depreciation	(115)	244	(120)
Decreases due to harvest	(12,457)	(17,196)	(44,668)
Decreases due to mortality	(7,236)	(1,297)	(13,803)
Decreases due to underutilized plant capacity	(13,400)	(8,177)	(15,929)
Net exchange rate differences	-	(8)	(17)
Biological assets at end of period	**18,623**	**21,336**	**18,690**

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

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Live weight of biomass (in tons RLW)			
Non-harvestable fish	918	885	581
Harvestable fish	1,753	2,049	1,815
Total live weight of biomass (in tons RLW)	**2,671**	**2,934**	**2,396**
Number of fish (in thousands)			
Non-harvestable fish	4,432	4,955	4,623
Harvestable fish	1,171	1,113	1,152
Total number of fish (in thousands)	**5,603**	**6,068**	**5,775**
Volume of fish harvested during the year (tons gutted weight)	870	1,217	2,253

Incident-Based Mortality

No incident-based mortality occurred during the six months ended 30 June 2023, however the Group experienced higher levels of mortality in certain systems from time to time during the period, primarily tied to sub-optimal water quality.

NOTE 5

Property, Plant, and Equipment

Property, plant, and equipment consisted of the following:

Unaudited (USD 1,000)	Land	Buildings	Production, plant, and machinery	Equipment and other movables	Software	Assets under construction	Total
At 1 January 2023							
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)
Opening net book amount	**8,714**	**127,955**	**65,145**	**2,365**	**261**	**98,682**	**303,122**
Six months ended 30 June 2023							
Opening net book amount	8,714	127,955	65,145	2,365	261	98,682	303,122
Additions	-	-	-	-	-	14,551	14,551
Depreciation charge	-	(2,329)	(4,249)	(280)	(79)	-	(6,937)
Net exchange rate differences	-	4	-	-	-	-	4
Closing net book amount	**8,714**	**125,630**	**60,896**	**2,085**	**182**	**113,233**	**310,740**
At 30 June 2023							
Cost	8,714	157,523	111,057	3,643	765	113,606	395,308
Less: accumulated depreciation, depreciation, and impairment	-	(31,893)	(50,161)	(1,558)	(583)	(373)	(84,568)
Closing net book amount	**8,714**	**125,630**	**60,896**	**2,085**	**182**	**113,233**	**310,740**

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NOTE 5

Property, Plant, and Equipment

Property, plant, and equipment consisted of the following:

Unaudited (USD 1,000)	Land	Buildings	Production, plant, and machinery	Equipment and other movables	Software	Assets under construction	Total
At 1 January 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**
Six months ended 30 June 2022							
Opening net book amount	8,714	129,928	59,202	476	495	65,634	264,449
Additions	-	-	-	-	-	33,642	33,642
Reclassifications	-	2,697	14,442	14	-	(17,153)	-
Depreciation charge	-	(2,329)	(4,249)	(67)	(109)	-	(6,754)
Net exchange rate differences	-	(14)	(1)	-	-	1	(14)
Closing net book amount	**8,714**	**130,282**	**69,394**	**423**	**386**	**82,124**	**291,323**
At 30 June 2022							
Cost	8,714	157,516	111,057	1,378	782	82,497	361,944
Less: accumulated depreciation, depreciation, and impairment	-	(27,234)	(41,663)	(955)	(396)	(373)	(70,621)
Closing net book amount	**8,714**	**130,282**	**69,394**	**423**	**386**	**82,124**	**291,323**

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NOTE 5

Property, Plant, and Equipment

Property, plant, and equipment consisted of the following:

Unaudited (USD 1,000)	Land	Buildings	Production, plant, and machinery	Equipment and other movables	Software	Assets under construction	Total
At 1 January 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 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, depreciation, 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**

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NOTE 5

Property, Plant, and Equipment

Depreciation Expense

The Group's depreciation and amortization consisted of the following:

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
Fixed asset depreciation and amortization	6,936	6,754	13,764
Right of use depreciation	277	108	333
Changes in biomass	115	(244)	120
Total depreciation and amortization	**7,328**	**6,618**	**14,217**

The depreciation and amortization expense on the Group's accompanying consolidated statements of operations is presented net of depreciation attributed to changes in in biomass.

NOTE 6

Financial Instruments

Financial instruments consisted of the following:

Financial assets Unaudited (USD 1,000)	**Amortized cost**	**Fair value through OCI**	**Total**
As of 30 June 2023			
Trade and other receivables	2,763	-	2,763
Cash	23,609	-	23,609
Restricted cash (short-term)	615	-	615
Other investments	-	6	6
Total financial assets	**26,987**	**6**	**26,993**
As of 30 June 2022			
Trade and other receivables	1,830	-	1,830
Cash	39,083	-	39,083
Restricted cash (short-term)	427	-	427
Other investments	-	6	6
Total financial assets	**41,340**	**6**	**41,346**
As of 31 December 2022			
Trade and other receivables	3,190	-	3,190
Cash	23,683	-	23,683
Restricted cash (short-term)	420	-	420
Other investments	-	6	6
Total financial assets	**27,293**	**6**	**27,299**

Financial liabilities Unaudited (USD 1,000)	**Amortized cost**	**Fair value through OCI**	**Total**
As of 30 June 2023			
Trade and other payables	14,105	-	14,105
Borrowings	44,600	-	44,600
Total financial liabilities	**58,705**	**-**	**58,705**
As of 30 June 2022			
Trade and other payables	19,054	-	19,054
Borrowings	80,478	-	80,478
Total financial liabilities	**99,532**	**-**	**99,532**
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**

Cash and restricted cash Unaudited (USD 1,000)	**30 June 2023**	**30 June 2022**	**31 Dec 2022**
A+ or better	24,224	39,510	24,103

NOTE 7

Borrowings

The Group holds a Green credit facility (the "2020 Credit Facility") with DNB Bank ASA, New York Branch ("DNB"), 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").

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 5.4m 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, net of USD 2.6m allocated to a letter of credit towards Meridian Leasing for the leasing of processing equipment), 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.

The Group's borrowings consisted of the following:

Unaudited (USD 1,000)	30 June 2023	30 June 2022	31 Dec 2022
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 (5.0% at 30 June 2023) and matures on 21 April 2025. USD 44.6m was outstanding on the US Term Loan as of 30 June 2023 and is presented at amortised cost.	44,600	50,000	46,837
ASUS has an amended 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 30 June 2023, 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).	-	5,478	-
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.	-	25,000	-
Total borrowings	**44,600**	**80,478**	**46,837**
Less: current portion of borrowings	-	(80,478)	(18,550)
Non-current portion of borrowings	**44,600**	**-**	**28,287**

On 31 March 2023, total unamortized debt issuance costs presented against borrowings were USD 0.2m. In accordance with IFRS 9, Financial Instruments, the previously unamortized debt issuance costs of USD 0.2m and USD 1.0m in new debt issuance costs were recognized as part of finance expense in the accompanying consolidated statements of operations.

The borrowing base on the USD 20.0m RCF is tied to the amount of outstanding trade receivables, product inventory, and standing biomass. This calculation is reviewed periodically, and the available balance is adjusted accordingly.

The amended delay draw USD 100.0m 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 amended 2020 Credit Facility is secured by substantially all Group 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 amended 2020 Credit Facility require, among other things, certain quarterly 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 minimum EBITDA requirement as of 30 June 2023, the Group received a formal waiver from the Lenders dated 29 June 2023 for the quarter ended 30 June 2023.

NOTE 8

Share Capital and Shareholders

Equity Financing

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 Group'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 Group'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 Group upon approval of the prospectus on 14 April 2023.

On 14 April 2023, the Group approved and published a prospectus (the "2023 Prospectus") and commenced the subscription period in the subsequent offering (the "2023 Subsequent Offering") of up to 20,000,000 new shares each at a subscription price per share of NOK 5.00. By the end of the subscription period on 17 April 2023, the 2023 Subsequent Offering raised gross proceeds of approximately NOK 32.5m (approximately USD 3.0m) through the issuance of 6,706,606 new shares, each with a par value of NOK 0.10.

As of 30 June 2023, the Group had a total number of 278,973,015 shares issued and outstanding.

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

Shareholder	30 June 2023 Number of shares	30 June 2023 % of shares
NORDLAKS HOLDING AS	28,928,673	10.37%
STRAWBERRY CAPITAL AS	23,276,920	8.34%
MORGAN STANLEY & CO. INT. PLC.	18,151,915	6.51%
JOH JOHANNSON EIENDOM AS	17,649,929	6.33%
SKAGEN KON-TIKI VERDIPAPIRFOND	14,475,000	5.19%
UBS SWITZERLAND AG	13,365,234	4.79%
THE BANK OF NEW YORK MELLON	12,957,851	4.64%
VATNE EQUITY AS	11,864,024	4.25%
UBS AG	11,076,433	3.97%
BLUE FUTURE HOLDING AS	10,721,621	3.84%
ALSCO AS	10,427,344	3.74%
STATE STREET BANK AND TRUST COMP	6,177,451	2.21%
CITIBANK, N.A.	5,908,358	2.12%
THE NORTHERN TRUST COMP, LONDON BR	5,150,000	1.85%
WENAASGRUPPEN AS	4,738,671	1.70%
J.P. MORGAN SE	3,404,967	1.22%
ASINVEST AS	3,004,066	1.08%
VERDIPAPIRFONDET DNB SMB	2,813,381	1.01%
FOUGNER INVEST AS	2,686,746	0.96%
THE NORTHERN TRUST COMP, LONDON BR	2,549,478	0.91%
Total number of shares attributed to the 20 largest shareholders	**209,328,062**	**75.04%**
Total number of shares attributed to other shareholders	69,644,953	24.96%
Total number of shares issued and outstanding	**278,973,015**	**100.00%**

NOTE 9

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, 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 Managing Director and CEO. On 8 September 2022, Platina rebranded as NovoMar, Inc. ("NovoMar"). For the six months ended 30 June 2023, the Group sold salmon products of USD 0.4m to NovoMar.

During the ordinary course of business, and commencing in June 2023, NovoMar provides harvesting services for ASUS. For the six months ended 30 June 2023, ASUS incurred harvesting costs of USD 0.2m. Such amounts are included as part of cost of goods sold in the accompanying consolidated statements of operations.

As of 30 June 2023, the Group had a net amount due from NovoMar of USD 0.1m and collected upon such amounts subsequently.

NOTE 10

Significant and Subsequent Events

The Group has evaluated subsequent events from 30 June 2023 through the date in which the consolidated financial statements were issued. There were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements except as disclosed elsewhere in the consolidated financial statements and as follows:

On 7 August 2023, the Group published its H1 2023 Trading Update. While the preliminary revenue and EBITDA figures for the first six months of 2023 were in line with expectation, the Group reported a lower-than-expected biomass gain and a lower standing biomass in Q3 2023 to date than previously estimated due to elevated farming temperatures and its consequences for overall water quality. The Group expects the temperature issue to be solved in Q3 2023 through the installation of additional water chillers to meet sufficient capacity at peak demand for cooling. All else equal, this indicates a lower biomass gain and revenue in H2 2023 compared to what the Group had expected.

ABOUT ATLANTIC SAPPHIRE

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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