

# Fintoil Q4-2022 Bondholder Report

## General Market information

Raw material market is still tight, which has led to a record high raw material price. The scale of raw material prices is unusually large. The demand for Tall Oil Rosin (TOR) products has decreased, which started to appear already in Q4/22 and the situation looks to continue in Q1/2023. This is partly due to the end of sales to the Russian market, but now demand is also declining in the rest of the market. TOR demand has an impact on the running rates of the CTO refineries, resulting in a scarcity of Fatty Acid (FA) products, which in turn further increases their price. Prices for FA products are at record high levels. Demand for Tall Oil Pitch is high, and market is tight.

## Hamina Construction project

During Quarter 4 the production ramp-up has continued, and Mechanical Completion documents were signed on October 10:th. The production ramp-up started with test run mode and final approval for production received in November by Finnish safety authorities (Tukes).

All products have been produced successfully and targeted product specification have been reached for all products. Samples have been sent to all major customers and approvals have been reached by customers in all different product segments.

Before year end 2022 all project related contracts have been closed and final negotiations with all major suppliers are done and agreed. Final payments still open for a handful of suppliers. Closing and final negotiations together with EPCM provider Neste Engineering still ongoing. Expected to reach common agreement during Q1 2023.

## General proceedings

During Q4 the organization has grown into full scale. Final operation mode is achieved, and production related processes are implemented and taken into use. At the end of December Fintoil had 32 employees and one open position due to a regretted loss within the production team.

Negotiations with raw material suppliers for year 2023 supplies continue. Deliveries from two suppliers are ongoing on regular basis from the beginning of 2023. Agreements for deliveries during 2023 are signed with 2 other suppliers and negotiations with a couple of others are ongoing.

All modules of the new ERP-system are in place and working. During quarter 4 all assets have been taken into use and depreciation plan implemented and monthly depreciations are booked from October month forward.



## Fintoil Hamina Oy 7.500 per cent. Senior Secured Notes

ISIN: FI4000508007

### Information to Noteholders

Reporting period: December 31, 2022

### Construction report

		Confirmation																								
(i)	Confirmation that the construction of the refinery is progressing in accordance with the EPCM Contract	Confirmed																								
(ii)	Confirmation of any adjustments or alterations that have been made that may cause delays or curtailment of construction of the Refinery	None																								
(iii)	Confirmation that the Completion Date will occur prior to the Long Stop Date	Confirmed																								
(iv)	Confirmation that no Cost Overrun Event is continuing and the amount of any Cost Overrun (if any) as at the relevant Quarter Date The EPCM contractor estimates the final forecast cost at EUR 97,2m EUR 16,1m (19,9%) above the approved EPCM budget of EUR 81.065m Equity Cure through Equity input of additional 15 m€ during 2022	Confirmed																								
(v)	Information required for the calculation of the Equity Ratio (as applicable prior to the Long Stop Date) There has been two equity contributions: - 10 M€ Paid in full in June 2022 - 5 M€ Paid in full in September 2022	<div style="text-align: center;">Equity / (Equity + Interestbearing Debt)</div> <div style="text-align: right;">51,25 / (51,25+70,0) 42,3 %</div>																								
(vi)	The amount of Incurred Construction Costs and Remaining Construction Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">- Incurred Construction Costs ( Committed cost, NES reporting)</td> <td style="width: 10%; text-align: right;">95,5</td> <td style="width: 10%;"></td> </tr> <tr> <td>- Remaining Construction Costs</td> <td style="text-align: right;">1,7</td> <td></td> </tr> <tr> <td>- Original Budget</td> <td style="text-align: right;">81,1 M€</td> <td></td> </tr> <tr> <td>- Latest Estimate</td> <td style="text-align: right;">97,2</td> <td></td> </tr> <tr> <td>- Estimated Cost overrun</td> <td style="text-align: right;">16,1 M€</td> <td style="text-align: right;">19,9 %</td> </tr> <tr> <td>- Equity Cure</td> <td style="text-align: right;">15,0 M€</td> <td></td> </tr> <tr> <td>- Respective Latest Estimate</td> <td style="text-align: right;">82,2 M€</td> <td></td> </tr> <tr> <td>- Estimated respective Cost overrun</td> <td style="text-align: right;">1,1M€</td> <td style="text-align: right;">1,4 %</td> </tr> </table>	- Incurred Construction Costs ( Committed cost, NES reporting)	95,5		- Remaining Construction Costs	1,7		- Original Budget	81,1 M€		- Latest Estimate	97,2		- Estimated Cost overrun	16,1 M€	19,9 %	- Equity Cure	15,0 M€		- Respective Latest Estimate	82,2 M€		- Estimated respective Cost overrun	1,1M€	1,4 %
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