Company Update

September 19, 2023

IMPORTANT INFORMATION AND DISCLAIMER (1/2)

IMPORTANT INFORMATION

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Information provided on the market environment, developments, trends and on the competitive situation is based on data and reports prepared by third parties and/or the Company based on its own information and information derived from such third-party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data.

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IMPORTANT INFORMATION AND DISCLAIMER (2/2)

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SUMMARY OF KEY RISK FACTORS (1/2)

SUMMARY OF RISK FACTORS

Investing in the Shares involves inherent risks. Investors should consider all of the information set forth in this Presentation, and in particular, the risk factors set out below. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks faced by the Group. Additional risks and uncertainties that the Group currently believes are immaterial, or that are currently not known to the Group, may also have a material adverse effect on its business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

Risks relating to the Group and its business and the industry in which it operates

- The Group's operations involve inherent risks relating to control and stability of conditions in its facilities, which could adversely impact production and financial performance.
- Land-based salmon farming is a new, technology-intensive method of salmon farming. If the Group is unable to effectively compete with existing methodologies, the Group's business and financial prospects would be adversely impacted.
- The Group has incurred operating losses in the past, expects to incur operating losses in the future and may not achieve or maintain profitability in the future.
- The Group is dependent on consumer demand, consumer preferences and the market price for farmed salmon, which are all subject to significant fluctuations and could have an adverse effect on its business and operating results.
- The Group has a limited operating history and the Group's past financial results may not be indicative of its future performance.
- The Group's operations are in areas exposed to natural disasters, such as flooding, tropical storms and hurricanes.
- The Group relies on a limited number of suppliers, manufacturers and third-party contractors to manage its systems and for production of its products and a failure of any of these partners to perform contracted service or a loss of any such partners could negatively affect its business.
- The Group's intellectual property rights are valuable, and any inability to protect them could reduce the value of its business and products.
- Cybersecurity risks could adversely affect the Group's business and disrupt its operations.
- The Group's future success depends on the continuing efforts of its key employees and its ability to attract and retain highly skilled personnel and senior management.
- The Group has grown rapidly in recent years and has limited operating experience at its current scale of operations. If the Group is unable to manage its growth effectively, its company culture and financial performance may suffer.
- The Group's business involves certain operating risks and the Group's insurance may not be adequate to cover all insured losses or liabilities that the Group might incur in operations.
- A delay in the completion of, or cost overruns in relation to, the construction of the Homestead Bluehouse, and any inability to acquire further land plots, may affect the Group's ability to achieve its operational plan and full schedule of production, thereby adversely impacting the Group's business and results of operations.
- The Group is currently involved in a dispute with a former contractor, and is subject to risks related to disputes and litigation.

SUMMARY OF KEY RISK FACTORS (2/2)

Risks relating to laws and regulations

- The Group's business and operations is subject to extensive laws, regulations and permit requirements and the Group's failure to comply with such could negatively affect its business.

Financial risks

- The Group will require additional capital in the future in relation to Phase 2 construction and to realise the Group’s further business plan, and may also require additional funding in relation to Phase 1.
- Covenants in the Group's Credit Facility and related security documents may restrict its operations, and if the Group does not effectively manage its business to comply with these covenants, its financial condition could be adversely impacted.

Risks relating to the Shares

- Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Share.
- The market value of the Shares may fluctuate.

ATLANTIC SAPPHIRE®

The Vision Behind Atlantic Sapphire – And Where Are We Now

Atlantic Sapphire is capturing a US megatrend

- The US is by far the largest salmon consumer market in the world with ~600,000 tons per year
- However, US production is scarce with consumers generally reliant on European or South-American salmon imports today with significant freight cost.

Large-scale site already operational and approaching EBITDA break-even

- Atlantic Sapphire is currently operating its Phase 1 site in Florida with ~9,500t HOG capacity.
- Several operational improvements have been completed and the Company is targeting Phase 1 EBITDA break-even in H1 2024.

Phase 2 under construction to more than double capacity

- The company has invested more than USD 100m in Phase 2, capturing key historical learnings in the build-out.
- Once completed, total production capacity will be ~25,000t (HOG).
- Undrawn term loan of USD 100m agreed for continued build-out.

Unique economic and environmental proposition

- Proven ability to extract US premium pricing for superior grade fish
- Significant cost saving by removing air freight from conventional production markets (USD 2-4/kg), as well as notable reduction in CO_2 footprint.
- Network of ~2,000 stores across the US selling Atlantic Sapphire's salmon.

Backed by highly renowned financial sponsors and industry experts

- Having invested ~USD 580m of equity since inception, Atlantic Sapphire has had strong supporters both in the equity and debt markets.
- Leading salmon farmer and largest shareholder Nordlaks is showing continued support through additional operational support and resources on the ground in Miami.

Source: Mowi Industry Handbook 2023, Atlantic Sapphire, Arctic Securities Research

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2023 In Summary

Jan - Apr	May - Jun	Jul - Aug	Sept -
Infrastructure Upgrades	***Production Mode***	***Temperature Issues***	***Return to Production Mode***

Jan - Apr: *Infrastructure Upgrades*

- Heavy infrastructure upgrades and operational improvements, requiring production to be put on hold
- Biofilter and flow restrictions
- Lower harvest weights
- Setting the stage for a good and safe production environment thereafter
- Net production negatively impacted by higher-than-normal mortality

May - Jun: *Production Mode*

- Stable conditions
- Low mortality
- Feeding and implied biomass gain in line with budget
- Performance supported that the system upgrades and operational improvements had the intended positive effects

Jul - Aug: *Temperature Issues*

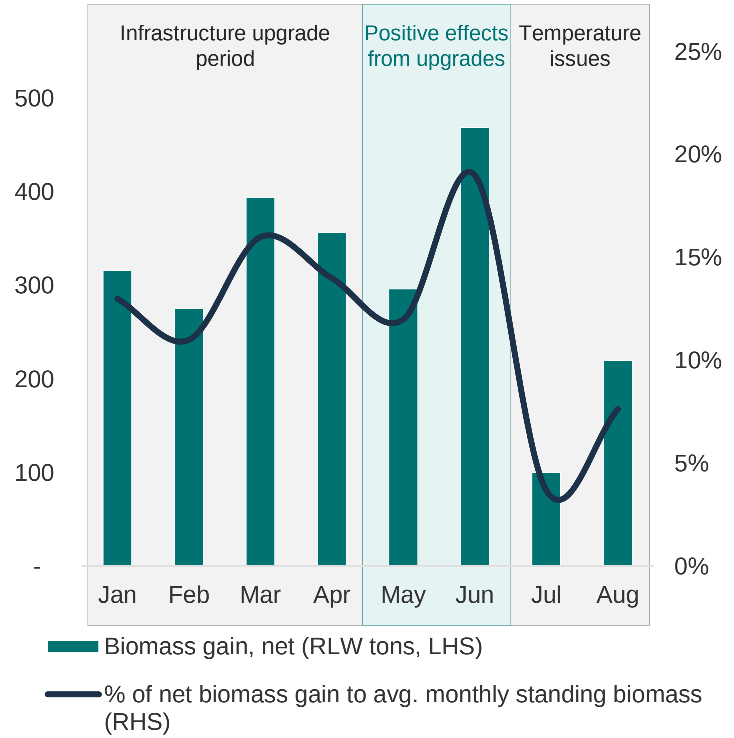
- Temperature-related challenges resulted in slower growth and restricted feeding
- Will result in lower harvest weights and potentially higher percentage of downgrades in H2 2023
- Reduced harvest volume and revenue for H2 2023

Sept - : *Return to Production Mode*

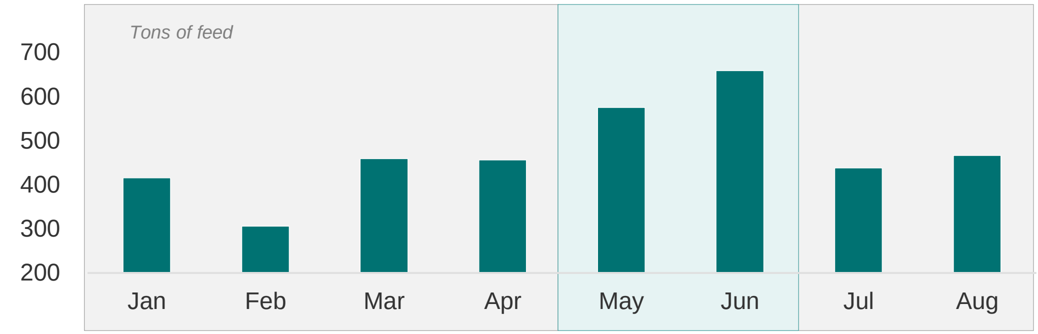
- Expect to have targeted temperatures by end-September, creating a stable production environment and gradually improving biological performance
- Q3 2023 harvest volume of ~400t HOG expected
- Ramp-up in harvest volume expected in Q4 2023
- Additional steps towards strengthening the organization

Positive Ramp-Up in Biomass Gain in H1 2023

Monthly biomass development (2023)



Weekly feeding (2023) and comments



- Infrastructure upgrade period from January through April 2023 required certain planned downtime in production systems, with biofilter and flow restrictions causing lower harvest weights and higher mortalities
- After completion of upgrades, **performance developed strongly with good biomass gain, ending June 2023 with ~2,700 tons of standing biomass** (RLW)
  - June growth rate of ~19% of standing biomass, in accordance with plan
  - As of end-August, standing biomass is estimated to 2,700 tons RLW (net of harvest since latest reporting date)
- Low extraordinary mortalities in May, none in June, implying satisfactory results from upgrades
- Growth rates gradually increased to the targeted levels in May and June
- The initial increase in temperatures resulted in a gradual reduction in water quality during July, as the volume of new makeup water (26°C) was reduced to minimize cooling demand, which negatively impacted the ability to feed the fish

Targeted Growth Rates Achieved Before The Q3 2023 Temperature Issues

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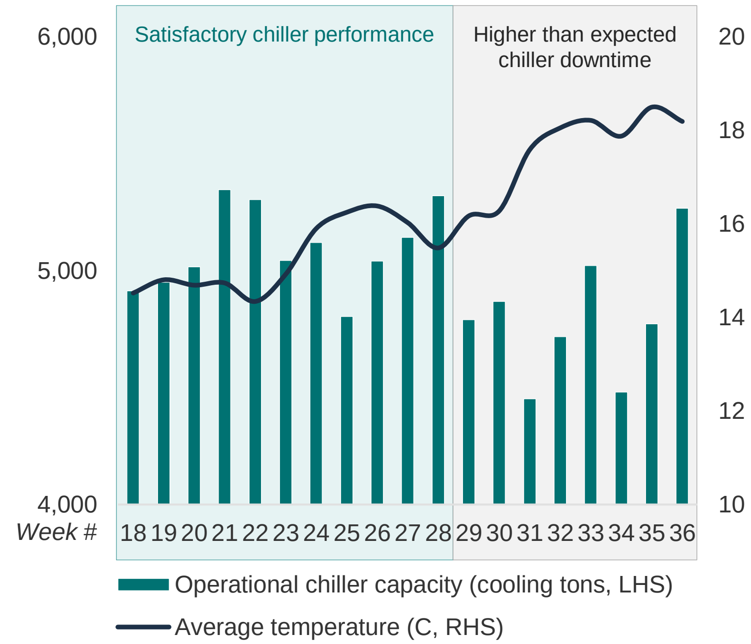
Q3 2023 Temperature Challenges

Comments

- Higher-than-anticipated downtime for maintenance and repairs of the rental chillers resulted in water temperature increases
- High water temperatures may lead to higher maturation, reduced SFR[1], increased FCR[2], higher risk of anaerobic conditions, higher O2 consumption, higher caustic consumption, higher turbidity, higher ammonia toxicity (NH3)
- **Five additional chillers will be installed in September, adding 44% more capacity (to approx. 9,000 cooling tons), resulting in a large cooling over-capacity**
  - Opportunity to reduce the average electricity price by cooling more during off-peak hours
- A recently installed heat exchanger (pre-cooler) is estimated to take the intake water from 26°C to 12°C, allowing distribution of large volumes of cold water across the farm once the new chiller capacity is online
- Fish sampling does not indicate a spike in maturation levels, but the status of the biomass will be monitored closely given the recent temperature situation

Chiller capacity in operation and average water temperature in growout systems per week



Temperature Issue Expected to be Resolved with Additional Chiller Capacity by End-September

Notes: 1) SFR = Specific Feeding Rate, 2) FCR = Feed Conversion Ratio

Operational Expectations Going Forward

H2 23

Return to Production Mode

- 44% added chiller capacity to be installed by end-September, expected to lower and stabilize water temperatures at satisfactory level
- A return to similar production KPIs as seen in May and June expected, including growth rates
- Expecting harvest volume between 1,000t and 2,000t during H2 2023
    - Approximately 400t HOG in Q3 2023
- Consistent price achievement of ~USD 12/kg HOG on premium fish expected

H1 24

Expected EBITDA break-even for Phase 1

- Standing biomass expected to have reached Phase 1 budgeted level
- Gradual ramp-up of harvest volumes, supported by growth rates and mortalities in line with business plan for Phase 1
- The company estimates to reach EBITDA break-even during H1 2024, assuming biological performance will return to same level as in June 2023

Recent infrastructure improvements and upcoming chiller capacity increase expected to result in EBITDA break-even by H1 24

Management and Nordlaks Identified Key Improvement Measures

Nordlaks – a leader within salmon farming

NORDLAKS

- Nordlaks is a large and profitable[1] family-owned salmon farmers
- Significant experience with RAS - having built and currently operates one of the world's largest smolt facilities at Innhavet, Norway with strong biological performance
- Today Atlantic Sapphire's largest shareholder with ~10.4% of the shares and represented on the Board of Directors since May 2023

2022 Harvest volume: 54,000t

100% owned by Berg family

Improvement in organization and procedures

- The result of Nordlaks' and management's review after Nordlaks joined the board seat has resulted in several tangible improvements to the organization and operational procedures

Nordlaks contributing actively with internal resources

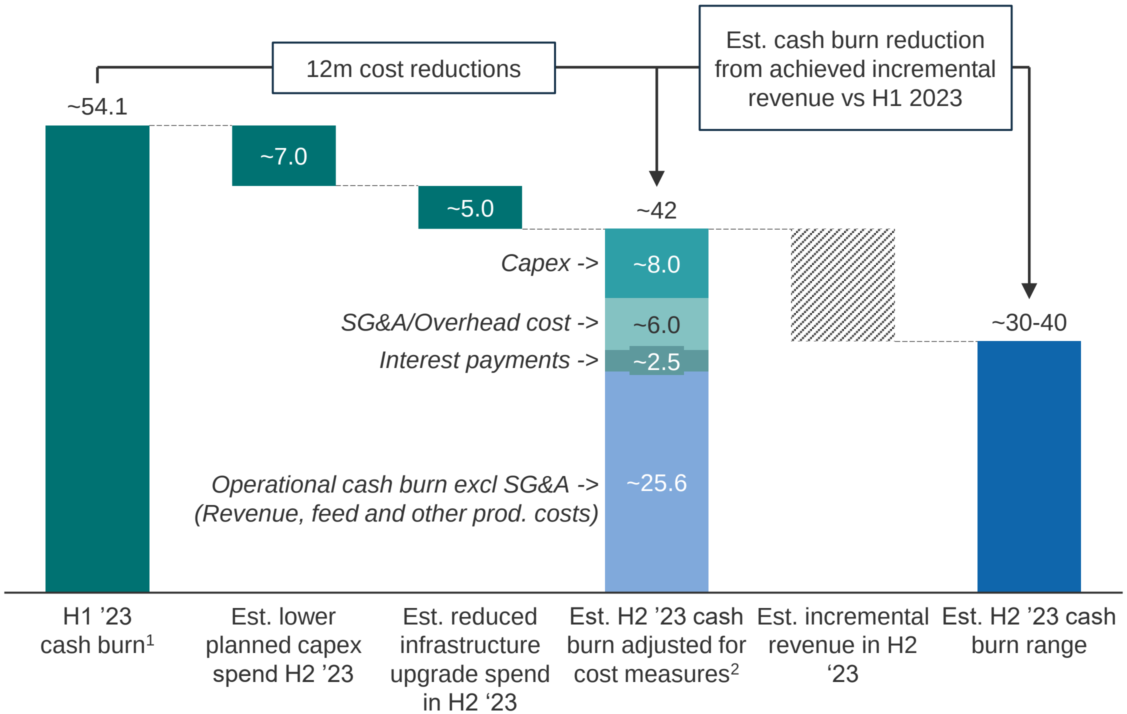
- In addition to decision support from the Board of Directors' level, Nordlaks will devote additional internal resources to help bring Phase 1 to full production, including sending a team of experienced Nordlaks operators and engineers to Miami to assist in operations and to secure continued exchange of best practices on the infrastructure side

Nordlaks Has Conducted a Thorough Review of the Infrastructure During the Last Year

1: Based on EBIT/kg

Reduced Cash Burn Expected in H2 2023

H2'23 vs H1'23 cash burn (USDm)



Reducing the cost base by USD12m in H2 vs. H1 2023

- Planned capex spend of ~USD **8m** (H1 2023: USD15m), given that no new investment decisions will be made
- Infrastructure improvement work ramped down materially (H1 2023: USD **5m** in additional opex spend)
- Low and stable temperatures from end-September is expected to reduce other opex, more than offsetting USD0.1m in additional chiller rental cost per month
  - Feed conversion ratio, chemical use and oxygen consumption to be reduced with colder and stable temperatures
- The Company expects additional revenue in H2'23 to reduce cash burn compared to H1'23
  - Revenues in H2 2023 will depend on harvest volume and achieved prices
  - Low point in company estimate is revenue equal to H1 or slightly above and high point reflects a scenario where biological performance return to KPIs seen in May and June

USD ~14-24m Lower Cash Burn Expected In H2 2023 Compared To H1 2023

1) Cash flow from operations, cashflow from investments and interest paid during H1 2023 as reported in H1 2023 interim consolidated financial statements.
2) Assuming that any working capital requirements for biomass build-up in H2 2023 will be financed by the RCF facility.

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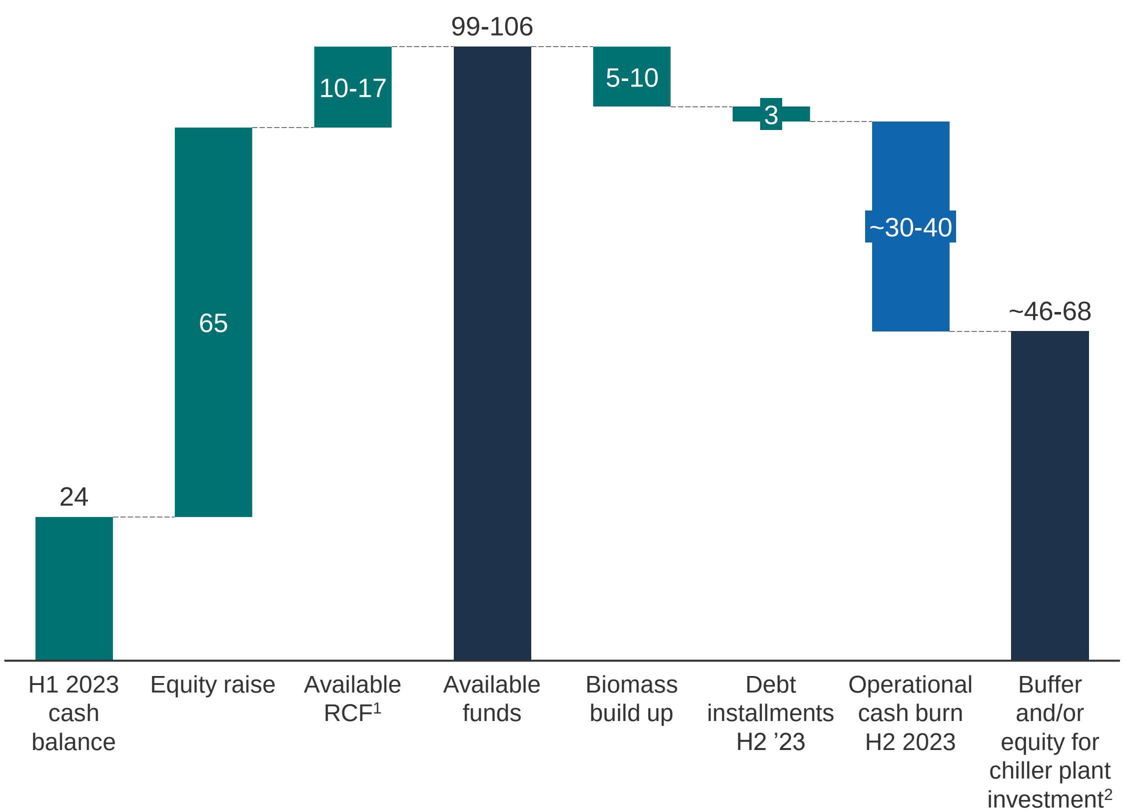
Current Fundraising Estimated To Be Sufficient To Reach EBITDA Break Even

Estimated sources and uses (USDm)



Comments

- The Company estimates that the current fundraise will be sufficient to reach EBITDA break-even during H1 2024, given that temperatures stabilize and performance in the farm gets back-on-track
- Actual operational cash burn for H2 '23 is dependent on development of current biomass and harvest sizes
- **Ramp up in production, starting in Q4 2023, is estimated to increase harvest volumes and revenues, further reducing estimated cash burn rate into H1 2024**
- RCF facility is available to fund working capital build-up for biomass – degree of availability is dependent on biomass and revenue
- Minimum liquidity covenant breach will be waived and new EBITDA covenant levels[3] will be set subject to the contemplated equity raise
- The Company may upon satisfactory system performance seek to eliminate chiller rental costs by utilizing excess buffer towards finalizing investment in the new Phase 1 & 2 chiller plant
  - DNB Bank has committed to an early release of USD 10 million from the Phase 2 debt package for the completion of the chiller plant, subject to incurrence tests including achieving a certain annualized harvest level

1) Availability is based on a borrowing base consisting of biological assets, product inventory and credit-insured receivables
2) Including cash under the USD 15m minimum liquidity covenant
3) EBITDA covenants adjusted based on updated timing for phase 1 run-rate post temperature issue

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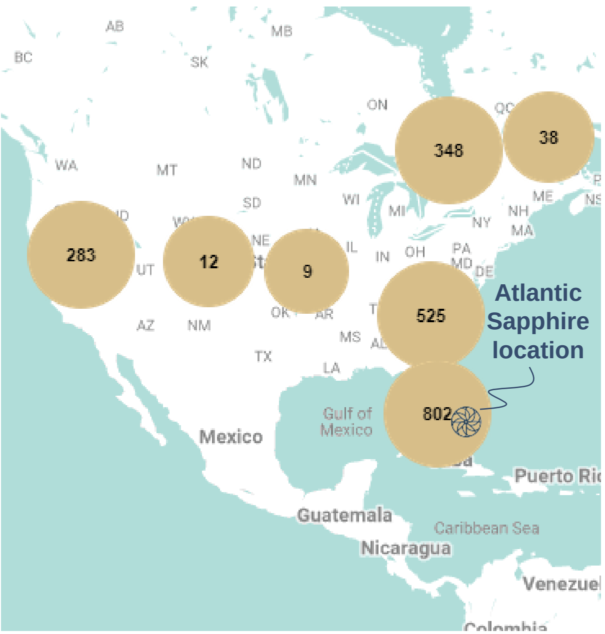
Atlantic Sapphire's Advantageous Location Unlocks Premium Pricing

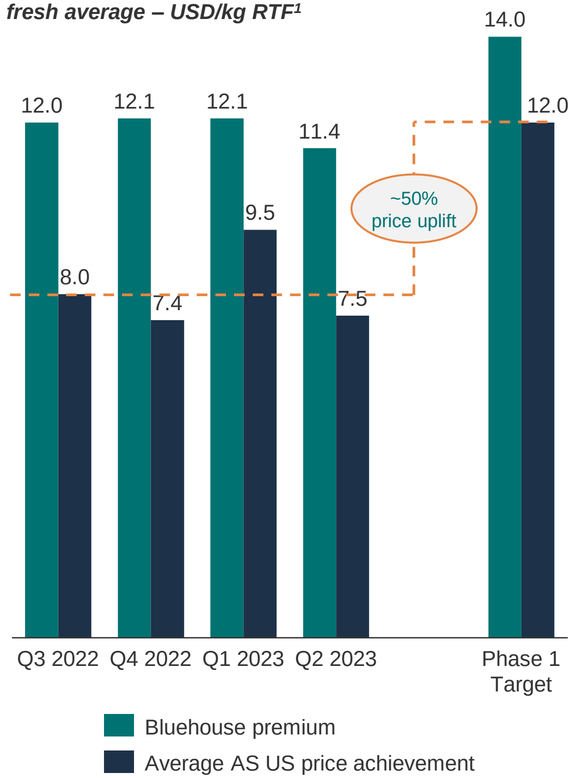
Highly developed footprint in close proximity to Atlantic Sapphire

~2,000 locations carrying Bluehouse Salmon



Significant upside on price achievement to follow satisfactory operational performance

US price achievement: Premium fish (superior) and fresh average – USD/kg RTF[1]



Commentary

- Under stable conditions, ~80-90% of total harvest is expected to be sold at the Bluehouse premium price, raising the average price achievement considerably
- Targeting ~USD 12/kg in average price achievement once in full production

Q2

- Price achievement in Q2 2023 affected by production setbacks, with a higher share of downgrades harvested
- Good development of branded sales and programs for superior quality product
- Focus on new value-added and convenience product lines, such as smoked salmon

1: Atlantic Sapphire 'Bluehouse premium' is fresh, superior salmon on Return To Farm basis (excluding freight costs). Average price achievement does not include revenues from the sale of frozen inventory and certain by-products.

Commissioned Phase 1 Facility and Phase 2 Under Construction

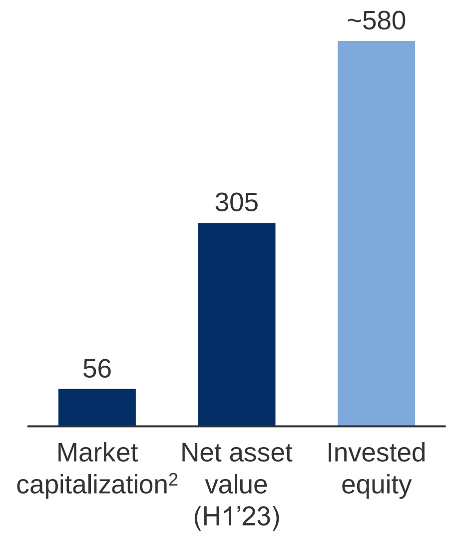
Phase 1 & 2 aerial view

USD ~366m

total asset values as of H1 2023[1]

Atlantic Sapphire today

- ✓ Listed on the Oslo Stock Exchange - fully focused on the US
- ✓ Unique and patented water intake and discharge capabilities
- ✓ Significant investments into construction of Phase 1 facility (~9,500t HOG) and part of Phase 2 infrastructure (~15,000t HOG), mostly made before covid capex cost inflation
- ✓ Extensive proprietary knowledge gained from being a first-mover and building up >10 years of unique grow-out RAS experience
- ✓ Recognized consumer brand and existing offtake



With current construction costs, replacement value of facility is considerably higher than capex spent

Groundwater wells, hatchery, smolt facility, 36 tanks

Total tank volume of 65,000m³, harvesting and filleting facility and all necessary supporting infrastructure

1: As of 30.06.2023, including assets related to current Phase 2 investments (construction in progress)
2: As per 18th September 2023

ATLANTIC SAPPHIRE.

Powerful Equity Story With Strong Growth Potential

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Supporting pages

H1 2023 – Financial Statements

H1 2023 Consolidated Statement of Operations

- **Harvest volume**: 870t HOG in H1 2023 (*H1 2022: 1,217t HOG*)
- **Cost of Good Sold** in H1 2023 up by USD4.3m Y/Y, despite lower harvest volume
  - Mortality cost of USD7.2m (*H1 2022: USD1.3m*)
  - USD13.4m of indirect production costs expensed through cost of materials for underutilized capacity (*H1 2022: USD8.2m*)
- **SG&A**: USD2.2m in temporary chiller rental costs now classified as cost of production / COGS (*H1 2022: USD2.7m classified under SG&A*)

H2 2023 Cost Outlook

- **Cost inflation** has eased across most key production inputs
  - Q3 2023 feed price stable: USD2.3/kg (*incl. USD0.3/kg in transportation*)
- **Chillers**: Five additional rental chillers from mid-September 2023 will add around USD0.1m in additional monthly rental costs (cost of production)

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

Lower fixed costs expected in H2 2023 as the infrastructure upgrades are finalized

H1 2023 – Financial Statements

H1 2023

Consolidated Statement of Financial Position

- **Cash:** USD23.6m
- **NIBD:** USD 21.0m in H1 2023 *(H1 2022: USD 41.4m)*
- **Capex:** USD13.4m invested in phase 2 capex and USD1.2m invested in other capex

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

Unaudited (USD 1,000)	30 June 2023	30 June 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	3,123	1,246
Share premium	633,909	490,177
Employee stock options	4,500	4,079
Accumulated deficit	(328,786)	(229,875)
Accumulated translation differences	(8,185)	(4,272)
Total equity	**304,561**	**261,355**
Non-current liabilities		
Borrowings (non-current)	44,600	-
Lease liability (non-current)	1,955	2,286
Total non-current liabilities	**46,555**	**2,286**
Current liabilities		
Borrowings (current)	-	80,478
Lease liability (current)	433	248
Trade and other payables	14,105	19,054
Total current liabilities	**14,538**	**99,780**
Total liabilities	**61,093**	**102,066**
TOTAL EQUITY AND LIABILITIES	365,654	363,421

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KEY RISK FACTORS (1/9)

1 RISK FACTORS

Investing in the Shares involves inherent risks. Investors should consider all of the information set forth in this Presentation, and in particular, the risk factors set out below. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks faced by the Group. Additional risks and uncertainties that the Group currently believes are immaterial, or that are currently not known to the Group, may also have a material adverse effect on its business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

1.1 Risks relating to the Group and its business and the industry in which it operates

1.1.1 The Group's operations involve inherent risks relating to control and stability of conditions in its facilities, which could adversely impact production and financial performance

The Group's operations depend on control and stability of the systems used to develop and grow salmon, many of which are outside of the Group's control. The technology used in land-based salmon farming involves inherent risks, in particular related to; (i) management of gas levels, (ii) management of water quality and temperature, (iii) accumulation of sludge and particles in the RAS systems, (iv) periodic recycling of water, and (v) mechanical risks such as the interruption of power supply and single points of mechanical failure (for example, with respect to the injection wells and dependency on central energy system). The Group has experienced two mortality incidents in its former Denmark Bluehouse and two in the Homestead Facility; (i) in 2017, the mortality incident at its Denmark Bluehouse was due to hydrogen sulphide poisoning caused by clogging (sedimentation build-up) in certain biofilters, (ii) in 2020, higher nitrogen levels than desired at its Denmark Bluehouse caused a mortality incident, (iii) in July 2020, Atlantic Sapphire USA, was forced to initiate an emergency harvest from one of its grow-out systems and the reason was assumed to be disruptive construction work close to the operating environment, including loud sounds and severe vibrations, which stressed the fish. There was no indication of intoxication or disease being the cause of this event, and (iv) in March 2021 at the Homestead Facility, significant amounts of particles flowed from the drum filters (particle filtration systems) into the biofilters and trickling filters. In October 2022, the Group also experienced that fish in certain of the systems at the Homestead Bluehouse, due to sub-optimal operational procedures, lost its appetite and that mortality rates in these systems were higher than normal, which required the Group to harvest fish in these systems at suboptimal weights.

During July and August 2023, the Group was exposed to temperature-related challenges assumed to be due to lower chiller capacity caused, inter alia, by higher-than-anticipated downtime for maintenance, that resulted in slower growth and restricted feeding and thereby also reduction in harvest volumes and revenue. Although the Group is expecting to increase chiller capacity with approximately 44% through the installation of five additional chillers in September 2023, the Group may still be exposed to temperature-related issues for example due to unexpected down-time, suboptimal functioning of the chillers and/ or delays in installation of the new chillers.

The above evidences that any change or interruption in the operation and management of these systems, including changes in nitrogen and hydrogen sulphide levels in the various tanks and variations in water temperature, may result in reduced growth rates and increased mortality for the fish, thereby adversely impacting production and the Group's revenues.

The Group further experienced a mortality event when a fire erupted in the Denmark Bluehouse facility on 15 September 2021, also resulting in material and substantial damages to the facility.

KEY RISK FACTORS (2/9)

1.1.2 Land-based salmon farming is a new, technology intensive method of salmon farming. If the Group is unable to effectively compete with existing methodologies, the Group's business and financial prospects would be adversely impacted

The Group is applying recirculating aquaculture systems ("**RAS**") to farm salmon in land-based facilities, creating a new alternative to sea-based net pen salmon farming. The Group faces significant competition from existing, well-established and low-cost alternatives within sea-based net pen salmon farming, and, in the future, the Group expects to face competition from established players as well as new market entrants given that the technology surrounding land-based salmon farming, as well as solutions for traditional and offshore fish farming, is rapidly evolving. In addition, consumers may be hesitant to switch to the Group's products. Further, while the Group works to complete the Homestead Bluehouse, competitors may be able to capitalize on the Group's work towards solutions and know-how for land-based salmon farming, and through work-arounds of the Group's intellectual property rights, to compete more effectively with sea-based net pen farming. As the industry evolves, the Group expects to become subject to additional competition. As a result, the Group has historically made significant investments in research and development (R&D) and will continue to invest in R&D to advance its business. There can be no assurance that these investments will achieve expected returns, and the Group may not be able to sustain its development of technologies in this area.

In addition, the Group's competitors may adopt certain of the Group's technology and innovations in a more cost-effective manner. The Group's inability to effectively compete with existing farming methods and increased competition from other land-based farming companies and methods for land-based farming such as flow-through technology could result in, among other things, a reduction of the Group's revenue. For all of these reasons, the Group may not be able to compete successfully against its current and future competitors. The Group's inability to compete effectively would have an adverse effect on, or otherwise harm, its business, financial condition and operating results.

1.1.3 The Group has incurred operating losses in the past, expects to incur operating losses in the future and may not achieve or maintain profitability in the future

The Group has incurred operating losses each year since its inception in 2010 and expects to continue to incur net losses for the foreseeable future. The Group expects its operating expenses to increase in the future as it increases its sales and marketing efforts, continues to invest in research and development, expands infrastructure and develops by-products. These efforts and related expenses may be more costly than expected, and the Group cannot guarantee that it will be able to increase its revenue to offset its operating expenses. The Group's operating expenses have increased recently due to general price increases as a result of rising inflation, and the Group has highly limited possibilities in countering such price increases by choosing alternative vendors, materials or similar. The Group's operating expenses compared to revenue will also increase if the Group is not able to reach projected harvest volumes going forward, for example if the planned expansion of the Homestead Bluehouse does not lead to a corresponding increase in harvest volumes. Revenue growth may slow, or revenue may decline for a number of other reasons, including reduced demand for the Group's product, increased competition, a decrease in the growth or reduction in size of the Group's overall market or if the Group cannot capitalize on growth opportunities. If the Group's revenue does not grow at a greater rate than its operating expenses, the Group will not be able to achieve and maintain profitability. All of the above factors will affect the Group's business, financial conditions and operating results and will have a material adverse effect on the Group if it is not able to handle its operating expenses in a satisfactory manner or if the Group's projected revenue growth from time to time is not realized.

1.1.4 The Group is dependent on consumer demand, consumer preferences and the market price for farmed salmon, which are all subject to significant fluctuations and could have an adverse effect on its business and operating results

The Group's financial position and future development depend on consumer demand, consumer preferences and the market price for farmed salmon, which are all subject to significant fluctuations.

The development of wholesale, food service and retail consumer preference for the Group's land-based farmed salmon over other farmed salmon, wild-caught salmon or other seafood is critical to the Group's growth and expanding demand for its products. Therefore, a failure to obtain and increase wholesale, commercial and retail consumer acceptance of the Group's product could have a material adverse effect on the Group's growth, as well as its financial position, liquidity, results of operations and cash flows.

In addition, the Group depends on consumers' willingness to pay a premium price for healthy, sustainably farmed salmon, such as the Group's salmon farmed in its Bluehouses. There can be no assurance that consumers will be willing to pay premium prices or that demand for farm-raised salmon will not decrease in the future. As a result of the long production cycle, the Group has limited flexibility to manage its harvest volumes and supply. Decreases in the prices of farmed salmon would in turn have an adverse effect on, or otherwise harm, the Company's business, financial condition and operating results.

KEY RISK FACTORS (3/9)

1.1.5 The Group has a limited operating history and the Group's past financial results may not be indicative of its future performance

The Group began operations in 2010 and has a limited history of generating revenue, especially in a steady state production phase. As a result of the Group's short operating history, the Group has limited financial data that can be used to evaluate its current business. Therefore, the Group's historical revenue growth should not be considered indicative of future performance. Estimates of future revenue growth are subject to many risks and uncertainties, such as the successful growth cycle of the first salmon hatched and raised in the Homestead Bluehouse and the Group’s temperature related challenges in July and August 2023, and future revenue may differ materially from projections. The Group has encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including technological challenges, risk of critical mechanical failures, third-party risk, human error, market acceptance of products and increasing competition and expenses as the Group expands its business. The Group cannot be sure that it will be successful in addressing these and other challenges it may face in the future, and its business may be adversely affected if it does not manage these risks.

1.1.6 The Group's operations are in areas exposed to natural disasters, such as flooding, tropical storms and hurricanes

The Group's main facility is located in Homestead, Florida (the Homestead Bluehouse), which is in an area prone to exposure to tropical storms and hurricanes from June to November each year and, in particular, at risk of storm surge as a result of Category 4 or higher storms. In addition to flooding, hurricane force winds could cause severe damage to the Group's facility and systems and interrupt power supply, therefore leading to the closure of the Group's main operating facility and the loss of biomass. There can be no assurance that a potential future hurricane or other severe weather conditions will not adversely affect the Group's facility. A tropical storm or hurricane would adversely impact the Group's business, financial condition and operating results.

1.1.7 The Group relies on a limited number of suppliers, manufacturers and third-party contractors to manage its systems and for production of its products and a failure of any of these partners to perform contracted service or a loss of any such partners could negatively affect its business

The Group relies on third-party contractors, manufacturers and suppliers inter alia to provide design and technological services to its facilities and to provide feed, salmon eggs and other production input. In particular, the Group relies on certain contractors in connection with the design and maintenance of its RAS systems, which are complex and delicate systems that require precise and immediate attention. The Group has, for example, previously experienced an issue with the stability of its supply of bulk liquid oxygen, which the Group relies on to maintain necessary water quality. Although the Group can temporarily reduce its reliance on and consumption of liquid oxygen, a prolonged shortage of liquid oxygen will have a material adverse effect on water quality and ultimately the Group's biomass. The Group depends on these contractors and suppliers for the seamless operation of its infrastructure. The performance from such third-party contractors and suppliers are outside of the control of the Group. The failure of such third-party providers to perform could lead to technical errors, the loss of power, limits in capacity, breaches in routine and system failures, all of which could result in fish mortality and the loss of biomass, which would in turn have an adverse effect on, or otherwise harm, the Group's reputation, business, financial condition and operating results. Especially during seasons of peak demand, a failure to perform could cause the Group to experience a significant disruption in its ability to produce and deliver product to its customers.

If the Group needs to replace an existing supplier or partner, it may be unable to supplement or replace them on acceptable terms without business interruption, incurring material additional costs and/ or substantial delays, which may undermine the Group's production capacity and quality. For example, it may take a significant amount of time to identify a feed supplier that has the capability and resources to provide enough feed of the correct quality and composition to meet the Group's daily needs to meet growth projections. Identifying suitable suppliers, manufacturers and contractors is an extensive process that requires significant time investment from the Group and key executives. Accordingly, a loss of any of the Group's significant suppliers, manufactures or partners could have an adverse effect on its business, financial condition and operating results

KEY RISK FACTORS (4/9)

1.1.8 The Group's intellectual property rights are valuable, and any inability to protect them could reduce the value of its business and products

The Group's success depends in large part on its proprietary technology and patents, trade secrets, trademarks and other intellectual property rights. The Group relies on, and expects to continue to rely on, a combination of trademark, trade dress, copyright, trade secret and patent laws, as well as confidentiality and license agreements with its employees, contractors, consultants and third parties with whom it has relationships, to establish and protect its business and intellectual property rights. The Group's long-term competitive advantage depends, in part, on its ability to protect its intellectual property rights. The Group is currently working on numerous other patent applications which are currently pending. However, there can be no assurance that the Group's intellectual property rights will be sufficient to protect against other building facilities that are substantially similar to the Group's and that compete with its business. The Group's current patents relating to its core technology are only registered in the United States. There is a general risk of third parties attempting to use substantially similar technology to build competing business, both in the United States and other jurisdictions. Competitors could attempt to work around the Group’s registered intellectual property rights, thereby trying to achieve the same results without necessarily infringing the Group’s rights.

The Group's intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. In order to protect the Group's intellectual property rights, the Group may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce the Group's intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of its intellectual property. Furthermore, the Group's efforts to enforce its intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. The Group's failure to secure, protect and enforce its intellectual property rights could seriously damage its business.

1.1.9 Cybersecurity risks could adversely affect the Group's business and disrupt its operations

Threats to network and data security are increasingly diverse and sophisticated and the Group's servers, computer systems and those of third parties that it uses in its operations are vulnerable to cybersecurity risks, For example, the Group's operations depend on the maintenance and monitoring of water quality in general, and in particular keeping various gases in the tanks at specific levels, and such maintenance and monitoring depend to a large extent on uninterrupted performance of the Group's IT systems. Maintaining sufficient water quality is critical for the growth and wellbeing of the Group's biomass. Any cyber-attack or other security breach could jeopardize the performance of the Group's IT systems leading to a disruption or tampering of the Group's systems and, potentially, the loss of biomass. Any cyber-attack that attempts to disrupt system service or otherwise access IT systems of the Group or those of third parties which the Group uses, if successful, could adversely affect the Group's business, financial condition and operating results and be expensive to remedy.

1.1.10 The Group's future success depends on the continuing efforts of its key employees and its ability to attract and retain highly skilled personnel and senior management

The Group's future success depends, in part, on its ability to continue to identify, attract, develop, integrate and retain qualified and highly skilled personnel, including senior management and engineers. In particular, the Group is highly dependent on the services of Johan E. Andreassen, the Chief Executive Officer of Atlantic Sapphire USA and co-founder of the Company, who is critical to the development of the Group's business, future vision and strategic direction. Andreassen may terminate his employment with 30 days written notice upon his convenience. If Andreassen were to terminate his employment or involvement with the Group, this may have a material adverse effect on the business and prospects of the Group, as it may not be able to find a suitable replacement on a timely basis, or at all, nor without incurring increased costs for the Group.

Competition for highly skilled personnel is often intense, especially in the salmon farming industry, which is of limited size. Further, the Group is developing operations in a geographic area where salmon farming did not previously exist and, therefore, is dependent on highly skilled personnel relocating from other areas. The Group may not be successful in attracting, integrating or retaining qualified personnel to fulfil its current or future needs. The Group has from time to time experienced, and it expects to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. If the Group choose to terminate the employment of one its employees, it may be met with claims for severance payments as well as law-suits for wrongful termination, which is more common in the US labour market than in the labour markets of comparable countries, and such severance payments and/ or law suits may affect the Group's financial position and divert management from the Group's business. The Group has agreed customary non-compete and non-solicitation provisions in the employment agreements of its key management, but there is a clear risk that such provisions may be difficult to enforce, or not possible to enforce at all, which implies a risk that former employees become involved in competing businesses or entice other employees away from the Group

KEY RISK FACTORS (5/9)

In addition, job candidates and existing employees often consider the value of the equity-linked awards they receive in connection with their employment. If the value of the Company's Shares declines, it may adversely affect the Group's ability to hire or retain highly skilled employees. In addition, the Group may periodically change its equity-linked compensation practices, which may include reducing the number of employees eligible for equity-linked awards or reducing the size of equity-linked awards granted per employee. If the Group is unable to attract, integrate or retain the qualified and highly skilled personnel required to fulfil its current or future needs, the Group's business and future growth prospects could be harmed.

1.1.11 The Group has grown rapidly in recent years and has limited operating experience at its current scale of operations. If the Group is unable to manage its growth effectively, its company culture and financial performance may suffer.

The Group has expanded its operations rapidly and has limited operating experience at its current size. For example, between 31 December 2017 and August 2023, the Group's employee headcount increased from 18 to 175 and the Group expects headcount growth to continue for the foreseeable future. Further, as the Group grows, its business becomes increasingly complex. Continued growth could strain existing resources, and the Group could experience ongoing operating difficulties in managing its business across jurisdictions. Successful implementation of the Group's growth strategy will require significant expenditures before any substantial associated revenue is generated and it cannot guarantee that these increased investments will result in corresponding and offsetting revenue growth.

Because the Group has a limited history operating its business at its current scale, it is difficult to evaluate the current business and future prospects, including its ability to plan for and model future growth. This limited operating experience at this scale, combined with the substantial uncertainty concerning how the land-based salmon farming industry may develop, and other economic factors beyond the Group's control, reduces its ability to accurately forecast quarterly or annual revenue. Failure to manage future growth effectively could have an adverse effect on the Group's business, financial condition and operating results.

1.1.12 The Group's business involves certain operating risks and the Group's insurance may not be adequate to cover all insured losses or liabilities that the Group might incur in operations

The Group has insurance policies in place with respect to general liability, builder's risk, property damage, flood and workers' compensation. For losses in excess of the Group's self-insurance limits, it maintains insurance from unaffiliated commercial carriers. However, the Group's insurance may not be adequate to cover all losses or liabilities that it might incur in its operations. Furthermore, the Group's insurance may not adequately protect it against liability from all of the hazards of its business. In addition, for certain of these, such as the loss of eggs or biomass, there are limited insurance carriers in the market. The Group has biomass insurance for the Homestead Facility; however, the insurance is limited and involves high deductibles. As a result of market conditions, premiums and deductibles for certain of the Group's insurance policies may substantially increase. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. The Group also is subject to the risk that it may be unable to maintain or obtain insurance of the type and amount it desires at a reasonable cost. If the Group was to incur a significant liability for which it was uninsured or for which it was not fully insured, it could have a material adverse effect on the Group's financial position, results of operations and cash flows.

1.1.13 A delay in the completion of, or cost overruns in relation to, the construction of the Homestead Bluehouse, and any inability to acquire further land plots, may affect the Group's ability to achieve its operational plan and full schedule of production, thereby adversely impacting the Group's business and results of operations

The Group has completed construction of the grow-out systems planned under Phase 1 of the construction on the Homestead Bluehouse, however maintenance and optimization works related to Phase 1 has and will be carried out following completion of the Phase 1 construction, including for example a new water chiller system. The Group has commenced work to further expand the Homestead Bluehouse through its Phase 2 expansion and in connection with such expansion Atlantic Sapphire USA has entered into contracts with Wharton-Smith Inc ("**Wharton-Smith**") as general contractor and Hazen and Sawyer, D.P.C. with regards to design, with a current focus for Phase 2 on finalizing design and budget over the next months. Under the Group's contract with Wharton-Smith, Wharton-Smith is engaged as a project leader and is the main responsible party for the construction activities under various individual bid packages in Phase 2. The Group pays a monthly fee to Wharton-Smith in addition to fees payable under the various individual bid packages ordered by the Group from time to time.

KEY RISK FACTORS (6/9)

Construction work on Phase 2 at the Homestead Bluehouse is inherently subject to risk of delays compared to construction progress estimates set by the Company and Wharton-Smith from time to time (whether or not agreed as fixed construction deadlines and project milestones), including if there are delays in engaging sub-contractors or if Wharton-Smith and its sub-contractors are not able to fulfil its obligations on time. If such delays occur, the Group may not be able to achieve a full scale of operations in accordance with its business plan and which may adversely impact the Group's results of operations. Any delay in the completion of construction works may result in the Group not achieving intended scale of operations as determined and communicated from time to time, and this may imply a material adverse impact on the Group's business, revenues and results of operations.

The construction projects are also subject to other risks that may cause delays or cost overruns, including that recent general price increases as a consequence of rising inflation will affect construction costs and that the recent general supply chain disruptions experienced worldwide lead to delivery delays for necessary parts and equipment. These factors may in turn cause disruption in operations and the need to implement changes in production to adapt to such delays, including the commissioning of systems before final completion, all of which could have a material adverse effect on production and the Group's business, results of operations, cash flows and financial condition.

In order to achieve the Group's long-term plan of achieving harvest volumes of 220,000 tonnes HOG, the Group will need to acquire significant tracts of land. The Group currently owns 160 acres of land, enough for approximately half of its 220,000 tonnes business plan. The Group expects that it will be able to purchase additional tracts of land at commercially acceptable terms well ahead of the time such land is needed for further expansion, however no assurance can be given that it will actually be able to make such purchases at commercially acceptable terms or at all.

1.1.14 The Group is currently involved in a dispute with a former contractor, and is subject to risks related to disputes and litigation

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 at the date hereof.

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 4.2 million, 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 million (such number may be adjusted 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 also 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, but such mediation was unsuccessful, and the matter is therefore expected to move forward to a formal arbitration hearing, currently expected to take place at the earliest in the fourth quarter of 2023.

The various Group companies may from time to time also become subject to other legal disputes. Whether or not the relevant Group company involved in a dispute ultimately prevails, legal disputes are costly, especially in the US where the arbitration procedure described above is carried out, and there can be no assurance that reimbursement of attorney's fees are awarded even if the Group company is successful in sustaining its main claims in any legal dispute. Legal disputes can also divert management's attention from the Group's business. In addition, the relevant Group company may decide to settle a legal dispute, which could cause the Group to incur significant costs. An unfavorable outcome of any legal dispute could, among other things, imply that the relevant Group company becomes liable for payment of damages which may restrict the Group's ability to realize its projects and business plan and thereby have adverse effects on the Group's business, results of operations, cash flows, financial condition and prospects

KEY RISK FACTORS (7/9)

1.2 Risks relating to laws and regulations

1.2.1 The Group's business and operations is subject to extensive laws, regulations and permit requirements and the Group's failure to comply with such could negatively affect its business

The Group's business and operations are subject to extensive laws and regulations, especially within environmental, agricultural and building regulations. Further, the Group's operations are dependent on obtaining and maintaining permits in the United States (and, in particular, Miami-Dade County and the City of Homestead) in connection with construction, operations, water management and processing. To the Company's knowledge, the Group has been granted all federal and state level permits necessary to carry out its Homestead Bluehouse business at this stage in the construction process, including permits relating to construction, water management and aquaculture certification, but is currently operating under a temporary Certificate of Use (that is subject to monthly renewal). A permanent Certificate of Use for the Homestead Bluehouse is expected to be received during the second half of 2023 and is subject to approval by the local department of environmental resources management of the potable water system at the Homestead Bluehouse. The Group also holds all required permits to produce land-based salmon in Denmark and otherwise carry out business in Denmark, although such permits are not currently being utilized. The Group will need to obtain several additional licenses in the future in order to be able to carry out the contemplated business in the United States at full scale and no assurances can be given that such licenses will be obtained. Any failure to obtain or maintain, or loss of, any of the permits it requires to operate its business could materially impact production and results of operations.

Salmon farming is strictly regulated by licenses and permits granted by governmental authorities in the United States. In addition, the Group's operations pose risks of environmental liability, including leakage from its operations to surface or subsurface soils, surface water or groundwater (including the Biscayne Aquifer). Some environmental laws and regulations may impose strict liability, joint and several liability, or both. Therefore, in some situations, the Group could be exposed to liability as a result of its conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, third parties without regard to whether the Group caused or contributed to the conditions. Actions arising under these laws and regulations could result in the shutdown of the Group's operations, fines and penalties, expenditures for remediation or other corrective measures, and claims for liability for property damage, exposure to hazardous materials, exposure to hazardous waste or personal injuries. Sanctions for non-compliance with applicable environmental laws and regulations also may include the assessment of administrative, civil or criminal penalties, revocation of permits, temporary or permanent cessation of operations in a particular location and issuance of corrective action orders. In addition, in certain instances strict liability attached to such permits. For example, the Group's water permit providing for its right to utilise fresh and saline groundwater in from the Biscayne Aquifer is issued with the condition that Atlantic Sapphire USA agrees to hold and save the South Florida Water Management District agency and its successors harmless from any and all damages, claims or liabilities that may arise from the construction, maintenance or use of activities authorised by the water permit. Such claims, sanctions or indemnities and related costs could cause the Group to incur substantial costs or losses and could have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. Future changes in applicable municipal, state, federal and international laws and regulations could adversely affect the Group's business, financial condition and results of operations.

1.3 Financial risks

1.3.1 The Group will require additional capital in the future in relation to Phase 2 construction and to realise the Group's further business plan, and may also require additional funding in relation to Phase 1.

When the Group finalizes the design and budget for Phase 2 construction and resolves to move forward with the Phase 2 construction, the Group will incur significant capital expenditures related thereto. Due to, among other things, the general price increases due to rising inflation and recent global supply chain disruptions it is difficult for the Company to determine with certainty the amount of capital expenditures related to Phase 2, but the Company's best estimate at the date hereof is a range of USD 275 – 300 million (including approximately USD 104 million which is already incurred and spent). The capital expenditures related to Phase 2 are intended to be partly funded with the Group's existing credit facility with DNB Bank ASA, New York Branch ("**DNB Bank**") (the "**Credit Facility**") and additional funding sources to be identified at a later stage (if and when required).

The availability of the committed terms loans for Phase 2 construction is subject to certain conditions prior to drawdown, including; (i) providing the lender with final design and plan for a fully funded Phase 2, (ii) a minimum required annualized production level to be maintained for at least two months, (iii) aggregate positive EBITDA over the last three months prior to drawdown, (iv) a minimum EBITDA level, and (v) compliance with financial covenants.

KEY RISK FACTORS (8/9)

The lender under the Credit Facility has also required that the maximum amount of capital expenditures related to Phase 2 shall not exceed USD 300 million, and no funds for capital expenditure in excess of this have been committed. There can be no assurance that additional financing will be available to the Group on acceptable terms, or at all.

The Company has engaged DNB Markets, a part of DNB Bank ASA, and Arctic Securities to explore potential funding routes to secure sufficient funding for reaching an estimated EBITDA break-even for Phase 1 of the Group's Bluehouse in the first half of 2024, with a cash buffer. Such estimate is calculated on the basis of the Group's available cash reserves, a revolving credit facility available under the Credit Facility , increased cash inflows from operations and anticipated reductions in capital and operational expenditures. However, this estimate is subject to a stabilization in the water temperatures and fish growth levels returning to budgeted steady-state production levels. The Group's actual cash flows for the second half of 2023 is also dependent on the development of the Group's current biomass and harvest sizes.

In addition, the Group may require additional capital in the future pursuant to its business plan, due to unforeseen liabilities or in order for it to take advantage of opportunities that may be presented to it. There can be no assurance that the Group will be able to obtain necessary funding in a timely manner and on acceptable terms to complete Phase 1 (if current estimates are not met) and Phase 2 and the Group’s business plan in general. If the Group is not able to obtain such funding on acceptable terms or at all, this would adversely impact the Group's business, financial condition and operating results. If the Company raises additional capital through equity financing, any such equity financing may be dilutive to the shareholders.

1.3.2 Covenants in the Group's Credit Facility and related security documents may restrict its operations, and if the Group does not effectively manage its business to comply with these covenants, its financial condition could be adversely impacted

The Group has been extended loans pursuant to its Credit Facility and will incur further debt under the Credit Facility. The Credit Facility contains various covenants, including, among other things, a requirement that Johan E. Andreassen shall remain involved with the day-to-day operations of Atlantic Sapphire USA, minimum liquidity and revenue requirements, restrictions on the Group's ability to dispose of assets, make acquisitions or investments, incur debt or liens, enter into, modify or amend certain material contracts, make distributions to the Company's shareholders or enter into certain types of related party transactions and that the Company shall hold and maintain authorizations to increase the share capital and to issue convertible bonds (the Company will decide, in its sole discretion, whether these authorizations shall be used). These restrictions may restrict the Group's current and future operations, particularly its ability to respond to certain changes in its business or take future actions. Pursuant to the Credit Facility, the Group granted the parties thereto a security interest in substantially all of its assets.

Further, the Credit Facility requires the Company to observe certain financial covenants, including, among other things, maintenance of minimum levels for book equity ratio, minimum available liquidity and minimum EBITDA levels. Further, no assurance can be given that the Company will be in compliance with agreed covenants at later measuring dates and the Group has at certain measuring dates not been compliant with the financial covenants, including that the Group have received waivers (dated 23 June 2022 and dated 12 December 2022, respectively) from non-compliance with the financial covenant stating that the ratio of the Group's Net Interest Bearing Debt to EBITDA shall exceed a certain level as of 30 June 2022 and as of 31 December 2022, respectively. Further, the Company has received a waiver from DNB Bank the breach of the USD 15 million minimum liquidity covenant, subject to the Company raising at least USD 45 million in new capital. If the Group is unable to comply with agreed covenants going forward, no assurance can be given that the Group will be able to obtain waivers from relevant covenants.

The Group's ability to comply with the covenants described above can be impacted by events beyond its control and it may be unable to do so, and the requirements to hold and maintain authorizations to increase the share capital and to issue convertible bonds are subject to approval by a qualified majority of the shareholders present at the general meetings which discuss grants of these authorizations. The Credit Facility and related security documents provide that the Group's breach or failure to satisfy certain covenants constitutes an event of default. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under the Credit Facility to be immediately due and payable. In addition, the lenders would have the right to proceed against the assets the Group provided as collateral pursuant to the related security agreements. If the debt under its Credit Facility was to be accelerated, the Group may not have sufficient cash on hand, or be able to refinance the loan or to sell sufficient collateral to repay it, which would have an immediate adverse effect on its business and operating results. This could potentially cause the Group to cease operations and result in a complete loss of an investment in the Shares.

1) Availability of the revolving credit facility is based on a borrowing base consisting of biological assets, product inventory and credit-insured receivables.

KEY RISK FACTORS (9/9)

1.4 Risks relating to the Shares

1.4.1 Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Share

The Company may, in the future, decide to offer additional Shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes which require additional funding of the Group. Additionally, one of the covenants under the Credit Facility states that the Company shall obtain annual resolutions from the Company's general meeting to issue convertible bonds in the principal aggregate amount of up to USD 150,000,000. If such bonds are issued, the Company's current and other future shareholders may not have pre-emptive rights to participate in any conversion of such bonds and could hence be diluted. Depending on the structure of any future offerings, the holdings and voting interests of existing shareholders could be diluted and the market price of the Shares could be materially and adversely affected. In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases.

1.4.2 The market value of the Shares may fluctuate

The trading price for the Shares may significantly fluctuate and may not always reflect the underlying asset value of the Group, and the trading price of the Shares have fluctuated significantly since the listing of the Company on the Oslo Stock Exchange. When the Company became listed on the Oslo Stock Exchange, the trading price of the Shares was approximately NOK 113 per Share and subsequently increased to NOK 150 per Share. The trading price of the Shares has recently decreased significantly. A number of factors outside the Company's control may impact its performance and the price of the Shares, including, but not limited to, quarterly variations in operating results, adverse business developments, changes in market sentiment regarding the Shares, the operating and share price performance of other companies in the industry and markets in which the Company operates, changes in financial estimates and investment recommendations or ratings. Changes in market sentiment may be due to speculation about the Company's business in the media or investment community, changes to the Company's profit estimates, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, this may have a material adverse effect on the pricing of the Shares.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as the Group. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

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