FIFAX

Better fish for the world.

FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT
1 January 2023–31 December 2023

FIFAX Plc

Industrivägen 115
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Domicile Eckerö
Business ID: 2453290-9

The financial statements must be retained until 31 December 2033.
This document is a translation of the official financial statements in Swedish.

Contents

Samppa Ruohtula, CEO

The restart of aquaculture operations at the Eckerö facility, underway since March 2023, is progressing according to plan, and we have reached the most critical targets for the year. The first batch of eggs has developed well, and at the time of writing this review, the largest individuals are reaching a size of 200 grams. The hatchery and fingerling units are in full production, and the first of our three grow-out units is filling up.

The first grow-out unit still accommodates the growing fish stock, but with absolute fish growth increasing as the fingerlings become larger, the unit will quickly fill up during the next few months. The fish stock has already grown from 59 tonnes at the year-end to 100 tonnes at the end of February 2024.To match growth, we will deploy the next two grow-out units as planned in order to achieve our full production capacity of approximately 3,200 tonnes per year.

The comprehensive virus decontamination of our facility, completed early last year, offered new unique insights that will help us raise the RAS farming biosecurity, process and technology standards. The source of the virus has not been identified; however, the uncertainty has contributed to making the critical review of the biosecurity of the facility and all potential entrance paths even more thorough. The facility's emptying also enabled the implementation of such improvements that would not have been possible to implement without the emptying of water. We have also developed our processes and work routines, aiming for an increasingly higher level of security and stability. Positive results can already be seen in the farming process and growth.

We were able to resume operations thanks to the continued support shown by our shareholders and other financiers. Over the year, we raised gross proceeds totalling EUR 9 million in an oversubscribed rights offering in March and a private placement in December. We have also negotiated an extension until the end of 2026 and a grace period without amortisations up to October 2025 for our outstanding bank loans of EUR 3.8 million. These measures have already secured the main part of the financing we estimated to be needed to complete the restart and all the planned development investments in biosecurity and farming technology. Additional assets will be required to complete the restart and achieve the 2024 targets. The exact amount depends on how the fish continue to develop and when sales can resume. Our efforts to secure the financing will continue during the spring.

Land-based aquaculture is a new industry, and the long-term outlook remains promising. The global challenges facing food production – climate change, emissions and eutrophication, along with environmental risks related to fisheries and conventional fish farming – must be solved. The geopolitical development of recent years has also highlighted the importance of security of supply and locally produced food.

In early 2024, we focused on securing the fish stock's growth and the ramp-up of the next grow-out unit. Meanwhile, we are preparing to resume sales in cooperation with our customers. We are also continuing the launch of our advisory business to help other projects in this new and growing industry succeed and contribute to responsible and sustainable food production worldwide.

Board of Directors' Report
1 January – 31 December 2023

Operational development

2023 was marked by the restart of operations following the readjustment that the virus outbreak in 2022 caused. At the end of the year, the hatchery and fingerling unit were in full production, and operations recommenced at the first grow-out unit during the autumn. The planned investments for boosting biosecurity and aquaculture technology in these units have also been carried out. The company was also preparing for the start of an advisory and licensing business that utilise Fifax's RAS expertise.

Aquaculture operations resumed in March 2023 when the first batch of eggs was introduced into the hatchery, following the completion of decontamination measures and the six-week dry period at the beginning of the month. Several egg batches have since been received, and the fingerlings are developing as planned. The first batch has been transferred to the first grow-out unit during the autumn.

In 2022, the facility was emptied of fish and decontaminated based on a decision by the Finnish Food Authority. The authorities handled the costs and measures and also procured culling and decontamination services from Fifax. In addition, Fifax received compensation for the culled fish. The company received a total of EUR 2.5 million during the 2022 period up to January 2023.

As the company is now rebuilding a new fish stock solely from eggs, it did not have any revenue in 2023. However, previous customer feedback on the quality of the fish sold has been very good, and market prices have also developed favourably.

Key figures

FINANCIAL KEY FIGURES	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2021
EUR thousand			
Revenue	**0**	1,155	1 004
Operating profit (loss)	**-6,669**	-7,299	-9 822
Result for the financial period	**-7,225**	-7,985	-13 687
Earnings per share, diluted and undiluted[1] (EUR)	**-0.15**	-0.31	-0,94
Cash flow from operating activities	**-5,165**	-5,869	-9 627
Investments	**-718**	-514	-963
Equity ratio %	**79%**	74%	75 %
Average full-time employees	**17**	31	28
Salaries and compensations, total	**1,764**	2,109	1,875
Balance sheet total at the end of the period	**22,249**	20,711	31 223
Number of outstanding shares at the end of the period [3]	**75,019,554**	25,756,168	25,756,168
Weighted average number of outstanding shares during the period [3]	**47,734,743**	25,756,168	14,594,344 [2]

OPERATIONAL KEY FIGURES	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2021
Fish stock at the beginning of the period, tonnes	**0**	315	413
Fish stock at the end of the period, tonnes	**59**	0	315
Fish produced, tonnes	**0**	229	288

[1]There were no dilutive instruments as per 31 December 2023, and therefore diluted and undiluted earnings per share are the same.
[2]Adjusted according to the decision of the Annual General Meeting held on 10 May 2021 to redeem and cancel 47,406,260 shares without consideration on 11 May 2021.
[3]The number of outstanding shares at the end of the period and the calculation of the average number of outstanding shares during the period excludes the 150,000 shares the company holds.

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, less the investment grants received
Equity ratio % = (equity + equity-termed capital loans) / (total assets - prepayments received)

Revenue and results

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

In the period 1 January–31 December 2023, the company had no revenue (EUR 1.2 million), as the facility was emptied of fish in 2022, following the IHN outbreak detected in June of that year. Aquaculture operations resumed in the financial period, with the first egg batch introduced in the hatchery in March after the completion of the decontamination procedure and the ensuing dry period. Fish in the new fish stock are expected to reach slaughter size during the following financial period.

Other operating income comprises 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. In the 2022 comparison period, this item included income of EUR 0.8 million from the culling and decontamination services procured by the Finnish Food Authority, EUR 1.6 million in state compensation for the culled and dead fish, as well as other compensation items related to the IHN outbreak.

The materials and services costs, totalling EUR 0.2 million (EUR 4.5 million), are related to the period after aquaculture operations resumed. They include the purchase of, for example, fish eggs, feed, oxygen, chemicals and electricity used in the production environment, as well as packaging material and freight costs in the comparison period. At this initial stage, the costs remain low, as the farmed fish stock is still quite small. The costs are also partly compensated for by the increase in inventory resulting from the growing fish stock. During the 2022 comparison period, 229 tonnes of fish were produced, and farming continued until mid-August before the facility was emptied of fish.

Personnel expenses were EUR 1.8 million (EUR 2.1 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. The company had on average 17 (31) employees, expressed as full-time equivalents for the full year 2023.

Other operating expenses were EUR 3.2 million (EUR 3.0 million). The 2023 expenses include a non-recurring item of EUR 0.7 million related to the rights offering, private placement and conversion issue carried out during the period. In the 2022 comparison period, other operating expenses also included a non-recurring item of EUR 0.1 million related to costs arising from IHN that the company itself is responsible for.

Depreciation according to plan amounted to EUR 1.6 million (EUR 1.4 million).

Operating loss amounted to EUR -6.7 million (EUR -7.4 million).

Balance sheet, financing and investments

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

Investments amounted to EUR 0.9 million (EUR 0.5 million). The 2023 investments focused on improvements in biosecurity and water quality in sea water intake, in the fingerling unit and in the first grow-out unit that was restarted during the period. The fingerling unit's capacity was also expanded as part of risk management measures. Related to the period's investments, the company received an investment grant of EUR 0.2 million, meaning that the period's net investments totalled EUR 0.7 million.

On 31 December 2023, tangible assets amounted to EUR 17.3 million (EUR 18.2 million).

Inventories totalled EUR 0.4 million (EUR 0.0 million) on 31 December 2023 and mainly comprised the fish stock, amounting to 59 tonnes of fish, as well as feed and chemicals for the water treatment process. At the end of the comparison period, the company had no fish stock.

On 31 December 2023, receivables totalled EUR 0.5 million (EUR 1.5 million), of which EUR 0.3 million were short-term receivables (EUR 1.2 million). Short-term receivables at the end of the comparison period included EUR 0.6 million of receivables for the decontamination services provided.

On 31 December 2023, cash and cash equivalents totalled EUR 4.1 million (EUR 1.0 million).

On 31 December 2023, total assets amounted to EUR 22.2 million (EUR 20.7 million).

On 31 December 2023, equity totalled EUR 17.7 million (EUR 15.3 million).

Liabilities amounted to EUR 4.6 million on 31 December 2023 (EUR 5.4 million) and included EUR 3.8 million in long-term loans from financial institutions. The payment plan and loan terms were renegotiated in December. According to the payment plan in force on the balance sheet date, the following loan payment is due on 1 October 2025, and the loan must be repaid entirely no later than 31 December 2026. The loan terms require an equity ratio of at least 30%. On 31 December 2023, the equity ratio was 79%. In addition, the company's cash and cash equivalents are required to exceed EUR 1 million. 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 22.2 million (EUR 20.7 million).

During the period, the company raised EUR 9 million of new financing in the form of equity and received an investment grant of EUR 0.2 million for the restart and the improvement investments planned in conjunction with the restart. As the financing obtained is not sufficient for completing the entire restart process, the company is seeking additional financing primarily in the form of loan capital and investment grants to meet its needs. To date, the restart has proceeded according to plan, and the company's owners and financiers have shown the company continued support in the completed share issues and the renegotiated loan repayment plan. Management therefore considers it reasonable to assume that it will secure the funding required to complete the restart of operations and continue as a going concern. The financial statements have therefore been prepared based on the principle of going concern.

However, a material uncertainty exists at the time of signing of the financial statements, as commitments to fully fund the restart of operations have not yet been obtained. Further information is available in the section *Going concern and financing*, on page 22.

Research and development activities

Research and development activities comprise development and optimisation of the production process, water purification technology and energy efficiency in the facility, as well as the further processing of production side streams. Through the analysis of fish growth, water quality and fish management new improvement measures can be identified and the effect of development is continuously evaluated.

No development expenses were capitalised during the financial period.

Sustainability and the environment

Fifax's vision is to be a forerunner in large-scale sustainable aquaculture. Consumers' increasing awareness of the environmental impact of food choices is boosting the demand for sustainably produced goods. Sustainability is a key element of Fifax's strategy and operations.

The world's seas and oceans sequester 16 times more carbon dioxide than land biospheres, but this depends on a healthy ecosystem and marine biodiversity in seas, oceans and their coastal environments. The eutrophication of seas and oceans, pollution and rising sea temperatures threaten the marine ecosystem and its ability to sequester carbon dioxide.

The Baltic Sea is a relatively enclosed and shallow sea area, which makes it extremely sensitive to human activity. Eutrophication is a problem, especially in the archipelago and coastal waters. Meanwhile, the demand for fish – and domestic fish in particular – is increasing in the Baltic Sea region. Fish farming that does not have an adverse impact on the sea is therefore important around the Baltic Sea.

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. As the phosphoric and nitrogenous sludge from farming is recovered, it does not contribute to marine eutrophication, in contrast to sea-based fish farming. Moreover, the collection of sludge significantly reduces the climate impact of aquaculture compared to farming in open net pens at sea, where the sludge cannot be recovered. Instead, it accumulates on the seabed where it is broken down mainly under anaerobic conditions, releasing methane gas. The climate impact of methane is 28 times that of carbon dioxide.

Production side streams, which mainly consist of sludge, fish trimmings and fish that died before slaughter, are currently used in feed and fertilisers. Fifax is also investigating ways to develop the refining of side streams to continuously generate higher added value. In 2023, as production resumed and the fish stock was being built up from eggs alone, side streams were very small, and in some cases, nonexistent.

Sustainability is an important aspect of our operations overall. Fifax's facility in Eckerö has been ASC certified since 21 February 2022, and it is audited annually. The ASC (Aquaculture Stewardship Council) is an independent, international non-profit organisation founded by the World Wide Fund for Nature (WWF) and the Sustainable Trade Initiative (IDH), which is responsible for the leading certification and labelling programme for the aquaculture industry. The organisation's standards set high demands for environmental and social responsibility. The standards are designed to minimise the impact of aquaculture on the surrounding environment, which includes responsibly managing fish stocks and resources and following an approach that is socially responsible for employees and the local community. The internal processes that ensure compliance with the requirements have been reviewed by DNV prior to certification, and a new review is conducted annually.

Fifax's environmental impact consists of the resources used in aquaculture operations: water, energy, feed, oxygen and chemicals for water treatment. The water used is withdrawn from the sea and returned there after purification. The levels of substances such as phosphorus, nitrogen and oxygen in the outgoing water are measured regularly. All the electricity used in the facility is generated using renewable energy, and the company continues to optimise its energy consumption. Seeing as the facility uses renewable energy, feed accounts for the bulk of the climate impact of farmed fish. It is also the main source of environmental impact in Fifax's value chain, which is why feed efficiency and feed choice are important. Fifax uses feed that meets the ASC standards' criteria for traceability and transparency in the raw material chain, responsible sourcing of marine and non-marine ingredients, and restriction on the proportion of wild-caught marine ingredients in the feed. The feed is mainly plant-based (around 75%) and includes soy, which comes from certified sources. A significant portion of the ingredients used in our feed consists of by-products and co-products generated in the production of, for example, vegetable oils and food starch, supporting the circular economy. The consumption of oxygen and water purification chemicals also constitutes a significant share of the climate impact of our current aquaculture operations, as the production of these substances is energy intensive. We are looking for alternatives produced with renewable energy in order to further reduce the climate impact of our operations. Fifax continues to optimise its production process to improve efficiency in terms of the use of feed, oxygen and water purification chemicals.

Our climate and environmental impact targets of our fish during continuous, full-scale operations are:

- 3.9 kg of CO_2-eq./kg fillet, which is significantly lower than for conventionally farmed fish, taking into account the anaerobic decomposition of sludge on the seabed.

- 0.13 kg of phosphorus/tonne live weight, and 1.22 kg nitrogen/tonne live weight, which is less than 1% of the emissions from conventionally farmed fish.

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 vulnerable[1]. 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. In Finland, the demand for fish has doubled since the 1980s. Supply relies heavily on imported fish, which accounted for 66% of the fish consumed in Finland in 2022[2] and for roughly 74% of the fish consumed in Sweden in 2019[3]. In both countries, consumers are increasingly prioritising domestic and locally produced food[4]. The current global situation places further emphasis on security of supply and locally produced food. The market supply of domestic fish traditionally consists of caught fish and fish farmed using conventional methods in sea pens, which

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[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] Hornborg, S., Bergman, K., Ziegler, F. (2021). Svensk konsumtion av sjömat. RISE 2021
[4] Kantar TNS Agri (2019). n=1014

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.

Risks and uncertainties

The company is carrying out a comprehensive restart of aquaculture operations after the emptying and decontamination of the facility due to the IHN virus. Most of the financing for the restart and the planned additional investments related to the restart was raised in 2023. However, the company continues to seek additional financing, mainly in the form of loan capital, required to complete the remaining part of the restart, which includes the continued building up of the fish stock to reach full continuous production and profitability.

Additional financing will also be required to implement the strategic expansion of production capacity once existing capacity is 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.

As the source of the IHN virus has not yet been identified with certainty, all potential access points have been thoroughly scrutinised during the critical review of the facility's biosecurity. The facility's biosecurity has been improved, for example, by enhancing work routines and adopting technological improvements such as increased UV and ozone treatment of water and the facility's division into a larger number of hygiene compartments. The risk of a similar incident occurring in as closed a facility as Fifax's is considered minor, and the recent improvements in biosecurity further reduce the risk. However, risks can never be eliminated completely.

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 an almost completely closed water circulation within the facility, with 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, 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 may 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 the market price of 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.

General meeting resolutions

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 as 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 authorised the board of directors to decide on a rights offering comprising a maximum of 26,000,000 new shares. A rights offering was carried out on 30 March 2023 ('the rights offering'), which means the authorisation has expired.

The annual general meeting also authorised the board of directors to decide on a directed share issue, in one or several batches, of a maximum of 3,300,000 shares to creditors to convert accrued interest of approximately EUR 500,000, attributable to capital loans, the principal of which has previously been converted into the company's shares, as well as to convert an interest-bearing loan of approximately EUR 150,000, including the accrued interest. A directed share issue was carried out on 14 June 2023 ('the conversion issue'). After the issue, the authorisation encompasses 563,352 shares and 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 held an extraordinary general meeting on 4 December 2023. The extraordinary general meeting authorised the board of directors to decide on a directed issue of shares and the issue of special rights entitling to shares in one or several batches. The authorisation was given for a maximum of 25,000,000 shares. A share issue was carried out on 5 December 2023 ('the private placement issue'), and 4,229,430 shares now remain of the authorisation. The authorisation is valid until the end of the next annual general meeting, or 30 June 2024.

The company's shares and shareholders

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 ('the rights issue'). A total of 28,151,366 shares were subscribed, 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, a total of 25,756,168 shares were issued. 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 conversion issue'). 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 allowed 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 was eligible for conversion in connection with the share issue. The new shares were entered in the Trade Register on 15 June 2023.

In December, the company carried out a private placement for a limited number of institutional and other qualified investors, in deviation from the shareholders' pre-emptive right, of 20,770,570 shares at a subscription price of EUR 0.183 per share ('the private placement issue'). The new shares were registered in the Finnish Trade Register on 12 December 2023. Through the rights offering, Fifax raised gross proceeds of approximately EUR 3.8 million and net proceeds of approximately EUR 3.6 million, excluding the transaction costs related to the offering.

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 2023 was 75,169,554.

On 31 December 2023, the company held 150,000 of its own shares, or 0.2% of the total number of shares.

TRADING IN THE SHARES

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

In the period 2 January 2023–29 December 2023, the average daily trade volume was 18,997 shares and the average closing price was EUR 0.269 per share, with a high of EUR 0.499 and a low of EUR 0.186.

The closing price on the last trading day in the financial period, 29 December 2023, was EUR 0.189.

On 31 December 2023, the company's market value was EUR 14.2 million.

SHAREHOLDERS

Fifax had 75,169,554 shares and 1,507 shareholders on 31 December 2023, including nominee-registered shares. The company held 150,000 of its own shares on 31 December 2023. The Company's shares are registered with a notary service. Information about shareholders is based on information from Euroclear Finland Oy.

THE TEN LARGEST SHAREHOLDERS ON 31 DECEMBER 2023

Shareholder	Holding on 31 December 2023	Proportion
Finnish Industry Investment Ltd	12,881,290	17.1%
FV Group AB	12,794,322	17.0%
Ahlström Invest B.V	12,074,801	16.1%
Holdix Oy Ab	8,708,790	11.6%
Oy Etrisk Ab	5,750,382	7.6%
Turret Oy Ab	2,442,900	3.2%
Aaland Mutual Insurance Company	1,836,618	2.4%
Varma Mutual Pension Insurance Company	1,600,000	2.1%
Veritas Pension Insurance Company	1,214,589	1.6%
Gummerus Oy	1,044,908	1.4%
The ten largest shareholders in total	**60,348,600**	**80.3%**
Nominee-registered shares	1,244,018	1.7%
Others	13,576,936	18.1%
Total	**75,169,554**	**100%**

For information about the largest shareholders, please see the company's website at www.fifax.ax.

DISTRIBUTION ON 31 DECEMBER 2023

Number of shares	Number of shareholders	Number of shares	Proportion
1–100	211	9,824	0.0%
101–1,000	678	350,398	0.5%
1,001–10,000	463	1,575,086	2.1%
10,001–100,000	113	3,793,268	5.0%
100,001–1,000,000	32	9,092,378	12.1%
1,000,000–	10	60,348,600	80.3%
Total	**1,507**	**75,169,554**	**100%**

Board, management and auditors

BOARD AND CEO

At the annual general meeting on 27 February 2023, it was decided that the number of ordinary board members will be five and that Panu Routila, Ulf Toivonen, Eduard Paulig and Robin Blomqvist will be re-elected. Lars Eric Gustafsson was elected as new member of the board. 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.

The company's CEO is Samppa Ruohtula.

On 31 December 2023, the CEO and board members held, directly or via companies under their control, a combined total of 742,937 shares in Fifax Plc (1.0% of all the shares and votes).

PERSONNEL AND MANAGEMENT

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 17 (31) employees on average, expressed as full-time equivalents for the full year 2023.

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

RELATED PARTIES

Fifax's related parties include the 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.

Further information about transactions with related parties is available in the notes to the financial statements on page 31.

AUDITORS

The company's auditor is PricewaterhouseCoopers Oy, with Ylva Eriksson, authorised public accountant, as the principal auditor.

Further information about fees is available in the notes to the financial statements on page 24.

Significant events after the period

There are no significant events to report.

The board's proposal on the use of distributable funds

Distributable funds amount to EUR 17,596,442.95, of which losses for the financial period total EUR -7,225,487.10. The board proposes to the annual general meeting that the loss for the financial year be transferred to retained losses and that no funds be distributed from distributable shareholders' equity.

Annual general meeting

Fifax Plc's next annual general meeting will be held on Thursday 23 May 2024. The board will send out invitations to the meeting at a later date.

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 half-year report is scheduled for publication on 21 August 2024.

The financial statements and the board of directors' report for the 2023 financial year, as well as the half-year report for the first six months of 2024, will be published via a company announcement and on the company's website www.fifax.ax.

Certified advisor

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

Income Statement

EUR	Note	1 Jan.– 31 December 2023	1 Jan.– 31 December 2022
REVENUE		**0.00**	**1,154,945.72**
Other operating income	**1**	**122,639.79**	**2,449,458.43**
Materials and services			
Materials, supplies and goods			
Purchases during the period		-510,984.71	-3,182,875.30
Change in inventories		318,409.44	-1,023,642.07
Purchased services		-27,130.22	-247,286.20
Materials and services, total		**-219,705.49**	**-4,453,803.57**
Personnel expenses			
Wages and salaries		-1,472,847.17	-1,764,945.70
Social security expenses			
Pension expenses		-242,926.11	-289,469.61
Other social security expenses		-48,089.53	-54,583.27
Personnel expenses, total		**-1,763,862.81**	**-2,108,998.58**
Depreciation, amortisation and impairment			
Depreciation and amortisation according to plan		-1,596,198.72	-1,415,081.18
Depreciation, amortisation and impairment, total		**-1,596,198.72**	**-1,415,081.18**
Other operating expenses	**2**	**-3,212,261.09**	**-2,976,094.32**
OPERATING PROFIT (LOSS)		**-6,669,388.32**	**-7,349,573.50**
Financial income and expenses			
Other interest and financial income			
From others		187.74	272.39
Interest and other financial expenses			
To others		-556,286.52	-635,262.44
Total financial income and expenses		**-556,098.78**	**-634,990.05**
LOSS BEFORE APPROPRIATIONS AND TAXES		**-7,225,487.10**	**-7,984,563.55**
RESULT FOR THE FINANCIAL PERIOD		**-7,225,487.10**	**-7,984,563.55**

Balance Sheet

EUR	Note	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	3		
Land and water		145,918.47	145,918.47
Buildings and structures		10,103,938.10	10,395,843.56
Machinery and equipment		6,571,065.54	7,039,007.12
Other tangible assets		466,144.92	489,168.84
Construction in progress		0.00	95,546.59
Total tangible assets		**17,287,067.03**	**18,165,484.58**
Investments	4		
Shares in group companies		10,000.00	10,000.00
Total investments		**10,000.00**	**10,000.00**
TOTAL NON-CURRENT ASSETS		**17,297,067.03**	**18,175,484.58**
CURRENT ASSETS			
Inventories			
Materials and supplies		92,006.00	38,271.00
Other inventories		264,674.44	0.00
Total inventories		**356,680.44**	**38,271.00**
Receivables	5		
Long-term receivables			
Other receivables		272,733.28	271,808.28
Total long-term receivables		**272,733.28**	**271,808.28**
Short-term receivables			
Accounts receivable		0.00	620,674.66
Other receivables		75,495.44	37,404.60
Prepayments and accrued income		191,531.38	581,897.36
Total short-term receivables		**267,026.82**	**1,239,976.62**
Receivables		**539,760.10**	**1,511,784.90**
Cash and cash equivalents		**4,055,199.18**	**985,353.60**
TOTAL CURRENT ASSETS		**4,951,639.72**	**2,535,409.50**
TOTAL ASSETS		**22,248,706.75**	**20,710,894.08**

Balance Sheet

EUR	Note	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	80,000.00	80,000.00
Reserve for invested unrestricted equity		76,404,340.51	66,844,556.74
Retained earnings (loss)		51,582,410.46	-43,597,846.91
Result for the financial period		-7,225,487.10	-7,984,563.55
TOTAL EQUITY		**17,676,442.95**	**15,342,146.28**
LIABILITIES			
Non-current liabilities	7		
Loans from financial institutions		3,826,497.01	3,826,497.01
Loans from shareholders		0.00	100,000.00
Total non-current liabilities		**3,826,497.01**	**3,926,497.01**
Current liabilities	8		
Accounts payable		115,671.99	242,651.92
Other liabilities		46,832.54	111,329.72
Accruals and deferred income		583,262.26	1,088,269.15
Total current liabilities		**745,766.79**	**1,442,250.79**
TOTAL LIABILITIES		**4,572,263.80**	**5,368,747.90**
TOTAL EQUITY AND LIABILITIES		**22,248,706.75**	**20,710,894.08**

Cash Flow Statement

EUR	1 January – 31 December 2023	1 January – 31 December 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before appropriations and taxes (-)	-7,225,487.10	-7,984,563.55
Adjustments (+/–):		
Depreciation and amortisation according to plan	1,596,198.72	1,415,081.18
Financial income and expenses	556,098.78	634,990.05
Cash flow before change in working capital	-5,073,189.60	-5,934,492.32
Change in working capital		
Change in trade and other receivables	972,024.80	-390,558.75
Change in inventories	-318,409.44	1,023,642.07
Change in trade and other payables	-202,782.59	47,199.85
Cash flow from operating activities before financial items and taxes	-4,622,356.83	-5,254,209.15
Interest paid and other financial expenses	-542,264.33	-614,728.93
Net cash flow from operating activities (A)	**-5,164,621.16**	**-5,868,938.08**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets (-)	-873,781.17	-513,624.27
Investment grants received (+)	156,000.00	0.00
Net cash flow from investments (B)	**-717,781.17**	**-513,624.27**
CASH FLOW FROM FINANCING ACTIVITIES		
Paid-in equity increase	8,952,247.91	0.00
Repayments of short-term loans (-)	0.00	-2,050,570.28
Net cash flow from financing activities (C)	**8,952,247.91**	**-2,050,570.28**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C) INCREASE (+) / DECREASE (-)	**3,069,845.58**	**-8,433,132.63**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**985,353.60**	**9,418,486.23**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**4,055,199.18**	**985,353.60**

Notes to the Financial Statements

General accounting principles

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

COMPARABILITY OF INFORMATION IN THE FINANCIAL STATEMENTS

When comparing information in the financial statements with the previous financial period, the following should be considered:

The March 2023 rights offering, the June 2023 conversion issue and the December 2023 private placement gave rise to a non-recurring item of EUR 0.7 million, which is presented under other operating expenses in the income statement for the period January–December 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, totalling 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–December 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 normal operating expenses. 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 the result is known.

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 0.6 million in accounts payable was dissolved. The debt consisted of invoices, which had been disputed, 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 0.4 million and depreciation in the income statement by EUR 0.2 million in the comparison period.

Measurement and recognition principles of the financial statements

REVENUE RECOGNITION

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

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

MEASUREMENT OF TANGIBLE ASSETS

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

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

The depreciation and amortisation periods are as follows:

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

MEASUREMENT OF INVENTORIES

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

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

At the end of the comparison period, 31 December 2022, there were no fish in the facility.

DEFERRED TAX ASSETS

Deferred tax assets have been calculated from the temporary differences between the taxation and the financial statements by using the tax rate for the future years as determined on the balance sheet date.

In accordance with the prudence principle, the company has not included in the balance sheet any deferred tax assets arising from the tax losses carried forward, the tax losses yet to be confirmed for the financial period, or from unused tax depreciation.

The amount of the unrecognised deferred tax assets is presented in Note 5.4.

RECEIVABLES, FINANCIAL ASSETS AND LIABILITIES

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

Going concern and financing

In 2023, the company successfully restarted operations at the facility after the facility had been emptied and decontaminated due to the IHN outbreak detected in June 2022. Aquaculture operations resumed in March with the introduction of the first batch of eggs in the hatchery and further farming stages. Several other egg batches have been received since. During 2023, the company raised a large share of the financing needed for the restart, for the build-up of the fish stock and to continue the investment programme that was initiated in 2023 and aims to improve biosecurity and farming technology. However, the company's cash and cash equivalents at the date of signing of the financial statements are not sufficient to fund the restart of operations fully, and thus the company's operations as a going concern. Additional funds are required to successfully complete the facility's restart and to finance the fish stock's growth and the operations during the restart phase, until the company can generate sufficient revenue. In addition, a degree of uncertainty remains as to when sales of the new fish stock can begin. With this background, the board has evaluated the assumption of going concern up to the date of signing of the financial statements.

Until the discontinuation of operations caused by IHN, the company was continuously delivering fish to its customers, and it had opened new direct channels with retailers. Customer feedback has been positive, and the price of salmon has developed favourably. As indicated by the inquiries received by the company, there is also an interest in ASC certified, environmentally farmed rainbow trout in other markets within the EU. In other words, the operational conditions for the restart of sales are very good.

The company's management has prepared a financial forecast for the restart of operations, covering 18 months, including the continued building up of the fish stock and the completion of the planned investments aimed at further improving biosecurity and farming technology. The need for operational financing until the company can generate sufficient revenue to operate as a going concern is dependent on the fish stock developing as planned and on the timing of the sales restart. The management and the board of directors are continuing their efforts to secure the financing and operational conditions required.

The following measures have been adopted to finance the restart and secure continued operations:

- In March 2023, the company raised EUR 5.2 million in a rights offering.
- In December 2023, the company raised EUR 3.8 million in a private placement.

- In December, the company renegotiated the repayment plan for its loan of EUR 3.8 million (as per 31 December 2023) from financial institutions. Repayments will resume in October 2025, and the loan must be repaid in full in December 2026. No repayments will be made in 2024.
- In 2023, the company applied for and received EUR 0.2 million in investment grants from the European Maritime and Fisheries Fund for improvement investments related to the restart.
- In January, the company completed change negotiations to adjust its cost structure and workforce to match the needs for restarting operations.

As stated, the measures adopted are not sufficient to finance the operations until the company can finance the needs of the business through its own turnover. Negotiations on new loan financing are underway with financiers. Fifax has also in the beginning of 2024 applied for an investment grant from the European Maritime, Fisheries and Aquaculture Fund (previously, the European Maritime and Fisheries Fund) in relation to the first part of the improvement investments planned for 2024.

As commitments concerning additional funding had not been obtained on the date of signing of the financial statements, there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. However, based on the measures to date, the management considers it reasonable to assume that adequate funding primarily in the form of loan capital and grants will be secured and has therefore decided to prepare the financial statements as a going concern.

Notes to the Income Statement

1. OTHER OPERATING INCOME

	2023	2022
Income from culling and decontamination services	122,639.79	773,363.95
Compensation granted for culled and deceased fish in accordance with the Animal Diseases Act (Eläintautilaki), section 83	0.00	1,577,047.95
Compensation claimed for other costs related to IHN	0,00	45,001.12
Insurance compensation related to IHN, before the authority's culling decision	0.00	54,045.41
Total	**122,639.79**	**2,449,458.43**

2. OTHER OPERATING EXPENSES

	2023	2022
Premises and maintenance	972,526.00	974,692.53
Machinery, equipment, rent and maintenance	465,524.47	627,841.15
Purchased administration services	1,379,632.18	798,401.68
Travel, sales and marketing	125,445.34	162,736.64
Other operating expenses	269,133.10	412,422.32
Total	**3,212,261.09**	**2,976,094.32**

Purchased administration services include expenses of EUR 0.7 million related to the rights offering, conversion issue and private placement carried out during the period.

2.1 AUDITORS' FEES

	2023	2022
PricewaterhouseCoopers Oy		
Audit	45,168.81	65,335.66
Tasks referred to in section 1, subsection 1, paragraph 2 of the Auditing Act	2,100.00	0.00
Tax consulting services	4,735.00	1,575.00
Other services	33,711.00	18,211.00
Total	**85,714.81**	**85,121.66**

Notes to the Balance Sheet

3. TANGIBLE ASSETS

	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress
Acquisition costs 1 Jan 2023	13,449,340.97	13,829,748.89	587,099.75	95,546.59
Investment grants received 1 Jan 2023	-1,655,694.88	-1,797,183.77	0.00	0.00
Increase 1 Jan–31 Dec 2023	0.00	12,931.52	0.00	860,914.65
Decrease 1 Jan–31 Dec 2023	-65.00	0.00	0.00	0.00
Transfer from construction in progress 1 Jan–31 Dec 2023	65,509.99	890,951.25	0.00	-956,461.24
Investment grants received 1 Jan–31 Dec 2023	0.00	-156,000.00	0.00	0.00
Acquisition costs 31 Dec 2023	**11,859,091.08**	**12,780,447.89**	**587,099.75**	**0.00**
Accumulated depreciation 1 Jan 2023	1,397,802.53	4,993,558.00	97,930.91	0.00
Depreciation 1 Jan–31 Dec 2023	357,350.45	1,215,824.35	23,023.92	0.00
Decrease 1 Jan–31 Dec 2023	0.00	0.00	0.00	0.00
Accumulated depreciation 31 Dec 2023	**1,755,152.98**	**6,209,382.35**	**120,954.83**	**0.00**
Book value 31 Dec 2023	**10,103,938.10**	**6,571,065.54**	**466,144.92**	**0.00**

	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress
Acquisition costs 1 Jan 2022	13,414,623.15	14,026,859.34	493,259.65	58,102.07
Investment grants received 1 Jan 2022	-1,655,694.88	-1,797,183.77	0.00	0.00
Increase 1 Jan–31 Dec 2022	33,613.25	330,203.86	0.00	149,807.16
Decrease 1 Jan–31 Dec 2022	0.00	-544,732.28	0.00	0.00
Transfer from construction in progress 1 Jan–31 Dec 2022	1,104.57	17,417.97	93,840.10	-112,362.64
Acquisition costs 31 Dec 2022	**11,793,646.09**	**12,032,565.12**	**587,099.75**	**95,546.59**
Accumulated depreciation 1 Jan 2022	1,041,818.57	3,955,920.70	76,470.99	0.00
Depreciation 1 Jan–31 Dec 2022	355,983.96	1,226,151.76	21,459.92	0.00
Decrease 1 Jan–31 Dec 2022	0.00	-188,514.46	0.00	0.00
Accumulated depreciation 31 Dec 2022	**1,397,802.53**	**4,993,558.00**	**97,930.91**	**0.00**
Book value 31 Dec 2022	**10,395,843.56**	**7,039,007.12**	**489,168.84**	**95,546.59**

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

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

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

In the comparison period claimed accounts payable attributable to investments in machinery and equipment became time-barred, and the balance was dissolved. This reduced acquisition costs by

EUR 0.5 million and accumulated depreciation for machinery and equipment on the balance sheet by EUR 0.2 million.

3.1 CAPITALISED INTEREST EXPENSES

	31 December 2023	31 December 2022
Remaining book value of capitalised interest expenses	1,016,348.03	1,069,840.03
Total	**1,016,348.03**	**1,069,840.03**

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

4. SHARES IN GROUP COMPANIES

Name, head office location	Closing date	Ownership %	Shareholders' equity	Result for the financial period
Fifax Fastighets Ab, Eckerö	31 December 2023	100%	10,000.00	-3,803.92

The subsidiary was founded in 2021 but it has not engaged in operations. Fifax has applied the provisions in chapter 6, section 1 of the Accounting Act, which exempt a company from the liability to prepare consolidated financial statements if a true and fair view of the financial performance and position of the group is not jeopardised by the consolidated financial statements not being prepared.

5. RECEIVABLES

5.1 LONG-TERM RECEIVABLES

	31 December 2023	31 December 2022
Paid-in rent deposits	272,733.28	271,808.28
Total	**272,733.28**	**271,808.28**

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

5.2 OTHER RECEIVABLES

	31 December 2023	31 December 2022
VAT receivables	75,495.44	37,404.60
Other receivables	0.00	0.00
Total	**75,495.44**	**37,404.60**

5.3 PREPAYMENTS AND ACCRUED INCOME

	31 December 2023	31 December 2022
Accrued income related to decontamination services performed	0.00	217,558.06
Other prepayments and accrued income	191,531.38	364,339.30
Total	**191,531.38**	**581,897.36**

5.4 UNRECOGNISED DEFERRED TAX ASSETS

	31 December 2023	31 December 2022
Deferred tax assets 1 Jan	8,691,428.11	5,956,131.90
Decrease – limitation of confirmed losses in excess of 10 years	-7,026.60	0.00
Increase – confirmed losses	1,313,909.28	2,424,811.07
Increase – unused tax depreciation	283,016.24	310,485.13
Total unrecognised deferred tax assets 31 Dec	**10,281,327.02**	**8,691,428.11**

In compliance with the prudence principle, the company has not recognised deferred tax assets on the balance sheet neither for the confirmed losses totalling EUR 47.3 million or for the losses to be confirmed for the 2023 financial year, nor for the unused tax depreciation of EUR 4.1 million that has not been accounted for in the taxable losses in prior periods or the financial year. Neither losses nor unused tax depreciation for the financial year 1 January–31 December 2023 have been accounted for in the table above. Of the confirmed losses, EUR 35,133.00 fell under the statute of limitations in 2023 and EUR 325,337.93 will come under the statute of limitations in 2024.

6. EQUITY

STATEMENT OF CHANGES IN EQUITY

	31 December 2023	31 December 2022
Share capital 1 Jan	80,000.00	80,000.00
Share capital 31 Dec	**80,000.00**	**80,000.00**
Restricted equity	**80,000.00**	**80,000.00**
Reserve for invested unrestricted equity 1 Jan	66,844,557.74	66,844,557.74
Rights offering 30 March 2023	5,151,233.60	0.00
Conversion issue 14 June 2023	607,535.86	0.00
Private placement 5 December 2023	3,801,014.31	0.00
Reserve for invested unrestricted equity 31 Dec	**76,404,340.51**	**66,844,557.74**
Retained loss 1 Jan	-43,597,846.91	-29,910,826.20
Result for the previous financial period	-7,984,563.55	-13,687,020.71
Retained loss 31 Dec	**-51,582,410.46**	**-43,597,846.91**
Result for the financial period	**-7,225,487.10**	**-7,984,563.55**
Unrestricted equity	**17,596,442.95**	**15,262,146.28**
Total equity	**17,676,442.95**	**15,342,146.28**

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 ('the rights issue'). A total of 28,151,366 shares were subscribed, 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, a total of 25,756,168 shares were issued. 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 certain loans and interest accrued on them ('the conversion issue'). 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 allowed 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 new shares were entered in the Trade Register on 15 June 2023.

In December, the company carried out a private placement for a limited number of institutional and other qualified investors, in deviation from the shareholders' pre-emptive right, of 20,770,570 shares at a subscription price of EUR 0.183 per share ('the private placement issue'). The new shares were registered in the Finnish Trade Register on 12 December 2023. Through the rights offering, Fifax raised gross proceeds of approximately EUR 3.8 million and net proceeds of approximately EUR 3.6 million, excluding the transaction costs related to the offering.

CHANGE IN THE NUMBER OF SHARES

	31 December 2023	31 December 2022
Number of shares 1 Jan	25,906,168	25,906,168
Rights offering 30 March 2023	25,756,168	0
Conversion issue 14 June 2023	2,736,648	0
Private placement 5 December 2023	20,770,570	0
Number of shares 31 Dec	**75,169,554**	**25,906,168**
of which own shares on 31 Dec	150,000	150,000
Number of outstanding shares 31 Dec	**75,019,554**	**25,756,168**

The company's shares consist of one series of shares with equal rights. The company's shares have no nominal value. All shares are fully paid. On the closing date of 31 December 2023, a total of 75,169,554 shares were registered in the Finnish Trade Register.

6.1 DISTRIBUTABLE FUNDS

	31 December 2023	31 December 2022
Unrestricted equity	17,596,442.95	15,262,146.28
Total	**17,596,442.95**	**15,262,146.28**

Distributable funds amount to EUR 17,596,442.95, of which losses for the financial period total EUR -7,225,487.10. The board proposes to the annual general meeting that the loss for the financial year be transferred to retained losses and that no dividend be paid.

7. NON-CURRENT LIABILITIES

	31 December 2023	31 December 2022
Loans from financial institutions	3,826,497.01	3,826,497.01
Loans from shareholders	0.00	100,000.00
Total	**3,826,497.01**	**3,926,497.01**

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

The payment plan has been renegotiated during the period, and according to the decision on extension, repayments will resume on 1 October 2025, with the last instalment due on 31 December 2026. Under the loan terms and conditions, the credit providers' approval is required for any payment of dividends and other returns The loan terms and conditions have been renegotiated during the loan period concerning the payment plan, interest and covenants. The loan terms require an equity ratio of at least 30%. In accordance with the loan agreement, equity ratio is calculated as shareholders' equity/balance sheet total. On 31 December 2023, the equity ratio was 79%. The loan terms also require a minimum of EUR 1 million in cash and cash equivalents.

Loans from shareholders were converted in their entirety to unrestricted equity in connection with the conversion issue in June 2023.

8. CURRENT LIABILITIES

8.1 OTHER LIABILITIES

	31 December 2023	31 December 2022
VAT liability	0.00	77,113.63
Other liabilities	46,832.54	34,216.09
Total	**46,832.54**	**111,329.72**

8.2 ACCRUALS AND DEFERRED INCOME

	31 December 2023	31 December 2022
Accrued interest	69,534.48	563,235.89
Accrued personnel expenses	425,292.06	346,361.33
Other accrued expenses	88,435.72	178,671.93
Total	**583,262.26**	**1,088,269.15**

Accrued interest includes EUR 42,046.81 (496,449.45 on 31 December 2022) of interest previously accrued on capital loans that have been converted to shareholders' equity in previous periods. Interest does not accrue on this amount. During the financial period, in connection to the conversion issue, EUR 452,445.65 was converted to shareholders' equity.

Collaterals and commitments

LOANS FROM FINANCIAL INSTITUTIONS

	31 December 2023	31 December 2022
Loans from financial institutions	3,826,497.01	3,826,497.01
Total loans from financial institutions	**3,826,497.01**	**3,826,497.01**

GIVEN GUARANTEES

	31 December 2023	31 December 2022
Corporate mortgages	10,100,000.00	10,100,000.00
Real estate mortgages	10,133,600.00	10,133,600.00
Total guarantees	**20,233,600.00**	**20,233,600.00**

LEASE COMMITMENTS

	31 December 2023	31 December 2022
Amounts paid according to lease agreements		
Within the next financial year	16,319.17	107,121.02
After the next financial year	31,701.77	44,657.07
Total	**48,020.94**	**151,778.09**

RENTAL COMMITMENTS

	31 December 2023	31 December 2022
Amounts paid according to rental agreements		
Within the next financial year	954,540.48	859,076.16
After the next financial year	2,054,583.35	2,632,859.38
Total	**3,009,123.83**	**3,491,935.54**

PURCHASE COMMITMENTS, FINGERLINGS

	31 December 2023	31 December 2022
Amounts paid according to purchase agreements		
Within the next financial year	0.00	634,859.33
Total	**0.00**	**634,859.33**

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

The company has a long-term rental agreement of 10 years for the production facility, and this will be renewed annually for one year at a time after the initial 10-year period. The period of notice is six months. The agreement can be terminated at the earliest on 5 December 2024 by Fifax and on 5 December 2041 by the lessor. The agreement contains an option to purchase the production facility. After 10 years, Fifax can purchase the production facility at acquisition cost plus the increase in the consumer price index for the Åland Islands at the time the option is exercised.

A rent deposit of EUR 263,677.00 for the production facility is included in long-term receivables on the balance sheet.

REPAYMENT LIABILITY FOR THE INVESTMENT GRANTS RECEIVED

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

	31 December 2023	31 December 2022
Investment grants received; liability expires in 2025	2,402,878.15	2,402,878.15
Investment grants received; liability expires in 2029	156,000.00	0.00
Total investment grants with repayment liability	**2,558,878.15**	**2,402,878.15**

Notes Related to Employees and Related Parties

AVERAGE NUMBER OF EMPLOYEES

	2023	2022
Average number of employees	17	31
Total	**17**	**31**

REMUNERATION AND FEES OF MANAGEMENT

	2023	2022
Remuneration of board members	108,000.00	108,000.00
Salaries and benefits of the CEO	172,500.00	132,250.00
Salaries and benefits of the rest of the management team	486,510.33	491,778.52
Total	**767,010.33**	**732,028.52**

Pension and other salary-related costs for management remuneration and fees were EUR 115,403 and EUR 23,658 respectively in 2023, and EUR 117,473 and EUR 22,016 respectively in 2022.

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

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

TRANSACTIONS WITH RELATED PARTIES

Fifax's related parties include the 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.

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

The company has not entered into any material transactions or transactions departing from arm's length conditions with related parties during the financial year or the comparison period.

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

Signatures to the Financial Statements and Board of Directors' Report

Mariehamn 13 March 2024

Panu Routila
Chair of the Board

Robin Blomqvist
Board Member

Lars Eric Gustafsson
Board Member

Ulf Toivonen
Board Member

Eduard Paulig
Board Member

Samppa Ruohtula
Chief Executive Officer

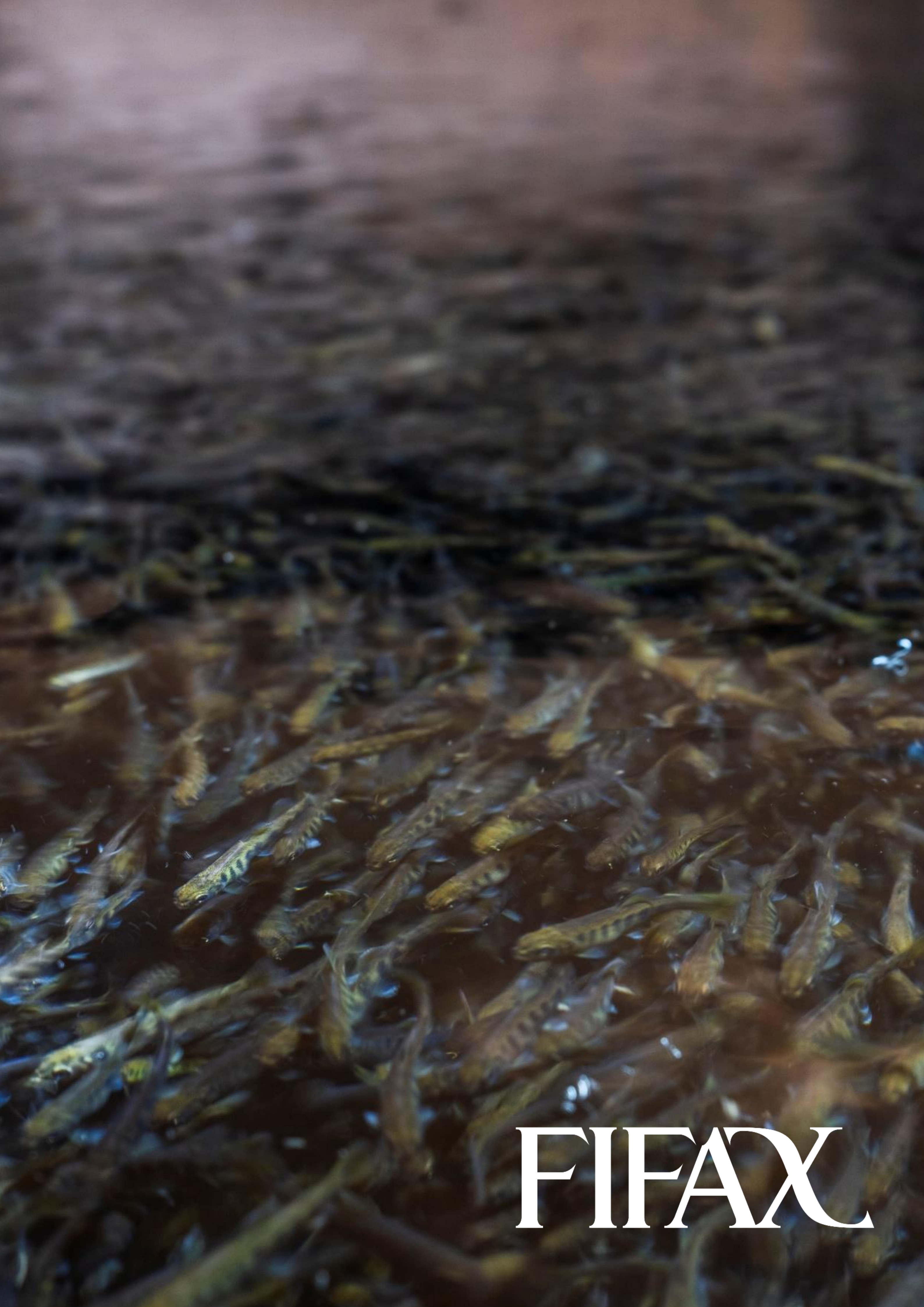
The Auditor's Note

A report of the audit performed has been issued today.

Helsinki 13 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant


FIFAX

Auditor's Report (Translation of the Swedish Original)

To the Annual General Meeting of FIFAX Plc

Report on the Audit of the Financial Statements

Opinion

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

What we have audited

We have audited the financial statements of FIFAX Plc (business identity code 2453290-9) for the fiscal year 1.1.2023–31.12.2023. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

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

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

Independence

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

Uncertainty Related to Going Concern

We draw attention to the financial statements note Going Concern and Financing and to the Board of Directors Report paragraph Balance, Financing and Investments, in which the company states that the company's cash and cash equivalents at the date of signing of the financial statements are not sufficient to fund the restart of the operations fully and thus he company's operations as a going concern. As commitments concerning additional funding had not been obtained on the date of signing of the financial statements, there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

Other Reporting Requirements

Other Information

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

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

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

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

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

Helsinki 13.3.2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)