

The background of the entire page is a photograph of two fish lying on a white, textured surface, likely ice. One fish is on the left, showing its side and scales, while the other is on the right, showing its tail and scales. The lighting is soft, highlighting the texture of the fish and the surface.

FIFAX

Better fish for the world.

HALF-YEAR REPORT

1 January 2023–30 June 2023

FIFAX Plc's half-year report for January–June 2023 (unaudited)

Company release 25 August 2023 at 9.00 am

Aquaculture operations have restarted, the fish stock is growing

Significant events in January–June 2023

The figures in brackets refer to the comparison period in 2022.

- Aquaculture operations resumed in March 2023 when the hatching process for the first new egg batch was initiated.
- The company had no revenue (EUR 0.9 million).
- Operating loss for the period was EUR -3.3 million (EUR -5.2 million), including one-off items of EUR 0,6 million related to the rights offering and directed share issue.
- The loss for the financial period was EUR -3.6 million (EUR -5.5 million).
- The company raised EUR 5.2 million of new capital through its rights offering in March, and 25,756,168 new shares were registered in the Finnish Trade Register on 31 March 2023.
- The directed share issue in June boosted the company's equity ratio, as a capital loan and the accrued capital loan interest totaling EUR 0.6 million were converted into equity and 2,736,640 new shares were registered in the Finnish Trade Register on 15 June 2023.
- The share issue enables the planned improvements and the restart of the first grow-out unit, which is progressing according to plans. Further financing is required to complete the restart of the entire production facility as planned.

Samppa Ruohtula, CEO

During the first six months of 2023, we have focused on restarting fish farming. The fingerlings that hatched from the first batch of eggs we received in March are now growing in the fingerling unit, and we expect they can be moved to the first grow-out unit in the autumn. The next batches of eggs have been taken into the hatchery and first feed unit. At the same time, we are continuing to work on the improvement measures that technically enable us to further improve the level of biosecurity and that also contribute to increase the overall farming efficiency. The improvement measures and investments that are a part of the overall restart program have been scheduled successively for each of the facility's units in alignment with the development of the fish stock, therefore, they will remain quite small in financial terms this year.

To date, we have for example expanded the premises and tank capacity of the hatchery and fingerling unit, as well as carried out a number of upgrades to water circulation and our water purification capacity, resulting in better water quality, higher biosecurity and improved growth. We have also initiated corresponding improvements in the first of our grow-out units, in order to be able to transfer the first fish batches there once the fingerlings have reached the appropriate size, and we will move ahead with other measures in line with the investment program to meet the needs of the growing fish stock.

Before the restart, we also developed our processes and routines, aiming to further develop our biosecurity and raise it to an even higher level. As part of our new routines, fish farming activities now run in three shifts on a 24/7 basis to ensure the eggs and fingerlings are monitored and looked after by our experts round the clock.

The collaboration with the Finnish Food Authority during the entire period managing the virus outbreak has been very good and has continued actively until the restart. Their role in financing the virus sanitation and via the compensation for the culled fish has been very important to the company during the operational break. In March, we carried out a rights offering to finance the first stage of the planned restart of operations, including the improvement investments that are planned for 2023. The offering was finally oversubscribed. We are thankful for the trust shown in us by our shareholders who participated in the offering and made the restart possible.

Despite the challenging market situation, the successful offering indicates confidence in the sector overall and its long-term opportunities. Both local and global megatrends support Fifax's strategy, and the prospects for land-based farming as a future solution continue to grow stronger. For example, the record sea temperatures this summer are a concrete reminder of the risks that climate change imposes on conventional fish farming. Fifax's technological and operational expertise of large-scale RAS farming, including the insights in biosecurity and management of production stops, is in international demand in the numerous RAS projects running across the world.

In the second half of 2023, we will continue as planned with our restart, the building up of our fish stock and our investments in improvement. We are also working with our customers, on our products and branding to ensure we are prepared for sales when deliveries begin, while also working with financing for the next stage of the restart process, when farming will be scaled up to the facility's full capacity. In parallel with the restart process, we are working on establishing our new consulting operations to commercialize the globally unique know-how we have accumulated.

Key figures

FINANCIAL KEY FIGURES	Jan-Jun 2023⁽¹⁾	Jan-Jun 2022⁽¹⁾	Jan-Dec 2022
EUR thousand			
Revenue	0	873	1,155
Operating profit (loss)	-3,321	-5,189	-7,299
Result for the financial period	-3,593	-5,541	-7,985
Earnings per share, undiluted and diluted (EUR) ⁽²⁾	-0.09	-0.22	-0.31
Cash flow from operating activities	-2,287	-4,634	-5,869
Investments	-345	-476	-514
Cash at bank and in hand	3,505	3,270	985
Equity ratio %	79%	71%	74%
Average full-time employees	18	31	31
Salaries and compensations, total	838	1,138	2,109
Balance sheet total at the end of the period	22,136	24,976	20,711
Number of outstanding shares at the end of the period ⁽³⁾	54,248,984	25,756,168	25,756,168
Weighted average number of outstanding shares during the period ⁽³⁾	38,932,196	25,756,168	25,756,168
OPERATIONAL KEY FIGURES			
	Jan-Jun 2023⁽¹⁾	Jan-Jun 2022⁽¹⁾	Jan-Dec 2022
Fish stock at the beginning of the period, tonnes	0	315	315
Fish stock at the end of the period, tonnes ⁽⁴⁾	2	331	0
Fish produced, HOG tonnes	0	192	229

¹Unaudited

²There are no dilutive instruments, and therefore diluted and undiluted earnings per share are the same.

³The number of outstanding shares at the end of the period and the calculation of the weighted average number of outstanding shares during the period exclude the 150,000 shares that the company holds.

⁴Aquaculture operations began when the first batch of new eggs was received in March 2023, following the conclusion of the IHN decontamination measures at the facility at the beginning of the year. It takes roughly 18 months for fish to grow from egg to marketable size. Fingerlings from the first batch of eggs were moved to the fingerling unit in June.

Calculation of key figures:

Earnings per share, undiluted (EUR) = Net result for the financial period/Weighted average number of outstanding shares during the period

Earnings per share, diluted (EUR) = Net result for the financial period/Weighted average number of outstanding shares during the period including (+) the number of any diluting shares

Investments = Investments in tangible and intangible assets as in the cash flow statement

Equity ratio % = (equity + equity-termed capital loans) / (total assets - prepayments received)

Market outlook

Fifax farms and sells ecologically sustainable and healthy rainbow trout using an ultra-intensive implementation of RAS (Recirculating Aquaculture System) technology. Up to 99.7% of the water used in the process is purified and recirculated. Phosphorus, nitrogen and other by-products of farming are recovered and therefore do not contribute to eutrophication of the sea, thus also reducing the climate impact, compared to fish farming at sea. The demand for sustainably farmed and locally produced fish is strong, and Fifax's customers have welcomed deliveries of all the fish we have produced. Fifax has also received positive feedback on the quality of fish.

Strong megatrends related to food support the growth of sustainable fish farming. Important factors influencing the food market include the following:

- Consumers' increasing awareness of the health benefits offered by a diet including less red meat.
- Greater climate and environmental awareness and pursuit of sustainable development and a circular economy, as well as demands for corporate responsibility made by consumers. This trend is particularly pronounced in the markets around the Baltic Sea, which Fifax primarily targets.
- Increased demand for locally produced food.
- Demand for food free from antibiotics, chemicals and pesticides.

However, while the demand for fish increases, the supply of fish is limited. Currently, the catch of wild fish exceeds sustainable limits in much of the seas worldwide, and the seas in Europe are particularly vulnerable¹. Meanwhile, the areas suitable for conventional fish farming at sea are limited and increasingly exposed to the growing environmental risks resulting from climate change.

Land-based aquaculture is a noteworthy solution that can help meet the increasing demand for fish and supply fish with considerably smaller environmental and climate impacts than conventional sources. The protected and stable farming environment in RAS makes it possible for Fifax to offer fresh fish continuously all year round, which the company's management consider a strong competitive advantage. Moreover, the farming environment of a RAS facility is better protected against contaminants and diseases found in sea water, providing a safer environment for fish and, ultimately, healthy food for consumers.

Fifax focuses primarily on the Finnish and Swedish markets around the Baltic Sea. In Finland, the demand for fish has doubled since the 1980s. Supply relies heavily on imported fish, which accounted for 69% of the fish consumed in Finland in 2020² and for roughly 74% of the fish consumed in Sweden in 2019³. In both countries, consumers are seeking more sustainable foodstuffs and increasingly prioritise domestic and locally produced alternatives⁴. The market supply of domestic fish traditionally consists of caught fish and fish farmed using conventional methods in sea pens, which are heavily influenced by seasonal and temperature changes. The capacity of our Eckerö facility corresponds to approximately 6% of the consumption of salmon and rainbow trout in Finland.

¹ Food and Agriculture Organization of the United Nations (FAO)

² Natural Resources Institute Finland (Luke) – Luken meri- ja sisävesien ammattikalastusta, vesiviljelyn tuotantoa, kalan jalostusta ja ulkomaankauppaa koskevat tilastot.

³ RISE Research Institutes of Sweden, 2019

⁴ Kantar TNS Agri (2019). n=1014

Growth strategy

Fifax's vision is to be a forerunner in large-scale aquaculture with a minimal impact on the environment. Consumers are increasingly aware of the environmental impacts of food production, which boosts demand for sustainably produced protein sources. This is particularly emphasised in Fifax's key markets in the Baltic Sea region.

2023 RESTART AND THE IMPROVEMENT INVESTMENTS

In connection with the ongoing restart of aquaculture operations, the company is also continuing its investments in the facility's biosecurity, production efficiency and energy efficiency. The improvements include strengthening processes and routines, technological upgrades, and a compartmentalisation of the facility into a larger number of hygiene compartments, featuring separate water flows, than previously. These will jointly improve fish growth, water quality and biosecurity while reducing the environmental impact of operations.

We also aim to maximise the value of side streams generated from our operations. The nutrient-rich by-products resulting from production, which mainly consist of sludge, fish trimmings and fish that died before slaughter, are currently used in feed and fertilisers.

DEVELOPING AND ESTABLISHING A SUSTAINABLE BRAND

In connection with the restart, the company aims to increase the value of its products by further processing fish into consumer products and by investing 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.

Fifax's facility in Eckerö has been ASC certified since 2022. The audit is repeated annually and was carried out by DNV in spring 2023. ASC's standards for sustainable aquaculture impose high demands on environmental and social responsibility.

COMMERCIALISING ACCUMULATED KNOW-HOW

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 competence in the establishment, operation and maintenance of RAS facilities. This offers Fifax an attractive opportunity to productise its process competence in a growing market and leverage its position as a forerunner in the field by setting up an advisory and licensing business.

EXPANSION THROUGH REPLICATION IN THE LONG TERM

When the current production facility reaches full capacity, the company plans to expand its operations by investing in additional capacity in other locations. Additional production facilities will offer operational scale advantages and diversify operational risks. With the expansion, Fifax also expects to achieve moderate cost advantages through the replication of structures and technology, as well as through faster start-up of production.

To accelerate the implementation of various elements of its strategy, the company is also looking into potential acquisitions.

SUSTAINABILITY

Sustainability is a key element of our strategy, and we have specified targets for the climate and environmental impact of our fish during continuous, full-scale operations. According to the targets set, Fifax's land-based, ultra-intensively farmed fish have a considerably smaller climate and environmental impact than conventionally farmed fish, as the sludge is collected and therefore does not affect the sea through eutrophication or the build-up of methane gas. The company continues to optimise its energy use and production process to improve efficiency in terms of the use of feed, oxygen and water purification chemicals. The nutrient-rich by-products resulting from production, which mainly consist of sludge, fish trimmings and mortalities before harvest, are currently used in feed and fertilisers. Fifax continues to investigate options for refining side streams to generate higher added value.

Objectives

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

- Hatchery and fingerling unit are in full production and first grow-out unit started, with investments in improved 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 approximately 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

Operational development

In the first half of 2023, we focused on the restart of our aquaculture operations.

In March, the authorities determined that the decontamination measures adopted in response to the IHN virus detected in the facilities in June 2022 had been successfully completed. In accordance with the Animal Diseases Act, the Finnish government fully covered the direct costs from the measures.

As a result, the first batch of new eggs could be introduced to the hatchery, and aquaculture operations were started. During the period, the batch developed in accordance with our targets, the eggs hatched and developed into fingerlings. At the end of the period, the batch totalled 2.4 tonnes. The following egg batches were received during the summer.

During the first stage of the restart process, the investments in improvement that were initiated by the end of the half-year period will focus on the needs of the hatchery and fingerling unit, as well as on the preparations for the restart of the first of three grow-out units, which is scheduled to take place during the autumn. The goal of the investments is to further boost biosecurity, increase capacity and improve water quality.

Revenue and results

The figures in brackets refer to the comparison period in 2022.

In the period 1 January–30 June 2023, the company had no revenue (EUR 0.9 million), as the facility was emptied of fish in 2022, following the IHN outbreak detected in June of that year.

Other operating income comprises an income of EUR 0.1 million from the culling and decontamination services that the Finnish Food Authority procured in connection with the IHN outbreak during the period up to January 2023.

The direct costs totalled EUR 0.1 million (EUR 2.6 million) and included the purchase of fish eggs, fingerlings (only in 2022), feed, oxygen, chemicals and electricity that are used in the production environment and can be partly scaled to capacity. The direct costs also include the purchase of packaging material and freight costs for sales that are scalable to sales volumes. The costs are mainly related to the period in which aquaculture operations were underway. As operations did not start until March 2023, and the period consequently only encompassed operations in the hatchery and fingerling unit, the direct costs have been very limited.

Personnel expenses were EUR 0.8 million (EUR 1.2 million). At the end of January, six people were temporarily laid off and eight people were given notice of termination of employment when the decontamination work ended in January and operations were reorganised for the restart period. In the period 1 January–30 June 2023, the company had on average 18 (31) employees, expressed as full-time equivalents for the full year.

Other operating expenses were EUR 1.7 million (EUR 1.5 million). The expenses for activities such as maintenance have been considerably smaller in 2023, as operations were at a standstill until March and have since encompassed only the hatchery and fingerling unit, which now houses fingerlings hatched from the first batch of eggs. The 2023 expenses also include a non-recurring item of EUR 0.6 million related to the rights offering and the conversion of unpaid accrued interest for capital loans into equity.

Depreciation according to plan amounted to EUR 0.8 million (EUR 0.8 million).

Balance sheet, financing and investments

Investments amounted to EUR 0.3 million (EUR 0.5 million for 1 January–30 June 2022). Among other things, the investments comprise improvements in biosecurity, reliability and water environment, the focus being on the hatchery and fingerling unit, as well as on water quality in the facility at large – in other words, on the parts of the facility that will come online during the first stage of the restart process, accounting for approximately a tenth of the planned overall investment programme. Fifax has been granted an investment grant totaling a maximum of EUR 150 thousand by the European Maritime and Fisheries Fund for those improvement investments which are scheduled to be completed by 31 August 2023. The grant has not yet been paid out, as the investments are still ongoing. Fixed assets amounted to EUR 17.7 million (EUR 18.2 million on 31 December 2022).

On 30 June 2023, inventories amounted to EUR 0.05 million, comprising the fish stock, feed and chemicals used in farming. At the end of the period, the company's fish stock totalled roughly 2,400 kg (0.0 million, 0 kg on 31 December 2022).

Receivables totalled EUR 0.9 million (EUR 1.5 million on 31 December 2022), of which EUR 0.6 million were short-term receivables (EUR 1.2 million on 31 December 2022).

Cash and cash equivalents amounted to EUR 3.5 million (EUR 1.0 million on 31 December 2022).

On 30 June 2023, total assets amounted to EUR 22.1 million (EUR 20.7 million on 31 December 2022).

On 30 June 2023, equity amounted to EUR 17.5 million (EUR 15.3 million on 31 December 2022).

Liabilities amounted to EUR 4.6 million (EUR 5.4 million on 31 December 2022), including EUR 3.8 million in long-term loans from financial institutions. According to the payment plan, the following loan payment is due on 1 April 2024, and the loan must be repaid entirely no later than 1 April 2025. The loan terms require an equity ratio of at least 30%. On 30 June 2023, the equity ratio was 79% (74% on 31 December 2022). In addition, the company's cash and cash equivalents are required to exceed EUR 1 million as of 1 May 2023. The loan terms also included an EBITDA-based covenant, for which a waiver was received in previous periods and will continue until the end of the loan period.

The balance sheet total amounted to EUR 22.1 million (EUR 20.7 million on 31 December 2022).

During the period, the company successfully financed the first stage of its restart process through a rights issue, which will enable the planned improvements and the restart of the first grow-out unit, which is progressing according to plans. After the completion of the first stage, the company's annual operating capacity will total 1,000 tonnes.

To complete the restart and ramp-up of aquaculture operations to full capacity, the company plans to raise further financing in the form of both equity and debt capital. However, commitments to finance the restart of operations had not yet been secured by the end of the period. Further information is available in the following section, *Going concern and financing*.

Going concern and financing

Following the detection of the IHN virus at the company's plant in June 2022, the facility was emptied of fish and decontamination measures were adopted. The measures were completed in early 2023. In March, aquaculture operations recommenced with the introduction of new egg batches in the hatchery. In parallel a rights issue was carried out to finance the first stage of the facility's restart. Additional funds are required to successfully complete the facility's restart and to finance the fish stock's growth until the first batch reaches slaughter size in 2024 and thus the continued operations.

The demand for sustainably farmed fish is strong and continues to increase in Fifax's target markets. Operations were developing well prior to the IHN outbreak: new direct channels to the retail channel had been established, price development was good, and customer feedback was very positive. While numerous RAS projects are currently underway across the world, few of them are yet operational. Therefore, there is international demand for Fifax's technological and operational expertise in large-scale RAS farming. The virus outbreak has also provided the company with new insight and experience that are valuable in the sector. To date, the restarted operations have developed in line with plans and targets, and the planned improvements have so far progressed according to plans. The operational basis for the restart is therefore sound, and management therefore considers it reasonable to assume that sufficient financing will be possible to secure to complete the restart of operations and secure the continued operations as a going concern.

To secure continuity, the following measures have been adopted:

- In March, the company carried out a rights offering, raising EUR 5.2 million to finance the first stage of the restart process. The offering was oversubscribed by 9.3%.
- In June, the company carried out a directed share issue to convert short-term liabilities into equity, boosting the company's equity ratio.
- The company has achieved cost savings by adjusting costs to match needs during the restart project.
- The company has prepared nutrient and carbon footprint calculations and established climate and environmental targets that are required to secure climate and environmental -focused financing.

In addition to these measures, additional funding is required for restarting operations and continuing as a going concern. In 2023–2024, the company plans to raise further financing in the form of both equity and debt capital in order to complete the restart project. The company estimates that the funding need to meet the mid-term targets is approximately EUR 10 million, that enable the completion of the re-start and ramp-up of operations and which also include several investments that improve productivity and profitability. The investments also support the achievement of environmental goals. As commitments concerning additional funding have not been obtained at the time this half-year report is published, there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Risks and uncertainties

The company's aquaculture operations are starting up step-by-step after the emptying and decontamination of the facility due to the IHN virus was completed in January 2023. The most significant uncertainty factor is access to capital required to complete the restart and the related planned additional investments to reach full continuous production and profitability. In the rights emission carried out in March 2023, capital was raised to enable the restart of and improvements to the hatchery and fingerling unit, as well as improvements to and the restart of the first of three grow-out units.

Additional financing will be required to implement the strategic expansion of production capacity, as existing capacity will be in full use. Our management and board are continuously looking to secure future financing needs, but this involves uncertainties, despite the attractive future prospects for the business.

Operational risks concern aquaculture operations. Significant risks include technological and biological factors that can negatively affect the growth and mortality of the fish stock and in the worst case, may halt production. Biological risks may lead to extensive decontamination efforts. The production environment, water quality and fish stock are monitored continuously (24/7), and the facility's processes, routines and technical structures (incl. hygiene areas, ozonation, UV) strive to optimise the entire system, as well as restrict, detect and address any disturbances to ensure the wellbeing and safety of the fish stock. Factors such as feed conversion, growth and mortality rate have a significant impact on profitability and are directly related to the wellbeing of fish. Disturbances in one part of the production chain can have ripple effects in other parts across the biological growth cycle of fish, while uneven production and potential quality problems in delivered fish can erode confidence in the company's supply chain and lead to financial losses.

Market trends affect demand and the prices that can be obtained for our fish, which in turn affect the conditions for profitability. However, the demand for sustainably farmed, locally produced fish is expected to remain very strong.

Environmental risks relate to water treatment and the potential for uncontrolled discharges. Fifax has a very high water circulation rate, and the water treatment leads to generally 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 resulting from Russia's attack on Ukraine, as well as the sanctions imposed in response to the attack do not directly affect Fifax, as the company's operations are based in Eckerö on Aland Islands, its customers are in Finland and Sweden, and raw material and other supplies are sourced from the Nordics and Western Europe. The increasing focus on security of supply is expected to increase demand for domestic food products, which can have a positive impact on Fifax in the long term.

However, management believes these uncertainties will have an indirect impact on Fifax through the development of market prices for energy, feed and other raw materials, as well as salmon. Sudden changes in market prices also carry the risk that price increases cannot always be fully transferred to sales prices in the short term. Uncertainties also affect the availability of financing and expansion plans.

Annual general meeting

The company's annual general meeting was held on 27 February 2023. At the meeting, the board members and chair of the board were elected for the term of office which expires at the 2024 annual general meeting.

Panu Routila, Ulf Toivonen, Eduard Paulig and Robin Blomqvist were re-elected as board members, while Lars Eric Gustafsson was elected a new board member. Panu Routila was re-elected as chair of the board. The term of office will expire at the end of the 2024 annual general meeting. PricewaterhouseCoopers Oy was chosen as auditor, with Ylva Eriksson, authorised public accountant, as the principal auditor.

The annual general meeting decided to authorise the board to decide on the following matters:

- The issuance of a maximum of 26,000,000 new shares to carry out a rights offering of approximately EUR 5 million. The authorisation is only valid for such an issuance. A total of 25,756,168 shares were issued in connection with the rights offering of 31 March 2023, and the authorisation has thus expired.
- A directed share issue, in one or several batches, of a maximum of 3,300,000 new company shares to creditors for accrued unpaid interest, totaling approximately EUR 0.5 million, attributable to capital loans, the principal of which has previously been converted into the company's shares in accordance with the terms and conditions, and/or to Helmet Capital Oy Ab concerning a loan, the principal and related accrued interest of which amount to approximately EUR 0.2 million. A total of 2,736,648 shares were issued in connection with the share issue of 15 June 2023. The remaining authorisation for 563,352 shares is valid until the end of the next annual general meeting, or 27 August 2024.
- The issuance of shares and/or transfer of the company's own shares, as well as the issuance of special rights, in accordance with chapter 10, section 1 of the Limited Liability Companies Act, entitling to a maximum of 2,500,000 shares. The authorisation is valid until the end of the next annual general meeting, or 27 August 2024.

The annual general meeting also decided on amendments to the articles of association to clarify and specify the company's line of business in accordance with its strategy, and to enable shareholders' meetings to be held remotely without a meeting venue or as hybrid meetings instead of a physical shareholders' meeting, if deemed appropriate by the board.

The company's shares

In March, the company organised a rights issue, offering up to 25,756,168 new shares for subscription, primarily to existing shareholders. Each shareholder was granted the right to subscribe for one (1) new share for each existing share they held at a subscription price of EUR 0.20. A total of 28,151,366 shares were subscribed for, meaning the offering was oversubscribed by 9.3%. A total of 23,668,747 shares were

subscribed for based on subscription rights, and the remaining 2,087,421 were allocated to the subscribers in the secondary subscription in accordance with the terms and conditions of the rights offering. The new shares were entered in the Trade Register on 31 March 2023, and trading in the shares began on Nasdaq First North on 3 April 2023. Through the rights offering, Fifax raised gross proceeds of approximately EUR 5.2 million and net proceeds of approximately EUR 4.7 million, excluding the transaction costs related to the offering.

In June, the company also carried out a directed issue of a maximum of 3,300,000 new company shares to the company's creditors at a subscription price of EUR 0.222 per share in order to convert specified certain loans and interest accrued on them. The company had accrued approximately EUR 0.5 million in unpaid interest attributable to capital loans, the principal of which had previously been converted into company shares. In addition, the company had an interest-bearing loan from Helmet Capital Oy Ab, the terms and conditions of which allow the principal and accrued interest to be converted into equity. The principal and accrued interest amounted to approximately EUR 0.2 million. The conversion of debt improved and clarified the company's capital structure, improved its equity ratio and reduced its debt level. Overall, 2,736,648 new shares were subscribed for and EUR 0.6 million of debt was converted, representing 93.5% of the loan and interest that could be converted in connection with the share issue.

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 30 June 2023 was 54,248,984.

On 30 June 2023, the company held 150,000 of its own shares, or 0.3% of the total number of shares, which were acquired in 2021 at a cost of EUR 382,500 for the purpose of stabilisation in connection with the initial public offering.

On 30 June 2023, the CEO and board members held, directly or via companies under their control, a combined total of 581,705 shares in Fifax Plc (1.1% of all the shares and votes).

Personnel and management

The management team comprises:

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 18 (31) employees on average, expressed as full-time equivalents for the half-year period.

The number of personnel was adjusted at the beginning of the year to match the needs of the restart process.

Significant events after the period

- There have been no significant events after the period.

Financial reporting

The company will publish a half-year report for the first six months of the year and a financial statements release and the financial statements for the full financial year, which is the calendar year.

The 2023 financial statements release, financial statements and board of directors' report will be published in week 10 (week starting 4 March), 2024.

The half-year report for 1 January–30 June 2023 and the 2023 financial statements and board of directors' report will be published via a company announcement and on the company's website www.fifax.ax.

Webcast

A webcast will be held on 25 August 2023 at 12.30 pm Finnish time.

The webcast will be held in English and can be followed live at: <https://fifax.videosync.fi/2023-h1-results>

The materials will be published separately at www.fifax.ax.

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

Additional information

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Certified advisor

The certified advisor is Aktia Alexander Corporate Finance, +358 50 520 4098.

Income Statement

EUR thousand	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
REVENUE	0	873	1,155
Other operating income	123	0	2,449
Materials and services	-134	-2,582	-4,454
Personnel expenses	-838	-1,138	-2,109
Depreciation, amortisation and impairment	-786	-802	-1,415
Other operating expenses	-1,686	-1,540	-2,976
OPERATING PROFIT (LOSS)	-3,321	-5,189	-7,350
Financial income and expenses	-272	-352	-635
LOSS BEFORE APPROPRIATIONS AND TAXES	-3,593	-5,541	-7,985
RESULT FOR THE FINANCIAL PERIOD	-3,593	-5,541	-7,985

Balance Sheet

EUR thousand	30 June 2023	31 December 2022
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	17,725	18,165
Shares in group companies	10	10
TOTAL NON-CURRENT ASSETS	17,735	18,175
CURRENT ASSETS		
Inventories	54	38
Long-term receivables	272	272
Short-term receivables	571	1,240
Cash and cash equivalents	3,505	985
TOTAL CURRENT ASSETS	4,401	2,535
TOTAL ASSETS	22,136	20,711
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	80
Reserve for invested unrestricted equity	72,603	66,845
Retained earnings (loss)	-51,582	-43,598
Result for the financial period	-3,593	-7,985
TOTAL EQUITY	17,508	15,342
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	3,826	3,826
Other liabilities	0	100
Total non-current liabilities	3,826	3,926
Current liabilities		
Loans from financial institutions	0	0
Accounts payable	106	243
Other liabilities	42	111
Accruals and deferred income	654	1,088
Total current liabilities	802	1,442
TOTAL LIABILITIES	4,628	5,369
TOTAL EQUITY AND LIABILITIES	22,136	20,711

Cash Flow Statement

EUR thousand	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Cash flow from operating activities			
Loss before appropriations and taxes (-)	-3,593	-5,541	-7,985
Adjustments (+/-):			
Depreciation and amortisation according to plan	786	802	1,415
Financial income and expenses	272	352	635
Provisions	0	82	0
Cash flow before change in working capital	-2,536	-4,305	-5,934
Change in working capital:			
Change in trade and other receivables	669	393	-391
Change in inventories	-16	-620	1,024
Change in trade and other payables	-333	-17	47
Cash flow from operating activities before financial items and taxes	-2,215	-4,549	-5,254
Interest paid and other financial expenses	-72	-86	-615
Net cash flow from operating activities (A)	-2,287	-4,634	-5,869
Cash flow from investments			
Investments in tangible and intangible assets (-)	-345	-476	-514
Net cash flow from investments (B)	-345	-476	-514
Cash flow from financing activities			
Paid-in equity increase	5,151	0	0
Repayments of short-term loans	0	-1,038	-2,051
Net cash flow from financing activities (C)	5,151	-1,038	-2,051
Net change in cash and cash equivalents, increase (+) / decrease (-)	2,519	-6,148	-8,433
Cash and cash equivalents at the beginning of the financial period	985	9,418	9,418
Cash and cash equivalents at the end of the financial period	3,505	3,270	985

Accounting principles of the half-year report

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

For information about the company's going concern, see the section *Going concern and financing*.

COMPARABILITY OF INFORMATION IN THE HALF-YEAR REPORT

When comparing information in the half-year report with the previous financial period, the following should be considered:

The March 2023 rights offering, and the June 2023 conversion issue gave rise to a non-recurring item of EUR 0.6 million, which is presented under other operating expenses in the income statement for the period January–June 2023.

The figures for the comparison year, 2022, are affected by the detection of IHN, confirmed on 21 June 2022, and the related costs and reimbursements for culling and decontamination. IHN (infectious hematopoietic necrosis), which was detected at Fifax's 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. In accordance with chapter 14 of the Animal Diseases Act (*Eläintautilaki 76/2021*), the state assumed responsibility for the costs and compensation related to the measures determined by the authorities.

- The company received state compensation for the culled fish at market value, totaling EUR 1.6 million, which is presented under other operating income in the income statement for the second half of the period January–December 2022.
- The Finnish Food Authority procured culling and decontamination services from the company for a total of EUR 0.8 million during the second half of the comparison period January–December 2022 and for a total of EUR 0.1 million in the period January–June 2023.
- The direct costs for IHN that do not come under the state's direct liability or for which compensation cannot be sought comprise a non-recurring item of EUR 0.1 million in the comparison period January–December 2022, which is presented under other operating expenses in the income statement.
- The operating costs for the facility during the decontamination rest period and the restart process constitute operating expenses in future periods when conditions are normal. The company has sought compensation for production losses resulting from the authorities' decisions. As the possibility of obtaining such compensation is uncertain, it will not be accounted for until it has been concluded.

Moreover, in the comparison year, the limitation period of some debt expired in the second half of the year, in accordance with the act on limitations. As a result, EUR 569,847.72 in accounts payable was wiped out. The debt consisted of invoices, for which a claim had been brought, concerning investments in the production facility's machines and equipment. This reduced the book value of machines and equipment in the balance sheet by EUR 356,217.82 and depreciation in the income statement by EUR 188,514.46 in the second half of the year in the period January–December 2022.

Statement of changes in equity

EUR thousand

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Total equity
Jan-Jun 2023				
Equity at the beginning of the period	80	66,845	-51,582	15,342
Increase in share capital 31 March 2023, rights offering	0	5,151	0	5,151
Increase in share capital 15 June 2023, directed share issue	0	608	0	608
Result for the financial period	0	0	-3,593	-3,593
Equity at the end of the period	80	72,604	-55,175	17,508
Jan-Jun 2022				
Equity at the beginning of the period	80	66,845	-43,598	23,327
Result for the financial period	0	0	-5,541	-5,541
Equity at the end of the period	80	66,845	-49,139	17,786
Jan-Dec 2022				
Equity at the beginning of the period	80	66,845	-43,598	23,327
Result for the financial period	0	0	-7,985	-7,985
Equity at the end of the period	80	66,845	-51,582	15,342

Collaterals and commitments

EUR thousand	30 June 2023	31 December 2022
Liabilities secured by collateral		
Loans from financial institutions	3,826	3,826
Total loans from financial institutions	3,826	3,826
Given guarantees		
Corporate mortgages	10,100	10,100
Real estate mortgages	10,134	10,134
Total guarantees	20,234	20,234
Lease commitments		
Amounts paid according to lease agreements		
Within the next financial year	62	107
After the next financial year	38	45
Total	100	152
Rental commitments		
Amounts paid according to rental agreements		
Within the next financial year	859	859
After the next financial year	2,210	2,633
Total	3,068	3,492
Purchase commitments, fish		
Amounts paid according to purchase agreements	222	635
Total	222	635
Repayment liability for the investment grants received		
Investment grants received; liability expires in 2025	2,403	2,403
Total	2,403	2,403



FIFAX