

ADMISSION DOCUMENT



Atlantic Sapphire AS

(A Norwegian private limited liability company incorporated under the laws of Norway)

Admission to trading of outstanding shares on Merkur Market

This admission document (the "**Admission Document**") has been prepared by Atlantic Sapphire AS (the "**Company**" or "**Atlantic Sapphire**") solely for use in connection with the admission to trading of the Company's 62,502,716 outstanding shares, each with a par value of NOK 0.10, (the "**Shares**") on Merkur Market (the "**Admission**").

The Company's Shares have been admitted for trading on the Merkur Market and it is expected that the Shares will start trading on 15 May 2018 under the ticker symbol "ASA-ME".

Merkur Market is a multilateral trading facility operated by Oslo Børs ASA. Merkur Market is subject to the rules in the Securities Trading Act and the Securities Trading Regulations that apply to such marketplaces. These rules apply to companies admitted to trading on Merkur Market, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Oslo Axess. Merkur Market is not a regulated market and is therefore not subject to the Stock Exchange Act or to the Stock Exchange Regulations. Investors should take this into account when making investment decisions.

THIS ADMISSION DOCUMENT SERVES AS AN ADMISSION DOCUMENT ONLY, AS REQUIRED BY THE MERKUR MARKET ADMISSION RULES. THIS ADMISSION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT THERETO.

Investing in the Company involves material risks and uncertainties. See Section 1 "Risk Factors" and Section 3.3 "Cautionary note regarding forward-looking statements".

Merkur Advisors



14 May 2018

IMPORTANT INFORMATION

This Admission Document has been prepared solely by Atlantic Sapphire in connection with the Admission. The purpose of the Admission Document is to provide information about the Company and its underlying business. This Admission Document has been prepared solely in the English language. For definitions of terms used throughout this Admission Document, please refer to Section 11 "Definitions and glossary of terms".

The Company has engaged Arctic Securities AS, DNB Bank ASA, DNB Markets and Pareto Securities AS as Merkur Advisors. This Admission Document has been prepared to comply with the Merkur Market Admission Rules. The Admission Document does not constitute a prospectus and has not been reviewed or approved by any governmental authority.

All inquiries relating to this Admission Document should be directed to the Company or the Merkur Advisors. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Merkur Advisors in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Merkur Advisors.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Admission Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Admission Document and before the Admission will be published and announced promptly in accordance with the Merkur Market regulations. Neither the delivery of this Admission Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Admission Document is correct as of any time since its date.

The contents of this Admission Document shall not be construed as legal, business or tax advice. Each reader of this Admission Document should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Admission Document, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Admission Document in certain jurisdictions may be restricted by law. Persons in possession of this Admission Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Admission Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Admission Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Admission Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 "Risk factors" of this Admission Document.

TABLE OF CONTENTS

1	RISK FACTORS	4
2	RESPONSIBILITY FOR THE ADMISSION DOCUMENT	9
3	GENERAL INFORMATION	10
4	PRESENTATION OF THE COMPANY	12
5	BUSINESS OVERVIEW	15
6	SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION	22
7	THE BOARD, EXECUTIVE MANAGEMENT AND EMPLOYEES	28
8	SHARE CAPITAL AND SHAREHOLDER MATTERS	33
9	NORWEGIAN TAXATION	40
10	ADDITIONAL INFORMATION	43
11	DEFINITIONS AND GLOSSARY OF TERMS	44

APPENDIX A	ARTICLES OF ASSOCIATION OF ATLANTIC SAPPHIRE AS	A1
APPENDIX B	FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017	B1

1 RISK FACTORS

Investing in the shares ("Shares") issued by Atlantic Sapphire involves inherent risks. Investors should consider all of the information set forth in this Admission Document, and in particular, the risk factors and the selected financial information included in Section 6 "Selected financial information and other information" 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 the industry in which it operates:

Land-based salmon farming is a new industry and as a consequence, experience with land-based salmon farming has been developing rapidly due to practical implementation of research taking place in several different companies. The Company seeks to benefit from the fish farming knowledge built up from traditional salmon farming, even though realizing that land-based fish farming has its own challenges such as limited numbers of independent water systems, management of gas injection (such as oxygen) and gas stripping (such as carbon dioxide and dependency on constant, uninterrupted electrical power. As such, there are still major biological challenges to overcome prior to establishing a fully predictable production cycle. Atlantic Sapphire is actively taking a lead in this development together with the leading suppliers of aquaculture technology and production equipment, as well as other land-based fish farming players. This will impact the success of the Company as well as the development of the whole industry. In addition to the inherent risks involved by being in a development phase in a new industry, such as faults in production, operations, maintenance, etc., there is also a risk that the Company's strategy proves not to be the best commercialization strategy, and that other players in the same industry are able to commercialize more or in a more rapid pace than the Company, which may in turn have material adverse effects on the Company's results, financial condition, cash flow and prospects.

The Company is vulnerable to errors in technology, production equipment, and maintenance routines that could harm the Group's production and biomass. The Group's most valuable asset is the biomass, and its ability to implement routines and safety measures to protect its production line and develop its biomass. The Group relies in part on third-party suppliers of technical production equipment, as well as sufficient maintenance routines for its production facilities. Despite the security and maintenance measures in place, the Group's facilities and systems, and those of its third-party service providers, may be vulnerable to technical errors, limits in capacity, breaches in routines, lack of surveillance, acts of vandalism, human errors or other similar events. In June 2017, the Group's innovation facility in Denmark experienced a mass mortality incident, where 90% of the biomass in the facility died in a short period of time, due to hydrogen sulphide poisoning caused by clogging (sedimentation build-up) in certain biofilters. Although the Group has taken advantage of the experiences from the adverse incident to obtain knowledge and improve designs, including implementing several measures relating to maintenance routines, technical improvements and design modifications for the Danish facility (which were already in place for the US facility and the Danish phase 2 plant), there can be no assurance that a similar incident will not happen again in any of the Group's facilities, either caused by hydrogen sulphide poisoning or by other severe incidents, which may in turn have a material adverse effect on the Company's results, financial condition, cash flow or prospects.

The Group is in an ongoing development and commercialization process where one of the Group's key strategies is to develop and build a land-based recirculating aquaculture system for farming of Atlantic salmon in the USA. The Group has limited operating history and implementing its strategy requires Management to make complex judgments. No assurance can be given that the Group will achieve its objectives or other anticipated benefits. Further, risks

relating to the successful implementation of the Group's strategies may increase by a number of external factors, such as downturn in salmon prices, increased competition, unexpected changes in regulation or the materialization of any of the risk factors mentioned herein, which may require the Management's focus and resources, which could in turn imply failure or delay in the successful adoption of the Group's business strategy. Failure to implement its business strategy could have a material adverse effect on the Company's results, financial condition, cash flow and prospects.

Atlantic Sapphire's commercialization strategy involves the entering into customer, distribution, marketing, sales and other agreements with third parties which may fail. A commercial success of the Group will require such agreements to be entered into with professional third parties on commercially favourable terms. If the Group does not succeed in continuing to attract and retain new customers, it could have a material adverse effect on its results of operations, financial condition, cash flows and prospects.

The Group's business depends on client goodwill, reputation and on maintaining good relationships with its clients, partners, suppliers and employees. Any circumstances that publicly damage the Group's goodwill, injure the Group's reputation or damage the Group's business relationships may lead to a broader adverse effect and prospects than solely the monetary liability arising directly from the damaging events by way of loss of business, goodwill, clients, partners and employees.

The Group's financial position and future prospects depend on the price of farmed salmon, which has historically been subject to substantial fluctuations. Farmed salmon is a commodity, and the Company therefore assumes that the market price will continue to follow a cyclical pattern based on the balance between total supply and demand. There can be no assurance that the demand for farmed salmon will not decrease in the future. Farmed salmon is furthermore generally sold as a fresh commodity with limited time available between harvesting and consumption. Short-term overproduction may therefore result in very low spot prices obtained in the market. The entrants of new producing nations or the issuance of new production licenses could result in a general overproduction in the industry. Short-term or long-term decreases in the price of farmed salmon may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group's operations are subject to several biological risks which could have a negative impact on future profitability and cash flows. Biological risks include for instance diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants. These elements as well as oxygen depletion may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. An outbreak of a significant or severe disease represents a cost for the Group through e.g. direct loss of fish, lost growth on biomass, accelerated harvesting, loss of quality of harvested fish and may also be followed by a subsequent period of reduced production capacity and loss of income. The most severe diseases may require culling and disposal of the entire stock, disinfection of the farm and a long subsequent fallow period as preventative measures to stop the disease from spreading. Market access could be impeded by strict border controls, not only for salmon from the infected farm, but also for products originating from a wider geographical area surrounding the site of an outbreak. Continued disease problems may also attract negative media attention and public concerns. Salmon farming has historically experienced several episodes with extensive disease problems. There can be no assurance that the Group will not experience extensive disease problems in the future. Epidemic outbreaks of diseases may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group's activities are subject to extensive international and national regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. The Group's sale of its products is also subject to restrictions on international trade. Further, salmon farming is strictly regulated by licenses and permits granted by the authorities in the countries where the Group operates. Future changes in the domestic and international laws and regulations applicable to the Group can be unpredictable and are beyond the control of the Group, and such changes could imply the need to materially alter the Group's operations and set-up and may prompt the need to apply for further permits, which could in turn have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group's operations depend on the quality and availability of salmon smolt. The quality of smolts impacts the volume and quality of harvested fish. Poor quality or small smolts may cause slow growth, reduced health, increased mortality, deformities, or inferior end products. Further, as the aquaculture industry has intensified production, the biological limits for how fast fish can grow have also been challenged. As with all other forms of intensive food production, a number of production-related disorders arise, i.e. disorders caused by intensive farming methods. As a rule, such disorders appear infrequently, are multifactorial, and with variable severity. The most important

production-related disorders relate to physical deformities and cataracts, which may lead to financial loss in the form of reduced growth and health, reduced quality on harvesting, and damage on the industry's reputation, which may in turn have a material adverse effect on the Company's results, financial condition, cash flow and prospects.

The Group's senior management and key employees are important to the development and prospects of the Group. Further, the Group's performance is to a large extent dependent on highly qualified personnel and management, and the continued ability of the Group to compete effectively and implement its strategy depending on its ability to attract new and well qualified employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Group's business, results of operation, financial condition and/or prospects.

The Group is exposed to potentially significant litigation, claims and compliance risks, which could potentially expose the Group to significant losses and liabilities. Such claims, disputes and proceedings are subject to several uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or an investigation. Adverse regulatory action or adverse judgments in litigation could result in sanctions of various types for the Group, including, but not limited to, the payment of fines, damages or other amounts, the invalidation of contracts, or in restrictions or limitations on the Group's operations, any of which could have a material adverse effect on the Group's reputation or financial condition.

The Company depends on cash from its subsidiaries. The Company currently conducts its operations through subsidiaries, which are the entities with sales revenues. As such, the cash that the Company obtains from its subsidiaries is the principal source of funds necessary to meet its obligations. Contractual provisions or laws, including laws or regulations related to the repatriation of foreign earnings, as well as the Group's subsidiaries' financial condition, operating requirements, may limit the Group's ability to obtain cash from subsidiaries that it requires to pay its expenses or meet its current or future debt service obligations or to pay dividends to its shareholders. The inability to transfer cash from the Group's subsidiaries may result in the Group not being able to meet its obligations or to pay dividends to its shareholders. A payment default by the Company, or any of its subsidiaries, could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

The Group is exposed to a general down-turn in the global economy. The Group is exposed to any fluctuations in the global economy in general, as well as end consumers' spending which could result in a higher demand for low-cost alternatives and thus difficulties for the Group in selling its product, which could in turn have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

The Group is exposed to criminal activities to damage production. The Group operates in an area which is controversial for certain groups. For instance, environmental organizations, both in Europe and North America, have aims to eradicate salmon farming. Consequently, salmon farming companies such as Atlantic Sapphire, may be targets for activism of various kinds with the aim to cause reputational damage or damage to production facilities (spread of information, sabotage, etc.), which may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group's ongoing and planned construction projects are subject to numerous risks which may cause delays and cost overruns. The Group's planned and future construction projects are and will be subject to numerous risks, including shortages or delays in equipment, materials or skilled labour; failure of the equipment to meet quality and/or performance standards, inability to renew or obtain required permits and approvals, unanticipated cost increases, design or engineering changes, labour disputes and adverse weather conditions or any other events of force majeure, all of which may cause delays or cost overruns. Amongst other, the Group's injection well permit is up for renewal every fifth year and no assurances can be given that such permit will be obtained. Significant cost overruns or delays could in turn cause disruption in operations and the need to implement changes in productions to adapt to such delays, and have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

The Company may need to raise further additional funds to execute the Group's growth strategy. The Group's business and future plans are capital intensive and, to the extent the Group does not generate sufficient cash from operations in the long term, the Group and/or its subsidiaries may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures. Adequate sources of capital funding may not be available when needed or may not be available on favourable terms. If the Group raises additional funds by issuing additional equity securities, dilution to the holdings of existing shareholders may result. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance

requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's financial condition and results of operations.

The Group may not be able to obtain financing to fund the Group's growth or future capital expenditures, including its planned constructions in Florida and in Denmark. The Company has signed a term sheet securing a EKF guaranteed USD 60,000,000 term loan facility and USD 2,400,000 revolving credit facility with DNB Bank ASA as lender, mandated lead arranger and security agent and Atlantic Sapphire USA, LLC as borrower under the USD 60,000,000 term loan and Atlantic Sapphire Denmark A.S. as borrower under the USD 2,400,000 revolving credit facility. In the event that the Group fails to secure such financing on acceptable terms for the Group or at all, the Group will need to obtain the additional capital from other sources, including through additional equity from new and/or existing shareholders.

The Group's existing or future debt arrangements could also limit the Group's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Group's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Group's financial condition at the time of such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond the Group's control. The Group's failure to obtain funds for future capital expenditures could impact the Group's results of operations, financial condition and prospects. The issuance of additional equity securities would dilute shareholders' interest in the Company.

The Group is dependent on intellectual property rights. The success of the Company will depend on the Company's ability to obtain and maintain patent protection for its products, methods, processes and other technologies, to preserve trade secrets, to prevent third parties from infringing proprietary rights of the Company and to operate without infringing the proprietary rights of third parties. The Company relies upon intellectual property and trade secrets rights (IPR) and laws to protect important proprietary rights, and, if these rights are not sufficiently protected, the Company's ability to compete and generate revenue may be negatively affected. Further, the Company may not obtain sufficient patent protection on the technology embodied in its products and production processes. There is also a risk of IPR infringement claims from third parties, potentially hindering the Company's operations or leading to losses for the Company. In such cases, expenses related to legal advisors may be substantial.

The Group operates in several countries worldwide and is subject to a variation of tax laws and regulations. As such, the Group is subject to changes in applicable tax laws, regulations, or tax treaties, and the interpretation thereof in the various countries in which the Group operates, earns income, or is deemed to be a tax resident. Such changes may result in the need for a restructuring of the Group's current legal structure and/or a materially higher effective tax rate on earnings and could result in material changes to the Group's financial results.

The Group's general liability and project insurance may not provide sufficient coverage. For instance, following the hydrogen sulphide poisoning incident in the Group's Danish facility in June 2017, the Group's insurance does not cover the Group's biomass. Although the Group's current financial exposure related to its biomass is relatively low, the Group may experience a significant financial loss, or a claim may be brought against the Group which could result in a court judgment or settlement of a nature or in an amount that is not covered, in whole or in part, by the Group's insurance or that is in excess of the limits of the Group's insurance coverage. The Group's insurance policies also have various exclusions, implying that certain events or circumstances may not be covered. The Company will be liable for any loss incurred and/or amounts awarded by a court or negotiated in a settlement which exceed or is not covered by the Company's coverage, and the Group may not have, or be able to obtain sufficient capital to pay such amounts, which may in turn have a material adverse effect on the Group's business, profit, financial condition and prospects.

The Group is exposed to fluctuations in exchange rates. The Group operates in Norway, Denmark and the United States and any fluctuations between NOK, DKK and USD could have a material adverse effect on the Group's business, results of operations, cash flows and financial conditions.

1.2 Risks relating to the Shares

The market value of the Shares may fluctuate significantly, which could cause investors to lose a significant part of their investment. An investment in the Company's Shares involves risk of loss of capital. The market value of the Shares may fluctuate significantly in response to a number of factors beyond the Company's control, including adverse business developments, variations in operating results, changes in financial estimates and cost estimates,

announcements by the Company or its competitors of new developments or new circumstances within the industry, lawsuits against the Group, unforeseen events and liabilities, changes in Management, changes to the regulatory environment in which the Group operates or general market conditions. The market value of the Shares could also be substantially affected by the extent to which a secondary market develops or sustains for the Shares.

There is no prior regulated market for the Shares, and an active trading market may not develop. As the Shares historically have not been traded on a regulated public market place, no assurance can be given that an active trading market for the Shares will develop or be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Listing.

Shares are subject to restrictions on dividend payments. Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the Company's general meeting of shareholders. Dividends may only be declared to the extent that the Company has distributable funds and the Company's Board finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest.

Future IPO-plans may not be completed for a variety of reasons. In the long-term, the Company intends to generate shareholder value through an industrial sale or an initial public offering and listing. However, there can be no assurances that such trade sale or IPO will be carried out, in which case very limited liquidity in the Shares is expected.

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. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted.

Nominee registered Shares may be subject to restrictions on voting. Beneficial owners of Shares that are registered in a nominee account or otherwise through a nominee arrangement (such as through brokers, dealers or other third parties) may be unable to exercise their voting rights for Shares unless their ownership is re-registered in their names with the VPS prior to a general meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

Norwegian law imposes certain restrictions on Shares and shareholders. The rights of shareholders are governed by Norwegian law and by the articles of association of the Company. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Further, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

Future sales or the possibility of future sales of substantial numbers of Shares may affect the Shares' market price. The market price of the Shares could decline as a result of sales of a large number of Shares in the market after the date hereof or the perception that these sales could occur. These sales, or the possibility that these sales may occur, might also make it more difficult for the Company to sell equity securities in the future at a time and at a price that it deems appropriate. The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on their market prices. Sales of substantial amounts of the Shares in the public market following the date hereof, or the perception that such sales could occur, may materially and adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or the Company to sell equity securities in the future at a time and price that they deem appropriate.

The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions. None of the Shares have been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2 RESPONSIBILITY FOR THE ADMISSION DOCUMENT

This Admission Document has been prepared by Atlantic Sapphire solely in connection with the Admission to trading on the Merkur Market.

The Board of Directors of the Company (the "**Board**") accepts responsibility for the information contained in this Admission Document. The members of the Board confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

14 May 2018

The Board of Directors of Atlantic Sapphire AS

Johan Emil Andreassen
Chairman

Bjørn-Vegard Løvik
Director

André Skarbø
Director

Bjørn Myrseth
Director

Kjell Bjordal
Director

Johan Henrik Krefting
Director

Peter Allan Skou
Director

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Admission Document. No representation or warranty, express or implied is made by the Managers as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Admission Document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Merkur Advisors assume no responsibility for the accuracy or completeness or the verification of this Admission Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Admission Document or any such statement.

Neither the Company nor the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Group has prepared audited consolidated financial statements as of and for the year ended 31 December 2017 in accordance with International Financing Reporting Standard as adopted by the European Union ("**IFRS**"), which includes re-stated IFRS figures for 2016. The re-stated consolidated financial statements for 2016 have not been subject to statutory audit by the Group's auditor, however, the consolidated financial statements for 2016 prepared in accordance with Norwegian Generally Accepted Accounting Principles ("**NGAAP**") have been audited.

The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017 and 2016 are together referred to as the "**Financial Statements**" and are included in Appendix B to this Admission Document. The Financial Statements have been audited by BDO AS, as set forth in their report thereon included herein. The Company presents the Financial Statements in NOK (presentation currency).

3.2.2 Industry and market data

In this Admission Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. While the Company has compiled, extracted and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. The Company cautions prospective investors not to place undue reliance on the above-mentioned data. Unless otherwise indicated in the Admission Document, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Admission Document that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments

by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Admission Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 "Risk factors" and elsewhere in this Admission Document.

3.3 Cautionary note regarding forward-looking statements

This Admission Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Admission Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

4 PRESENTATION OF THE COMPANY

4.1 Corporate information

The Company's legal and commercial name is Atlantic Sapphire AS. The Company is a Norwegian private limited liability company (*nw: aksjeselskap*), incorporated under the laws of Norway and in accordance with the Norwegian Private Limited Liability Companies Act. The Company's business registration number in the Norwegian Register of Business Enterprises is 895 436 232. The Company was incorporated on 15 March 2010.

The head office and registered address of the Company is Daugstadvengen 445, 6392 Vikebukt, Norway, and its principal place of business is 31 SE 5th Street, #213 Miami, FL 33131, USA. The telephone number of its principal office is +1-786-431-1404 and its website is www.atlanticsapphire.com.

4.2 History

Below is a brief overview of the Group's history:

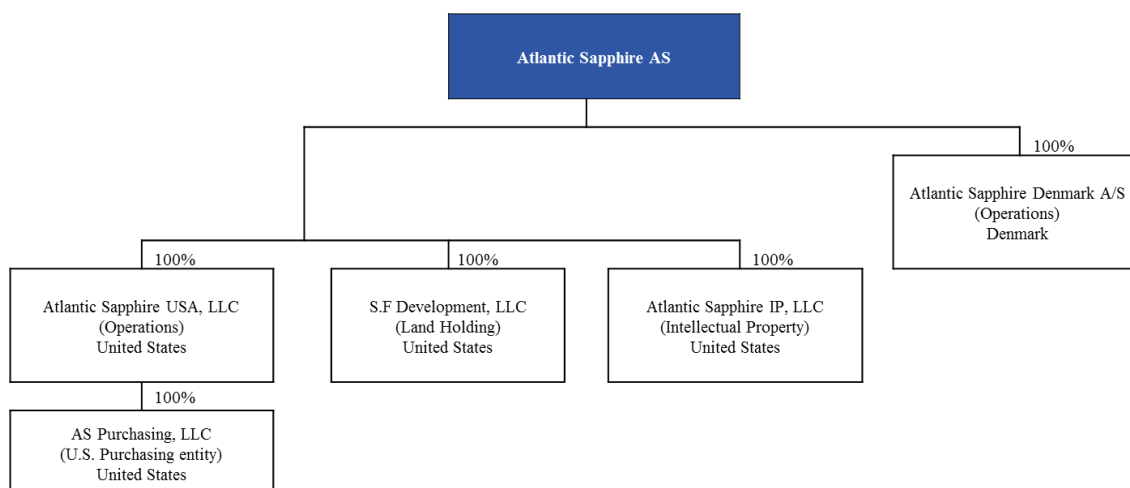
Date	Important event
March 2010	Incorporation of the Company
October 2012	Grow out systems construction completed
November 2013	First harvest
4 th quarter 2016	The Company secured water usage and well drilling permits in Florida
4 th quarter 2016	USD 12 million equity raising was completed
April 2017	Well drilling and US phase 1 facility construction commences
July 2017	USD 70 million equity raising and USD 62 million DNB/EKF non-binding term sheet for debt financing was signed
4 th quarter 2017	Secured construction management agreement with a guaranteed maximum price for the US phase 1 construction.
April 2018	Raised NOK 600 million equity financing in the Private Placement.

4.3 Group structure

The Company is the ultimate parent company in the Group. The Company is a holding company and the business of the Group is carried out through its subsidiaries. The following table sets out information about the Company's subsidiaries (all of which are wholly-owned):

Company	Country of incorporation	Field of activity
Atlantic Sapphire Denmark A/S	Denmark	Operational company
Atlantic Sapphire USA, LLC	USA	Operational company
S.F Development, LLC	USA	Land holding company
Atlantic Sapphire IP, LLC	USA	IP holding company
AS Purchasing, LLC	USA	U.S. Purchasing entity

The following chart sets out the legal structure of the Group:



4.4 Material contracts

In June 2017, the Company entered into the Term Sheet regarding the Facilities. The Term Sheet has been entered into between Atlantic Sapphire, on behalf of itself as guarantor, Atlantic Sapphire USA, LLC and Atlantic Sapphire Denmark A.S. as borrowers (the Borrowers), with DNB Bank ASA (DNB) as lender and EKF Denmark's Export Agency (EKF) as guarantor. For further information regarding the Term Sheet, please refer to Section 6.7 "Material borrowings". In addition, the Company has entered into a letter of intent with Blue Future Holding AS regarding a long-term strategic co-operation between the Company and Blue Future Holding AS regarding use of Atlantic Sapphire's infrastructure and land, to support development and supply of genetics. The commencement of the strategic co-operation is subject to final agreements.

Apart from the above, neither the Company nor the Group has entered into any material contract outside the ordinary course of business for the period since 1 January 2017.

4.5 Dependency on contracts, patents, licenses etc.

The Company has entered into a Design Services Agreement with Billund Aquakulturservice AS in August 2017 for RAS design and engineering services for the Group's US facility. Additionally, the Company has entered into a 5 year Warranty Agreement with Billund Aquakulturservice AS in December 2017 for the RAS construction of the Group's US facility. The Company has also entered into another agreement with Billund Aquakulturservice AS for production equipment and engineering services at the Group's Denmark facility.

Further, the Group has entered into an agreement regarding architect and engineering services, as well as construction management agreements for the construction of phase 1 of the Group's US facility, including freshwater, saltwater production and discharge wells, and for construction work on phase 2 of the Group's Denmark facility.

Apart from the above, the Group is not dependent on any patents or licenses, nor on any industrial, commercial or financial contracts.

4.6 Related party transactions

Platina Seafood Inc and JEA Invest AS have provided a guarantee for two loans of NOK 12,000 each on a monthly basis. The Company also rent offices from Platina Seafood Inc for NOK 12,000 per month. Platina Seafood Inc. and JEA Invest AS are companies wholly owned by Johan Emil Andreassen, the Company's Chairman and CEO. Platina Seafood Inc. has an ongoing, non-exclusive, arm's length, commercial relationship with Atlantic Sapphire on the sales and distribution of salmon.

Transactions between the Company and its subsidiaries, have been eliminated on consolidation in the financial statements.

Apart from the above, there have been no transactions between the Company and related parties in the period between 1 January 2016 and up to the date of this Admission Document.

4.7 Legal and arbitration proceedings

From time to time, the Group may become involved in litigation, disputes and other legal proceedings arising in the normal course of business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

The Company has recently been notified of an alleged claim for damages in the amount of NOK 15.5 million made against the Company's subsidiary Atlantic Sapphire Denmark AS and the Chairman of the Board. The alleged reason for the claim is that Sunsea AS, a Norwegian fish processing company which is now declared bankrupt, undertook to process the fish that died in Atlantic Sapphire Denmark's facility as a result of the hydrogen sulphide incident in June 2017. The Norwegian Food Authority later revoked Sunsea AS' permit to refine fish, and Sunsea AS claims that its alleged intent to import, process and sell illegal seafood for profit was one of a number of more severe reasons for the revocation and thus claims damages from Atlantic Sapphire Denmark AS. The Company is of the opinion that there is no factual grounds for the claim, amongst other because Sunsea AS was fully aware of the circumstances relating to the dead fish and the Company can thus not be held liable for Sunsea's faulty handling of this fish, but also because it appears that the Food Authority's decision to revoke the license was not based on the circumstances relating to the fish from the Danish facility, but due to a number of unrelated circumstances caused by Sunsea AS. Consequently, neither the Company nor Atlantic Sapphire Denmark AS accept no responsibility for the claim. However, no assurance can be given as to the final outcome of a potential legal proceeding and Atlantic Sapphire Denmark AS is thus exposed to significant losses and liabilities.

Other than this, the Group is not, nor has it been during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or has had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Group is not aware of any such proceedings which are pending or threatened.

5 BUSINESS OVERVIEW

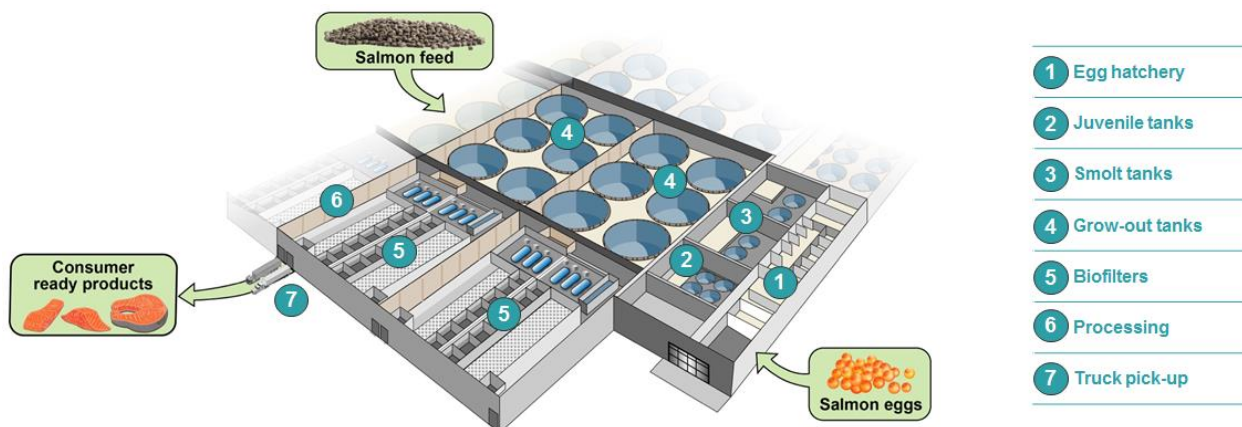
This Section provides an overview of the Business of the Company as of the date of this Admission Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates; see section 3.3 "Cautionary note regarding forward-looking statements". You should read this section in conjunction with other parts of this Admission Document, in particular Section 1 "Risk factors".

5.1 Principal activities and product offering

5.1.1 Introduction

Atlantic Sapphire is a land-based salmon farming company with its first production facility in Langsand, Denmark and a commercial scale up-sized facility under construction in Miami, Florida, USA. The Company's production technology is called Bluehouse™, a concept developed by the Company in collaboration with a wide range of supply chain partners to optimize growing conditions for the salmon. The Bluehouse™ contains everything from an egg hatchery to harvested fish ready for truck pick-up, enabling the Company to control the entire production cycle under one roof and thus minimize vulnerability to external factors.

Bluehouse™ overview



The Bluehouse™ value chain starts with the introduction of salmon eggs into the egg hatchery. As eggs hatch into juveniles, they are moved to juvenile tanks and then further to smolt tanks. In smolt tanks, the fish typically matures to approximately 100 grams before they are moved to large grow-out tanks where the salmon are fed and raised to the desired harvest size of 3-5kg. Harvested fish is then processed into consumer ready products and loaded onto trucks for transportation to retailers, restaurants and other customers. The full production cycle typically takes 18-24 months.

5.1.2 Denmark production

Atlantic Sapphire's pilot production facility in Langsand on the west coast of Denmark has been operating in small scale since 2011, producing approximately 25 generations of Atlantic salmon. Production in 2017 amounted to 212 tonnes, which following finalization of a planned expansion in 2019 is expected to increase to 2,750 tonnes (calculated using the head-on- gutted measurement, "HOG"). Production from Langsand has historically been exported to the US market but is expected to be shifted towards the European market once production in the US reaches significant scale. The Company also intends to continue using the Langsand plant as an innovation centre with continuous testing of new technologies and development of best practice to share across the organization.

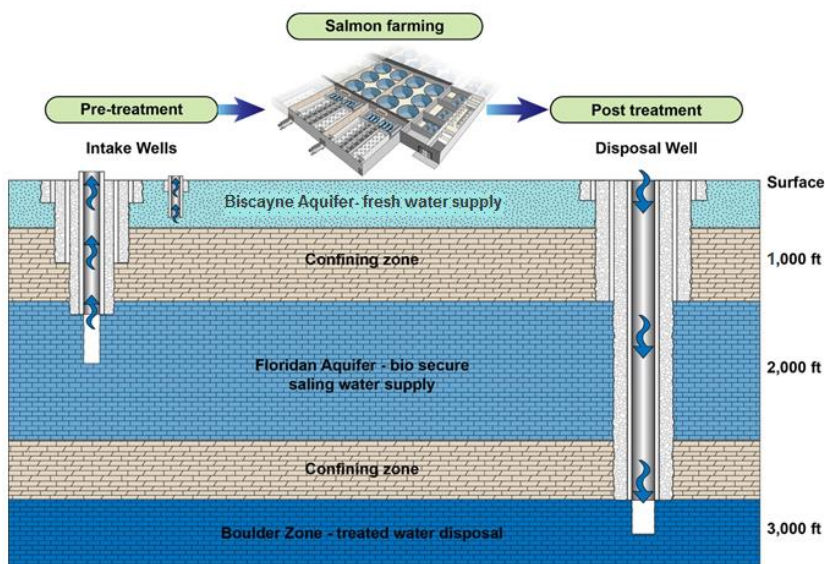
5.1.3 US production

The US production facility currently under construction lies in the Homestead area, approximately 35 miles southwest of Miami, Florida. Phase 1 is expected to be finalized in 2020 and to provide the Company with capacity to produce

and harvest approximately 9,500 tonnes of Atlantic salmon. This plant will have a tank volume of approximately 65,000 m³, spread across 36 grow-out tanks with 6 independent water systems. Following completion of Phase 2 (2023) and Phase 3 (2026), production capacity is expected to increase to 30,000 tonnes and 90,000 tonnes, respectively. The full facility has an expected total cost of USD 700m, and covers approximately 380,000 square meters.

The location of the commercially sized facility in Florida is a result of a comprehensive screening process across as many as 14 different US states. Due to its groundwater aquifers with stable and disease-free access to fresh and saline ground water, Florida has natural geological advantages for onshore salmon farming. Compared to most existing recirculation systems relying on sea-water, including the Langsand facility, the use of groundwater without biological activity is expected to substantially reduce the risk of contamination. The Company has secured groundwater infrastructure rights and received a discharge permit of 19.93 million gallons of water per day. The water infrastructure technology is patented by Atlantic Sapphire, and allows post treatment disposal of waste water to the lower "boulder zone" at approximately 2,700 feet.

Florida groundwater aquifer production and patented discharge technology



5.1.4 Sales and marketing

The Company's product portfolio includes whole fish as well as a range of fillets and cuts. Sale of products from Langsand production is currently handled by Platina Seafood Inc., the arms length US sales partner of Atlantic Sapphire. The Company plans to continue using Platina Seafood Inc. to manage sales and distribution of its US production. Key customers include high-end restaurants and retail stores like Dean & DeLuca in the US market, which have strict requirements to sustainability. Sustainability and eco-friendliness are also at the core of Atlantic Sapphire's product attributes and marketing strategy.

Compared to salmon based in ocean net pens, Bluehouse™ produced salmon reduces impact on wild species and the environment. Moreover, Bluehouse™ produced salmon is free of antibiotics, hormones, pesticides, PCBs, heavy metals and synthetic pigment. This has also lead the Monterey Bay Aquarium's Seafood Watch and SeaChoice to rate Atlantic Sapphire as "best choice" in terms of farming method. Once the first fish from the US facility is harvested in 2020, the Company believes that in-market production will lead to a number of additional competitive advantages and marketing strengths for its products. Most importantly, local production avoids airborne freight which enables a substantial reduction of the carbon footprint and freight costs, improved freshness and extended shelf life with up to 4-5 days due to shorter time in logistics. In addition, Atlantic Sapphire will contribute to the local economy through job creation and tax contribution.

5.2 Vision and strategy

Atlantic Sapphire's ambition to contribute in sustainably feeding the world is manifested in its "massive transformative purpose":

Pioneering Bluehouse™ farming, locally. Transforming protein production, globally.

The core strategy is to provide US consumers tasty and high-quality salmon products, produced in a highly sustainable and eco-friendly way. The Company aims to continue to take market share in the US salmon market by leveraging its Bluehouse™, and eventually in-market, production.

5.3 Market overview

The following section will give a description of the dynamics affecting the salmon market, and the US salmon market in particular, as this is the market the Company is targeting.

5.3.1 Global fish consumption

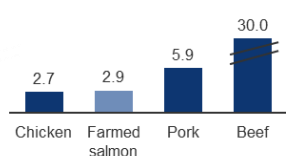
According to the Food and Agriculture Organization of the United Nations ("FAO"), global consumption of meat per capita (including seafood, poultry, pork, beef and other meat) almost doubled in the period between 1963 and 2011 and represented approximately 10% of the average human's total food consumption in 2011. Fish composed only 6% of the total human protein consumption in 2013, despite that the world's surface is covered by 70% ocean. In 2017, the production of animal proteins from Atlantic salmon was approximately 2.3 million tonnes.

United Nations estimates that the world population will reach 8.6 billion within 2030, and the FAO estimates that fish consumption per capita globally will rise from 20.4 kg in 2016 to 21.6 kg in 2026. While fish from wild catch is expected to remain flat in this period according to the FAO, fish from aquaculture is forecasted to grow at a compound annual growth rate ("CAGR") of approximately 2.6%. This will grow aquaculture's share of total fish supply from approximately 46% in 2016 to approximately 53% in 2026. According to Kontali, fish from aquaculture will grow faster than any other main source of animal protein, with a 2014 – 2024E supply CAGR of 2.8%. Salmon farming is expected to play an important role in this development.

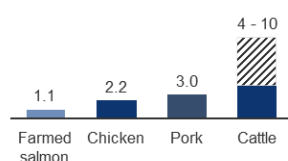
5.3.2 Sustainability

Salmon production offers high resource efficiency compared to protein production from the main land animals. For example, salmon yields 61 kg of edible meat per 100 kg of feed fed compared to 21 kg for poultry and 17 kg for pork, and an energy retention (measured as energy in edible parts divided by gross energy fed) of 23% which is significantly higher than pork and chicken. Moreover, it has a highly favourable feed conversion ratio which is the amount (kg) of feed needed to grow the body weight of the animal by one kg. Salmon production is also less harmful for the environment compared to other protein sources, as the production process requires less CO₂ than pork and cattle and significantly less water than poultry, pork and cattle.

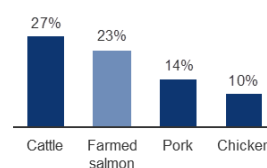
Carbon footprint (kg CO₂ per kg edible meat)



Feed conversion ratio (Kg)



Energy retention



Source: Marine Harvest (2017), *Salmon Industry Handbook*

5.3.3 Health benefits

Seafood is considered a healthy source of protein compared to meat from land animal, due to its low cholesterol content and, in fish with high fat content such as salmon, high levels of Omega 3 and fatty acids with scientifically proven health benefits. In addition, salmon is rich in D and B12 vitamins as well as minerals such as iodine and selenium.

5.3.4 Consumer trends

The increase in consumption of farmed salmon has been fuelled by trends in consumer behaviour. First, consumption of premium food products such as salmon is strongly linked to disposable income, and increasingly sophisticated consumers have driven demand for restaurant meals and ready-to-cook supermarket products. Second, sustainability and environmental friendliness has received more attention among consumers which has led both producers and retailers to focus more on sustainable production and transparency. The favourable characteristics compared to many other animal proteins related to e.g. animal welfare, resource efficiency and environmental impact highlights salmon as a good alternative for the consumer. Third, an increase in obesity and lifestyle diseases drives increased attention to the favourable health impacts of salmon compared to the alternative protein sources.

5.3.5 Pricing

The price for Atlantic salmon is generally determined in a spot or short-term contractual market, where the product is transferred to operators and payment is received upon delivery. This differs from many other commodities markets where participants can also speculate on prices without providing or taking physical delivery. The only significant futures market in existence for Atlantic salmon is Fish Pool, which is limited to Norwegian production. The perishability of the product and variance in quality, as well as numerous commercial specifications, are contributing factors to this structure.

Prices for Atlantic salmon are somewhat correlated across regions due to the commodity nature of the product. While markets are clearly regional, temporary developments, such as increased Norwegian exports to the United States and Japan during the Chilean ISA Outbreak, play an important role in maintaining this correlation. In high price environments, where traditional sources face supply constraints, more distant producers can utilize airfreight and fill the gap, levelling out price differences across regions.

The salmon market is characterized by a strong underlying demand and increased volumes are absorbed by development of new markets and growth in existing markets. The majority of the product is sold fresh and has to be consumed shortly thereafter due to perishability. With two- to three-year production cycles, supplied volume is relatively inelastic in the short term, causing price fluctuations. If growth in global production levels exceeds or is out-of-pace with growth in demand, downward pressure on prices in the future may be experienced.

Beyond supply levels, a number of other factors also influence pricing, including absolute and seasonal variations in demand and the influence of sales contracts on spot market availability. Sales are often grouped into fish size classes, with larger than average fish selling at higher prices per pound and smaller sizes priced at a discount. The freshness and visual presentation of the batch being sold also plays a significant role in the price realized.

5.3.6 Global supply

Atlantic salmon thrives in fjords with a temperature of 8-14 degrees Celsius (seasonality leads to temperatures significantly below or beyond this range) and the right current conditions, which leaves a limited amount of areas suitable for salmon farming. The main countries for conventional sea-based salmon production are Norway (52% of global supply in 2017), Chile (25%), the UK (8%), Canada (6%) and the Faroe Islands (3%). Global harvest declined by

6.5% in 2016, largely due to an algae bloom in Chile and challenges related to sea lice in Norway. For 2018, Kontali expects supply to grow by 4.3%, with Canada and Norway as the largest growth contributors.

Atlantic salmon – global supply overview

Harvest '000 tons WFE	2012	2013	2014	2015	2016	2017	2018E
Norway	1,183	1,144	1,199	1,234	1,171	1,208	1,285
Chile	364	468	583	598	504	579	607
UK	159	158	171	166	157	174	156
Canada	137	115	95	135	146	140	151
Faroe Islands	70	73	83	76	78	80	77
Other	87	84	97	108	110	124	128
Total	2,000	2,042	2,228	2,317	2,166	2,305	2,404
% YoY growth		2.1%	9.1%	4.0%	-6.5%	6.4%	4.3%

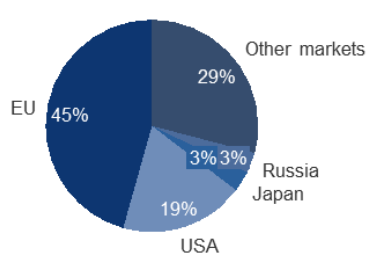
Source: Kontali (2018), *Farmed Atlantic Salmon - Monthly Update (February)*

A key factor expected to limit supply growth for conventional sea-based salmon farming going forward is the new regulatory systems that have been implemented in the two largest producing regions, Norway and Chile. In Norway, the conventional net pen farmers have reached close to full capacity utilisation on outstanding licenses and growth is dependent on the Norwegian government either 1) issuing more licenses or 2) increasing the size of the existing licenses. In response to growing biological challenges, the Norwegian government in 2015 launched an initiative to improve sustainability and predictability. The new regulations build on a "traffic light system", where "green" regions are allowed to increase capacity by 6%, "yellow" regions can maintain current capacity and "red" regions will have to cut capacity by 6%. Rating of the 13 regional zones is based on certain biological parameters such as sea lice impact on wild salmon, escapes and pollution. In Chile, they have aquaculture regulations being changed towards a biological performance-based growth model, whereas salmon farmers will have to adjust stocking or density based on a score on biological parameters in the previous period.

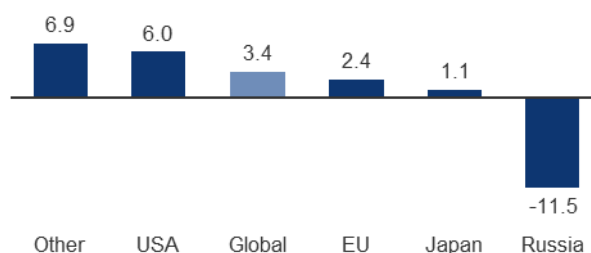
5.3.7 Demand

The largest end markets for Atlantic salmon are the EU, United States, Russia and Japan. Given salmon's freshness and limited shelf life, the fish produced in a given period will to a large extent be sold and consumed in the same period. Trade patterns are largely driven by logistical costs and trade barriers. The fastest growing markets have recently been the United States and emerging markets such as China, Brazil and Mexico. According to Kontali, the global market for Atlantic salmon has grown by a CAGR of 5.7% over the last 10 years, and Kontali estimates a CAGR of 3.4% for the period 2012 to 2018.

Atlantic salmon consumption 2017E (volume)



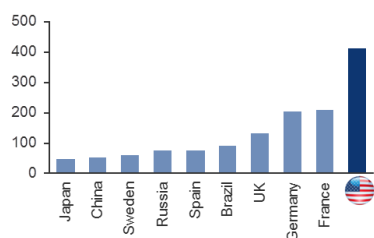
2012 – 2018E CAGR (volume)



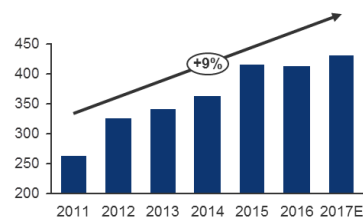
Source: Kontali (2018), *Farmed Atlantic Salmon - Monthly Update (February)*

5.3.8 United States demand

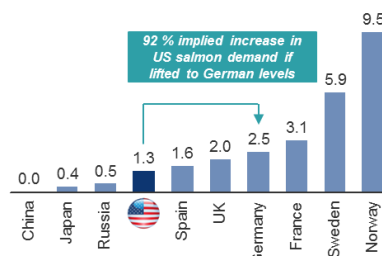
Market size Atlantic salmon (kt)



US Atlantic salmon demand (WFE kt)



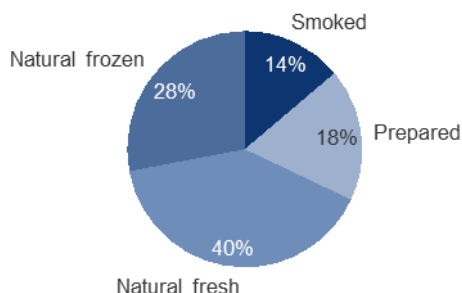
Salmon consumption per capita (kg/year)



Source: Kontali (2017), *Salmon World 2017* and *Salmon Market Analysis 2017*

Despite being the largest market for Atlantic salmon, with a size of more than 400 thousand tonnes as of 2016, according to Kontali, the US market is considered relatively immature as the estimated per capita salmon consumption in 2016 was only approximately 1.3 kg, compared to e.g 2.5 kg in Germany and 3.1 kg in France during the same period. The largest product group with 40% of 2015 sales was natural fresh salmon, followed by natural frozen, prepared and smoked. Out of the 40% natural fresh, only 5% was so-called pre-packed and this share is expected to grow going forward in order to meet consumer preferences such as improved accessibility and convenience. The same trend has been seen in EU markets such as Germany, where pre-packed sales volumes increased from below 1,000 tonnes in 2012 to almost 7,000 tonnes in 2015 according to Marine Harvest.

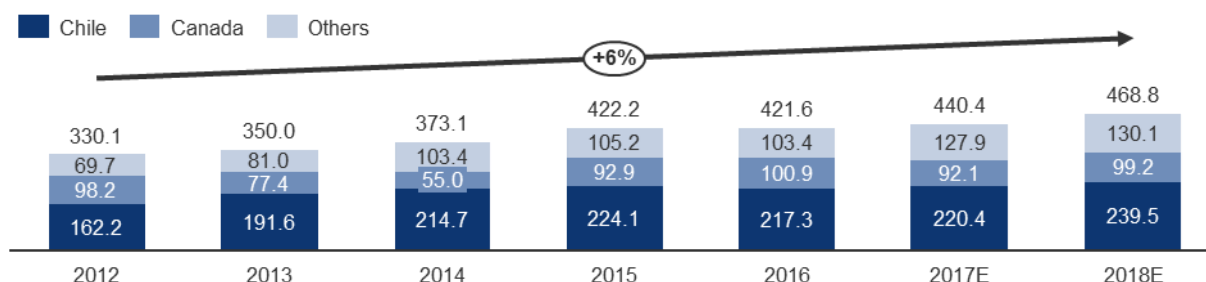
US salmon sales – approximately USD 2.5 billion (2015)



Source: Marine Harvest (2016), *Pre-packed potential in the US*

With a market share in 2017 of 50%, Chile is the main supplier to this market with Canada and Norway as the second and third largest, respectively. Kontali expects continued volume growth to the United States of 4.3% and 6.5% in 2017 and 2018, respectively, leading to a 2012 – 2018E CAGR of 6%.

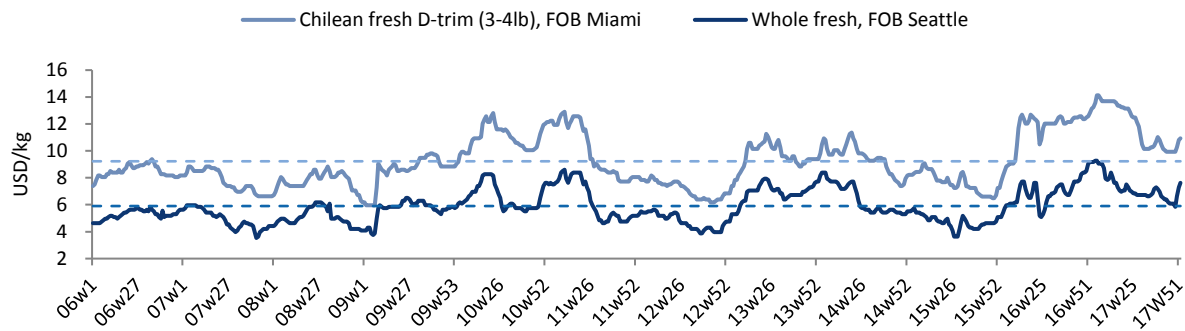
Atlantic salmon imports (kt), United States



Source: Kontali (2018), *Farmed Atlantic Salmon - Monthly Update (February)*

The graph below shows weekly import prices for Atlantic salmon to Miami and Seattle from 2006 to 2017. The average prices during the period have been around USD 9.2/kg and USD 5.9/kg, respectively.

Weekly US import prices (week 1 2006 – week 52 2017)



Source: Urner Barry

6 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

6.1 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please refer to note 1 of the Financial Statements for the year ended 31 December 2017, attached as Appendix A1 to this Admission Document.

6.2 Selected statement of income

The table below sets out selected data from the Group's audited consolidated statements of income and consolidated statement of income for the years ended 31 December 2017 and 2016.

<i>NOK 1,000</i>	Year ended 31 December 2017	Year ended 31 December 2016
Revenue	12,417	17,818
Other income	13,474	-
Revenue and other income	25,891	17,818
Cost of materials	23,348	19,473
Fair value adjustment on biological assets	2,894	2,715
Salary and personnel costs	19,523	5,155
Other operating expenses	26,952	10,302
Other gains and losses – net	708	-
Depreciation and amortization	4,872	4,210
Operating loss	-52,406	-24,037
Financial income	5,543	9
Financial expenses	-9,294	-2,305
Financial income/(expenses) – net	-3,751	-2,296
Loss before income tax	-56,157	-26,333
Income tax expense	-	-
Loss for the year	-56,157	-26,333
Loss is attributable to:		
Owners of Atlantic Sapphire	-54,568	-24,599
Non-controlling interest	-1,589	-1,734
	-56,157	-26,333
Earnings per Share (NOK)		
Basic earnings per Share (NOK)	-1.54	-1.25
Diluted earnings per Share (NOK)	-1.54	-1.25

6.3 Selected statement of financial position

The table below sets out selected data from the Group's audited statement of financial position as at 31 December 2017 and 2016.

NOK 1,000	Year ended 31 December 2017	Year ended 31 December 2016
ASSETS		
Non-current assets		
Property, plant and equipment	294,305	79,688
Patents	282	-
Deferred tax asset	-	-
Investments in other companies	93	89
Trade and other receivables	2,194	16
Total non-current assets	296,874	79,793
Current assets		
Inventories	272	463
Biological assets	2,297	12,695
Trade and other receivables	13,664	4,503
Cash and cash equivalents	435,429	8,372
Total current assets	451,662	26,033
TOTAL ASSETS	748,536	105,826
EQUITY AND LIABILITIES		
Equity		
Share capital	4,629	2,155
Share premium	749,213	97,834
Other equity	-86,723	-44,291
Total equity attributable to the owners of the Company	667,119	55,698
Non-controlling interests	-	56
Total equity	667,119	55,754
Non-current liabilities		
Borrowings	7,655	16,759
Total non-current liabilities	7,655	16,759
Current liabilities		
Borrowings	3,500	16,428
Trade and other payables	70,252	16,885
Total current liabilities	73,753	33,313
Total liabilities	81,417	50,072
TOTAL EQUITY AND LIABILITIES	748,536	105,826

6.4 Selected statement of cash flows

The table below sets out selected data from the Group's audited statement of cash flow for the years ended 31 December 2017 and 2016.

NOK 1,000	Year ended 31 December 2017	Year ended 31 December 2016
Cash flow from operating activities		
Loss before tax	-56,157	-26,333
<i>Adjustments for</i>		
- Depreciation, amortization and net impairment losses	4,872	4,210
- Non-cash – share based payments	6,165	256
- Net loss on disposal of non-current assets	708	-
- Net fair value adjustment on biological assets	2,894	2,715
- Net interest paid and received	326	1,610
- Net exchange differences	3,613	-778
<i>Change in operating assets and liabilities</i>		
- Inventories (and biomass at cost)	8,169	619
- Change in trade and other receivables	-9,612	1,620
- Change in trade and other payables	1,025	-2,662
Interest received	854	6
Net cash flow from operating activities	-37,143	-18,737
Cash flow from investing activities		
Payment from property, plant and equipment	-165,394	-28,704
Proceeds from sale of property, plant and equipment	82	-
Net cash outflow from investing activities	-165,312	-28,704
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	653,853	48,284
Proceeds from borrowings	-	4,099
Repayment of borrowings	-22,420	-3,085
Interest paid	-1,180	-1,616
Transactions with non-controlling interests	-431	-
Net cash inflow from financing activities	629,822	47,682
Net increase/(decrease) in cash and cash equivalents	427,367	241
Cash and cash equivalents 1 January	8,372	8,138
Effects of exchange rate changes on cash and cash equivalents	-310	-7
Cash and cash equivalents 31 December	435,429	8,372

6.5 Selected statement of changes in equity

The table below sets out selected data from the Group's audited statement of equity for the years ended 31 December 2017 and 2016.

NOK 1,000	Attributable to the owners of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Translation differences	Retained earnings	Total equity		
Balance at 1 January 2016	1,629	42,349	-	-18,739	25,239	1,903	27,142
Loss for the year				-24,599	-24,599	-1,734	-26,333
Currency translation differences			-1,208		-1,208	-113	-1,321
Contribution of equity net of transaction costs	526	55,485			56,011		56,011
Option program				255	255		
Balance at 31 December 2016	2,155	97,834	-1,208	-43,083	55,698	56	55,754
Loss for the year				-54,568	-54,568	-1,589	-56,157
Currency translation differences			7,935		7,935		7,935
Contribution of equity net of transaction costs	2,474	651,379			653,853		653,853
Transactions with non-controlling interests			-113	-1,851	-1,964	1,533	-431
Option program				6,165	6,165		6,165
Balance at 31 December 2017	4,629	749,213	,614	-93,337	667,119	-	667,119

6.6 Significant changes in the Group's financial or trading position

Apart from the completion of a NOK 600 million private placement completed on 25 April 2018 (the "**Private Placement**"), there has not been any significant change in the financial or trading position of the Company since 31 December 2017.

6.7 Material borrowings

6.7.1 Current borrowings

As per 31 December 2017, the Group's interest-bearing debt was as set out below:

Debt financial institutions	Type	Currency	Interest rate	Year of maturity	31 December 2017		31 December 2016	
					Face value (NOK 1,000)	Carrying amount (NOK 1,000)	Face value (NOK 1,000)	Carrying amount (NOK 1,000)
Jyske Bank	Secured bank loan	DKK	4.75 %	2018	2,699	2,699	11,732	11,732
Jyske Bank	Short term credit	DKK	4.75 %	n/a	-	-	11,875	11,875
Vækstfonden	Unsecured bank loan	DKK	7.40 %	2018	568	568	1,062	1,062
Farm Credit	Secured bank loan	USD	6.25 %	2035	3,893	3,893	4,208	4,208
Farm Credit	Secured bank loan	USD	6.25	2036	4,005	4,005	4,310	4,310
TOTAL					11,165	11,165	33,187	33,187

6.7.2 Potential new debt financing

The Group is currently working to secure USD 62.40 million through a debt financing.

A term sheet for a term loan facility and revolving credit facility was entered into on 29 June 2017 between Atlantic Sapphire, on behalf of itself as guarantor, Atlantic Sapphire USA, LLC and Atlantic Sapphire Denmark A.S. (Atlantic Sapphire Denmark) as borrowers (the Borrowers), with DNB Bank ASA (DNB) as lender and EKF Denmark's Export Agency (EKF) as guarantor (the "Term Sheet").

The Term Sheet includes the following facilities (the Facilities):

- (i) **Project Facility** – an up to USD 60 million term loan facility with Atlantic US as borrower, 60 % (USD 36,000,000) of which will be guaranteed by EKF. The Project Facility will be used to finance the development, construction and completion of the land based Florida salmon farm (the US Project).
- (ii) **Working Capital Facility** – an up to USD 2.4 million revolving credit facility with Atlantic Sapphire Denmark as borrower. The Working Capital Facility will be used to finance working capital needs of Atlantic Sapphire Denmark.

In addition to the Facilities, and at Atlantic US' request, and upon approval by DNB in its sole and absolute discretion, a USD 10 million revolving credit loan facility may be made available to Atlantic US' on terms and conditions satisfactory to DNB.

The Facilities will be made available under a single facility agreement (the Facility Agreement) which shall unless the parties agree otherwise, be signed on or before 20 June 2018.

In addition to the various assets that shall be pledged and perfected as security for the Facilities, a debt service reserve account (the DSRA) and a debt reserve account (the DRA) shall be established prior to the first drawdown. The Borrowers shall maintain or caused to be maintained in the DSRA at all times an amount equal on any day to the sum of (i) the total interest payments due in the following 24 months as of such date and (ii) USD 6 million (being 10% of the Project Loan Facility). The Borrowers shall maintain or caused to be maintained in the DRA at all times an amount not less than USD 15 million.

The Term Sheet does not constitute a binding agreement, but is a confirmation between DNB, EKF and the Company that they have agreed on the key terms of the financing, and there are currently firm processes toward a binding and signed loan agreement. In addition, the Company is currently in dialogue with DNB for a restructuring and renegotiation of the terms and conditions set forth in the Term Sheet, where certain other structures for the debt and securities are being explored. The Company expects to finalize the debt arrangement on or before June 2018.

6.8 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Admission Document.

7 THE BOARD, EXECUTIVE MANAGEMENT AND EMPLOYEES

7.1 Overview

The general meeting is the highest authority of the Company. All shareholders of the Company are entitled to attend and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Company is vested in the Company's Board and the Company's Management. In accordance with Norwegian law, the Board is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board. Among other responsibilities, the Company's Chief Executive Officer (the "CEO"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum every four months.

7.2 Board of Directors

7.2.1 General

The Articles of Association provide that the Board shall consist of between 2 and 7 board members.

The Company's registered business address, Daugstadvegen 445, 6392 Vikebukt, Norway, serves as business address for the members of the Company's Board in relation to their directorship in the Company. The names and positions and current term of office of the board members as at the date of this Admission Document are set out in the table below.

Name	Position	Served since	Term expires	Shares
Johan E Andreassen	Chairman	2010	2019	10,562,301 ¹
Kjell Bjordal	Director	2017	2019	744,284 ²
Bjørn Myrseth	Director	2017	2019	394,162 ³
Bjørn-Vegard Løvik	Director	2010	2019	9,459,671 ⁴
Henrik Krefting	Director	2017	2019	0 ⁵
André Skarbø	Director	2015	2019	609,358 ⁶

¹ Held through JEA Invest AS, which is wholly owned by Johan E Andreassen, and through AlSCO AS, which is jointly owned by Johan E Andreassen and Bjørn-Vegard Løvik. The number of Shares held by AlSCO AS has not been weighted according to ownership by Johan E Andreassen and Bjørn-Vegard Løvik, but includes all shares held by AlSCO AS.

² Held by Norsk Landbrukskjemi AS, in which Bjordal is the controlling shareholder

³ Held through Vitamar AS, a company wholly owned by Bjørn Myrseth.

⁴ Held through AlSCO AS, which is jointly owned by Johan E Andreassen and Bjørn-Vegard Løvik. The number of Shares held by AlSCO AS has not been weighted according to ownership by Johan E Andreassen and Bjørn-Vegard Løvik, but includes all shares held by AlSCO AS.

⁵ Henrik Krefting is represented on the Company's Board on behalf of Vatne Capital AS and Vatne Equity AS, who holds 2,711,111 Shares as of the date of this Admission Document.

⁶ Held through ASinvest AS. Skarbø is the sole shareholder of ASinvest AS

Peter Skou	Director	2017	2019	0 ⁷
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Except that Johan E Andreassen is both the Chairman of the Board and the Company's CEO, the composition of the Board is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance last updated 30 October 2014 (the "**Corporate Governance Code**"), meaning that (i) the majority of the shareholder-elected members of the Board are independent from the Company's executive management and material business connections and (ii) at least two of the shareholder-elected members of the Board are independent of the Company's main shareholders (shareholders holding 10% or more of the shares in the Company), and (ii) no member of the Company's executive management shall serve on the Board.

7.2.2 Brief biographies of the members of the Board

Johan Emil Andreassen, Chairman

Johan E. Andreassen is the CEO and co-founder of Atlantic Sapphire. Andreassen has significant experience in the salmon farming industry, as well as the broader seafood industry. Andreassen has previously founded Villa Organic, a 30,000 tonnes capacity salmon farming company, and led Villa Organic from idea inception to an IPO and strategic exit. Andreassen is a Norwegian citizen and permanent resident in Miami, Florida, USA.

Bjørn-Vegard Løvik

Bjørn-Vegard Løvik is the CEO of AlSCO AS, and co-founder of Atlantic Sapphire. Løvik has significant experience in the salmon farming industry, and the broader sea food industry. Løvik has previously co-founded Villa Organic with Johan Andreassen, a 30,000 tonnes capacity salmon farming company, and led Villa Organic from idea inception to an IPO and strategic exit. Løvik is a Norwegian citizen residing in Vestnes.

André Skarbø

André Skarbø is the owner and managing director of Platina Seafood, a Norwegian fish company headquartered at Stranda, Norway. Skarbø has been involved in salmon processing and sales for 30 years. Prior to founding Platina Seafood, Skarbø worked in the executive management of several large Norwegian salmon processing companies. Skarbø is a Norwegian citizen residing in Stranda.

Bjørn Myrseth

Bjørn Myrseth has been a member of Atlantic Sapphire's Board since 2017, a member of the board of directors of Atlantic Sapphire Denmark since 2014, and holds several other Directorships within the seafood industry. Bjørn is a trained fishery biologist from the University of Bergen and has founded both Stolt Sea Farms (1972) and Marine Farms (1987), both of which were later listed on the Oslo Stock Exchange. Myrseth is a Norwegian citizen.

Kjell Bjordal

Kjell Bjordal has 20 years' experience from the aquaculture industry, mainly as CEO of EWOS Group until 2014 but also as former board member of Pharmaq and current Chairman of the board of Nordlaks Group and Broodstock Capital Partners. Bjordal is a Norwegian citizen.

Johan Henrik Krefting

Henrik Krefting is Director of Atlantic Sapphire since November 2017 and CEO / CIO of Vatne Capital AS since 2016. Krefting has significant experience in the investment industry as Investment Director of Pactum AS (2006 to 2016) and Investment Manager of Kistefos AS (1998 to 2006). Previously, he also held a senior analyst position in strategy consulting firm Innovation AS (1995 to 1998). Krefting is a Norwegian citizen residing in Oslo, Norway, and is educated

⁷ Peter Skou is represented on the Company on behalf of Sohn Invest A/S, who holds 384,167 Shares as of the date of this Admission Document.

from London School of Economics and Social Science (MSC) and Warwick University (BSc). Krefting has and has had numerous directorships linked to active ownership through direct investments.

Peter Allan Skou

Peter Skou is a member of the Board with Atlantic Sapphire and a Danish citizen with a global business development resume. Peter also represents Sohn Invest from Denmark, which was one of the first and one of the largest investors in the Company. Peter is also a founding member of Windpal, a consortium of Danish offshore wind construction and service companies, where the business concept is allowing Danish companies to expand and invest into emerging wind energy markets in Japan, Taiwan & Russia. In recent years Peter has supported, advised and managed two US and one Australian company with establishing business infrastructure in Europe to strengthen business development.

7.3 Management

7.3.1 General

The Group's Management team consists of six individuals. The names of the members of Management and their respective positions are presented in the table below:

Name	Position	Shares	Options held
Johan E Andreassen	Chief Executive Officer	10,562,301 ⁸	-
Jose Prado	Chief Financial Officer & Executive Vice President	275,210	500,000
Dharma Rajeswaran	Chief Operating Officer	1,000	50,000
Thue Holm	Chief Technical Officer	669,699 ⁹	-
Mario Palma	Director of Aquaculture	-	-
Eric Meyer	Director of Operations	-	25,000

The CEO, CFO and Eric Meyer are employed by Atlantic Sapphire USA, LLC. Dharma Rajeswaran is employed by the Company, and Mario Palma currently as consultant. Thue Holm is employed by Atlantic Sapphire Denmark.

The business address of the Group's Management team is Langsand 34, 6960 Hvide Sande Denmark for Thue Holm and 31 SE 5th Street, #213, Miami, FL 33131, USA for the other members of Management.

7.3.2 Brief biographies of the Management¹⁰

Jose Prado

Jose Prado is the Company's Chief Financial Officer and Executive Vice President overseeing the Miami operation. Jose has 23 years of full investment cycle and operating experience, from early stage to mid-cap exits. Jose began his career in Fortune 500 corporate mergers & acquisitions, and holds an MBA from the Kellogg School of Management, Northwestern University. Jose is a US citizen residing in Miami, Florida.

⁸ Held through JEA Invest AS, in which Johan E Andreassen is the sole shareholder and Alsco AS, which is jointly owned by Johan E Andreassen and Bjørn-Vegard Løvik. The number of Shares held by Alsco AS has not been weighted according to ownership by Johan E Andreassen and Bjørn-Vegard Løvik, but includes all shares held by Alsco AS.

⁹ Shares held through wholly owned company Innovative Aquaculture Investments.

¹⁰ For the biography of Johan E Andreassen, please refer to Section 7.2.2 "Brief biographies of the members of the Board".

Dharma Rajeswaran

Dharma Rajeswaran is the Company's Chief Operating Officer. Dharma has more than 26 years of salmon farming experience, including more than 18 years in Marine Harvest ASA, most recently with a main focus on their land-based RAS facilities for smolt/ post-smolt. Other experience includes acting as CEO of Villa Arctic AS, Chairman in Norsk Marin Fisk AS and as a board member in Villa Organic AS. Dharma is a Norwegian citizen residing in Miami, Florida.

Thue Holm

Thue Holm is the Company's Chief Technology Officer and also a co-founder of the Company. Thue is a trained environmental biologist from the Roskilde University in Denmark, and has previously worked seven years in Billund Aquaculture, a leading supplier of RAS systems, where he co-managed the establishment of Billund Aquaculture Chile. Thue is a Danish citizen.

Mario Palma

Mario Palma is the Company's Director of Aquaculture. He has significant experience in based aquaculture management, water quality, water treatment and project engineering. Mario has previous experience from Marine Harvest Chile RAS. Mario is a Chilean citizen.

Eric Meyer

Eric Meyer is the Company's Director of Operations. Eric is a professional hydrogeologist, with significant experience in wastewater injection design, permitings, construction, regulatory compliance, as well as exploration and development of groundwater supply and operation and maintenance of public water systems. Eric is a US citizen residing in South Miami, Florida, USA.

7.4 Employees

As of 31 December 2017 and 31 December 2016, the Group had 23 and 9 full-time employees, respectively. As of the date of this Admission Document, the Group has 26 employees.

7.5 Share option scheme

The Board has implemented a share option scheme, pursuant to which 933,520 options for shares have been granted, of which 562,500 of the options have already vested, while the remaining will vest annually over a period of up to 4 years. Each option gives the holder the right to have issued one new shares in the Company at a subscription price of NOK 28, except for 308,520 options which have a strike price of NOK 2.70 (both of which has been adjusted for the split in the shares carried out in November 2017). Share options held by employees are subject to, inter alia, continued employment, no material breach of employment contract and approval by the general meeting.

The share option scheme was approved by the annual general meeting in June 2017, in which the Board of Directors was also granted an authorization to issue up to 130,000 new shares at a nominal value of NOK 1 (i.e. 1,300,000 new shares with a nominal value of NOK 0.1 after the share split completed in November 2017).

Please refer to Section 7.3.1 "General" for an overview of the number of options held by the Company's Management, and their strike price.

7.6 Benefits upon termination

No member of the Board has entered into employment agreements which provide for any special benefits upon termination, except for Johan Andreassen, who is entitled as an employee to one year base salary and benefits as severance pay after termination of employment without cause. Members of Management who have entered in employment agreements are entitled to severance pay of up to one year base salary and benefits for termination without cause.

7.7 Conflicts of interests etc.

No member of the Board or the Management has, or had, as applicable, during the last five years preceding the date of the Admission Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

Chairman of the Board, Johan Emil Andreassen and Director Bjørn-Vegard Løvik are third cousins. Apart from this, there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management and the Board, including any family relationships between such persons.

8 SHARE CAPITAL AND SHAREHOLDER MATTERS

8.1 Share capital and share capital development

As of the date of this Admission Document, the Company's share capital is NOK 6,250,271.60 divided into 62,502,716 Shares, each with a par value of NOK 0.10. All the Shares have been created under the Norwegian Private Limited Companies Act, and are validly issued and fully paid up. The Shares are registered electronically in the VPS under ISIN NO 0010768500.

The Company has one class of shares. As of the date of this Admission Document, the Company does not hold any treasury shares, nor do any of the subsidiaries hold shares in the Company.

The Company's Shares are freely transferable, and the Company's articles of association stipulate that the transfer of Shares does not trigger pre-emptive rights of other shareholders and that transfer of Shares is not subject to the consent of the Board.

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Admission Document:

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued Shares	Subscription price per share (NOK)
26 January 2016	Share capital increase	240,000	1,868,883	1.00	1,868,883	50.00
29 July 2016	Share capital increase	259,375	2,128,258	1.00	2,128,258	160.00
10 November 2016	Share capital increase	26,250	2,154,508	1.00	2,154,508	160.00
1 February 2017	Share capital increase	357,142	2,511,650	1.00	2,511,650	280.00
10 July 2017	Share capital increase	2,117,000	4,628,650	1.00	4,628,650	280.00
21 December 2017	Share split	N/A	N/A	0.10	46,286,500	N/A
9 May 2018	Share capital increase	1,621,621.60	6,250,271.60	0.10	62,502,716	37.00

8.2 Shareholder structure

To the best knowledge of the Company, the following shareholders hold 5% or more the currently outstanding Shares:

- AlSCO AS, holding a total of 9,459,671 Shares, corresponding to 15.1% of the total outstanding Shares;

- Skagen Kon-Tiki, holding a total of 5,844,306 Shares, corresponding to 9.40% of the total outstanding Shares; and
- Funds managed by Evermore Global Advisors, holding a total of 3,216,621 Shares, corresponding to 5.14% of the total outstanding Shares.

The Company is not subject to any provisions pursuant to which ownerships above certain thresholds must be disclosed.

The Company is not aware of any arrangements which may result in a change in control of the Company, neither as of the date of this Admission Document nor at a subsequent date.

8.3 Authorizations

The Board hold the following authorizations as of the date of this Admission Document:

Date granted	Purpose	Possible increase of issued share capital (NOK)	Amount utilized (NOK)	Valid until
20 June 2016	General authorization.	670,000	357,142	20 June 2018
23 June 2017	Share option program	130 000	-	23 June 2019
30 January 2018	General authorisation	1,000,000	-	23 June 2019

The Board is not authorized to purchase own shares.

8.4 Financial instruments

Apart from those options described in Section 7.5 "Share option scheme", neither the Company nor any of its subsidiaries has, as of the date of this Admission Document, issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Further, none of the companies in the Group has issued any convertible loans or subordinated debt or transferrable securities.

8.5 Shareholder rights

The Company has one class of shares in issue, and in accordance with the Norwegian Private Limited Companies Act, all shares in that class provide equal rights in the Company. Each of the Shares carries one vote. The rights attaching to the Shares at Listing are described in Section 8.5.1 "The Articles of Association" and Section 8.5.2 "Certain aspects of Norwegian corporate law".

8.5.1 The Articles of Association

The Company's Articles of Association are set out in Appendix A to this Admission Document. Below is a summary of provisions of the Articles of Association as of 3 May 2018, valid at the date of this Admission Document.

Objective of the Company

Pursuant to section 3 of the Articles of Association, the objective of the Company is investments in other companies that produce salmon, both nationally and internationally.

Registered office

Pursuant to section 2 of the Articles of Association, the Company's registered office is in the municipality of Vestnes, Norway.

Share capital and par value

Pursuant to section 4 of the Articles of Association, the Company's share capital is NOK 6,250,271.60 divided into 62,502,716 Shares, each Share with a par value of NOK 0.10. The Shares shall be registered with a central securities depository.

The Board

Pursuant to section 5 of the Articles of Association, the Board shall consist of between 2 and 7 members, as decided by the general meeting.

No restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company, nor does any such restrictions follow by applicable Norwegian law. Share transfers are not subject to approval by the Board.

General meetings

Documents relating to matters to be dealt with by the Company's general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the general meeting are sent to him/her.

The annual general meeting shall deal with and decide the following matters:

- Approval of the annual accounts and the annual report, including distribution of dividend.
- Other matters, which according to the law or the Articles of Association fall within the responsibility of the general meeting.

The general meetings of the Company, including extraordinary general meetings, may be held in the municipality of Vestnes, in the municipality of Oslo or in Miami, Florida, USA, pursuant to the decision of the Board.

Shareholders may attend a general meeting through electronic means, unless the Board finds that there are justifiable reasons for denying attendance through electronic means and only provided that such attendance and voting can be controlled in a prudent manner.

8.5.2 Certain aspects of Norwegian corporate law

General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 7 days before the annual general meeting of a Norwegian private limited company market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

Voting rights – amendments to the Articles of Association

Each of the Company's Shares carry one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect to dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's articles of association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to amend the articles of association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the Board to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Company's Board convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 30,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years.

Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the board of directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles of association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

Liability of Board members

Board members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board members may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Company's Board members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the articles of association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's Board members from liability or not to pursue claims against the Company's board members is made by such a majority as is necessary to amend the articles of association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of Board members

Neither Norwegian law nor the articles of association contains any provision concerning indemnification by the Company of the Board. The Company is permitted to purchase insurance for the Board members against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

8.6 Corporate governance

The Company is not subject to the Norwegian Corporate Governance Code, but the Company will consider to adhere to the requirements of the Norwegian Corporate Governance Code on a voluntary basis at a later time.

8.7 Dividend policy

As of the date of this Admission Document, the Board has not determined any specific dividend policy.

Pursuant to the Norwegian Private Limited Liability Companies Act, dividends may only be declared to the extent that the Company has distributable funds and the Company's Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Apart from this, there are no formal restrictions on the distribution of dividends. However, as the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest.

8.8 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Limited Liability Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Limited Liability Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

9 NORWEGIAN TAXATION

*This Section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Foreign Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Admission Document and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Foreign Shareholders refers to the tax residency rather than the nationality of the shareholder.*

9.1 Norwegian shareholders

9.1.1 Taxation of Dividends

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian tax exemption method. Under the exemption, only 3% of the dividend income on shares in Norwegian limited liability companies shall be taxed as ordinary income (23% flat rate), implying that such dividends are effectively taxed at a rate of 0.69%.

Dividends distributed to Norwegian individual shareholders (i.e. other shareholders than Norwegian Corporate Shareholders) ("**Norwegian Individual Shareholders**") is grossed up with a factor of 1.33 before taken to taxation as ordinary income (23% flat rate, resulting in an effective tax rate of 30.59%) to the extent the dividend exceeds a basic tax-free allowance. The tax-free allowance shall be computed for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate will be calculated every income year and is allocated to the shareholder owing the share on 31 December of the relevant income year. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

9.1.2 Taxation of Capital Gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares in Norwegian limited liability companies are comprised by the Norwegian tax exemption method and therefore tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such Shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization, and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.33 before taken to taxation at a rate of 23% (resulting in an effective tax rate of 30.59%. Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received and the tax value of the share. The tax value of each Share is

based on the individual shareholder's purchase price for the Share. Costs incurred in connection with the acquisition or realization of the Shares will be deductible in the year of sale. Any unused tax-free allowance connected to a Share may be deducted from a capital gain on the same Share, but may not lead to or increase a deductible loss. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

9.1.3 Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal tax rate is currently 0.85%. Norwegian limited liability companies and similar entities are exempted from net wealth tax.

Shares listed on Merkur Market are valued at the quoted value at 1 January in the assessment year.

9.2 Non-Resident Shareholders

9.2.1 Taxation of Dividends

Dividends paid from a Norwegian limited liability company to Foreign Shareholders are subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. Norway has entered into tax treaties with a number of countries and withholding tax is normally set at 15% under these treaties. The shareholder's home country may give credit for the Norwegian withholding tax imposed on the dividend.

Foreign corporate shareholders (i.e. limited liability companies and similar entities) ("**Foreign Corporate Shareholders**") which are genuinely established and carry out genuine economic activities within the EEA are not subject to Norwegian withholding tax.

Dividends paid to foreign individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders) ("**Foreign Individual Shareholders**") are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 9.1.1 "Taxation of Dividends". However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

In accordance with the present administrative system in Norway, a distributing company will generally deduct withholding tax at the applicable rate when dividends are paid directly to an eligible Foreign Shareholder, based on information registered with the VPS. Dividends paid to Foreign Shareholders in respect of nominee registered shares are not eligible for reduced treaty withholding tax rate at the time of payment unless the nominee, by agreeing to provide certain information regarding beneficial owner, has obtained approval for

reduced treaty withholding tax rate from the Central Office for Foreign Tax Affairs. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

9.2.2 Taxation of Capital Gains

Gains from realization of Shares by Foreign Shareholders will not be subject to tax in Norway unless the Foreign Shareholders are holding the Shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

9.2.3 Net Wealth Tax

Foreign Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

9.3 Transfer Taxes etc.; VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

10 ADDITIONAL INFORMATION

10.1 Independent auditors

The Company's independent auditor is BDO AS with registration number 996 606 650, and business address Munkedamsveien 45A, N-0250 Oslo, Norway. The partners of BDO are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening). BDO AS has been the auditor of the Company since January 2016.

10.2 Confirmation regarding sources

In this Admission Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

10.3 Advisors

Advokatfirmaet CLP DA (Sommerrogata 13-15, N-0255 Oslo, Norway) is acting as Norwegian counsel to the Company.

Arctic Securities AS (Haakon VII's gate 5, N-0161 Oslo, Norway), DNB Bank ASA, DNB Markets (Dronning Eufemias gate 30, 0191 Oslo, Norway) and Pareto Securities AS (Dronning Mauds gate 3, 0250 Oslo, Norway) are acting as Merkur Advisors.

Advokatfirmaet Thommessen AS (Haakon VII's gate 10, N-0161 Oslo, Norway) is acting as Norwegian legal counsel to the Merkur Advisors.

11 DEFINITIONS AND GLOSSARY OF TERMS

Defined term	Meaning
Admission	The admission to trading of the Company's Shares on the Merkur Market.
Admission Document	This admission document dated 14 May 2018, and its appendices.
Articles of Association	The articles of association of the Company.
Atlantic Sapphire	Atlantic Sapphire AS, a Norwegian private limited liability company incorporated under the laws of Norway with registration number 895 436 232 and registered address Daugstadvegen 445, 6392 Vikebukt, Norway.
Board	The Board of Directors of the Company.
CAGR	Compounded annual growth rate.
CEO	Chief Executive Officer.
Company	Atlantic Sapphire.
Facilities	The Project Facility and Working Capital Facility under the Term Sheet.
FAO	Food and Agriculture Organization of the United Nations.
Financial Statements	The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017 and 2016.
Foreign Corporate Shareholders	Shareholders of the Company who are limited liability companies and similar entities, and who are not resident in Norway for tax purposes.
Foreign Individual Shareholders	Shareholders of the Company who are not resident in Norway for tax purposes, and who are not Foreign Corporate Shareholders.
Foreign Shareholders	Shareholders of the Company who are not resident in Norway for tax purposes.
Group	The Company and its subsidiaries.
HOG	Head-on-gutted.
Management	The executive management of the Group.
Merkur Market	A multilateral trading facility operated by Oslo Børs ASA.
Norwegian Corporate Shareholders	Shareholders of the Company who are limited liability companies and similar entities, and who are resident in Norway for tax purposes.
Norwegian Individual Shareholders	Shareholders of the Company who are resident in Norway for tax purposes, and who are not Norwegian Corporate Shareholders.
Norwegian Shareholders	Shareholders of the Company who are resident in Norway for tax purposes.
Private Placement	The private placement of NOK 600 million through issuance of 16,216,216 new Shares completed on 25 April 2018.
RAS	Recirculating Aquaculture System.
Shares	The 62,502,716 Shares of the Company, each with a par value of NOK 0.10.
Term Sheet	The term sheet for financing facilities of up to USD 62.4 million entered into on 29 June 2017 with DNB Bank ASA as lender, and EKF Denmark Export Agency (EKF) as guarantor.

**ARTICLES OF ASSOCIATION
FOR**

Atlantic Sapphire AS

§ 1 Business Name

The company's business name is Atlantic Sapphire AS. The company is a limited liability company.

§ 2 Registered office

The company's registered office is in Vestnes municipality.

§ 3 Business

The company's operations are investments in other companies in the production of salmon, nationally and internationally.

§ 4 Share capital

The company's share capital is NOK 6,250,271.60 divided into 62,502,716 shares, each share with a par value of NOK 0.1. The shares in the company shall be registered with the Securities Depository (VPS).

§ 5 Management

The Board of Directors consists of 2 to 7 members, as decided by the General Meeting. The signature of the company is by the chairman and one board member in common. The board may grant powers of procuration

§ 6 General Meeting

The Annual General Meeting shall deal with:

1. Approval of the annual accounts and the annual report, including the distribution of dividends.
2. Other matters that, pursuant to the law or the articles of association, shall be discussed and decided by the general meeting.

General meetings of the company, including extraordinary general meetings, may be held in the municipality of Vestnes, in the municipality of Oslo or in Miami, Florida, USA, in accordance with the Board's decision.

§ 7 Transfer of shares

Transfer of shares in the company does not trigger pre-emptive rights. The transfer of shares is not conditional upon the Board's consent.

§ 8 Electronic communications

The company may use e-mail when distributing messages, notifications, information, documents, notifications and the like pursuant to the Companies Act to its shareholders. Documents relating to matters to be dealt with at the general meeting and which have been made available to shareholders on the company's website will not be sent to the shareholders.

§ 9 Relationship to the Companies Act

Reference is furthermore made to the Companies Act and related legislation, as it may be from time to time.

Atlantic Sapphire AS

Consolidated Financial Statements

**December 31, 2017
and**

Independent Auditors' Report

**In accordance with
International Financial Reporting Standards**



Uavhengig revisors beretning

Til generalforsamlingen i Atlantic Sapphire AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Atlantic Sapphire AS' årsregnskap, som består av:

- selskapsregnskapet, som består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2017, resultatregnskap, utvidet resultatregnskap, oppstilling over endringer i egenkapital og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening:

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir selskapsregnskapet et rettviseende bilde av den finansielle stillingen til Atlantic Sapphire AS per 31. desember 2017 og av selskapets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir konsernregnskapet et rettviseende bilde av den finansielle stillingen til konsernet Atlantic Sapphire AS per 31. desember 2017 og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde, for selskapsregnskapet i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og for konsernregnskapet i samsvar med International Financial Reporting Standards som fastsatt av EU. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å



kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets og konsernets evne til fortsatt drift og på tilbørlig måte opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for selskapsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket. Forutsetningen om fortsatt drift skal legges til grunn for konsernregnskapet med mindre ledelsen enten har til hensikt å avvike konsernet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift.



Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon om årsregnskapet. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.
- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om øvrige lovmessige krav

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets og konsernets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Molde, 27. april 2018
BDO AS

A handwritten signature in blue ink that reads 'Roald Viken'.

Roald Viken
Statsautorisert revisor



Independent Auditor's Report

To the General Meeting of Atlantic Sapphire AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atlantic Sapphire AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements



The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's and the Group's internal control.



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Molde, 27 April 2018
BDO AS

Roald Viken
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Consolidated income statement

		Year ended 31 December	
(NOK 1.000)	Note	2017	2016
Revenue	3	12 417	17 818
Other income	4	13 474	-
Revenue and other income		25 891	17 818
Cost of materials		23 348	19 473
Fair value adjustment on biological assets	5	2 894	2 715
Salary and personnel costs	6,19,22	19 523	5 155
Other operating expenses	7,8,25	26 952	10 302
Other gains and losses - net	9	708	-
Depreciation and amortization	9	4 872	4 210
Operating loss		-52 406	-24 037
Financial income	10	5 543	9
Financial expenses	10	-9 294	-2 305
Financial income/(expenses) - net		-3 751	-2 296
Loss before income tax		-56 157	-26 333
Income tax expense	11	-	-
Loss for the year		-56 157	-26 333
Loss is attributable to:			
Owners of Atlantic Sapphire AS		-54 568	-24 599
Non-controlling interest		-1 589	-1 734
		-56 157	-26 333
Earnings per share			
Basic earnings per share	12	-1,54	-1,25
Diluted earnings per share	12	-1,54	-1,25

Consolidated statement of comprehensive income

		Year ended 31 December	
(NOK 1.000)	Note	2017	2016
Loss for the year		-56 157	-26 333
Other comprehensive income (net of tax):			
Exchange difference on translation of foreign operations		7 935	-1 321
Total comprehensive income for the year		-48 222	-27 654
Total comprehensive income is attributable to:			
Owners of Atlantic Sapphire AS		-46 633	-25 808
Non-controlling interest		-1 589	-1 847
		-48 222	-27 654

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

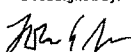
(NOK 1.000)	Note	31.12.2017	31.12.2016	01.01.2016
ASSETS				
Non-current assets				
Property, plant and equipment	9	294 305	79 688	56 837
Patents	13	282	-	-
Deferred tax asset	11	-	-	-
Investments in other companies	14	93	89	92
Trade and other receivables	14,15	2 194	16	16
Total non-current assets		296 874	79 793	56 945
Current assets				
Inventories	16	272	463	829
Biological assets	5	2 297	12 695	16 494
Trade and other receivables	14,15,23,25	13 664	4 503	6 376
Cash and cash equivalents	14,17	435 429	8 372	8 138
Total current assets		451 662	26 033	31 837
TOTAL ASSETS		748 536	105 826	88 782
EQUITY AND LIABILITIES				
Equity				
Share capital		4 629	2 155	1 629
Share premium		749 213	97 834	42 349
Other equity		-86 723	-44 291	-18 739
Total equity attributable to owners of the parent	18,19	667 119	55 698	25 239
Non-controlling interest		-	56	1 903
Total equity		667 119	55 754	27 142
Non-current liabilities				
Borrowings	14,20	7 665	16 759	17 899
Total non-current liabilities		7 665	16 759	17 899
Current liabilities				
Borrowings	14,20	3 500	16 428	15 712
Trade and other payables	14,21	70 252	16 885	28 030
Total current liabilities		73 752	33 313	43 741
Total liabilities		81 417	50 072	61 640
TOTAL EQUITY AND LIABILITIES		748 536	105 826	88 782

The notes are an integral part of these consolidated financial statements.

The financial statements were authorized for issue by the Board of Directors on 20 April 2018.

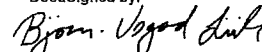
Vikebukt, 20 April 2018

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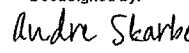
Johan Emil Andreassen
Chairman of the Board and
Chief Executive Officer

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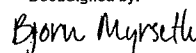
Bjørn-Vegard Løvik
Board member

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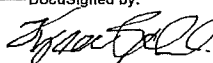
André Skarbø
Board member

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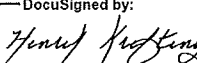
Bjørn Myrseth
Board member

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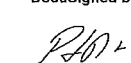
Kjell Bjordal
Board member

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Johan Henrik Krefting
Board member

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Peter Allan Skou
Board member

Consolidated statement of changes in equity

(NOK 1.000)	Note	Attributable to the owners of the parent					Non-controlling interest	Total equity
		Share capital	Share premium	Translation differences	Retained Earnings	Total equity		
Balance at 1 January 2016		1 629	42 349	-	-18 739	25 239	1 903	27 142
Loss for the year					-24 599	-24 599	-1 734	-26 333
Currency translation differences				-1 208		-1 208	-113	-1 321
Contribution of equity net of transaction costs		526	55 485			56 011		56 011
Option program	19				255	255		
Balance at 31 December 2016		2 155	97 834	-1 208	-43 083	55 698	56	55 754
Loss for the year					-54 568	-54 568	-1 589	-56 157
Currency translation differences				7 935		7 935		7 935
Contribution of equity net of transaction costs		2 474	651 379			653 853		653 853
Transactions with non-controlling interests				-113	-1 851	-1 964	1 533	-431
Option program	19				6 165	6 165		6 165
Balance at 31 December 2017		4 629	749 213	6 614	-93 337	667 119	-	667 119

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

		Year ended 31 December	
(NOK 1.000)	Note	2017	2016
Cash flow from operating activities			
Loss before tax		-56 157	-26 333
<i>Adjustments for</i>			
Depreciation, amortization and net impairment losses	9	4 872	4 210
Non-cash - share based payments	19	6 165	256
Net loss on disposal of non-current assets	9	708	-
Net fair value adjustment on biological assets	5	2 894	2 715
Net interest paid and received	10	326	1 610
Net exchange differences		3 613	-778
<i>Change in operating assets and liabilities</i>			
Inventories (and biomass at cost)	5,16	8 169	619
Change in trade and other receivables	14,15,23	-9 612	1 620
Change in trade and other payables	14,21	1 025	-2 662
Interest received	10	854	6
Net cash outflow from operating activities		-37 143	-18 737
Cash flow from investing activities			
Payment for property, plant and equipment	9	-165 394	-28 704
Proceeds from sale of property, plant and equipment	9	82	-
Net cash outflow from investing activities		-165 312	-28 704
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	18,20	653 853	48 284
Proceeds from borrowings	20	-	4 099
Repayment of borrowings	20	-22 420	-3 085
Interest paid	10	-1 180	-1 616
Transactions with non-controlling interests	20	-431	-
Net cash inflow from financing activities		629 822	47 682
Net increase/(decrease) in cash and cash equivalents		427 367	241
Cash and cash equivalents 1 January		8 372	8 138
Effects of exchange rate changes on cash and cash equivalents		-310	-7
Cash and cash equivalents 31 December	14,17	435 429	8 372

The notes are an integral part of these consolidated financial statements.

Note 1 – Summary of significant accounting policies

General information

Atlantic Sapphire AS, the parent company of the Atlantic Sapphire Group (the group), is a Norwegian company headquartered at Vikebukt in Vestnes, which owns 100% of Atlantic Sapphire USA LLC, S. F. Development LLC and Atlantic Sapphire IP LLC in the USA, and Atlantic Sapphire Denmark AS in Denmark. Atlantic Sapphire is the global leader in land-raised salmon farming, growing salmon from egg to commercial harvest weight and marketing consumer ready products. The company operates a facility in Hvide Sande, Denmark, and is currently constructing its first US facility in Miami, Florida.

Basis for preparation of the annual accounts

With effect for the 2017 financial statements, the group has elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), relevant interpretations and additional requirements following the Norwegian Accounting Act of 31 December 2017. References to "IFRS" in these financial statements mean IFRS as adopted by the EU. These are the first annual financial statements prepared in accordance with IFRS, and IFRS 1 First time adoption of IFRS has been applied. Refer to note 28 for the effects of transition to IFRS. The date of transition was 1 January 2016.

The consolidated financial statements are based on historical cost, with the exception of the following:

Biological assets at fair value

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

New standards and interpretations not yet adopted

The most relevant new standards, amendments to standards and interpretations published, but not yet effective and not applied in preparing these consolidated financial statements are:

IFRS 15 Revenue from contracts with customers

IASB and FASB have published a new joint standard for revenue recognition, IFRS 15 Revenue from Contracts with Customers. The standard was endorsed by the EU in September 2016 and is implemented from 1 January 2018. The standard replaces all existing standards and interpretations for revenue recognition. The core principle of IFRS 15 is that revenue is recognized to reflect the transfer of contracted goods or services to customers, and then at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services. With a few exceptions, the standard applies to all income-generating contracts with customers and provides a model for the recognition and valuation of the sale of certain non-financial assets (e.g. sale of property, plant and equipment).

The new revenue recognition standard will not significantly change how the Atlantic Sapphire group recognizes revenue, as revenue will still be recognized at delivery of the salmon (when both risk and control have been transferred to the customer).

IFRS 9 Financial instruments

In 2014, IASB published the last sub-project for IFRS 9 and the standard has now been completed. The standard was endorsed by the EU in November 2016 and is implemented from 1 January 2018. IFRS 9 constitutes amendments linked to the classification and valuation, hedge accounting and impairment. IFRS 9 will replace IAS 39 Financial Instruments - Recognition and Valuation. Those parts of IAS 39 which have not been changed as part of this project have been transferred and included in IFRS 9.

The new standard will not have a material impact for the Atlantic Sapphire group.

IFRS 16 Leasing

IASB published IFRS 16 Leasing in 2016 and the standard replaces IAS 17 and interpretations, and was endorsed by the EU in October 2017. IFRS 16 sets out principles for recognition, measurement, presentation and disclosure of leases. The new standard requires that the lessee includes assets and liabilities for most leases, which is a significant change from current policies.

The standard is expected to have accounting effect from 1 January 2019 and will be implemented using either the full retrospective or modified retrospective method.

The group's current leases relate to property (offices and apartments), equipment and cars. It can be expected that assets and liabilities will be recognized related to these at implementation, and that another profile for recognition and classification in the income statement will be used. A full analysis of the effect of the standard is yet to be performed, but no material impact is expected.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Consolidation

Consolidated financial statements present the group's financial position, comprehensive income, changes in equity and cash flow. All intercompany transactions, receivables and liabilities are eliminated. Any unrealized gains from intercompany transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Foreign currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian currency units (NOK), which is Atlantic Sapphire AS' functional and presentation currency.

Foreign currency transactions are translated using the exchange rate at the time of the transaction. Receivables, debt and other monetary items in foreign currency are measured at the exchange rate at the end of the reporting period, and the translation differences are recognized in profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Profit or loss transactions in foreign subsidiaries are translated to the presentation currency using the average exchange rate for the reporting period. Assets and liabilities of foreign subsidiaries are translated at the exchange rate at the end of the reporting period.

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

All historical translation differences were set to zero at the date of transition to IFRS in accordance with IFRS 1.

Revenues

Revenues from the sale of goods are taken to income when both risk and control have been largely transferred to the customer. This will normally occur at the moment of delivery. Revenue is recognized at the value of the consideration when the transaction takes place.

Operating revenues are recognized less value added tax, discounts, bonuses and other sales costs. The timing of the transfer of risk to the customer depends on the delivery terms stipulated in the sales contract.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and when the group is in compliance with all conditions attached. When the grant relates to an expense item, it is recognized as income over the period that the costs it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the carrying amount of the asset; the grant is then recognized in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge.

Taxes

The tax expense consists of the tax payable and changes to deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax base, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or

the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The companies included in the consolidated financial statements are subject to income tax in the countries where they are domiciled.

Leases

Leases where the group assumes most of the risk and rewards of ownership are classified as financial leases. The group currently does not have any such leases.

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Impairment

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits. Cash equivalents are short-term investments that can be converted into a known amount in cash within three months and which contain an insignificant risk element.

Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Inventories

Inventories of purchased goods, mainly feed, are measured at the lower of cost and net realizable value. The FIFO principle is used and cost includes both the acquisition cost for the goods and the costs of bringing the goods to their current state and location.

Biological assets

Biological assets (biomass) comprise of salmon roe and live fish in the tanks. Salmon roe is measured at cost. Fish held in tanks are measured at fair value. The difference between the fair value of the fish and the associated cost price is recognized under fair value adjustments in the profit and loss. The best estimate of fish with a live weight below 1 kg is cost.

Incident-based mortality is recognized when a site experiences substantial mortality due to an incident. The expense is included in Cost of materials.

Financial instruments

Financial instruments are classified in the following categories for the period reported: loans and receivables, available for sale and borrowing and liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not traded in an active market. They are classified as current assets unless they fall due for payment more than 12 months after the balance sheet date. Loans and receivables are presented in the balance sheet as trade and other receivables and cash and cash equivalents. Loans and receivables are capitalized initially at fair value plus transaction costs. In subsequent periods, loans and receivables are valued at amortized cost using the effective interest method, less any losses deriving from impairment.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets which have been placed in this category by choice or because they do not belong in any other category. They are classified as non-current assets unless the investment falls due, or management intends to sell the investment, within 12 months of the balance sheet date. Financial assets available for sale are recognized at fair value, with any changes in fair value, apart from impairment loss, interests and dividends, being recognized in comprehensive income. Impairment losses are recognized in profit and loss.

Borrowings and liabilities

Borrowings are recognized at fair value when payment has been received, less transaction costs. In subsequent periods, borrowings are recognized at amortized cost calculated using the effective interest method. The difference between the amount of the loan received (less transaction costs) and its redemption value is posted to profit and loss over the term of the loan as part of the effective interest rate. Borrowing expenses are posted as deductions from the loan.

Commitment fees are paid quarterly and are expensed when paid.

Property, plant & equipment

Property, plant and equipment are capitalized at acquisition cost, less accumulated depreciation and any impairment losses. Acquisition cost includes expenditure that is directly attributable to the acquisition of the items. Costs associated with normal maintenance and repairs are expensed as incurred. Costs of major replacements and renewals that substantially extend the economic life and functionality of the asset are capitalized. Assets are normally considered property, plant and equipment if the useful economic life exceeds one year. Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is

depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

At the end of the reporting period, the carrying amounts of the group's assets are reviewed to determine whether there are indications that specific assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of net present value of discounted cash flows (value in use).

Construction in progress is not depreciated. Depreciation is charged to expenses when the property, plant or equipment is ready for use.

Intangible assets

Expenses related to research activities are expensed as incurred. Expenses related to development activities are capitalized if the product or process is technically and commercially feasible, and the group has adequate resources to complete the development.

Patents are capitalized and measured at cost less accumulated amortization and any accumulated impairment losses.

Trade and other payables

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

Classification of current and non-current items

An asset is classified as current when it is expected to be realized or sold, or to be used in the group's normal operating cycle, or falls due or is expected to be realized within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group or are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the balance sheet date.

Provisions

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

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect to employees' services up to the end of the

reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pensions

The group operates with defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-option program

Share-based compensation benefits are provided to employees via an employee share scheme. Information relating to these schemes is set out in separate note.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash comprises cash and cash equivalents.

Estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make accounting estimates and assumptions that affect the recognized amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and information perceived to be relevant and probable when the judgments are made. Estimates are reviewed on an ongoing basis and actual values and results may deviate from these estimates. Adjustments to accounting estimates are recognized in the period in which the estimates are revised.

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

Fair value adjustment of the biomass

The estimated fair value of the biological assets is based on the most relevant forward prices for salmon at the balance sheet date in the respective markets in which the group operates. The fair value calculation also includes estimates of biomass volumes, quality, size distribution, production cost, mortality and normal cost of harvest and sale.

Share based compensation

Share options have been allotted to management and selected key employees. Each share option allows for the subscription of one share in Atlantic Sapphire AS on a future date at a predetermined strike price. Subscribing normally requires continued employment. The fair value of the options is calculated when they are allotted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date,

expected price volatility of the underlying share and risk-free interest. For further information see separate note.

Deferred tax assets

The deferred tax assets relate to carried forward losses of Atlantic Sapphire Denmark A/S, Atlantic Sapphire USA LLC and S. F. Development LLC. The subsidiaries have incurred losses, but are expected to generate taxable income in the near future and the group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income.

Note 2 - Financial risk and capital management

(NOK 1.000)

The Group's financial assets and liabilities comprise of trade and other receivables, trade and other payables, cash deposits and borrowings necessary for its operations.

The group is exposed to changes in foreign exchange rates relating primarily to the Group's activities in Denmark and the US. The currencies used are NOK, DKK and USD. The Company converted 325 million NOK to USD on July 20, 2017, to mitigate currency exchange rate risk in anticipation of expected USD obligations.

The Group is continuously monitoring liquidity and estimates expected liquidity development on the basis of budgets and monthly updated forecasts. The Group manages and makes changes to its capital structure in response to an ongoing assessment of the financial conditions under which the business operates. The Group completed an equity capital raise in the amount of approximately 100 million NOK on January 12, 2017. In a separate round, the Company completed an equity capital raise in the amount of approximately 593 million NOK on July 10, 2017. Additionally, in connection with the capital raise, the Company entered into a debt borrowing commitment, subject to certain conditions, with DNB, a Norwegian bank, for approximately US\$62.4 million, including US\$60 million in term debt for the US Phase 1 facility buildout, and US\$2.4 for working capital facility for the Company's Denmark operation.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flow) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 year	Between 2 and 5 years	Over 5 years
At 31 December 2017					
Trade and other payables	68 420	940	158	734	-
Borrowings	57	3 443	248	842	6 575
Total	68 477	4 383	406	1 576	6 575
	Up to 3 months	Between 3 and 12 months	Between 1 and 2 year	Between 2 and 5 years	Over 5 years
At 31 December 2016					
Trade and other payables	10 921	5 440	158	367	-
Borrowings	47	4 726	904	20 288	7 221
Total	10 968	10 166	1 062	20 655	7 221

Note 3 - Segments

(NOK 1.000)

The Group's executive management and Board of Directors examines the Group's performance on a total level and by farming site and has identified two reportable segments of its business:

Fish farming Denmark	The Group own and operate a land-based salmon farm in Denmark. The principal activities comprise of breeding, production and sale of salmon.
Fish farming USA	The Group is building a land-based salmon farm in Miami-Dade county, Florida. Phase one is under construction and production is expected to commence in 2018.

The activities of the parent Company are presented together with eliminations.

Year ended 31 December 2017

	Fish farming Denmark	USA	Other and eliminations	Consolidated
Revenue	12 417	-	-	12 417
EBITDA	-14 539	-21 893	-11 102	-47 534
Pre-tax profit or loss	-31 414	-29 434	4 691	-56 157
Total assets	165 169	230 915	352 452	748 536
Total liabilities	130 720	63 968	-113 271	81 417
Depreciation and amortization	4 832	40	-	4 872
Capital expenditure	60 958	104 435	-	165 393

Year ended 31 December 2016

	Fish farming Denmark	USA	Other and eliminations	Consolidated
Revenue	17 818	-	-	17 818
EBITDA	-14 390	-3 753	-1 684	-19 827
Pre-tax profit or loss	-22 387	-3 989	43	-26 333
Total assets	71 959	31 685	2 182	105 826
Total liabilities	70 596	9 754	-30 278	50 072
Depreciation and amortization	4 210	-	-	4 210
Capital expenditure	12 418	16 286	-	28 704

Revenue

The Group derives the following types of revenue:
Sales of salmon

	2017	2016
	12 417	17 818

Geographical information

Revenue from external customers in:	2017	2016
Denmark	4 657	15 694
USA	7 674	2 121
Other countries	86	3
Total revenue	12 417	17 818

Non-current operating assets:	2017	2016
Denmark	117 715	54 897
USA	176 872	24 791
Norway	-	-
Total non-current operating assets	294 587	79 688

Non-current operating assets do not include financial instruments and tax assets.

Major customers

	2017	2016
Customer A	4 192	13 284
Customer B	7 674	2 121

Note 4 - Other income

(NOK 1.000)

	2017	2016
Insurance payments received	13 261	-
Other services	212	-
Total other income	13 474	-

Note 5 - Biological assets

(NOK 1.000)

Reconciliation of changes in the carrying amount	31.12.2017	31.12.2016
Carrying amount, opening balance	12 695	16 494
Gain or loss arising from changes in fair value	-2 894	-2 715
Increases due to production and purchases	15 034	19 870
Decreases due to harvest	-9 625	-17 147
Decreases due to mortality	-13 361	-3 013
Net exchange differences	448	-794
Carrying amount, closing balance	<u>2 297</u>	<u>12 695</u>
Physical quantities	31.12.2017	31.12.2016
Tonnes live weight		
Non-harvestable fish	17	100
Harvestable fish	-	192
Total volume of biomass	<u>17</u>	<u>292</u>
Number of fish (thousand)		
Non-harvestable fish	440	326
Harvestable fish	-	45
Total number of fish	<u>440</u>	<u>371</u>
Volume of fish harvested during the year (tonnes gutted weight)	<u>174</u>	<u>394</u>

Measuring biological assets at fair value

The fair value of the biomass is calculated on the basis of market price for the relevance weight class on the balance sheet date. Fair value is measured using a valuation model which uses the most relevant price assumptions at the reporting date. The valuation of biological assets is classified at level 3 in the valuation hierarchy in IFRS 13 Fair value measurement. The estimated market price in each market is normally derived from the development in recent spot prices. Quoted forward prices from a third-party (Fishpool) are used in the estimation, to improve reliability and comparability of the price estimation.

Sensitivity analysis

The estimate of unrealized fair value adjustment is based on several assumptions, such as biomass in the grow-out tanks, expected growth rate, mortality, quality of fish, costs and market price. Changes in these assumptions will impact the fair value calculation. In practice, the realized profit which is achieved on the sale of inventory will differ from the calculations of fair value because of changes in the final market destinations of sold fish, changes in price and cost levels, differences in quality, as well as others. The key element in the fair value model is the assumed market price that is expected to be received in the future when the fish is harvested. An increase in sales price would increase the fair value of the biological assets. A change in own production costs will generally have less impact on the fair value effect than the same change in sales price. Changes in biology might affect the quality of harvested fish, which may be reflected in profit margins via both achieved sales price and own production costs.

Mortality

Losses due to higher mortality than normal at a site over time and substantial mortality due to a specific incident is recognized when it occurs.

On June 30th, 2017, the Company experienced a complete biomass loss due to hydrogen sulphide (H₂S) intoxication in the saltwater grow-out section of its Danish facility. Extensive investigations delivered several insights that have been adopted as design changes to the existing grow-out section of the farm (DK1). A series of water infrastructure and measurement equipment upgrades, as well as preventive operating procedures, are also being implemented to reduce the risk of future sedimentation and H₂S issues. A majority of these items were already incorporated into the construction plans underway for the expansion in Denmark (DK2) and the Miami facility (US1). As of December 31, 2017 mortality rates in the Denmark facility were in line with conventional net pen industry performance.

Note 6 - Payroll costs, no. of employees, remunerations, employee loans, etc.

(NOK 1,000)

Payroll costs	2017	2016
Salaries, incl. holiday pay and bonuses	11 191	4 087
Social security tax	944	434
Pension costs	154	29
Share-based remuneration expense	6 165	255
Other benefits	1 069	350
Total	19 523	5 155

No. of full-time equivalents employed during the financial year:	23	9
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Compensation to the Board of Directors

The Board of Directors	2017	2016
Johan Andreassen, Chariman of the Board and CEO	-	-
André Skarbø, Board member	-	-
Bjørn Myrseth, Board member	-	-
Bjørn-Vegard Løvik, Board member	-	-
Johan Henrik Krefting, Board member*	-	-
Kjell Bjordal, Board member*	-	-
Peter Allan Skou, Board member*	-	-
Niels Ole Nymann Mortensen**	-	-
Total Board of Directors	-	-

* Took up position 03.11.2017

** Stepped down 03.11.2017

Remuneration to Executive Management

2017					
Executive Management	Salary	Bonus	Pension contribution	Other benefits	Total
Johan Andreassen, CEO	2 272		6		2 278
Jose Prado, CFO	3 305				3 305
Dharma Rajeswaran, COO	743		15		758
Thue Holm, CTO	1 290				1 290
Total Executive Management	7 610	-	21	-	7 631

2016					
Executive Management	Salary	Bonus	Pension contribution	Other benefits	Total
Johan Andreassen, CEO	-				-
Jose Prado, CFO	-				-
Dharma Rajeswaran, COO	-				-
Thue Holm, CTO	1 086				1 086
Total Executive Management	1 086	-	-	-	1 086

Amounts in USD and DKK have been translated to NOK using average exchange rate for 2017 and 2016.

A bonus scheme for Executive Management based on revenues and operating profits is in place. Executive Management are comprised by the ordinary pension schemes of the group (refer to note 22) and no additional pension scheme for management is in place. There are severance clauses in the employment agreements depending on termination for cause or not for cause.

Note 7 - Auditor's fees*(NOK 1.000)*

The remuneration breakdown (excl. VAT) paid to the group's auditor is as follows:

Auditor	2017	2016
Statutory auditing services	405	169
Other certification services	-	12
Tax advisory services	58	19
Other services	72	34
Total	535	234

Note 8 - Rent and lease agreements

(NOK 1.000)

The group has no finance leases.

The group's operating leases are mainly related to property, equipment and cars.

Leasing costs related to properties, equipment and cars expensed in other operating expenses in 2017 was NOK 1022 thousand (2016: NOK 557 thousand).

Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were payable as follows:

2017	Office rent	Cars	Property	Equipment	Total
Less than one year	13	5	686	-	704
Between one and five years	-	434	-	207	641
More than five years	59	-	89	-	148
Total	72	439	775	207	1 493

2016	Office rent	Cars	Property	Equipment	Total
Less than one year	-	3	20	-	23
Between one and five years	-	178	-	306	484
More than five years	-	-	82	-	82
Total	-	181	102	306	589

Note 9 - Property, plant & equipment

(NOK 1,000)

	Land	Buildings	Production plant & machinery	Equipment and other movables	Construction in progress	Total
At 1 January 2017						
Cost	14 938	18 791	47 323	1 611	10 558	93 221
Accumulated depreciation	-	-2 864	-10 196	-473	-	-13 533
Net book amount	14 938	15 927	37 127	1 138	10 558	79 688
Year ended 31 December 2017						
Opening net book amount	14 938	15 927	37 127	1 138	10 558	79 688
Additions	-	657	4 952	1 629	207 842	215 080
Disposals	-	-	-980	-138	-	-1 118
Depreciation charge	-	-887	-3 609	-376	-	-4 872
Reversed depreciation	-	-	290	67	-	357
Translation differences	-727	1 276	3 052	76	1 493	5 170
Closing net book amount	14 211	16 973	40 832	2 396	219 893	294 305
At 31 December 2017						
Cost	14 211	21 015	55 367	3 231	219 893	313 717
Accumulated depreciation	-	-4 042	-14 535	-835	-	-19 412
Net book amount	14 211	16 973	40 832	2 396	219 893	294 305

Estimated useful life and depreciation plan is as follows:

Economic life	~	18-24	10-15	5	~
Depreciation plan		Linear	Linear	Linear	

Depreciation

Tangible fixed assets with a finite useful life are depreciated in a straight line over the useful life.

Debt secured by mortgages

During December 2015 and December 2016 the company purchased land located at Miami-Dade County, Florida.

At 31 December 2017 properties with a carrying amount of NOK 14 211 thousand (2016: NOK 14 939 thousand) were subject as security for the mortgages.

(NOK 1,000)	31.12.2017	31.12.2016
Debt to credit institutions	3 893	4 208
Debt to credit institutions	4 005	4 310
Total debt secured by mortgages	7 898	8 518

The Company has an option to purchase an additional 40 acres for the farm in Florida. This started in 2017 and will keep going until December 2018. If the Company decides to purchase the additional 40 acres, NOK 1 641 thousand of the options paid will become an asset by the end of 2018.

Contractual commitments

The group is building plants at locations both in Denmark and in the USA.

Significant capital expenditures contracted for at the end of the reporting period, but not recognized as liabilities at 31 December 2017 amounts to NOK 117,7 million (31.12.2016: nil) for property, plant and equipment in Denmark and NOK 903,3 million (31.12.2016: nil) for property, plant and equipment in USA.

The Company entered into the following capital expenditure related agreements in 2017:

Construction Manager At Risk (CMAR) Agreement (1) OHL Building Inc. - on February 27, 2017 for freshwater, saltwater production and discharge wells, in the amount of approximately US\$9.2 million

Construction Manager At Risk (CMAR) Agreement (2) with OHL Building Inc, on December 13, 2017, for the buildout of an approximate 10,000 ton annual production RAS facility, in the amount of \$76 million total direct costs, plus approximately \$35 million in direct material purchases.

Design Services Agreement with US architect, McHarry & Associates, on August 9, 2017, that also included structural engineering services by Blyss & Nitrate Inc., as well as mechanical, electrical and plumbing engineering services by SDM & Associates, in the amount of approximately \$1.6 million.

Design Services Agreement with Billund Aquakulturservice AS, on August 26, 2017, for RAS design and engineering services for the US facility, in the amount of approximately \$0.9 million. The relationship with Billund Aquakulturservice AS also included a five (5) year warranty agreement in relation to its construction of the US facility as subcontractor to OHL Building, Inc.

Several agreements are entered into and are currently being negotiated concerning the expansion of the facility in Denmark. The two largest agreements are with Billund Aquakulturservice AS for production equipment and engineering services (DKK 17,5 million) and B&V Kristensen A/S for construction work of the DK2 facility (DKK 17,5 million).

	Land	Buildings	Production plant & machinery	Equipment and other movables	Construction in progress	Total
At 1 January 2016						
Cost	7 417	15 969	42 981	396	-	66 763
Accumulated depreciation	-	-2 219	-7 431	-276	-	-9 926
Net book amount	7 417	13 750	35 550	120	-	56 837
Year ended 31 December 2016						
Opening net book amount	7 417	13 750	35 550	120	-	56 837
Additions	7 483	3 727	6 712	1 262	10 320	29 504
Disposals	-	-	-	-	-	-
Depreciation charge	-	-776	-3 218	-216	-	-4 210
Translation differences	38	-774	-1 917	-28	238	-2 443
Closing net book amount	14 938	15 927	37 127	1 138	10 558	79 688
At 31 December 2016						
Cost	14 938	18 791	47 323	1 611	10 558	93 221
Accumulated depreciation	-	-2 864	-10 196	-473	-	-13 533
Net book amount	14 938	15 927	37 127	1 138	10 558	79 688

Estimated useful life, depreciation plan and residual value is as follows:

Economic life	~	19-24	10-15	5	~
Depreciation plan		Linear	Linear	Linear	

Depreciation

Tangible fixed assets with a finite useful life are depreciated in a straight line over the useful life.

Note 10 - Financial income and expenses*(NOK 1.000)*

	2017	2016
Interest income	854	6
Other income	71	111
Exchange gains	4 619	-87
Interest expense	-1 180	-1 616
Exchange losses	-621	-204
Loan commitment fees	-6 627	-
Loan guarantee fees	-496	-
Other financial expense	-371	-506
Total financial income (expenses), net	-3 751	-2 296

Note 11 - Taxes

(NOK 1.000)

Income tax expense	2017	2016
Current tax	-	-
Deferred tax	-	-
Income tax expense (income)	-	-
Current tax on profits for the year	-	-
Current tax	-	-
Deferred tax due to changes in temporary differences	-15 738	-6 555
Effect of change in tax rate	4 781	121
Tax losses for which no deferred tax asset is recognized	10 957	6 434
Deferred tax	-	-
Effective tax rate	0,0 %	0,0 %

Reconciliation of tax expense with the Norwegian tax rate	2017	2016
Loss before tax	-56 157	-26 333
Expected tax expense using nominal tax rate of 24 % (2016: 25 %)	-13 478	-6 583
Tax amortization (initial recognition exemption)	-103	-140
Non-deductible expenses/income	294	10
Effect from different tax rate in other countries	-3 934	93
Effect from change in tax rate	4 781	122
Tax losses for which no deferred tax asset is recognized	10 957	6 434
Non-deductible share-based payment expenses	1 480	64
Other	3	-
Income tax expense (income)	-	-

Amounts recognized directly in equity and in other comprehensive income

2017: expenses directly attributed to issue of shares (NOK 34,9 millions) are recognized directly in equity. An amount of NOK -8,8 millions are recognized in OCI. The tax values of the before mentioned are NOK 8,4 millions and NOK -2,1 millions, respectively

2016: expenses directly attributed to issue of shares (NOK 5,7 millions) are recognized directly in equity. An amount of NOK 0,6 millions are recognized in OCI. The tax values are NOK 1,4 million and NOK 0,2 million respectively.

Changes in tax rate

In accordance with the tax agreement in the Norwegian Parliament the tax rate was reduced from 25% in 2016 to 24% in 2017 and to 23% in 2018. The net deferred tax asset is revalued at 31 December 2016 and 31 December 2017 using the tax rate that applies for the following year. An expense of NOK 0,3 million and NOK 0,1 million was recognized in 2017 and 2016 respectively.

On 22 December 2017, the President of the United States signed into law the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"). The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The 2017 Tax Act permanently reduces the U.S. corporate tax rate from 35% to 21%, effective 1 January 2018.

As a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the Tax Reform Act, the Company revalued its ending net deferred tax assets at 31 December 2017 and recognized a NOK 4,5 million expense in 2017.

Deferred tax balances	31.12.2017	31.12.2016
------------------------------	-------------------	-------------------

The balance comprises temporary differences are attributable to:

Deferred tax assets:

Tax losses	32 936	13 033
Property, plant and equipment	735	767
Other	298	211
Set-off tax	-2 221	-351
Net deferred tax assets after set-off	31 748	13 660
Unrecognized deferred tax assets	-31 748	-13 660
Net deferred tax assets	-	-

Deferred tax liabilities:

Property, plant and equipment	2 204	342
Other	17	9
Set-off tax	-2 221	-351
Net deferred tax liabilities	-	-

Tax losses carried forward	31.12.2017	31.12.2016
-----------------------------------	-------------------	-------------------

Expire (2033 and forward)	35 793	6 079
Never expires	105 777	47 511
Total tax losses carried forward	141 570	53 590
Tax losses for which deferred tax asset is recognized	-	-
Tax losses for which no deferred tax asset is recognized	141 570	53 590
Potential tax benefit	32 936	13 033

In accordance with best practice for start-up and development stage businesses, deferred tax asset is not recognized.

Note 12 - Earnings per share

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period.

Options are dilutive when they result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price in the period is treated as an issue of ordinary shares for no consideration.

Average number of shares outstanding are retrospectively calculated based on the share split (x10) executed on 8 January 2018. After execution of the share split January 8th 2018, Atlantic Sapphire AS has 46,286,500 outstanding shares, each with a nominal value of NOK 0.1. All shareholders will maintain their pro rata shareholding in the company.

(Figures in NOK)	2017	2016
Profit/loss attributable to the ordinary equity holders of the company	-54 568 000	-24 599 000
Profit/loss for calculation of diluted earnings per share	-54 568 000	-24 599 000
Average number of shares outstanding used for calculation of earnings per share	35 403 882	19 613 309
Options*	-	-
Average number of ordinary shares and potential ordinary shares for diluted earnings per share	35 403 882	19 613 309
Basic earnings per share (NOK/Share)	-1,54	-1,25
Diluted earnings per share	-1,54	-1,25

*) The options that would result in issue of ordinary shares, 185.847 (2016: 92.923) are not included in the calculation of diluted earnings per share because they are antidilutive, according to IAS 33.43.

Note 13 - Intangible assets

NOK 1000	31.12.2017	31.12.2016
Patents	282	-
Total	282	-

The company only made filings for patents pending in 2017.

Impairment testing

The company tests intangible assets annually for impairment. The annual impairment test is performed at year-end.

Note 14 - Financial instruments by category

(NOK 1,000)

The following principles for the subsequent measurement of financial instruments have been applied to financial instruments in the balance sheet:

Financial assets	Loans and receivables	Assets at fair value in P/L	Derivatives used as hedging instruments	Available for sale	Total
2017					
Investments in shares and other securities				93	93
Trade and other receivables*	5 447				5 447
Bank deposits, cash & cash equivalents	435 429				435 429
	440 876	-	-	93	440 969
2016					
Investments in shares and other securities				89	89
Trade and other receivables*	4 357				4 357
Bank deposits, cash & cash equivalents	8 372				8 372
	12 729	-	-	89	12 818

*) Prepayments not included in trade and other receivables

Liabilities	Other financial liabilities at amortized cost	Fair value through profit or loss	Total
2017			
Trade and other payables*	70 252		70 252
Borrowings	11 165		11 165
	81 417	-	81 417
2016			
Trade and other payables*	16 885		16 885
Borrowings	33 187		33 187
	50 072	-	50 072

*) Prepayments are not included in trade and other payables

Credit quality of financial assets

Trade and other receivables consists mainly of public taxes.

Cash and cash equivalents

A+ or better

31.12.2017 **31.12.2016**
435 429 8 372

Note 15 - Trade and other receivables

(NOK 1,000)

Receivables are measured at amortized cost. Receivables denominated in foreign currencies are valued at the daily rate. Carrying amount equals fair value.

(NOK 1,000)	31.12.2017	31.12.2016
Trade receivables	401	999
Provisions for bad debt	-	-
Other current receivables	13 263	3 504
Other non-current receivables	2 194	16
Total	15 858	4 519

Specification of receivables

(NOK 1,000)	31.12.2017	31.12.2016
Trade receivables	401	999
Public taxes and funds	2 206	1 059
Other receivables	2 532	2 298
Trade and other receivables	5 139	4 356
Prepaid costs	10 561	122
Prepaid rent	158	41
Prepayments	10 719	163
Total	15 858	4 519

Due dates & fair value of trade and other receivables

(NOK 1,000)	31.12.2017	31.12.2016
Due within one year*)	5 139	2 723
After one year **)	-	1 633
Fair value	5 139	4 356

*) For receivables due within one year, fair value is equal to nominal value.

**) Receivables due later than one year are discounted and stated at fair value.

Overdue trade receivables

(NOK 1,000)	31.12.2017	31.12.2016
Overdue less than 1 month	75	505
Overdue 1-2 months	-	81
Overdue more than 2 months	-	413
Fair value	75	999

Provisions for bad debt

Bad debts are classified as other operating expenses in profit and loss.

No change to provisions for bad debt or bad debt was recognized during 2017 and 2016, respectively.

**Receivables specified by currencies
(NOK 1,000)**

	31.12.2017	31.12.2016
NOK	810	210
DKK	3 969	3 273
EUR	-	2
USD	359	871

Note 16 - Inventories*(NOK 1.000)*

	31.12.2017	31.12.2016
Raw materials	272	463
Finished goods	-	-
Carrying amount, closing balance	272	463
Inventories recognized as an expense during the period	5 000	10 360
Write-down of inventory recognized as an expense	-	-

Raw materials comprise mainly of feed for smolt and marine-phase fish production. It also includes raw materials for use in processing.

Finished products include all products ready for sale, such as fresh and frozen whole salmon, as well as processed salmon products.

Inventories are measured at cost price.

No inventories pledged as security for liabilities.

Note 17 - Bank deposits

(NOK 1,000)

Cash and cash equivalents

(NOK 1,000)	31.12.2017	31.12.2016
Cash in bank	435 429	3 182
Cash equivalents	-	5 190
Total cash and cash equivalents	435 429	8 372
<hr/>		
Total cash and cash equivalents		

Of which restricted cash

(these deposits are subject to regulatory restrictions and are therefore not available for general use)

(NOK 1,000)	31.12.2017	31.12.2016
Taxes withheld	129	32
Other restricted cash	2 478	-
Total restricted cash	2 607	32

Note 18 - Share capital and shareholders

A share split (x10) was executed on 8 January 2018. All numbers in this note are before the share split.

Share capital	2017	2016
Total number of shares as of 01.01	2 154 508	1 628 863
Shares issued during the year	2 474 142	525 645
Total number of shares as of 31.12	4 628 650	2 154 508
Nominal value as of 31.12 (NOK)	1,00	1,00
Share capital (total number of shares at nominal value) (NOK 1,000)	4 629	2 155

Atlantic Sapphire AS has only one class of shares. All shares confer the same rights in the company.

Transaction costs arising on share issues in 2017 amounted to NOK 38 907 thousand. (2016: NOK 477 thousand.)

Shareholders

The largest shareholders as of 31 December 2017 were:

Name	Number of shares	% of shares
AlSCO AS	891 913	19,3 %
Skagen Kon-Tiki	462 809	10,0 %
Sohn Invest AS	232 579	5,0 %
Mohn	181 457	3,9 %
Norron Sicav - Target	139 383	3,0 %
Sundt AS	120 971	2,6 %
Vatne Equity AS	111 753	2,4 %
Jea Invest AS	110 163	2,4 %
Dnb Nor Markets, Aksjehand/Analyse	96 467	2,1 %
Verdipapirfondet Dnb Smb	95 571	2,1 %
Eika Norge	90 728	2,0 %
Joh Johansson Eiendom AS	90 000	1,9 %
Nordea Bank Ab	89 285	1,9 %
Statoil Pensjon	79 700	1,7 %
Hortulan AS	79 446	1,7 %
Lani Invest AS	75 616	1,6 %
Taconic AS	75 000	1,6 %
Canica AS	71 428	1,5 %
Norsk Landbrukskjemi AS	69 023	1,5 %
Innovative Aquaculture Investments	61 024	1,3 %
Total 20 largest shareholders	3 224 316	69,7%
Total other shareholders	1 404 334	30,3%
Total number of shares	4 628 650	100 %

**Shares directly or indirectly held by members of the Board of Directors,
Chief Executive Officer and Executive Management:**

Name	Title	Number of Shares	% of shares
Johan Andreassen	Chairman of the Board, CEO	535 972	11,6 %
Bjørn-Vegard Løvik	Member of the Board	421 250	9,1 %
Andre Skarbø	Member of the Board	35 357	0,8 %
Bjørn Myrseth	Member of the Board	30 176	0,7 %
Johan Henrik Krefting	Member of the Board	163 003	3,5 %
Kjell Bjordal	Member of the Board	37 707	0,8 %
Peter Allan Skou	Member of the Board	37 980	0,8 %
Thue Holm	CTO	61 024	1,3 %
Jose Prado	CFO	27 521	0,6 %
Dharma Rajeswaran	COO	1 000	0,0 %

The Board has authorized a raise of share capital signed in the last AGM.

Note 19 - Share-option program

In accordance with the authorization granted by the company's AGM, the company's Board of Directors has introduced a share option program for senior executives and key personnel employed by the company and its subsidiaries.

As of 31 December 2017, the plan encompasses up to 933,520 (pre-split: 93,352) shares, and has a term of between 3 and 4 years. The table below depicts the pre-split situation.

	2017 Weighted average exercise price	2017 Number	2016 Weighted average exercise price	2016 Number
Outstanding at 1 January	183	80 852	27	30 852
Granted during the year	280	12 500	280	50 000
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at 31 December	196	93 352	183	80 852

The exercise price of options outstanding at 31 December 2017 ranged between NOK 27 and NOK 280 (2016: NOK 27 and NOK 280) and their weighted average contractual life was 5,6 years (2016: 7 years).

Of the total number of options outstanding at 31 December 2017, 76.219 (2016: 10.284) had vested and were exercisable.

The weighted average fair value of each option granted during the year was NOK 110,88 (2016: NOK 65,17).

The following information is relevant in the determination of the fair value of options granted during the year.

	2017	2016
Option pricing model used	Black-Scholes	
Weighted average share price at grant date (in NOK)	280	280
Exercise price (in NOK)	280	280
Weighted average contractual life (in days)	1 224	3 653
Expected volatility	30,44 %	30,44 %
Expected dividend growth rate	0,00 %	0,00 %
Risk-free interest rate	1,11 %	0,83 %

The expected volatility is based on a 5-year volatility for a selection of comparable listed companies within the Farming/Agriculture segment.

Note 20 - Loans and borrowings

(NOK 1,000)

	31.12.2017	31.12.2016
Non-current liabilities		
Borrowings	7 665	16 759
Total non-current liabilities	7 665	16 759
Current liabilities		
Borrowings	3 500	16 428
Total current liabilities	3 500	16 428
Total Liabilities	11 165	33 187

Interest-bearing debt in detail

Debt financial institutions	Type	Currency	Interest rate	Year of maturity	31.12.2017		31.12.2016	
					Face value (NOK 1,000)	Carrying amount (NOK 1,000)	Face value (NOK 1,000)	Carrying amount (NOK 1,000)
Jyske Bank	Secured bank loan	DKK	4,75 %	2018	2 699	2 699	11 732	11 732
Jyske Bank	Short term credit	DKK	4,75 %	n/a	-	-	11 875	11 875
Vækstfonden	Unsecured bank loan	DKK	7,40 %	2018	568	568	1 062	1 062
Farm Credit	Secured bank loan	USD	6,25 %	2035	3 893	3 893	4 208	4 208
Farm Credit	Secured bank loan	USD	6,25 %	2036	4 005	4 005	4 310	4 310
TOTAL					11 165	11 165	33 187	33 187

Maturity analysis

31.12.2017	< 3 months	3 months - 1 year	1-2 years	2-5 years	> 5 years	Total
Financial institutions	57	3 443	248	842	6 575	11 165

Reconciliations of movements of liabilities to cash flows arising from financing activities

(NOK 1,000)	Liabilities		Equity			Total
	Loans and borrowings	Share capital	Share premium	Retained earnings	NCI	
Restated balance at 1 January 2017	33 187	2 155	97 834	-44 291	56	88 941
Changes from financing cash flows						
Proceeds from issue of share capital	-	2 474	650 902	477	-	653 853
Acquisition of NCI	-	-	-	-431	-	-431
Repayment of borrowings	-22 420	-	-	-	-	-22 420
Total changes from financing cash flows	-22 420	2 474	650 902	46	-	631 002
The effect of changes in foreign exchange rates	398	-	-	8 927	-	9 325
Other changes						
Interest paid	-	-	-	-1 180	-	-1 180
Total liability-related other changes	-	-	-	-1 180	-	-1 180
Total equity-related other changes	-	-	477	-50 225	-56	-49 804
Balance at 31 December 2017	11 165	4 629	749 213	-86 723	-	678 284

(NOK 1,000)	Liabilities		Equity			
	Loans and borrowings	Share capital	Share premium	Other equity NCI	Total	
Restated balance at 1 January 2016	33 611	1 629	42 349	-18 739	1 903	60 753
Changes from financing cash flows						
Proceeds from issue of share capital	-	526	55 962	-8 204	-	48 284
Proceeds from loans and borrowings	4 099	-	-	-	-	4 099
Repayment of borrowings	-3 085	-	-	-	-	-3 085
Total changes from financing cash flows	1 015	526	55 962	-8 204	-	49 298
The effect of changes in foreign exchange rates	-1 438	-	-	-1 400	-129	-2 968
Other changes						-
Proceeds from issue of share capital received last year. Shares issued this year	-	-	-	7 727	-	7 727
Interest paid	-	-	-	-1 616	-	-1 616
Total liability-related other changes	-	-	-	6 111	-	6 111
Total equity-related other changes	-	-	-477	-22 059	-1 718	-24 254
Balance at 31 December 2016	33 188	2 155	97 834	-44 291	56	88 941

Note 21 - Trade payables and other current liabilities*(NOK 1,000)***Trade payables and other current liabilities comprise:**

(NOK 1,000)	31.12.2017	31.12.2016
Trade payables	63 957	15 035
Salaries and vacation pay due	772	339
Social security and other taxes	1 146	593
Accrued expenses	3 990	695
Other liabilities	387	222
Total trade and other payables	70 252	16 885

Note 22 - Pensions

The employees of the group are covered by different pension schemes that vary from country to country and between the different companies. All the plans are assessed to be defined contribution plans. The period's contributions are recognized in the income statement as salary and personnel costs.

The Norwegian company in the group is subject to the requirements of the Mandatory Company Pensions Act, and the company's pension scheme follows the requirements of the act. The Company offers to all US management and employees a Safe Harbor 401(k) salary deferral participation retirement plan.

The pension plans in the group require that the company pays premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. There are no further obligations once the annual premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Prepaid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

	<u>2017</u>	<u>2016</u>
Pension cost	153	29

Note 23 - Grants

(NOK 1,000)

The group has received a contribution from the Danish Agrifish Agency in Denmark. The contribution is deducted from the cost of the asset (net presentation).

The contribution is paid in two terms. About 55% of the amount has been received. The second term will be received after the project is completed and an application is sent and approved.

Contribution is conditional on that the operation of the plant and the fixed asset investment is maintained for 5 years from the date of completion.

(NOK 1,000)	31.12.2017	31.12.2016
Contingent government grant		
Value of grant	3 938	3 641
Receivable	1 763	1 630

Note 24 - Investments in subsidiaries

The consolidated financial statements for 2017 includes the following subsidiaries:

31.12.2017

Company	Date of acquisition/ registration	Consolidated (yes/no)	Registered office	Voting share	Ownership share
Atlantic Sapphire Denmark AS	24.11.2014	yes	Hvide Sande, Denmark	100 %	100 %
Atlantic Sapphire USA LLC	23.08.2013	yes	Miami, USA	100 %	100 %
S.F. Development LLC	21.09.2015	yes	Miami, USA	100 %	100 %
Atlantic Sapphire IP LLC	24.09.2015	yes	Miami, USA	100 %	100 %

The consolidated financial statements for 2016 include the following subsidiaries:

31.12.2016

Company	Date of acquisition/ registration	Consolidated (yes/no)	Registered office	Voting share	Ownership share
Langsand Laks AS	24.11.2014	yes	Hvide Sande, Denmark	92,25 %	92,25 %
Atlantic Sapphire USA LLC	23.08.2013	yes	Miami, USA	100 %	100 %
S.F. Development LLC	21.09.2015	yes	Miami, USA	100 %	100 %
Atlantic Sapphire IP LLC	24.09.2015	yes	Miami, USA	100 %	100 %

Atlantic Sapphire Denmark AS changed name from Langsand Laks AS in 2017.

Note 25 - Related parties

Balances and transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and are not disclosed in this note.

Platina Seafood Inc and JEA Invest AS are owned by Johan Emil Andreassen.

Both of these companies provide a guarantee on the loan for the land of NOK 12 thousand for each loan on a monthly basis (total per month NOK 24 thousand).

The company does also rent offices from Platina Seafood Inc. for NOK 12 thousand per month.

Atlantic Sapphire Denmark AS has a receivable on Platina Seafood Inc amounted to NOK 326 thousand. This is related to sales of salmon.

Note 26 - Contingencies and legal claims

No financial legal disputes as of 31.12.2017.

Note 27 - Subsequent events

The company has evaluated subsequent events from the date of the consolidated balance sheet through to the date at which the consolidated financial statements were available to be issued and determined there are no items to disclose.

Note 28 - First-time adoption of IFRS

The financial statements for the year ended 31 December 2017, are the first the group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2016, the group prepared its financial statements in accordance with generally accepted accounting principles in Norway (N-GAAP).

Accordingly, the group has prepared financial statements that comply with IFRS, applicable as of 31 December 2017, together with the comparative period data for the year ended 31 December 2016. In preparing the financial statements, the group's opening statement of financial position was prepared as of 1 January 2016, the group's date of transition to IFRS. This note explains the principal adjustments made by the group in restating its N-GAAP financial statement, including the statement of financial position as of 1 January 2016 and the income statement for the year ended 31 December 2016.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The group has applied the following exemptions:

IFRS 3 Business Combinations has not been applied to acquisitions that occurred before 1 January 2016. Use of this exemption means that the N-GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, is their deemed cost at the date of the acquisition. After the date of acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The group did not recognise or exclude any previously recognized amounts as a result of IFRS recognition requirements. The financial statements for 2016 were the first consolidated financial statements the group presented. The comparative period data for 31 December 2015 has, as part of the transition process, been re-consolidated. This re-consolidation revealed some differences compared to the comparative figures of the 2016 financial statements. These differences have been adjusted in the opening balance as of 1 January 2016, in accordance with IFRS.

Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2016.

Estimates

The estimates at 1 January 2016 and at 31 December 2016 are consistent with those made for the same dates in accordance with N-GAAP.

Reconciliation of equity as of 1 January 2016 (date of transition to IFRS)

(NOK 1.000)	notes	<u>N-GAAP</u>	<u>Adjustments</u>	<u>IFRS</u>
ASSETS				
Non-current assets				
Property, plant and equipment		56 837		56 837
Deferred tax asset	F	1 097	-1 097	-
Investments in other companies		92		92
Trade and other receivables		16		16
Total non-current assets		58 042	-1 097	56 945
Current assets				
Inventories	B	17 323	-16 494	829
Biological assets	B		16 494	16 494
Trade and other receivables	A,C	13 718	-7 342	6 376
Cash and cash equivalents		8 138		8 138
Total current assets		39 179	-7 342	31 837
TOTAL ASSETS		97 222	-8 439	88 782

(NOK 1.000)	notes	<u>N-GAAP</u>	<u>Adjustments</u>	<u>IFRS</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		1 629		1 629
Capital increase not registered	C	12 000	-12 000	-
Share premium		42 349		42 349
Other equity	A	-16 919	-1 820	-18 739
Total equity attributable to owners of the parent		39 059	-13 820	25 239
Non-controlling interests	A	1 989	-86	1 903
Total equity		41 047	-13 906	27 142
Non-current liabilities				
Borrowings	A	16 779	1 121	17 899
Trade and other payables	A	1 150	-1 150	-
Total current liabilities		17 928	-29	17 899
Current liabilities				
Borrowings		15 712		15 712
Trade and other payables	A,C	22 534	5 495	28 030
Total current liabilities		38 246	5 495	43 741
Total liabilities		56 174	5 466	61 640
TOTAL EQUITY AND LIABILITIES		97 222	-8 440	88 782

Reconciliation of equity as of 31 December 2016

(NOK 1.000)	notes	N-GAAP	Adjustments	IFRS
ASSETS				
Non-current assets				
Property, plant and equipment		79 688		79 688
Deferred tax asset	F	8 245	-8 245	-
Investments in other companies		89		89
Trade and other receivables		16		16
Total non-current assets		88 039	-8 245	79 794
Current assets				
Inventories	B	13 158	-12 695	463
Biological assets	B		12 695	12 695
Trade and other receivables	C	104 503	-100 000	4 503
Cash and cash equivalents		8 372		8 372
Total current assets		126 033	-100 000	26 033
TOTAL ASSETS		214 072	-108 245	105 827

(NOK 1.000)	notes	N-GAAP	Adjustments	IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		2 155		2 155
Capital increase not registered	C	95 523	-95 523	-
Share premium	A	98 311	-477	97 834
Other equity	A,B	-36 367	-7 924	-44 291
Total equity attributable to owners of the parent		159 621	-103 924	55 698
Non-controlling interests	A	745	-689	56
Total equity		160 366	-104 613	55 754
Non-current liabilities				
Borrowings	A	16 099	660	16 759
Trade and other payables	A	660	-660	-
Total current liabilities		16 759	-	16 759
Current liabilities				
Borrowings		16 428		16 428
Trade and other payables	A, E	20 518	-3 633	16 885
Total current liabilities		36 946	-3 633	33 314
Total liabilities		53 706	-3 633	50 073
TOTAL EQUITY AND LIABILITIES		214 072	-108 247	105 827

Reconciliation of total comprehensive income for the year ended 31 December 2016

(NOK 1.000)	notes	N-GAAP	Adjustments	IFRS
Revenue		17 818		17 818
Other income				-
Revenue and other income		17 818		17 818
Cost of materials	B	22 187	-2 715	19 472
Fair value adjustment on biological assets	B		2 715	2 715
Salary and personnel costs	A,E	6 146	-991	5 155
Other operating expenses	A	8 071	2 231	10 302
Depreciation and amortization	A	4 520	-309	4 210
Operating profit/loss		-23 106	-930	-24 037
Financial income	D	118	-109	9
Financial expenses	A,D	-3 363	1 058	-2 305
Financial income/(expenses) - net		-3 245	949	-2 296
Profit/loss before income tax		-26 352	18	-26 333
Income tax expense	F	7 356	-7 356	-
Profit/loss for the year		-18 996	-7 338	-26 333
Other comprehensive income (net of tax):				
Exchange differences on translation of foreign operations	D		-1 321	-1 321
Total comprehensive income for the year			-8 659	-27 654

Notes to the reconciliation of equity as of 1 January 2016 and 31 December 2016 and total comprehensive income for the year ended 31 December 2016**A: Re-consolidation and classification differences**

As part of the transition process, the classification of accounts and consolidation have been reperformed to secure compliance with IFRS. Differences between the re-consolidated numbers and the comparative numbers in the 2016 financial statements were adjusted.

B : Biological assets to fair value

Under N-GAAP, biological assets are measured at cost, less impairment losses. An impairment loss is recognized in the N-GAAP financial statements, both at 1 January 2016 and 31 December 2016. The reported number under previous GAAP is sufficiently close to fair value and the only difference in the IFRS financial statement is that biological assets are presented on a separate line on the statement of financial position and that the fair value adjustment is presented on a separate line on the income statement.

C : Capital increase

According to N-GAAP, an issue of shares is recognized when the relevant decision-making body has resolved to issue shares. According to IFRS, an issue of shares is recognized when the shares are issued, the shares are subscribed and paid and the entity cannot be required the repay the cash received.

D : Exchange differences on translation of foreign operations

Under N-GAAP, any exchange differences on translation of foreign operations are recognized against retained earnings directly. Under IFRS, this element is recognized as other comprehensive income. Equity is not affected. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

E : Option program

The effect of the option program has not been recognized in the previous financial statements. Under IFRS, the services received in a share-based payment transaction are recognized when the services are received.

REGISTERED OFFICE



Atlantic Sapphire AS

Daugstavegen 445
6392 Vikеbukт
Norway

Merkur Advisors



Arctic Securities

Haakon VII's gate 5
0161 Oslo
Norway



DNB Markets

Dronning Eufemias gate 30
0191 Oslo
Norway



Pareto Securities

Dronning Mauds gate 3
0250 Oslo
Norway

Legal counsel to the Company



CLP

Sommerrogata 13-15
0255 Oslo
Norway

Legal counsel to the Merkur Advisors



Thommessen

Haakon VII's gate 10
0161 Oslo
Norway