



# FIFAX

Better fish for the world.

**FINANCIAL STATEMENTS RELEASE**  
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## **FIFAX Plc's year-end report January – December 2022 (not audited)**

Company announcement 6 February 2023 at 11.00 am

# The company is seeking funding to re-start the plant after the decontamination process

## **Significant events January – December 2022**

*The figures in brackets present the corresponding comparison period in 2021.*

- EUR 1.2 million revenue, January through December 2022 (EUR 1.0 million), attributable to the period January through August 2022 before the plant was emptied of fish.
- The delivery volume amounted to 229 tonnes of gutted rainbow trout, January through December 2022 (288 tonnes), and is attributable to the period January through August 2022 before the plant was emptied of fish.
- Other operating income of 2.4 million, includes EUR 0.8 million for the culling and decontamination work carried out by the company, as well as EUR 1.6 million in compensation for the fish stock that was culled.
- The operating profit/loss for the period was EUR -7.3 million, January through December 2022 (EUR -9.8 million), and was impacted by non-recurring costs related to the IHN virus outbreak of EUR 0.1 million. The immediate costs of the IHN virus outbreak are limited as the government is responsible for the costs of the required measures and is also liable for compensation of the cost for removed or destroyed property in connection with these measures, according to the Animal Diseases Act (Eläintautilaki).
- The loss for the period was EUR -8.0 million (EUR -13.7 million).
- In June 2022, IHN was detected in samples of fish from the plant, which characterised the events of the second half of the year. The plant was emptied of fish and decontaminated according to a decision by, and the supervision of, the Finnish Food Authority. The decontamination work was completed in January 2023.
- The company is planning to restart production and improve investments. New funding is a prerequisite for carrying out the restart according to the plans.

## 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 m<sup>3</sup> of biomedica 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.

## Key Figures

<b>FINANCIAL KEY FIGURES</b>	<b>Jul-Dec 2022<sup>1</sup></b>	<b>Jul-Dec 2021<sup>1</sup></b>	<b>Jan-Dec 2022<sup>1</sup></b>	<b>Jan-Dec 2021</b>
One thousand euros				
Revenue	282	369	1,155	1,004
Operating profit/loss	-2,161	-4,637	-7,299	-9,822
Profit/loss for the period	-2,443	-6,717	-7,985	-13,687
Earnings per share, undiluted and diluted (EUR) <sup>2</sup>	-0.09	-0.39	-0.31	-0.94
Cash flow from operations	-1,235	-5,034	-5,869	-9,627
Investments	-38	-575	-514	-963
Equity ratio %	74 %	75 %	74 %	75 %
Average full-time employee no	29	29	31	28
Total salaries and compensations	971	993	2,109	1,875
Total assets	20,711	31,223	20,711	31,223
Number of outstanding shares at the end of the period <sup>3</sup>	25,756,168	25,756,168	25,756,168	25,756,168
Weighted average value of number of outstanding shares <sup>3</sup>	25,756,168	17,292,461	25,756,168	14,594,344 <sup>4</sup>
<b>OPERATIVE KEY FIGURES</b>				
	<b>Jul-Dec 2022<sup>1</sup></b>	<b>Jul-Dec 2021<sup>1</sup></b>	<b>Jan-Dec 2022<sup>1</sup></b>	<b>Jan-Dec 2021</b>
The fish stock at the beginning of the period in tonnes	331	268	315	413
The fish stock at the end of the period in tonnes	0	315	0	315
Produced fish, gutted, tonnes	37	113	229	288

<sup>1</sup>Not audited.

<sup>2</sup>There are no dilutive instruments as of 31 December 2022 and thus the earnings per share is the same for both undiluted and diluted.

<sup>3</sup>The 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.

<sup>4</sup>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.

### 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

Equity ratio % = (equity + capital loan) / (balance sheet total – advances received)

## 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<sup>1</sup>. 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<sup>2</sup> and ca 74% in Sweden in 2019<sup>3</sup>. At the same time, consumers in both countries are increasingly demanding domestic and locally produced food products<sup>4</sup>. 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.

## Objectives

The previous short-term financial and operational objectives were postponed due to the discovery of IHN and the subsequent authority requirement to empty the plant of fish and to decontaminate the plant in order to eradicate the virus. At the time of signing of the financial statements, the required empty period following the decontamination is ongoing, after which the fish farming operations may be restarted.

In connection to the restart of farming operations, improvements in biosecurity and performance are planned for each part of the plant in line with the requirements of the growth of the new fish stock.

The objectives have been re-evaluated in relation to the plans for restart and expansion.

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<sup>1</sup> 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.

<sup>3</sup> Research Institutes of Sweden (RISE), 2019

<sup>4</sup> Kantar TNS Agri (2019). n=1014

**SHORT-TERM TARGETS (BEFORE THE END OF 2023):**

- Hatchery and fingerling unit in full production and first grow-out unit started, with investments in increased biosecurity and performance completed in the units
- Advisory and licensing business that commercially utilizes Fifax RAS know-how is established

**MID-TERM TARGETS (BEFORE THE END OF 2024):**

- Investments in improved biosecurity and performance in remaining units of the facility completed
- Full fish stock and full production level corresponding to an annual output volume of approx. 3 200 tons live weight reached
- Continued development of advisory and licensing business

**LONG-TERM TARGETS (BEFORE THE END OF 2030):**

- Expansion of operations through additional plants
- Significant revenues from advisory and licensing business.
- Revenue exceeding 125 million euro
- EBITDA exceeding 25 percent of sales

*Previous short-term objectives (2022), which were postponed on 22 June 2022 and updated 3 February 2023:*

- Full fish stock (900 tonnes) and full production level equivalent to an annual production of approximately 3,200 tonnes/year, in the first half of 2022
- Construction of the expansion of the Eckerö production facility expected to begin in 2022

*Previous medium- and long-term objectives, updated 3 February 2023:*

*Medium term goals (before the close of 2026)*

- Full operational capacity in the expanded Eckerö production facility
- Sales totalling over EUR 50 million
- EBITDA of 25 percent of sales
- Establishment of a business activity that commercialises the company's acquired knowledge of RAS technology and projects

*Long-term objectives (before the close of 2030)*

- Expand operations further by building new plants
- Significant sales from activities that commercialise acquired knowledge
- Sales totalling over EUR 100 million
- EBITDA over 25 percent of sales

## Strategy

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. This trend is particularly pronounced in the consumer markets in the Baltic Region, which is the main area that Fifax targets.

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. In the Fifax high intensity 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 farming, are taken care of and therefore do not contribute to eutrophication of the sea, thus reducing the climate impact, compared to fish farming in open sea pens. The protected habitat offered by our land-based facility also facilitates optimal growth in a healthy environment that allows fish growth all year round.

The company is now approaching the restart of aquaculture operations and in connection with this, the company is also making further investments in the plant's biosecurity, production efficiency and energy efficiency. Until now, the company has produced cleaned, whole Head On Gutted (HOG) fish, which are supplied to company customers, who have further processed and distributed the fish to food retailing chains and the HoReCa industries, and via these, to end consumers. In connection with the restart, the company aims to increase the value of its products by further processing the fish into consumer products and by continuing to invest in sales and marketing. The aim is to establish the company's own brand to increase awareness of the company and its products among its customers and consumers.

Land-based aquaculture based on RAS technology is growing globally with significant investments in production capacity in different parts of the world. Fifax is one of the pioneers in the sector and has built up valuable specialist know-how in the establishment, operation and maintenance of RAS plants. As the current production plant approaches full capacity, the company plans to expand operations by investing in additional capacity. Additional production capacity also offers some operational economies of scale and diversifies operational risks. The company also intends to commercialize its specialised expertise in recirculation technology and the operation of RAS plants on the international market by establishing consulting and licensing activities. In order to expedite the execution of this strategy, the company is also investigating opportunities for acquisitions.

Sustainability is a central aspect of the company's strategy, and in 2022, we set objectives for the climate impact and environmental impact of our aquaculture operations during continuous full-scale operation. According to the objectives we have set, Fifax's land-based ultra-intensive aquaculture operations will have a significantly lower climate and environmental impact than conventional aquaculture operations, because sludge is collected and does not impact the health of the sea through eutrophication and release of methane gas. The company is also continuously working to optimize its energy use and the production process, which increases efficiency in relation to the use of feed, oxygen and water purification chemicals. The nutrient-rich by-products resulting from production, which mainly consist of sludge fish discards and fish that died before slaughter, are currently used in feed and fertiliser. Fifax is investigating options for refining side flows to generate increased added value.

At the beginning of 2022, the Fifax plant in Eckerö received ASC certification; the audit was carried out by DNV and is repeated annually. ASC standards for sustainable aquaculture place high demands on environmental and social responsibility. The label is widely recognised on the market and the certification is expected to strengthen the competitiveness of the company's products.



## 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 paragraph *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).

## 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 to 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 paragraph *Going concern and financing*.

## **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 to 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.

## **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 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

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.

## 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 restructuring negotiations in July. In mid-August, 26 people were laid off and recalled when the decontamination work began on 17 October 2022. New restructuring 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.

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.

## Auditor

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

## 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.
- Restructuring 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 restructuring 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 the 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 financial statements and the annual report for the year 2022 will be published on 6 February 2023 at 16:00.

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](http://www.fifax.ax)

## **Webcast**

A webcast will be held on 6.2.2023 at 15:00

The conference will be held in English and can be accessed at: <https://fifax.videosync.fi/2022-results>

The press conference material is published separately on [www.fifax.ax](http://www.fifax.ax)

A recording of the webcast will be available on the company's website. Personal information collected in connection with the conference will not be used for any other purpose.

## **Certified Advisor**

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

## Income statement

Thousand euros	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>REVENUE</b>	<b>282</b>	<b>369</b>	<b>1,155</b>	<b>1,004</b>
Other operating income	2,449	36	2,449	496
Materials and services	-1,872	-1,896	-4,454	-5,110
Personnel expenses	-971	-993	-2,109	-1,875
Depreciation and amortisation	-613	-792	-1,415	-1,552
Other operating expenses	-1,436	-1,361	-2,976	-2,785
<b>OPERATING RESULT</b>	<b>-2,160</b>	<b>-4,637</b>	<b>-7,350</b>	<b>-9,822</b>
Financial income and expenses	-283	-2,080	-635	-3,865
<b>LOSS BEFORE APPROPRIATIONS AND TAXES</b>	<b>-2,444</b>	<b>-6,717</b>	<b>-7,985</b>	<b>-13,687</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-2,444</b>	<b>-6,717</b>	<b>-7,985</b>	<b>-13,687</b>



## Balance sheet

Thousand euros	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible assets	18,165	19,612
Shares in group companies	10	10
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,175</b>	<b>19,622</b>
<b>CURRENT ASSETS</b>		
Inventories	38	1,062
Long-term receivables	272	270
Short-term receivables	1,240	852
Cash and cash equivalents	985	9,418
<b>TOTAL CURRENT ASSETS</b>	<b>2,535</b>	<b>11,602</b>
<b>ASSETS TOTAL</b>	<b>20,711</b>	<b>31,223</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80	80
Reserve for invested unrestricted equity	66,845	66,845
Retained earnings (-loss)	-43,598	-29,911
Result for the financial period	-7,985	-13,687
<b>TOTAL EQUITY</b>	<b>15,342</b>	<b>23,327</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Loans from financial institutions	3,826	0
Loans from shareholders	100	0
Total non-current liabilities	<b>3,926</b>	<b>0</b>
Current liabilities		
Loans from financial institutions	0	5,852
Accounts payables	243	783
Other liabilities	111	177
Accruals and deferred income	1,088	1,085
Total current liabilities	1,442	7,896
<b>TOTAL LIABILITIES</b>	<b>5,369</b>	<b>7,896</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>20,711</b>	<b>31,223</b>

## Cash flow statement

Thousand euros	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Cash flow from operations</b>				
Profit/loss before appropriations and taxes	-2,444	-6,717	-7,985	-13,687
Adjustments (+/-):				
Depreciation and amortisation according to plan	613	792	1,415	1,552
Financial income and expenses	283	2,080	635	3,865
Provisions	-82	0	0	0
<b>Cash flow before change in working capital</b>	<b>-1,630</b>	<b>-3,844</b>	<b>-5,934</b>	<b>-8,269</b>
Change in working capital:				
Change in acc. receivables and other receivables	-706	-527	-391	-635
Change in inventories	1,644	-7	1,024	261
Change in acc. and other payables	64	73	47	47
<b>Cash flow from operating activities before financial items and taxes</b>	<b>-706</b>	<b>-4,304</b>	<b>-5,254</b>	<b>-8,596</b>
Interest paid and other financial expenses	-529	-729	-615	-1,030
<b>Net cash flow from operating activities (A)</b>	<b>-1,234</b>	<b>-5,034</b>	<b>-5,869</b>	<b>-9,627</b>
<b>Cash flow from investments</b>				
Investments in tangible and intangible assets (-)	-38	-565	-514	-953
Investments in subsidiary shares	0	-10	0	-10
<b>Net cash flow from investments (B)</b>	<b>-38</b>	<b>-575</b>	<b>-514</b>	<b>-963</b>
<b>Cash flow from financing activities</b>				
Paid-in equity increase	0	15,416	0	15,416
Purchase of own shares	0	-383	0	-383
Proceeds from short-term loans	0	0	0	2,000
Repayments of short-term loans (-)	-1,013	-3,063	-2,051	-3,926
Proceeds from convertible loans	0	229	0	3,770
First North listing expenses	0	-2,051	0	-2,051
<b>Net cash flow from financing activities (C)</b>	<b>-1,013</b>	<b>10,149</b>	<b>-2,051</b>	<b>14,827</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>-2,285</b>	<b>4,540</b>	<b>-8,433</b>	<b>4,237</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>3,270</b>	<b>4,879</b>	<b>9,418</b>	<b>5,182</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>985</b>	<b>9,418</b>	<b>985</b>	<b>9,418</b>

## Accounting principles of the financial statements release

Information presented in this financial statements release is prepared in accordance with good accounting practice and in accordance with Finnish Accounting Standards (FAS). The scope of the half-year report corresponds to the requirements set out in First North Growth Market Rulebook, Section 4.4.6. The figures presented in this financial statements release have not been audited. The figures are presented in thousands of euros and have been rounded to the nearest figure. Therefore, in some cases, totals of columns or rows may deviate from the presented total.

For information on transactions with related parties, see the section *Related Parties*.

For information about the company's ability to continue as a going concern, see the section *Going concern and financing*.

### COMPARABILITY OF INFORMATION IN THE ANNUAL ACCOUNTS

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 release reflects 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.

## Statement of changes in equity

### Thousand euros

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Equity termed capital loans	Total equity
<b>1 July – 31 December 2022</b>					
Equity at the beginning of the period	80	66,845	-49,139	0	17,786
Profit/loss for the period	0	0	-2,443	0	-2,443
<b>Equity at the end of the period</b>	<b>80</b>	<b>66,845</b>	<b>-51,582</b>	<b>0</b>	<b>15,342</b>

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Equity termed capital loans	Total equity
<b>1 July – 31 December 2021</b>					
Equity at the beginning of the period	80	34,680	-36,881	3,500	1,379
Profit/loss for the period	0	0	-6,717	0	-6,717
Increase in capital loans with equity terms	0	0	0	229	229
First North listing issue	0	32,547	0	-3,729	28,818
Purchase of own shares	0	-383	0	0	-383
<b>Equity at the end of the period</b>	<b>80</b>	<b>66,845</b>	<b>-43,598</b>	<b>0</b>	<b>23,327</b>

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Equity termed capital loans	Total equity
<b>1 January – 31 December 2022</b>					
Equity at the beginning of the period	80	66,845	-43,598	0	23,327
Profit/loss for the period	0	0	-7,985	0	-7,985
<b>Equity at the end of the period</b>	<b>80</b>	<b>66,845</b>	<b>-51,582</b>	<b>0</b>	<b>15,342</b>

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Equity termed capital loans	Total equity
<b>1 January – 31 December 2021</b>					
Equity at the beginning of the period	5	34,756	-29,911	0	4,850
Profit/loss for the period	0	0	-13,687	0	-13,687
Increase of share capital 21 May 2021	75	-75	0	0	0
Increase in capital loans with equity terms	0	0	0	3,729	3,729
First North listing issue	0	32,547	0	-3,729	28,818
Purchase of own shares	0	-383	0	0	-383
<b>Equity at the end of the period</b>	<b>80</b>	<b>66,845</b>	<b>-43,598</b>	<b>0</b>	<b>23,327</b>



## Collaterals and commitments

Thousand euros	31.12.2022	31.12.2021
<b>Loans from financial institutions</b>		
Loans from financial institutions	3,826	5,851
<b>Total loans from financial institutions</b>	<b>3,826</b>	<b>5,851</b>
<b>Given guarantees</b>		
Corporate mortgages	10,100	10,100
Real estate mortgages	10,134	10,134
<b>Total guarantees</b>	<b>20,234</b>	<b>20,234</b>
<b>Lease commitments</b>		
Amounts paid according to lease agreements		
Within the next financial year	107	147
After the next financial year	45	94
<b>Total</b>	<b>152</b>	<b>241</b>
<b>Rental commitments</b>		
Amounts paid according to rental agreements		
Within the next financial year	859	790
After the next financial year	2,633	3,210
<b>Total</b>	<b>3,492</b>	<b>4,001</b>
<b>Purchasing commitments, fingerlings</b>		
Amounts paid according to purchase agreements	635	757
<b>Total</b>	<b>635</b>	<b>757</b>
<b>Repayment liability for investment aid received</b>		
Received investment aid , liability ends in 2025	2,403	2,403
<b>Total</b>	<b>2,403</b>	<b>2,403</b>





FIFAX