



FIFAX

Better fish for the world.

FINANCIAL STATEMENTS RELEASE

1 January 2023–31 December 2023

FIFAX Plc's year-end report January – December 2023 (unaudited)

Company announcement 6 March 2024 at 9.00 am

Aquaculture operations have restarted, the fish stock is growing as planned

Significant events in January – December 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 fish stock is growing as planned.
- The company had no revenue during the financial period (EUR 1.2 million).
- Operating loss for the period was EUR -6.7 million (EUR -7.3 million), including non-recurring items of EUR 0.7 million related to the rights offering, the private placement and conversion issue.
- The loss for the financial period was EUR -7.2 million (EUR -8.0 million).
- The company raised EUR 9 million of new capital during the financial period, EUR 5.2 million through its rights offering and EUR 3.8 million through the private placement in December. The company also carried out a conversion issue, which boosted the company's equity ratio, as a capital loan and the accrued capital loan interest totalling EUR 0.6 million were converted into equity.
- In December, the company negotiated a restructuring of its EUR 3.8 million loan from financial institutions, including a grace period without amortisations up to October 2025.
- The assets raised during the year and the renegotiated loan terms enable most of the restart process to be carried through. Further financing is required to complete the restart of the entire production facility as planned.

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.

Key figures

FINANCIAL KEY FIGURES	Jul-Dec 2023⁽¹⁾	Jul-Dec 2022⁽¹⁾	Jan-Dec 2023⁽¹⁾	Jan-Dec 2022
EUR thousand				
Revenue	0	282	0	1,155
Operating profit (loss)	-3,348	-2,161	-6,669	-7,299
Result for the financial period	-3,633	-2,443	-7,225	-7,985
Earnings per share, undiluted and diluted (EUR) ⁽²⁾	-0.06	-0.09	-0.15	-0.31
Cash flow from operating activities	-2,878	-1,235	-5,165	-5,869
Investments	-373	-38	-718	-514
Cash at bank and in hand	4,055	985	4,055	985
Equity ratio %	79%	74 %	79 %	74 %
Average full-time employees	16	29	17	31
Salaries and compensations, total	926	971	1,764	2,109
Balance sheet total at the end of the period	22,249	20,711	22,249	20,711
Number of outstanding shares at the end of the period ⁽³⁾	75,019,554	25,756,168	75,019,554	25,756,168
Weighted average number of outstanding shares during the period ⁽³⁾	56,393,771	25,756,168	47,734,743	25,756,168
OPERATIONAL KEY FIGURES				
	Jul-Dec 2023⁽¹⁾	Jul-Dec 2022⁽¹⁾	Jan-Dec 2023⁽¹⁾	Jan-Dec 2022
Fish stock at the beginning of the period, tonnes	2	331	0	315
Fish stock at the end of the period, tonnes ⁽⁴⁾	59	0	59	0
Fish produced, HOG tonnes	0	32	0	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. 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 2022² and for roughly 74% of the fish consumed in Sweden in 2019³. In both countries, consumers are increasingly prioritising domestic and locally produced food⁴. 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 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 Hornborg, S., Bergman, K., Ziegler, F. (2021). Svensk konsumtion av sjömat. RISE 2021

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 emphasised especially in Fifax's key markets in the Baltic Sea region.

2023 RESTART AND 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 the development of processes and routines, technological upgrades, and a compartmentalisation of the facility into a larger number of hygiene compartments featuring separate water flows. 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 by-products from our production. 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 customers and consumers.

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

COMMERCIALISING THE 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 a 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 fish that died before slaughter, are currently used in feed and fertilisers. Fifax continues to investigate options for refining side streams to generate higher added value.

Objectives

The targets for 2023 were:

- 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.

For farming operations, the targets for 2023 have been reached. The hatchery and fingerling units are in full production, the first grow-out unit has been started, and investments to increase the biosecurity and farming efficiency have been completed in the started units. The establishment of the advisory and licensing business is still in an early phase with resource planning and discussions with potential customers ongoing.

SHORT-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

Obtaining the additional financing needed to complete the re-start is a prerequisite to attain the targets for 2024.

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

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.

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 to biosecurity and water quality in sea water intake, the fingerling unit and the first grow-out unit 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, fixed 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 customer 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 publishing of the financial statements release, 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*.

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 time of publishing of this financial statements release 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 publishing of this financial statements release.

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 operation 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 publishing of this financial statements release, 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.

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 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 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

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 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.

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.

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

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

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 are no significant events to report.

The Board's Proposal for 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 Annual Report (Financial Statements, Board of Directors Report and Auditor's Report) for 2023 will be published during the week starting on 11 March 2024 (week 11) at the latest.

Half Year Financial Review for January–June 2024 is published on August 21, 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 6 March 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-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

CEO Samppa Ruohtula, +358 40 559 8812, samppa.ruohtula@fifax.ax

Certified advisor

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

Income Statement

EUR thousand	Jul-Dec 2023	Jul-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
REVENUE	0	282	0	1,155
Other operating income	0	2,449	123	2,449
Materials and services	-85	-1,872	-220	-4,454
Personnel expenses	-926	-971	-1,764	-2,109
Depreciation, amortisation and impairment	-811	-613	-1,596	-1,415
Other operating expenses	-1,526	-1,436	-3,212	-2,976
OPERATING PROFIT (LOSS)	-3,348	-2,160	-6,669	-7,350
Financial income and expenses	-284	-283	-556	-635
LOSS BEFORE APPROPRIATIONS AND TAXES	-3,633	-2,443	-7,225	-7,985
RESULT FOR THE FINANCIAL PERIOD	-3,633	-2,443	-7,225	-7,985

Balance Sheet

EUR thousand	31 December 2023	31 December 2022
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	17,287	18,165
Shares in group companies	10	10
TOTAL NON-CURRENT ASSETS	17,297	18,175
CURRENT ASSETS		
Inventories	357	38
Long-term receivables	273	272
Short-term receivables	267	1,240
Cash and cash equivalents	4,055	985
TOTAL CURRENT ASSETS	4,952	2,535
TOTAL ASSETS	22,249	20,711
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	80
Reserve for invested unrestricted equity	76,404	66,845
Retained earnings (loss)	-51,582	-43,598
Result for the financial period	-7,225	-7,985
TOTAL EQUITY	17,676	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		
Accounts payable	116	243
Other liabilities	47	111
Accruals and deferred income	583	1,088
Total current liabilities	746	1,442
TOTAL LIABILITIES	4,572	5,369
TOTAL EQUITY AND LIABILITIES	22,249	20,711

Cash Flow Statement

EUR thousand	Jul-Dec 2023	Jul-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operations				
Loss before appropriations and taxes (-)	-3,633	-2,443	-7,225	-7,985
Adjustments (+/-):				
Depreciation and amortisation according to plan	811	613	1 596	1 415
Financial income and expenses	284	283	556	635
Provisions	0	-82	0	0
Cash flow before change in working capital	-2,538	-1,630	-5,073	-5,934
Change in working capital:				
Change in trade and other receivables	303	-784	972	-391
Change in inventories	-301	1,644	-318	1,024
Change in trade and other payables	130	64	-203	47
Cash flow from operating activities before financial items and taxes	-2,407	-706	-4,622	-5,254
Interest paid and other financial expenses	-470	-529	-542	-615
Net cash flow from operating activities (A)	-2,878	-1,234	-5,165	-5,869
Cash flow from investments				
Investments in tangible and intangible assets (-)	-579	-38	-874	-514
Investment grants received	156	0	156	0
Net cash flow from investments (B)	-373	-38	-718	-514
Cash flow from financing activities				
Paid-in equity increase	3,801	0	8,952	0
Repayments of short-term loans	0	-1,013	0	-2,051
Net cash flow from financing activities (C)	3,801	-1,013	8,952	-2,051
Net change in cash and cash equivalents, increase (+) / decrease (-)	551	-2,285	3,070	-8,433
Cash and cash equivalents at the beginning of the financial period	3,505	3,270	985	9,418
Cash and cash equivalents at the end of the financial period	4,055	985	4,055	985

Accounting principles of the financial statements release

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

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

COMPARABILITY OF INFORMATION IN THE ANNUAL ACCOUNTS

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, of which EUR 0.2 million relate to the period Jul – Dec 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 dry 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 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, 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 0.4 million and depreciation in the income statement by EUR 0.2 million 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
1 July – 31 December 2023				
Equity at the beginning of the period	80	72,604	-55,175	17,508
The private placement issue 5 Dec 2023	0	3,801	0	3,801
Result for the financial period	0	0	-2,443	-2,443
Equity at the end of the period	80	76,404	-58,808	17,676

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Total equity
1 July – 31 December 2022				
Equity at the beginning of the period	80	66,845	-46,041	20,883
Profit/loss for the period	0	0	-5,541	-5,541
Equity at the end of the period	80	66,845	-51,582	15,342

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Total equity
1 January – 31 December 2023				
Equity at the beginning of the period	80	66,845	-51,582	15,342
The rights issue 30 Mar 2023	0	5,151	0	5,151
The conversion issue 14 Jun 2023	0	608	0	608
The private placement issue 5 Dec 2023	0	3,801	0	3,801
Result for the financial period	0	0	-7,225	-7,225
Equity at the end of the period	80	76,404	-58,808	17,676

	Share capital	Reserve for invested unrestricted equity	Retained earnings (loss)	Total equity
1 January – 31 December 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	31 December 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	16	107
After the next financial year	32	45
Total	48	152
Rental commitments		
Amounts paid according to rental agreements		
Within the next financial year	955	859
After the next financial year	2,055	2,633
Total	3,009	3,492
Purchase commitments, fingerlings		
Amounts according to purchase agreements	0	635
Total	0	635
Repayment liability for the investment grants received		
Investment grants received; liability expires in 2025	2,403	2,403
Investment grants received; liability expires in 2029	156	0
Total	2,559	2,403



FIFAX