FIFAX

Better fish for the world.

**BOARD OF DIRECTORS REPORT AND FINANCIAL STATEMENTS**
**1.1.2022 – 31.12.2022**

**FIFAX Plc**

Industrivägen 115
22270 Eckerö
Domicile Eckerö
Company number: 2453290-9

These financial statements are to be retained until 31.12.2032
This document is a translation of the official financial statements in Swedish.

# Contents

## CEO's Review

A challenging and eventful year is now behind us. The year started out according to plan, but the detection of IHN in June has had dramatic consequences. I am very impressed by the tenacity and resilience our staff has shown in the face of unexpected circumstances. I therefore wish to humbly thank the entire Fifax team, who worked tirelessly and professionally to respond to the situation created by the IHN outbreak. You all responded to the measures we are implementing to restart operations with patience and understanding and have shown an admirable forward-thinking spirit.

Before the detection of IHN in June, we were on the way to ramping up our aquaculture operations to near full capacity, and had been delivering stable volumes to our customers for some time. We made significant progress both in our aquaculture processes and in the operation of the plant, and we also received the ASC certification as the first aquaculture operation in the inner Baltic region. We expanded the distribution of our fish into new channels, and saw an excellent customer response. We were in the process of preparing for full volumes and working on our branding, product range and delivery capabilities. Our revenue in the first 6 months corresponded to almost the entire previous year.

During the second half of the year, actual operations were zeroed out to instead focus entirely on the measures required to eliminate the IHN virus from the plant. The work began by emptying the plant of fish during July; in August, we began culling and slaughtering according to the authorities' decision, an effort we carried out with heavy hearts, which also strongly strengthened our resolve in the planned restructuring of operations.

The decontamination plan was drawn up by the authorities in close collaboration with Fifax. The plan is comprehensive and detailed and the first of its kind globally, as no RAS plant on an industrial scale has been decontaminated to eliminate a virus before. On instructions from the authorities, Fifax's own team then carried out a majority of the decontamination work; this effort was coordinated and supervised in close cooperation with the authorities. The total amount of work for Fifax amounted to over 10,000 hours. In connection with the industrial decontamination project some 5 km of pipes up to 1,8m in diameter, 3,5 hectares of surfaces and 3.000 bioblocks and 4.000 m3 of biomedia were cleaned and disinfected. Even though the project was a completely new undertaking for Fifax, everything was executed according to schedule while maintaining the highest quality standards. Through the planning and execution of the extensive decontamination operation of the RAS plant, we have also acquired globally unique experience, experience that is also of interest for the growing number of RAS projects around the world.

The government is responsible for the costs of all measures implemented due to a decision of the authorities, and Fifax has received EUR 2.5 million in compensation for fish and income for the culling and decontamination work performed.

The market for sustainably farmed fish is growing globally, which is expected to continue over the long term, meaning that the demand for both our fish and our expertise in sustainable land-based aquaculture solutions is strong. Fifax board has established updated objectives for the company. After the restart, in 2023 we aim to ramp up our fingerling production and successfully transfer our fingerlings to the first grow-out unit. After that, we aim to gradually increase to full production in the second half of 2024, and over the long term, to increase both production capacity and revenue in the coming years.

During the year, we have also calculated the climate impact we can reach at full operation. According to our calculations, our fish can achieve a significantly lower climate impact than conventionally farmed fish, when you take into account that the sludge is collected in the process. Therefore, we have also determined our climate and environmental objectives for the operation.

In spring 2023 we seek to raise the new funding that the restart and improvements require. I look forward to soon be able to restart the plant and to focus on our main purpose again, to farm better fish for the world.

# Board of Directors Report 1 Jan – 31 Dec 2022

## Operational Review

The 2022 financial year has been marked by the extensive reorganisation of operations, which the detection of the IHN virus at the plant in June has entailed. Until the IHN outbreak at the end of the first half of the period, our aquaculture operations were developing well and in line with plans. The fish stock grew and was supplemented with 189 tonnes of fingerlings and the size distribution of the stock, especially among the smaller size classes, was optimal in order to reach full production levels. Overall, the production data showed that the company was on track to achieve its targets.

The period after the IHN outbreak was characterized by the extensive measures taken to prevent the spread of infection and to combat the disease; aquaculture operations were suspended, and the plant was emptied of fish and decontaminated according to authority decisions. The government has fully covered the costs for the execution of the authorities' decisions. The decontamination work has been completed in January 2023.

At the time of signing the financial statements, the company is approaching a complete restart of the production facility, which entails the build-up of the fish stock and planned investments that further improves biosecurity and aquaculture technology. New funding is a prerequisite for the restart of operations. To fund the restart in 2023, the company plans to raise capital both in the form of equity and debt capital (see also the note *Going Concern and Financing).*

Up until the IHN outbreak in June, slaughter had been maintained at a stable level of about 10 tonnes of fish per week since September 2021. From the beginning of June, distribution was expanded to direct deliveries to grocery stores, and Fifax fish was sold at service counters in different parts of Finland. The response from customers has also been very positive. The realized average price has developed favourably. Slaughter activities continued through mid-August as part of the effort to empty the plant. During the period leading up to mid-August, the company sold 229 tonnes of gutted fish at a total value of EUR 1.2 million.

As IHN (infectious hematopoietic necrosis) is a serious viral disease in fish that is subject to be eradicated by law in Finland, the authorities have decided on measures to prevent the spread of infection and to eradicate the presence of the infection. The measures include culling and removing fish, as well as decontamination work and materials. According to the Animal Diseases Act (Eläintautilaki 76/2021), the government is directly responsible for the costs incurred to implement these measures; the government is also obliged to provide compensation for property that is destroyed or removed in connection with these measures.

In compliance with the Finnish Food Authority's decision on 11 July 2022, the plant was emptied of fish by slaughtering and culling the fish stock as a whole; emptying was completed on 11 August 2022. In connection with the virus outbreak, a total of 252 tonnes of round fish that were not yet ready for slaughter were culled, and in addition to this, 97 tonnes of round fish died. The culling work was carried out by Fifax in accordance with an agreement with the Finnish Food Authority, and resulted in EUR 0.1 million in other operating income during the summer. Furthermore, in accordance with the Animal Diseases Act (Eläintautilaki 76/2021), the government has paid a compensation of EUR 1.6 million for the culled fish and fish that perished.

On 12 August 2022, the Finnish Food Authority issued a decision on the eradication of the IHN virus at the plant through decontamination measures. Planning for the decontamination measures was extensive because such measures had not previously been carried out on an industrial scale plant. The decontamination plan was finally determined by the Finnish Food Authority in October. The decontamination work began on 17 October 2022 and was completed after the closing date on 20 January 2022. After decontamination, the plant must be kept empty and dry for at least 6 weeks before the authorities can determine that the plant is safe to restart aquaculture operations.

The Finnish Food Authority has procured a significant share of the decontamination work from Fifax; the total value of the order is estimated at EUR 0.9 million. At the end of the financial year, decontamination work totalling EUR 0.7 million had been carried out. Furthermore, the company is entitled to apply for compensation for property that is disposed of or that becomes unusable due to the decontamination measures. Total government compensations and income from culling and decontamination services amounts to 2.5 million, after the completion of the decontamination work in January 2023.

As a result of the emptying of the plant, the company underwent cooperation negotiations in July in accordance with the Act on Cooperation within Undertakings, and 26 people were laid off in mid-August. Staff were called back to work when the decontamination work began in October. In December, the company began new cooperation negotiations that ended in January 2023, whereby 6 people were laid off temporarily and 8 people were laid off.

The authorities have carried out investigations to identify the source of the infection. The source of the infection has not yet been identified. All egg and fry samples from our suppliers have tested negative. Nor does the virus appear to have entered the plant with the incoming seawater. We have also been unable to confirm points of contamination via transport of material or equipment. Thanks to the authorities' investigations, however, the company has identified the most likely possible points of contamination and has taken these into account in the restart plans.

The management team has worked on several alternative plans for the restart of aquaculture operations, the subsequent build-up of the fish stock and how slaughtering and sales operations can be resumed. At the same time, improvements have been planned to further increase biosecurity in the plant in order to minimize the risk of and limit the negative effect of any disease outbreaks in the future (e.g. by compartmentalizing the plant into several hygiene zones with separated water flows).

# Key Figures

| FINANCIAL KEY FIGURES | Jan-Dec 2022 | Jan-Dec 2021 | Jan-Dec 2020 |
|---|---|---|---|
| One thousand euros | | | |
| Revenue | **1,155** | 1,004 | 1,242 |
| Operating profit/loss | **-7,299** | -9,822 | -7,290 |
| Profit/loss for the period | **-7,985** | -13,687 | -8,395 |
| Earnings per share, diluted and undiluted[1] (EUR) | **-0.31** | -0.94 | -0.71 |
| Cash flow from operations | **-5,869** | -9,627 | -6,904 |
| Investments | **-514** | -963 | -557 |
| Equity ratio % | **74%** | 75% | 19% |
| Average full-time employee no | **31** | 28 | 23 |
| Total salaries and compensations | **2,109** | 1,875 | 1,381 |
| Total assets | **20,711** | 31,223 | 27,202 |
| Number of outstanding shares at the end of the period | **25,756,168[3]** | 25,756,168[3] | 11 851 507[2] |
| Weighted average value of number of outstanding shares | **25,756,168[3]** | 14,594,344[2.3] | 11,819,726[2] |

| OPERATIONAL KEY FIGURES | Jan-Dec 2022 | Jan-Dec 2021 | Jan-Dec 2020 |
|---|---|---|---|
| The fish stock at the beginning of the period in tonnes | **315** | 413 | 488 |
| The fish stock at the end of the period in tonnes | **0** | 315 | 413 |
| Fish produced, tonnes | **229** | 288 | 314 |

[1]There are no dilutive instruments as of 31 December 2022 and thus the earnings per share is the same for both undiluted and diluted.
[2]Adjusted according to Fifax's annual general meeting's decision on 10 May 2021 regarding free redemption and cancellation of 47,406,260 shares on 11 May 2021.
[3] Number of shares outstanding at the end of the period and the calculation for the weighted average value of the number of shares outstanding during the period excludes the 150,000 shares the company holds.

Calculation of key ratios:
Earnings per share, undiluted (EUR) = Earnings for the period/Weighted average value of the number of shares outstanding during the period
Earnings per share, diluted (EUR) = Earnings for the period/Weighted average of the number of outstanding shares during the period plus (+) the number of possible dilutive shares
Investments = the cash flow statement's investments in tangible and intangible assets less the amount of investment aid received.
Equity ratio % = (equity + capital loan) / (balance sheet total – advances received)

## Revenue and Results

During the financial year, a total of 229 tonnes of gutted fish were slaughtered and sold before the plant was emptied of fish in early August as a result of the IHN outbreak in June. Sales in 2022 amounted to EUR 1.2 million (EUR 1.0 million 1 Jan – 31 Dec 2021). The comparison year (2021) is impacted by the oxygen shortage incident that occurred in May 2021, which further affects the comparability between the periods.

Other operating income includes income from the culling and decontamination services procured by the Finnish Food Authority during the period of EUR 0.8 million, and the government compensation received for culled fish and fish that perished of EUR 1.6 million, as well as other compensation items in relation to the IHN outbreak. Total government compensations and income from culling and decontamination services amounts to 2.5 million, after the completion of the decontamination work in January 2023.

The direct costs were EUR 4.5 million (EUR 5.1 million, 1 Jan – 31 Dec 2021) and include the purchase of fish eggs, fingerlings, feed, oxygen, chemicals and electricity used in the production environment and that are partly scalable in relation to capacity utilisation, and further include direct costs for purchasing packaging materials and freight costs for sales that are scalable in relation to sales volume. The costs mainly relate to the period in which the aquaculture operations took place. As aquaculture operations have been severely restricted since August, costs such as electricity consumption have been limited, and the effects of rising energy prices due to the ongoing Russian invasion in Ukraine have therefore not significantly affected the company's costs. The direct costs also include the effect of inventory changes in relation to culled fish and fish lost to mortality in connection with the IHN outbreak for which government compensation has been received.

Personnel expenses were EUR 2.1 million (EUR 1.9 million, 1 Jan – 31 Dec 2021). Personnel expenses have increased due to the new hires in 2021 and at the beginning of the financial year 2022. From mid-August, 26 people were laid off after the plant was emptied of fish; staff were recalled when decontamination work began in mid-October. The company had 31 (28) employees on average, expressed as full-time.

Other operating expenses were EUR 3.0 million (EUR 2.8 million 1 Jan – 31 Dec 2021). Administration costs have increased after the listing of the company and the requirements this entails. The costs in 2022 also include non-recurring costs of EUR 0.1 million in relation to IHN for which the company is responsible. The direct costs in relation to IHN are limited because, according to Animal Diseases Act (Eläintautilaki 76/2021), the government is responsible for the costs of the measures implemented due to a decision of the authorities and is also responsible for compensation for property that is removed or destroyed in connection with these measures.

Depreciation according to plan amounted to EUR 1.4 million (EUR 1.5 million).

## Balance sheet, Financing and Investments

Investments amounted to EUR 0.5 million (EUR 1.0 million on 31 Dec 2021). The investments in 2022 include, among other things, improvements in safety and the water environment. Fixed assets amounted to EUR 18.2 million (EUR 19.6 million on 31 Dec 2021). Since the decontamination measures do not affect the value in use of the fixed assets as the measures consist of cleaning and disinfection, there is no need for a write-down.

The current assets at the end of the period consist of chemicals that are expected to be able to be used when aquaculture operations are restarted in 2023; as of the end of the period, the company has no fish stock (0.0 million as of 31 Dec 2022, EUR 1.1 million on 31 Dec 2021).

Total receivables amounted to EUR 1.5 million (EUR 1.1 million on 31 Dec 2021), of which short-term receivables amounted to EUR 1.2 million (0.9 million on 31 Dec 2021). Prepayments and accrued income as of 31 December 2022 include EUR 0.2 million in accrued income related to performed decontamination services.

Cash and cash equivalents amounted to EUR 1.0 million (EUR 9.4 million on 31 Dec 2021).

Total assets on 31 December 2022 amounted to EUR 20.7 million (EUR 31.2 million on 31 Dec 2021).

Equity on 31 December 2022 amounted to EUR 15.4 million (EUR 23.3 million on 31 Dec 2021).

Liabilities amounted to EUR 5.3 million (EUR 7.9 million on 31 Dec 2021), including EUR 3.8 million in long-term loans from financial institutions. During the period, the company repaid EUR 2.0 million on loans from financial institutions. The payment plan and loan terms were renegotiated in December. According to the payment plan at the end of the accounting year, the following loan payments are due 1 April 2024 and must be paid in full by 1 April 2025 at the latest. The loan terms require a minimum equity ratio of 30%; on 31 December 2022 the equity ratio was 74% (75% as of 31 Dec 2021), and that the company's cash and cash equivalents exceed EUR 1 million as of 1 May 2023. The loan terms have also included a performance-based covenant, for which a waiver has been received in the previous period that continues until the end of the loan period.

The balance sheet total amounted to EUR 20.7 million (EUR 31.2 million on 31 Dec 2021).

In order fund the restart, the company plans to raise capital in 2023, including both equity and debt capital. The company maintains a continuing dialogue with its owners and financiers, based on which a continued interest for the operations of the company can be perceived. The company has both technical and operational experience in large-scale RAS aquaculture, and although there are currently many RAS projects initiated around the world, the operational experience the company holds is rare and constitutes expertise that is in demand on the international level. Management therefore assesses that it is reasonable to assume that it will secure the funding required to carry out the restart of operations and continue as a going concern. The company's financial statements are thus prepared according to the going concern principle.

However, a material uncertainty exists at the time of signing of the financial statements, as commitments to fund the restart of operations have not yet been obtained. See further note *Going concern and financing,* page 24.

## Research and Development

Research and development activities are focused on the development and optimisation of the production process, water purification technology, and energy efficiency in the facility, and the further processing of side streams from production. Improvement measures are continuously identified and evaluated via the analysis of fish growth, water quality, and fish management.

Development costs have not been capitalised in the financial year.

## Sustainability and Environment

Fifax's vision is to be a forerunner in large-scale sustainable fish farming with minimal impact on the environment. Consumer awareness of the environmental impact of food choices is growing, which is increasing the demand for sustainably produced goods. At Fifax, sustainability is central to our strategy and our operations.

The world's oceans sequester 16 times more carbon dioxide than the biosphere on land, but this is dependent on a healthy ecosystem and marine biodiversity, both in the sea and the world's coastal zones. The eutrophication of the ocean, pollution and rising sea water temperatures threatens the ocean's ecosystem and its ability to sequester carbon dioxide.

The Baltic Sea is a relatively enclosed and shallow sea area, which makes it extremely sensitive to human activity. Eutrophication is a problem, especially in the archipelago and along the coasts. At the same time, demand for fish and domestic fish in particular, is growing around the Baltic Sea area. Fish farming that does not have an impact on the sea is therefore especially important in the area around the Baltic Sea.

In Fifax ultra intensive implementation of a Recirculating Aquaculture System (RAS), up to 99.7% of the water used in the process is purified and recirculated. Phosphorus, nitrogen, and other by-products of aquaculture operations are taken care of and therefore do not contribute to the eutrophication of the sea, compared to aquaculture operations that use open sea pens. The collection of sludge also significantly reduces the climate impact of fish production operations compared to sea-based operations. In sea-based aquaculture that uses open net pens, sludge cannot be collected and instead accumulates on the seabed where it is largely broken down under anaerobic conditions, thus releasing methane gas. Methane gas has a climate impact that is 28 times greater than carbon dioxide.

The nutrient rich by-products that result from production mainly consist of sludge, fish discards and fish that died before slaughter are currently utilised in feed and fertiliser. Fifax is investigating options for refining by-products to continuously generate higher added value.

Sustainability is also an important aspect of how the business is managed in its entirety. The Fifax plant in Eckerö has been ASC certified since 21 February 2022. The ASC (Aquaculture Stewardship Council) is an independent international non-profit organisation founded by the World Wide Fund for Nature (WWF) and the Sustainable Trade Initiative (IDH) that manages the leading certification and labelling programme for water use. The standards place high demands on environmental and social responsibility. The standards are designed to minimize the impact of aquaculture on the surrounding environment, which includes the responsible management of fish stocks and resources and acting in a socially responsible manner in relation to employees and the surrounding community. The internal processes that ensure compliance with the requirements have been reviewed by DNV prior to certification, and a new review is conducted annually.

Fifax's environmental impact consists of the resources used in aquaculture operations: water, energy, feed, oxygen and chemicals for water treatment. The water used is collected from the sea and returned to the sea after purification. The content of phosphorus, nitrogen and oxygen in the outgoing water are measured regularly. All electricity used in the facility is generated using renewable energy, and the company works continuously to optimise its energy consumption. Since the plant uses renewable energy, the feed used in the aquaculture operation has the greatest climate impact, as well as the greatest environmental impact with respect to Fifax value chain's; therefore, feed efficiency and the choice of feed are important factors. Fifax uses feed that meets ASC standards' criteria for traceability and transparency in the raw material chain, responsible sourcing of marine and non-marine ingredients, and which restrict the proportion of wild-caught marine ingredients used in the feed. The feed is also mainly plant-based (approx. 75%) and include soy, the soy used is from certified sources. Furthermore, a significant portion of the ingredients used in our feed consists of by-products and co-products that arise in the manufacture of, e.g. vegetable oils and food starch, which supports a circular economy. The consumption of oxygen and water purification chemicals also constitute a significant part of the climate impact of our current aquaculture operations, as the production of these chemicals is energy intensive. We are looking for viable alternatives that are produced with renewable energy so that we can further reduce the climate impact of our operations. Fifax continuously works to optimize its production process, which includes measures to increase efficiency in relation to feed use, oxygen and water purification chemicals.

In 2022, we set objectives for the climate impact and environmental impact of our aquaculture operations during continuous full-scale operation, these are:

- 3.9 kg of $CO_2$-eq. /kg fillet, which is significantly lower than for conventionally farmed fish, when the anaerobic decomposition of sludge on the seabed is taken into account.
- 0.13kg phosphorus/tonne round fish, and 1.22kg nitrogen/tonne round fish, which is less than 1% of the emissions from conventionally farmed fish.

## Market Outlook

Fifax farms and sells organically sustainable and healthy rainbow trout via the implementation of ultra-intensive water circulation technology (Recirculating Aquaculture System). Demand for sustainably farmed, locally produced fish is strong, and Fifax's customers have welcomed the deliveries of all fish produced. Fifax has also received positive feedback regarding the quality of our fish.

Management assesses that the global megatrends towards more healthy diets and less consumption of red meat, locally produced food, and increasing environmental awareness, strongly support demand for fish in general, and demand for sustainably farmed fish in particular, as consumers are taking environment aspects into consideration to an increasing extent, when it comes to production of animal proteins and the environmental impact of fish farming using conventional methods.

The availability of wild fish is limited. A large part of the world's oceans is currently overfished, and European seas are particularly vulnerable[1]. At the same time, areas suitable for conventional sea-based aquaculture operations are also limited and exposed to increasing environmental risks due to climate change. Land-based aquaculture is an important solution to meet the growing demand for fish, and to provide fish with a significantly lower environmental and climate impact than conventional sources.

Fifax focuses primarily on the Finnish and Swedish markets. Demand for fish in Finland has doubled since the 1980s. The product range on offer is highly dependent on imports of fish that comprise 69% of fish consumed in Finland in 2020[2] and ca 74% in Sweden in 2019[3]. At the same time, consumers in both countries are increasingly demanding domestic and locally produced food products[4]. The range of domestic fish on the market has traditionally consisted of caught fish and fish farmed using conventional methods in open sea pens, which are extremely dependent on seasonal and temperature changes.

The protected and stable cultivation environment in RAS farming makes it possible for Fifax to offer fish continuously all year round, which management view as a strong competitive advantage. In a RAS facility, the growing environment is also better protected against pollutants and diseases in seawater, which leads to a safe environment for the fish and ultimately, healthy food for consumers.

## Risks and Uncertainties

The company is approaching the full restart of aquaculture operations after the emptying and decontamination of the plant due to the IHN virus. The most significant uncertainty factor relates to the

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[1] Food and Agriculture Organization of the United Nations (FAO)
Natural Resources Institute Finland (Luke ) – Luken meri- ja sisävesien ammattikalastusta, vesiviljelyn tuotantoa, kalan jalostusta ja ulkomaankauppaa koskevat tilastot.
[3] Research Institutes of Sweden (RISE), 2019
[4] Kantar TNS Agri (2019). n=1014

access of capital for the restart and the additional investments planned in connection with this process, until full ongoing production levels and profitability are achieved.

Further financing is going to be required to implement a strategic expansion of production capacity once the current capacity is fully utilised. Our management and board are continuously looking to secure coming financing needs, however there are uncertainties attached to this despite the attractive future prospects for the business.

Operational risks relate to the aquaculture. Any problems arising in part of the production chain can have consequences in other parts of the chain. Operations are optimised through the continuous monitoring (24/7) of the production environment, water quality, fish health and the development of the fish stock. Factors such as feed conversion, actual growth, and mortality rate impact potential profitability to a significant degree. Uneven production and potential quality problems in delivered fish can lead to a lack of confidence in the company's supply chain and financial losses.

Market trends affect both demand and prices that can be obtained for our fish, which in turn affects the conditions for profitability. The company considers demand for sustainably farmed, locally produced fish to be very strong and to remain strong for the foreseeable future.

Environmental risks relate to water treatment and the potential for uncontrolled discharges. Fifax has an almost completely closed water circulation within the facility, which results in insignificant emissions. All waste generated at the facility is recycled and handled through established processes by third parties. The environmental impact is not currently at a level that requires an environmental permit.

The geopolitical uncertainties arising from Russia's attack on Ukraine as well as the sanctions imposed following the attack have no direct consequences on Fifax, as operations are based in Eckerö and customers are in Finland and Sweden, raw material and supplies are sourced from the Nordics and Western Europe. The increasing focus on security of supply will presumably boost the demand for domestic food products; in the long term, it may have a positive impact on Fifax.

According to management team, however, the uncertainties will have an indirect impact on Fifax via the market prices for energy, feed and other raw materials, and also through developments in the market price for salmon. Rapid fluctuations in market prices also present risks that these increases may sometimes not be fully reflected in the sales price in the short term. The uncertainties also affect the company's funding and expansion plans.

## Annual General Meetings

The company's Annual General Meeting was held on 29 April 2022. At the meeting, the board and board chair were re-elected for the term of office which expires at the 2023 Annual General Meeting. PricewaterhouseCoopers Oy was chosen as auditor, with Ylva Eriksson, Authorised Public Accountant (CGR), as principal auditor.

## Shares and Shareholders

### SHARES

The company has a single share class, and each share entitles the holder to one vote at a general meeting of shareholders. The shares have been issued in accordance with Finnish law and are registered in the Finnish securities system that is maintained by Euroclear Finland Oy. All Fifax shares have equal rights to dividends and other distributions of company assets.

The total number of outstanding shares on 31 December 2022 was 25,756,168 .

The company held 150,000 of its own shares on 31 December 2022, 0.6% of the total number of shares, which were acquired at a cost of EUR 382,500 for the purpose of stabilisation in association with the listing.

## TRADING IN THE SHARES

The company's shares are listed on Nasdaq Helsinki First North Growth Market Finland.

From 3 January 2022 through 30 December 2022, 6,765 shares were traded on average each day, and the average closing price was EUR 0.979 per share, with a high of EUR 1.665 and low of EUR 1.275.

On last trading day in the period, 30 December 2021, the closing price was EUR 0.384.

As of 31 December 2022, the company had a market value of EUR 9.9 million.

## SHAREHOLDERS

Fifax had 25,906,168 shares and 1,215 shareholders on 31 December 2022, including nominee-registered shares. The company held 150,000 of its own shares on 31 December 2022. The company's shares are registered with a notary service. Information about shareholders is based on information from Euroclear Finland Oy.

## THE TEN LARGEST SHAREHOLDERS ON 31 DECEMBER 2022

| Shareholders | Holdings on 31 December 2022 | Share |
|---|---|---|
| FV Group AB | 5,031,036 | 19.4 % |
| Finnish Industry Investment Ltd | 3,708,400 | 14.3 % |
| Holdix Oy Ab | 2,988,270 | 11.5 % |
| Oy Etrisk Ab | 2,055,516 | 7.9 % |
| Aaland Mutual Insurance Company | 1,357,351 | 5.2 % |
| Turret Oy Ab | 900,000 | 3.5 % |
| Varma Mutual Pension Insurance Company | 800,000 | 3.1 % |
| Helmet Capital Oy Ab | 561,951 | 2.2 % |
| Ahlström Invest BV | 539,146 | 2.1 % |
| Veritas Pension Insurance Company Ltd | 382,164 | 1.5 % |
| **The ten largest shareholders in total** | **18 323 834** | **70.7 %** |
| Nominee-registered shares | 837,740 | 3.4 % |
| Other | 6,744,594 | 25.9 % |
| **Total** | **25,906,168** | **100 %** |

For information on the largest shareholders, please see the company website www.fifax.ax.

### DISTRIBUTION AS OF 31 DECEMBER 2022

| Number of shares | Number of shareholders | Number of shares | Share |
|---|---|---|---|
| 1-100 | 198 | 8,853 | 0.03 % |
| 101-1,000 | 699 | 338,220 | 1.31 % |
| 1,001 - 10,000 | 212 | 711,794 | 2.75 % |
| 10,001 - 100,000 | 76 | 2,417,232 | 9.33 % |
| 100,001 - 1,000,000 | 25 | 7,289,496 | 28.1 % |
| over 1,000,000 | 5 | 15,140,573 | 58.4 % |
| **Total** | **1,215** | **25,906,168** | **100 %** |

# Board, Management and Auditors

### BOARD AND CEO

At the annual general meeting on 29 April 2022, it was decided that the number of ordinary board members will be five and that Panu Routila, Ulf Toivonen, Rolf Karlsson, Eduard Paulig and Robin Blomqvist will be re-elected. Panu Routila was re-elected as board chair. The term of office expires at the end of the 2023 annual general meeting.

The company's CEO is Samppa Ruohtula.

Directly or via companies under their control, as of 31 December 2022, the CEO and directors held a combined total of 5,386,976 shares in FIFAX Plc (20.8% of all shares and votes).

### STAFF AND MANAGEMENT

Jarkko Alho was appointed to the management team in the role of commercial director in January 2022. Tommy Andersson, who previously served in the role of technical director, left the company in April 2022.

| Name | Position |
|---|---|
| Samppa Ruohtula | Chief Executive Officer |
| Linda Lindroos | Chief Financial Officer |
| Eevertti Vetriö | Fish Master |
| Niclas Jansson | Production Officer |
| Jarkko Alho | Commercial Director |
| Kimmo Jalo | Chief Technology Officer |

The company had 31 (28) employees on average, expressed as full-time equivalents.

Due to the IHN outbreak in June and the impact on operations, the company conducted cooperation negotiations in July. In mid-August, 26 people were laid off and recalled when the decontamination work began on 17 October 2022. New cooperation negotiations began in December and ended in January 2023, when 6 people were laid off temporarily and 8 people were laid off due to the end of the decontamination work and the reorganization of operations for the start-up period.

### RELATED PARTIES

Fifax's related parties include board members, the CEO, and members of the management team, as well as family members of the aforementioned parties and the companies in which these individuals have control.

For more information on transactions with closely related parties, please see notes to the accounts on page 31.

### AUDITORS

The company auditor is PricewaterhouseCoopers Oy, Authorised Public Accountants, with Ylva Eriksson Authorised Public Accountant, as the auditor with principal responsibility.

For more information on fees, please see notes to the accounts on page 25.

## Significant events after the period

- The Finnish Food Authority has determined that the decontamination work was completed on 20 January 2023 and the required empty period of 6 weeks has begun.
- Cooperation negotiations were initiated in December and ended on 17 January 2023, whereby 6 people were laid off temporarily and 8 people were laid off due to the end of decontamination work and the reorganisation of operations for the start-up period.
- The Board of Directors has on 3 February 2023 published a notice of the Annual General Meeting (AGM) and proposes that the AGM would authorize the Board of Directors to resolve on the issuance of a maximum of 26,000,000 new shares to carry out a rights offering. Certain shareholders, holding in aggregate approximately 62.3% of the shares and votes in the company, have undertaken to attend the AGM and to vote in favor of this authorization. In addition, the Board of Directors proposes that the AGM authorize the Board of Directors to decide on a directed share issue of up to 3,300,000 new shares to certain creditors to convert certain accrued unpaid interest attributable to capital loans and an interest-bearing loan from a shareholder and the accrued interest, in total approximately 650 thousand euros, into shares, and furthermore to decide on the issuance of new shares as well as special rights entitling to shares, not exceeding 2,500,000 shares.

## The Board's Proposal for the Use of Distributable Funds

Distributable funds amount to EUR 15,262,146.28 of which losses for the financial year amount to EUR -7,984,563.55. The board proposes to the Annual General Meeting that the loss for the financial year be transferred to retained losses and that no funds be distributed from distributable shareholders' equity.

## Annual General Meeting

The next FIFAX Plc Annual General Meeting will be held on 27 February 2022. The meeting notice has been given by the board of FIFAX Plc 3.2.2023.

## Publication of Financial Information during 2023

The company will publish a six-month interim report for the first six months of the year and a year-end report and annual accounts for the financial year that is the calendar year.

The interim report will be published on 25 August 2023.

The annual accounts and annual report for the year 2022 and interim report for the first six months of 2023, will be published via a company notice and on the company website www.fifax.ax

## Certified Advisor

Certified advisor is Aktia Alexander Corporate Finance Oy, +358 50 520 4098

# Income Statement

| Euro | Note | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|---|
| **REVENUE** | | **1,154,945.72** | **1,004,295.39** |
| **Other operating income** | **1** | **2,449,458.43** | **496,886.00** |
| Materials and services | | | |
| Materials | | | |
| Purchases during the financial year | | - 3,182,875.30 | - 4,403,079.41 |
| Change in inventories | | - 1,023,642.07 | - 261,154.93 |
| Purchased services | | - 247,286.20 | - 446,103.92 |
| **Total materials and services** | | **- 4,453,803.57** | **- 5,110,338.26** |
| Personnel expenses | | | |
| Wages and salaries | | - 1,764,945.70 | - 1,588,741.93 |
| Social security expenses | | | |
| Pension expenses | | - 289,469.61 | - 234,685.29 |
| Other social security expenses | | - 54,583.27 | - 51,950.71 |
| **Total personnel expenses** | | **- 2,108,998.58** | **- 1,875,377.93** |
| Depreciation and amortisation | | | |
| Depreciation according to plan | | - 1,415,081.18 | - 1 552,425.67 |
| **Total depreciation and amortisation** | | **- 1,415,081.18** | **- 1,552,425.67** |
| **Other operating expenses** | **2** | **- 2,976,094.32** | **- 2,784,649.64** |
| **OPERATING PROFIT/LOSS** | | **- 7,349,573.50** | **- 9,821,610.11** |
| Financial income and expenses | | | |
| Other interest and financial income | | | |
| From others | | 272.39 | 91.06 |
| Interest and other financial expenses | | | |
| To others | | - 635,262.44 | - 3,865,501.66 |
| **Total financial income and expenses** | | **- 634,990.05** | **- 3,865,410.60** |
| **LOSS BEFORE APPROPRIATIONS AND TAXES** | | **- 7,984,563.55** | **- 13,687,020.71** |
| **RESULT FOR THE FINANCIAL PERIOD** | | **- 7,984,563.55** | **- 13,687,020.71** |

# Balance Sheet

| Euro | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| **Tangible assets** | 3 | | |
| Land and water | | 145,918.47 | 145,918.47 |
| Buildings and structures | | 10,395,843.56 | 10,717,109.70 |
| Machinery and equipment | | 7,039,007.12 | 8,273,754.87 |
| Other tangible assets | | 489,168.84 | 416,788.66 |
| Construction in progress | | 95,546.59 | 58,102.07 |
| **Total tangible assets** | | **18,165,484.58** | **19,611,673.77** |
| **Investments** | 4 | | |
| Shares in group companies | | 10,000.00 | 10,000.00 |
| **Total investments** | | **10,000.00** | **10,000.00** |
| **TOTAL NON-CURRENT ASSETS** | | **18,175,484.58** | **19,621,673.77** |
| **CURRENT ASSETS** | | | |
| **Inventories** | | | |
| Materials and supplies | | 38,271.00 | 138,267.00 |
| Other inventories | | 0.00 | 923,646.07 |
| **Total inventories** | | **38,271.00** | **1,061,913.07** |
| **Receivables** | 5 | | |
| **Long-term receivables** | | | |
| Other receivables | | 271,808.28 | 269,569.48 |
| **Total long-term receivables** | | **271,808.28** | **269,569.48** |
| **Short-term receivables** | | | |
| Accounts receivable | | 620,674.66 | 48,408.00 |
| Other receivables | | 37,404.60 | 512,126.48 |
| Prepayments and accrued income | | 581,897.36 | 291,122.19 |
| **Total short-term receivables** | | **1,239,976.62** | **851,656.67** |
| **Total receivables** | | **1,511,784.90** | **1,121,226.15** |
| **Cash and cash equivalents** | | **985,353.60** | **9,418,486.23** |
| **TOTAL CURRENT ASSETS** | | **2,535,409.50** | **11,601,625.45** |
| **TOTAL ASSETS** | | **20,710,894.08** | **31,223,299.22** |

# Balance Sheet

| Euro | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **EQUITY & LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | 6 | 80,000.00 | 80,000.00 |
| Reserve for invested unrestricted equity | | 66,844,556.74 | 66,844,556.74 |
| Retained earnings (-loss) | | - 43,597,846.91 | - 29,910,826.20 |
| Result for the financial period | | -7,984,563.55 | - 13,687,020.71 |
| **TOTAL EQUITY** | | **15,342,146.28** | **23,326,709.83** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | 7 | | |
| Loans from financial institutions | | 3,826,497.01 | 0.00 |
| Loans from shareholders | | 100,000.00 | 0.00 |
| **Total non-current liabilities** | | **3,926,497.01** | **0.00** |
| **Current liabilities** | 8 | | |
| Loans from financial institutions | | 0.00 | 5,851,609.01 |
| Accounts payable | | 242,651.92 | 782,997.75 |
| Other liabilities | | 111,329.72 | 177,420.08 |
| Accruals and deferred income | | 1,088,269.15 | 1,084,562.55 |
| **Total current liabilities** | | **1,442,250.79** | **7,896,589.39** |
| **TOTAL LIABILITIES** | | **5,368,747.90** | **7,896,589.39** |
| **TOTAL EQUITY & LIABILITIES** | | **20,710,894.08** | **31,223,299.22** |

# Cash Flow Statement

| Euro | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Loss before appropriations and taxes (-) | - 7,984,563.55 | - 13,687,020.71 |
| Adjustments (+/–): | | |
| Depreciation and amortisation according to plan | 1,415,081.18 | 1,552,425.67 |
| Financial income and expenses | 634,990.05 | 3,865,410.60 |
| Cash flow before change in working capital | - 5,934,492.32 | - 8,269,184.44 |
| Change in working capital | | |
| Change in accounts receivables and other receivables | -390,558.75 | - 635,181.82 |
| Change in inventories | 1,023,642.07 | 261,154.93 |
| Change in accounts payables and other payables | 47,199.85 | 47,097.19 |
| Cash flow from operating activities before financial items and taxes | - 5,254,209.15 | - 8,596,114.14 |
| Interest paid and other financial expenses | - 614,728.93 | - 1,030,419.97 |
| **Net cash flow from operating activities (A)** | **- 5,868,938.08** | **- 9,626,534.11** |
| **CASH FLOW FROM INVESTMENTS** | | |
| Investments in tangible assets (-) | - 513,624.27 | - 953,327.59 |
| Investments in subsidiary companies (–) | 0.00 | - 10,000.00 |
| **Net cash flow from investments (B)** | **- 513,624.27** | **- 963,327.59** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Paid-in equity increase | 0.00 | 15,416,421.00 |
| Purchase of own shares (-) | 0.00 | - 382,500.00 |
| Proceeds from short-term loans | 0.00 | 2,000,000.00 |
| Repayments of short-term loans (-) | - 2,050,570.28 | - 3,926,071.01 |
| Proceeds from convertible loans | 0.00 | 3,770,141.96 |
| First North listing expenses (-) | 0.00 | - 2,051,374.52 |
| **Net cash flow from financing activities (C)** | **- 2,050,570.28** | **14,826,617.43** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)** | **- 8,433,132.63** | **4,236,755.73** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR** | **9,418,486.23** | **5,181,730.50** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | **985,353.60** | **9,418,486.23** |

# Notes to the Financial Statements

## General Accounting Principles

The annual accounts are prepared in accordance with the accrual principle, going concern principle and by adopting prudence independently of the profit/loss for the financial year. The annual accounts have been prepared in accordance with applicable laws and regulations regarding the preparation of financial statements in Finland. The annual accounts are presented in EUR.

### COMPARABILITY OF INFORMATION IN THE ANNUAL ACCOUNTS

When comparing information in the annual accounts with the previous financial year, the following should be taken into account:

IHN (infectious hematopoietic necrosis), that was discovered on Fifax facility in June 2022, is a serious viral disease of salmonid fish that is regulated in category c in part III title II of the EU Animal Health Law, and the authorities decide on measures to prevent the spread of infection and to combat the disease. The *Animal Diseases Act* (Eläintautilaki 76/2021), Chapter 14 stipulates which party is responsible for costs incurred due to these decisions and details the right to compensation. IHN is a viral disease that primarily affects salmonids. The disease is harmless to humans and mammals, such as dogs and cats.

The financial statements reflect the detection of IHN at the company's plant, which was confirmed on 21 June and the related costs and reimbursements for culling and decontamination as follows:

- Since the decontamination measures have not affected the value of the fixed assets as the measures consist of cleaning and disinfection, there is no need for a write-down.
- The fish stock in inventory were slaughtered to the extent that the fish were ready for slaughter and sold as usual; smaller fish and infected fish were culled. In accordance with Animal Diseases Act (Eläintautilaki), Chapter 14, Section 83, the company has received government compensation for the culled fish at its market value, a total of EUR 1.6 million. The compensation received during the financial year is presented as other operating income in the income statement.
- The state is responsible for costs incurred when decisions on culling and decontamination were executed. This included costs for culling and cleaning, equipment and funds used, as well as transport and handling of the waste that was generated (Chapter 14, Section 82). The Finnish Food Authority procured the culling and decontamination services from the company, of which a total of EUR 0.8 million was performed during the period. The income is presented in the period as other operating income, of which EUR 0.2 million relates to the final phase of the decontamination project, which at the end of the financial year had not yet been invoiced and is included in the financial statements as accrued income.
- Only the direct costs for IHN that are not compensated by the government or for which compensation cannot be sought are presented in other operating costs in the income statement. These consist of non-recurring costs of EUR 0.1 million.
- The operating costs for the plant during the rest period after completion of decontamination and the restart period constitute operational costs in future periods and have thus not been taken into account in this reporting period. For production loss that arises as a result of the authorities' decisions, compensation can be sought in accordance with Ch. 14, Section 85,

however, the probability of receiving such compensation is uncertain and any compensation is therefore only considered when a final decision has been made.

As the limitation period prescribed under the Limitations Act has been fulfilled during the financial year for claimed invoices in accounts payables, which related to investments in the production plant's machinery and equipment, an amount of EUR 569,847.72 in accounts payables has been dissolved. This has reduced the book value for machinery and equipment in the balance sheet by EUR 356,217.82 and the depreciation for the current year in the income statement by EUR 188,514.46.

## Measurement and Recognition Principles of the Financial Statements

### REVENUE RECOGNITION

The company recognises revenue in accordance with the accrual principle. Indirect taxes and discounts related to sales are deducted from sales income. Sales income consists of fish deliveries and is recorded as income on delivery to the customer.

The culling and decontamination services provided during the financial year have been presented in the income statement as other operating income, as these services do not constitute the company's normal operations.

### VALUATION OF TANGIBLE ASSETS

Tangible assets have been recorded on the balance sheet at acquisition cost less amortisations and depreciation. Acquisition costs include variable costs for procurement and production of the assets. This also includes indirect costs in the form of capitalised interest allocated to the cost of acquisition. Investment grants have been recorded as deductions from the acquisition cost.

The straight-line method is primarily used to calculate depreciation based on the useful life of assets. Amortisation and depreciation start from the month the asset has been taken into use.

Depreciation and amortisation periods are:

| | | |
|---|---|---|
| Buildings and structures | 25 years | Straight-line |
| Machinery and equipment | 25 % | Based on residual value |
| Production machinery | 10 years | Straight-line |
| Other tangible assets | 25 years | Straight-line |

### VALUATION OF INVENTORIES

Materials and supplies primarily consist of fish feed and chemicals for water purification. Materials and supplies are recognised in the balance sheet at acquisition cost or a lower replacement value.

Other inventories consist of the fish stock at the end of the financial year. The fish stock is recognised on the balance sheet according to the FIFO principle at the lower of acquisition cost or probable sales value. Acquisition cost for the fish stock is based on a biomass calculation that is based on the direct variable costs for acquisition and farming of fish, i.e. costs of eggs, feed, oxygen, chemicals and electricity required for maintaining the production environment and the water purification process. The biomass calculation is based on estimated feed consumption and growth coefficients published by the industry. This calculation is monitored and adjusted using data from our own production.

At the end of the financial year, 31 December 2022, there are no fish in the plant.

### DEFERRED TAX ASSETS

Deferred tax assets have been calculated from the temporary differences between the taxation and the financial statements by using the tax rate for the future years as determined on the balance sheet date. In accordance with the prudence principle, the company has not included in the balance sheet any deferred tax assets arising from the tax losses carried forward or the tax losses yet to be confirmed for the financial period. The amount of the unrecognised deferred tax assets is presented in note 5.4.

### RECEIVABLES, FINANCIAL ASSETS AND LIABILITIES

Receivables are included in the balance sheet at nominal value or the lower probable value. Liabilities are measured at nominal value. Receivables and liabilities that fall due for payment within twelve months are presented as short-term. Receivables and liabilities that fall due for payment more than twelve months are presented as long-term. The amount of the long-term loans at the end of the accounting year is further presented in note 7.

## Going Concern and Financing

The detection of the IHN virus at the company's plant in June has led to the requirement to empty the plant of fish and to implement decontamination measures, which were still in progress at the end of the financial year, after which a restart process can begin. Given these circumstances, the board has assessed the assumption of the company's ability to continue as a going concern according to the situation up to the date of the signing of the financial statements.

The development of operations up until the IHN virus outbreak has been strong, and the operation was on track to reach the set goals. Up until the interruption of operations, the company delivered fish to its customers continuously every week since September 2021 and opened new direct channels to grocery stores, while price developments and feedback from customers were positive. In conjunction with the planned improvements, the company has created favourable operational conditions leading up to the planned restart.

The company's management team has prepared a financial forecast for the restart of operations for the upcoming 18 months, which includes the build-up of new fish stocks and planned investments in further improvement of biosecurity and aquaculture technology. The forecast is based on the assumption that Fifax can start hatching operations at the plant in April 2023.

The company's cash and cash equivalents at the date of signing the financial statements will not be sufficient to fund the restart of operations and to continue as a going concern.

To ensure the company’s ability to continue as a going concern, the following measures have been taken:

- In December, the company renegotiated the payment plan for loans from financial institutions of EUR 3.8 million per 31 December 2022. Loan repayments resume in April 2024, and the loan matures in its entirety in April 2025, no payments are due in 2023.
- The company have in January 2023 completed cooperation negotiations to reflect the reduced need for staffing during the empty period and the restart.
- The company has prepared nutrient and carbon footprint calculations and established climate and environmental targets that are a prerequisite to obtain green and environmental financing.

In addition to the measures listed above, the ability to restart operations and continue as a going concern will require additional funding. The company plans to raise equity and debt capital during 2023. The board has proposed to the Annual General Meeting 2023, that is planned to take place on 27 February 2023, that the annual general meeting authorises the board to emit up to 26,000,000 new shares. The largest shareholders in the company, holding in aggregate approximately 62.3% of the shares and votes, have irrevocably undertaken to vote in favour of the board’s proposal at the annual general meeting. The company also continues the ongoing discussions with financiers for further debt capital funding.

Due to the fact that at the date of the signing of the financial statements, commitments for additional funding have not been obtained, there is a material uncertainty, which may lead to significant doubt about the company's ability to continue as a going concern. However, based on the measures that have been taken, the board assesses that it is reasonable to assume that sufficient funds will be raised in the form of equity and debt capital, based on the ongoing discussions with owners and financiers, and thus prepares the financial statements according to the going concern principle.

# Notes to the Income Statement

## 1. OTHER OPERATING INCOME

| | 2022 | 2021 |
|---|---|---|
| Income from culling and decontamination services | 773,363.95 | 0.00 |
| Granted compensation for culled and deceased fish in accordance with Animal Diseases Act (Eläintautilaki), Section 83 | 1,577,047.95 | 0.00 |
| Claimed compensation for other costs in relation to IHN | 45,001.12 | 0.00 |
| Insurance compensation in rel. to IHN, before the authority's culling decision | 54,045.41 | 0.00 |
| Insurance compensation in rel. to the oxygen shortage incident in May 2021 | 0.00 | 496,886.00 |
| **Total** | **2,449,458.43** | **496,886.00** |

## 2. OTHER OPERATING EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Premises and maintenance | 974,692.53 | 928,375.76 |
| Machinery, equipment, rent and maintenance | 627,841.15 | 842,963.85 |
| Purchased administration services | 798,401.68 | 458,873.79 |
| Travel, sales and marketing | 162,736.64 | 284,449.32 |
| Other operating expenses | 412,422.32 | 269,986.92 |
| **Total** | **2,976,094.32** | **2,784,649.64** |

## 2.1 AUDITORS' FEES

| | 2022 | 2021 |
|---|---|---|
| PricewaterhouseCoopers Oy | | |
| Audit | 65,335.66 | 40,206.81 |
| Tasks referred to in Section 1.1 § 1,2 of the Auditing Act | 0.00 | 10,574.00 |
| Tax consulting services | 1,575.00 | 16,446.90 |
| Other services | 18,211.00 | 377,499.22 |
| **Total** | **85,121.66** | **444,726.93** |

# Notes to the balance sheet

## 3. TANGIBLE ASSETS

| | Buildings and structures | Machinery and equipment | Other tangible assets | Construction in progress |
|---|---|---|---|---|
| Acquisition costs 1 Jan 2022 | 13,414,623.15 | 14,026,859.34 | 493,259.65 | 58,102.07 |
| Investments grants as at 1 Jan 2022 | -1,655,694.88 | -1,797,183.77 | 0.00 | 0.00 |
| Transfer from construction in progress, 1 Jan – 31 Dec 2022. | 1,104.57 | 17,417.97 | 93,840.10 | -112,362.64 |
| Increase 1 Jan – 31 Dec 2022 | 33,613.25 | 330,203.86 | 0.00 | 149,807.16 |
| Reduction 1 Jan – 31 Dec 2022 | 0.00 | -544,732.28 | 0.00 | 0.00 |
| **Acquisition cost as at 31 Dec 2022** | **10,137,951.21** | **10,235,381.35** | **587,099.75** | **95,546.59** |
| Accumulated depreciation 1 Jan 2022 | 1,041,818.57 | 3,955,920.70 | 76,470.99 | 0.00 |
| Depreciation 1 Jan – 31 Dec 2022 | 355,983.96 | 1,226,151.76 | 21,459.92 | 0.00 |
| Reduction 1 Jan – 31 Dec 2022 | 0.00 | -188,514.46 | 0.00 | 0.00 |
| **Acc. depreciation as at 31 Dec 2022** | **1,397,802.53** | **4,993,558.00** | **97,930.91** | **0.00** |
| **Book value as at 31 Dec 2022** | **8,740,148.68** | **5,241,823.35** | **489,168.84** | **95,546.59** |

| | Buildings and structures | Machinery and equipment | Other tangible assets | Construction in progress |
|---|---|---|---|---|
| Acquisition expense 1 Jan 2021 | 13,029,100.35 | 13,312,212.07 | 493,259.65 | 258,527.02 |
| Investments grants as at 1 Jan 2021 | -1,655,694.88 | -1,797,183.77 | 0.00 | 0.00 |
| Transfer from construction in progress 1 Jan – 31 Dec 2021 | 238,996.02 | 0.00 | 0.00 | -238,996.02 |
| Increase 1 Jan – 31 Dec 2021 | 146,526.78 | 714,647.27 | 0.00 | 38,571.07 |
| **Acquisition cost as at 31 Dec 2021** | **11,758,928.27** | **12,229,675.57** | **493,259.65** | **58,102.07** |
| Accumulated depreciation 1 Jan 2021 | 691,797.24 | 2,772,786.64 | 57,200.71 | 0.00 |
| Depreciation 1 Jan – 31 Dec 2021 | 350,021.33 | 1,183,134.06 | 19,270.28 | 0.00 |
| **Acc. depreciation as at 31 Dec 2021** | **1,041,818.57** | **3,955,920.70** | **76,470.99** | **0.00** |
| **Book value as at 31 Dec 2021** | **10,717,109.70** | **8,273,754.87** | **416,788.66** | **58,102.07** |

The company owns the property (land area) on which the production facility is built; in 2021 the company also acquired the adjacent land area which previously has been leased from the municipality.

The property where the production facility is built is leased to an external property company, that owns the building. The company leases the building and land from the property company.

The rent for the production facility is accounted for as an operative lease and is therefore not capitalised on the balance sheet. Buildings and structures on the balance sheet include integrated parts of the production facility, fish tanks, water treatment plant etc. that are owned by Fifax.

Claimed accounts payables attributable to investments in machinery and equipment have concluded the limitation period and the balance has been dissolved during the financial year. This has reduced acquisition costs by EUR 544,732.80 and cumulative depreciation for machinery and equipment in the balance sheet by EUR 188,514.46.

### 3.1 CAPITALISED INTEREST EXPENSES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Remaining book value of capitalised interest expenses | 1,069,840.03 | 1,123,332.03 |
| **Total** | **1,069,840.03** | **1,123,332.03** |

Capitalised interest expenses have been incurred during the construction period and are included on the balance sheet under acquisition costs for buildings. Capitalised interest expenses are depreciated in line with depreciation for buildings.

## 4. SHARES IN GROUP COMPANIES

| Name, head office location | closing date | Ownership share % | Shareholders' equity | Result for the financial period |
|---|---|---|---|---|
| Fifax Fastighets Ab, Eckerö | 31.12.2022 | 100 % | 10,000.00 | - 1,427.36 |

A subsidiary company was founded in 2021 but has not conducted operations. Fifax has utilised the Accounting Act Chapter 6, Section ,1 that allows exemption from the liability to prepare consolidated financial statements as a true and fair view of the financial performance and position of the group, is not jeopardised by not preparing consolidated financial statements.

## 5. RECEIVABLES

### 5.1 LONG-TERM RECEIVABLES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Paid-in rent deposits | 271,808.28 | 269,569.48 |
| **Total** | **271,808.28** | **269,569.48** |

Of the paid-in rent deposits, EUR 263,677 relates to the rental agreement for the production premises.

### 5.2 OTHER RECEIVABLES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| VAT receivables | 37,404.60 | 487,011.04 |
| Other advance payments | 0.00 | 25,115.44 |
| **Total** | **37,404.60** | **512,126.48** |

### 5.3 PREPAYMENTS AND ACCRUED INCOME

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Accrued income related to performed decontamination services | 217,558.06 | 0.00 |
| Other prepayments other accrued income | 364,339.30 | 291,122.19 |
| **Total** | **581,897.36** | **291,122.19** |

## 5.4 UNRECOGNISED DEFERRED TAX ASSETS

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Deferred tax assets for tax losses carried forward at 1 Jan | 5,726,047.82 | 4,271,568.06 |
| Deferred tax assets based on loss confirmed during the financial year | 2,424,811.07 | 1,454,479.76 |
| **Total deferred tax assets 31.12.** | **8,150,858.89** | **5,726,047.82** |

To comply with the prudence principle, the company has not recognised deferred tax receivables on the balance sheet for taxable stated losses totalling EUR 28.6 million or for the losses that are to be stated for the 2022 financial year. Losses for the 2022 financial year are not accounted for in the table above. The first lot of EUR 35,133.00 of the tax losses carried forward expire in 2023.

## 6. EQUITY

### STATEMENT OF CHANGES IN EQUITY

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Share capital at 1 Jan. | 80,000.00 | 4,800.00 |
| Increase in share capital | 0.00 | 75,200.00 |
| **Share capital as at 31 Dec** | **80,000.00** | **80,000.00** |
| **Restricted equity** | **80,000.00** | **80,000.00** |
| Reserve for invested unrestricted equity at 1 Jan | 66,844,557.74 | 34,755,569.00 |
| Increase in share capital | 0.00 | -75,200.00 |
| Share issue, First North listing | 0.00 | 32,546,688.74 |
| Purchase of own shares | 0.00 | -382,500.00 |
| **Unrestricted equity fund as at 31 Dec** | **66,844,557.74** | **66,844,557.74** |
| Retained earnings (loss) 1 Jan. | -29,910,826.20 | -21,515,837.74 |
| Prior year retained loss | -13,687,020.71 | -8,394,988.46 |
| **Retained earnings (loss) 31 Dec** | **-43,597,846.91** | **-29,910,826.20** |
| **Result for the financial period** | **-7,984,563.55** | **-13,687,020.71** |
| **Unrestricted equity** | **15,262,146.28** | **23,246,709.83** |
| **Total equity** | **15,342,146.28** | **23,326,709.83** |

The company's shares consist of one series of shares with equal rights. The company's shares have no nominal value. All shares are fully paid. At the financial year end, 31 December 2022, 25,906,168 shares were registered in the Finnish Trade Register.

### 6.1 DISTRIBUTABLE FUNDS

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Unrestricted equity | 15,262,146.28 | 23,246,709.83 |
| **Total** | **15,262,146.28** | **23,246,709.83** |

The distributable funds amount to EUR 15,262,146.28 of which the loss for the financial period amount to EUR -7,984,563.55. The board proposes to the Annual General Meeting that the loss for the financial year be transferred to account for retained earnings and that no funds be distributed from the unrestricted equity.

## 7. NON-CURRENT LIABILITIES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Loans from financial institutions | 3,826,497.01 | 0.00 |
| Loans from owners | 100,000.00 | 0.00 |
| **Total** | **3,926,497.01** | **0.00** |

The company's loans from financial institutions have been renegotiated during the financial period.

The loan's payment plan has been renegotiated during the period, and according to the decision on extension, repayments will resume on 1 April 2024 while the last instalment is due on 1 April 2025. The loan terms and conditions mean credit provider approval is required for the payment of dividends and other returns. The loan terms and conditions have been renegotiated during the loan period with regard to payment plan, interest and covenants. The loan terms and conditions require an equity ratio of min 30%. Equity ratio is calculated in accordance with the loan agreement as Shareholders' Equity/Balance sheet total. The equity ratio was 74% on 31 December 2022. The loan terms require an additional minimum in cash and cash equivalents of EUR 1 million as of 1 May 2023.

The repayment of loans from owners requires the approval of the credit institutions. The loan can be converted in whole or in part at the lender's request to share capital or capital loans in accordance with the terms of any new issue.

## 8. CURRENT LIABILITIES

### 8.1 OTHER LIABILITIES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| VAT liability | 77,113.63 | 0.00 |
| Deferred rent payments | 0.00 | 25,458.78 |
| Loans from shareholders | 0.00 | 100,000.00 |
| Other current payables | 34,216.09 | 51,961.30 |
| **Total** | **111,329.72** | **177,420.08** |

### 8.2 ACCRUALS AND DEFERRED INCOME

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Accrued interest | 563,235.89 | 542,974.77 |
| Accrued personnel expenses | 346,361.33 | 311,808.17 |
| Other accrued expenses | 178,671.93 | 229,779.61 |
| **Total** | **1,088,269.15** | **1,084,562.55** |

Accrued interest include EUR 496,449.45 of interest previously accrued on capital loans that have been converted to shareholders' equity in previous periods. Interest does not accrue on this amount.

# Collaterals and Commitments

### LOANS FROM FINANCIAL INSTITUTIONS

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Loans from financial institutions | 3,826,497.01 | 5,851,609.01 |
| **Total loans from financial institutions** | **3,826,497.01** | **5,851,609.01** |

### GIVEN GUARANTEES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Corporate mortgages | 10,100,000.00 | 10,100,000.00 |
| Real estate mortgages | 10,133,600.00 | 10,133,600.00 |
| **Total guarantees** | **20,233,600.00** | **20,233,600.00** |

### LEASE COMMITMENTS

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Amounts paid according to lease agreements** | | |
| Within the next financial year | 107,121.02 | 146,865.12 |
| After the next financial year | 44,657.07 | 93,984.25 |
| **Total** | **151,778.09** | **240,849.37** |

### RENT LIABILITIES

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Amounts paid according to rental agreements** | | |
| Within the next financial year | 859,076.16 | 790,404.00 |
| After the next financial year | 2,632,859.38 | 3,210,410.84 |
| **Total** | **3,491,935.54** | **4,000,814.84** |

### PURCHASING COMMITMENTS OF FINGERLINGS

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Amount paid according to purchase agreements** | | |
| Within the next financial year | 634,859.33 | 757,339.00 |
| **Total** | **634,859.33** | **757,339.00** |

Lease and rental commitments are presented in the table above excluding VAT.

The company has a long-term lease of 10 years for the production facility that will be renewed annually for one year at a time after this 10-year period. The notice period is six months. Notice to terminate the agreement cannot be given until 5 December 2024 at the earliest by Fifax and 5 December 2041 by the lessor. The lease contains an option to purchase the production premises. After 10 years, Fifax can purchase the production premises at acquisition cost plus the increase in the consumer price index for the Åland Islands at the time the option is exercised.

Rent guarantee for the production premises of EUR 263,677.00 is included in long-term receivables in the balance sheet.

### REPAYMENT LIABILITY FOR INVESTMENT GRANTS RECEIVED

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Investment aid received, liability ends in 2025 | 2,402,878.15 | 2,402,878.15 |
| **Investment aid with total repayment liability** | **2,402,878.15** | **2,402,878.15** |

Fifax has received investment grants from the Government of Åland that have been co-financed by the European Maritime and Fisheries Fund. The grants contain various obligations and information on how repayment conditions can arise. Repayment conditions can arise if the company within five years of the last received payment of an investment grant has been received, if Fifax would significantly change or cease its operations .

## Ongoing Disputes

No ongoing disputes.

## Notes Related to Employees and Related Parties

### AVERAGE NUMBER OF EMPLOYEES

| | 2022 | 2021 |
|---|---|---|
| Average number of employees | 31 | 28 |
| **Total** | **31** | **28** |

### REMUNERATION AND FEES TO MANAGEMENT

| | 2022 | 2021 |
|---|---|---|
| Remuneration of the board members | 108,000.00 | 60,900.00 |
| Salaries and benefits of the CEO | 132,250.00 | 223,640.00 |
| Salaries and benefits of the rest of the management team | 491,778.52 | 327,758.83 |
| **Total** | **732,028.52** | **612,298.83** |

Pension and other salary related costs for management remuneration were EUR 117,473 and EUR 22,016, respectively in 2022 and EUR 97,322 and EUR 19,685, respectively in 2021.

The CEO's contract can be terminated with three months' notice from both parties. Were the company to terminate the CEO's contract on other grounds than in the Finnish Employment Contracts Act (55/2001, as amended) defined grounds related to the employee personally, the CEO is entitled to compensation corresponding to three months' salary at the time of termination, including holiday pay, in addition to salary during the notice period. Were the CEO to be in gross breach of the liabilities of the CEO as defined in the service contract, the company has the right to terminate the contract with immediate effect and without any specific payment liabilities and has the right to claim repayment of any possible notice period payments already made.

The company does not have any supplementary pension schemes in place or insurance agreement concerning the CEO or other members of the management group.

## TRANSACTIONS WITH RELATED PARTIES

Fifax's related parties include company directors, the CEO, and members of the management team, as well as close family members of the aforementioned parties and companies within their control.

Salaries and fees paid to the board and management group are presented in the previous table.

No services have been purchased from related parties and no interest costs have accrued on loans from related parties during the financial year.

During the comparison period, EUR 199,569.53 was attributable to consulting services and EUR 219,179.97 was incurred in interest costs on loans from related parties, before the loans were converted to equity in connection with the listing.

The balance sheet for the completed financial year or for the comparison period does not contain any items attributable to related parties.

# Signatures to the Financial Statements and Board of Directors' Report

Mariehamn 6.2.2023

**Panu Routila**
Chair of the Board

**Robin Blomqvist**
Board member

**Rolf Karlsson**
Board member

**Ulf Toivonen**
Board member

**Eduard Paulig**
Board member

**Samppa Ruohtula**
Chief Executive Officer

## The Auditor's note

A report of the audit performed has been issued today

Helsinki 6.2.2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

**Ylva Eriksson**
Authorised Public Accountant

FIFAX

# Ledgers and Types of Records

### FINANCIAL STATEMENTS

Annual accounts and bookkeeping

### ACCOUNT REGISTER AND BALANCE SHEET

Income statement by account
Balance sheet by account
List of accounts

### LEDGERS

General ledger
Payroll ledger

### TYPES OF RECORDS

| | |
|---|---|
| T Automatic document of financial statements | 1 - 2 |
| JK Accruals | 1 – 42, 49 – 123, 137 – 191, 203 – 437 |
| AT Automatic document of system | 1 - 12 |
| KO Card purchase | 1 - 100 |
| KR Receipt scanner | 1 - 12 |
| MU Others | 1 – 56, 58 – 263, 265 – 313, 315 – 404 |
| ML Customer invoice | 1 - 217 |
| MS Customer payment | 1 - 196 |
| OL Supplier invoice | 1 – 341, 343 – 1650, 1652 – 1653 |
| OS Supplier payment | 1 - 1638 |
| PT Bank | 1 - 139 |
| Pump Import transaction | 1 - 12 |


FIFAX

# Auditor’s Report (Translation of the Swedish Original)

To the Annual General Meeting of Fifax Abp

## Report on the Audit of the Financial Statements

### Opinion

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

**What we have audited**

We have audited the financial statements of Fifax Abp (business identity code 2453290-9) for the financial period 1.1.-31.12.2022. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

### Material Uncertainty Related to Going Concern

We draw attention to the financial statements note Going Concern and Financing and to the Board of Directors Report paragraphs Operational Review and Balance, Financing and Investing, which describe that the company's cash and cash equivalents at the date of signing the financial statements will not be sufficient to fund the restart of operations and to continue as a going concern. In addition to the measures already taken, the ability to restart operations and continue as a going concern will require additional funding, in the form of equity and debt capital. Due to the fact that at the date of the signing of the financial statements, commitments for additional funding have not been obtained, there is a material uncertainty, which may lead to significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is 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 good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's 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 the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's 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 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 so that the financial statements give a true and fair view.

We communicate with those charged with governance 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.

# Other Reporting Requirements

## Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the CEO’s Review and the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 6 February 2022

**PricewaterhouseCoopers Oy**
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)