Bioretec Ltd

Board of Directors' Report and Financial Statements 2024

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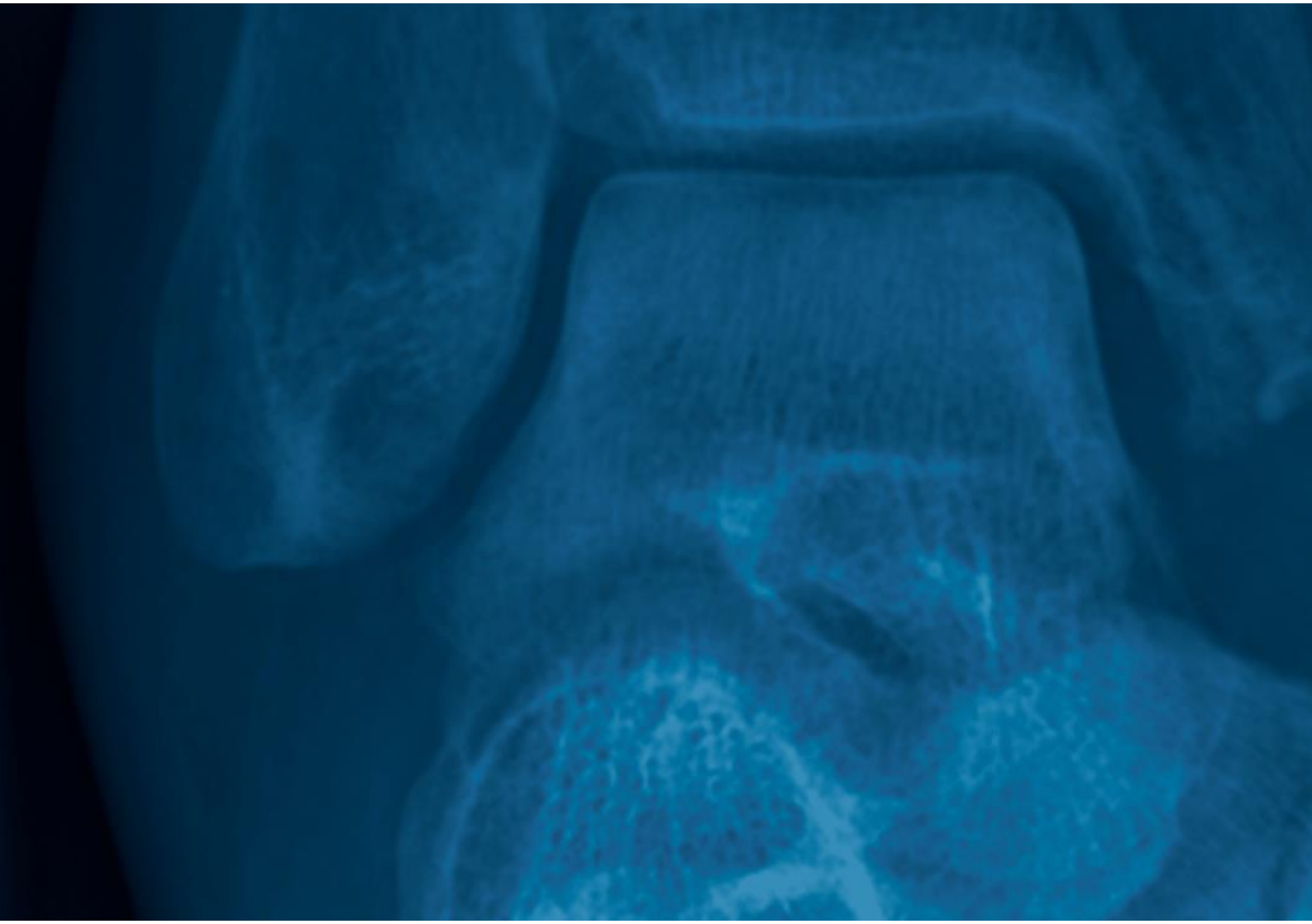
Accounting period: 1 January–31 December 2024
Financial statements must be retained until 31 December 2034.



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Board of Directors' Report for the financial year 2024

Bioretec in brief

Bioretec is a globally operating Finnish medical device company that continues to pioneer the application of absorbable orthopedic implants. The company has unique expertise combining materials engineering and biochemistry in active implants that promote bone growth and accelerate fracture healing after orthopedic surgery. The products developed and manufactured by Bioretec are sold worldwide in approximately 40 countries.

The majority of Bioretec's net sales come from exports. In 2024, 1% of net sales came from Finland and 99% from other countries. The company's end customers include public and private hospitals and hospital chains. Bioretec's products are sold mainly through the company's distributor network.

Bioretec has two product families. The company's new RemeOs product line is based either on magnesium alloy or magnesium alloy-based hybrid composite, introducing a new generation of strong absorbable materials. The first magnesium alloy product, the RemeOs™ Trauma Screw, was granted U.S. market authorization in March 2023, and the first U.S. deliveries of the trauma screws were started in the second half of 2023 and in 2024 the second phase of commercialization begun. Other RemeOs family products still in the development process are the DrillPin, IM-Nail, and spinal cage, and the latest additions are the RemeOs staples and RemeOs plates. The final stages of The EU market authorization process for the RemeOs screw were underway during late 2024 and the CE mark was finally received in January 2025. Bioretec's Activa product portfolio consists of absorbable biopolymer products available for pediatric, trauma, and sports surgery.

Bioretec headquarters and its manufacturing operation is located in Tampere, Finland. At the end of 2024, the company had 47 employees, of which 44 were employed in Finland. Bioretec's shares are traded on the Nasdaq First North Growth Market Finland marketplace. At the end of 2024, Bioretec Group consisted of the parent company Bioretec Ltd (domicile: Finland) and its wholly owned subsidiaries Bioretec GmbH (domiciled in Austria) and Bioretec Inc. (domiciled in the United States).

The company complies with the Finnish Accounting Standards (FAS) in its preparation of consolidated financial statements. In addition, Bioretec complies in its decision-making and corporate governance, for example, with the Finnish Limited Liability Companies Act, securities market legislation, its Articles of Association, and the Nasdaq First North rules. The company also complies with its ethical code of conduct.

Significant events during the review period

- In June, the European market authorization application for the RemeOsTM Trauma Screw returned from expert panel evaluation signaling the market authorization was now expected later than the earlier estimate (Q2/2024).
- In March, Bioretec was granted an FDA Breakthrough Device Designation status for its RemeOs Spinal Interbody Cage.
- In March, Bioretec's RemeOs absorbable magnesium alloy composition was granted a patent by the U.S. Patent Office.
- In May, Alan Donze was appointed Bioretec's CEO.
- In June, Frank Sarcone was appointed as Vice President of Sales for the US and a member of the Management team.
- In June, Bioretec communicated positive clinical outcomes from the controlled launch of RemeOs™ Trauma Screw.
- In September 2024, the following persons were appointed to Bioretec's Shareholders' Nomination Board: Kustaa Poutiainen, Chair and Founder of Stephen Industries Inc Oy as Chair, and Karoliina Lindroos, Head of Responsible Investment of Ilmarinen Mutual Pension Insurance Company and Marko Berg, Deputy Investment Officer of University of Helsinki, as members. The Chairman of the Board of Bioretec acts as an expert on the Nomination Board.
- In October, Bioretec updated its product development strategy and announced the company will accelerate the product development of the RemeOs Spinal Interbody Cage. As a result, the Board of Directors of Bioretec updated Bioretec's financial targets.
- In November, Bioretec signed a new logistics agreement for U.S. operations with customer support services provider GlobalMed Logistix and a new sales and distribution agreement with Tri-State Biologics.
- In November, Bioretec arranged a private placement for institutional and other experienced investors. Through a significantly oversubscribed private placement, Bioretec raised gross proceeds totaling EUR 6.0 million, which will be used to strengthen the commercialization of the RemeOs™ Trauma Screw in the United States and Europe upon the receipt of the market authorization in Europe and to accelerate the product development of the RemeOs Spinal Interbody Cage.

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Consolidated key figures

EUR 1,000	FY 2024	FY 2023	Change, %
Net sales	4,544	3,906	16.3%
Sales margin	3,391	2,810	20.7%
Sales margin (excl. other income)	3,221	2,728	18.1%
Sales margin, %	74.6%	71.9%	
Sales margin % (excl. other income)	70.9%	69,8%	
EBITDA	-4,053	-2,833	43.1%
EBIT	-4,202	-3,034	38.5%
Net profit (loss)	-4,614	-3,789	21.8%
R&D spend on total costs, %	28.7%	25.6%	
Equity ratio, %	84.9%	77.3%	
Cash and cash equivalents	6,289	6,910	-9.0%
Earnings per share (undiluted)	-0.20	-0.19	1.9%
Earnings per share (diluted)	-0.17	-0.15	8.7%
Number of shares at the end of the period (undiluted)	23,336,858	19,536,858	
Number of shares (diluted)	27,515,133	24,908,133	
Number of personnel at the end of the period	47	37	27.0%

Net sales, profitability and financial performance

NET SALES AND SALES MARGIN

Net sales for the financial period from January to December 2024 amounted to EUR 4,544 (3,906) thousand. In 2024, Bioretec's net sales continued the robust growth trend with year-on-year growth of 16.3%, driven by the strong performance of Activa products in European and U.S. markets. 20% (16%) of net sales came from Europe, 24% (22%) from the U.S., and 56% (62%) from the rest of the world. In the United States, the net sales grew significantly, due to increased demand for Activa, which has wider product offerings. For the new RemeOs™ screw, the sales ended at the previous year's level of EUR 350 (336) thousand. The introduction of a new distributor supported the sales. The rest of the world grew modestly by 4%, as China's volume-based procurement drastically lowered the product ASPs despite regional volume growth. China's contribution to net sales in that geographical area was 74% (77%). On the other hand, net sales in Europe grew strongly by 46% year on year. The majority of the existing distributors were able to increase their sales, as the market has recovered and returned to the growth mode after the Covid pandemic and the hospital health care personnel staffing issues.

Sales margin in January–December 2024 grew 21% to EUR 3,391 (2,810) thousand. The sales margin was 75% (72%) of net sales.

EUR 1,000	FY 2024	FY 2023	Change, %
Europe	906	621	45.8%
The U.S.	1,109	853	30.0%
Rest of the world	2,529	2,432	4.0%
Total	4,544	3,906	16.3%

OPERATING EXPENSES

In January–December 2024, Bioretec Group's total operating expenses grew 30% year on year, amounting to EUR 7,593 (5,843) thousand. The increase was due to the growing headcount, expenses relating to commercialization-related activities, resulting in costs for consulting, legal, marketing, and traveling, as well as development costs related to ongoing R&D projects.

The Group’s R&D expenses in 2024 grew 46% year on year and totaled EUR 2,181 (1,493) thousand. The growth was mainly related to the ongoing projects on DrillPin, Coatings (partly financed by Business Finland), and Spinal Cage.

EBITDA AND NET PROFIT

Bioretec Group’s EBITDA in January–December 2024 amounted to EUR -4,053 (-2,833) thousand. The main reasons for the decrease were the higher costs generated by added headcount and inputs to the commercialization and product development. The net loss for the

period was EUR -4,614 (-3,789) thousand. The net loss of the period includes the cost of financing arrangements amounting to EUR 489 thousand. Additionally, the comparison period included the cost of financing arrangements amounting to EUR 775 thousand.

Financial position and cash flows

On 31 December 2024, the Group's equity ratio was 85% (77%) and total liabilities EUR 1,737 (2,427) thousand. The Group's return on equity was -51.4% (-74.6%). Interest-bearing liabilities amounted to EUR 671 (1,046) thousand, including EUR 434 (671) thousand of long-term liabilities.

At the end of the financial period, the Group had EUR 6,289 (6,910) thousand of cash and cash equivalents and money market deposits.

In January–December 2024, cash flow from operating activities totaled EUR -5,107 (-3,437) thousand. Cash flow from financing activities amounted to EUR 5,214 (9,286) thousand. The company arranged a EUR 6 million financing round in October 2024. Additionally, the company had a financing round amounting to EUR 10 million in April 2023.

In January–December 2024, the Group's capital expenditure totaled EUR 729 (161) thousand. Investments during the financial period consisted of costs related to production equipment and related facilities along with RD-project equipment, IPR and market authorization processes, as well as costs capitalized on the new ERP system currently under implementation.

Research & development

In 2023, Bioretec achieved a historic milestone when the company's RemeOs™ Trauma Screw gained market authorization from the US Food and Drug Administration (FDA) as the first absorbable metal implant for the US market. After the reporting period in January 2025, Bioretec received the long-waited CE mark for the RemeOs™ Trauma Screw product portfolio. Bioretec focuses its research and development efforts mainly on expanding the RemeOs product range and indications.

PRODUCT DEVELOPMENT IN THE NEW REMEOS PRODUCT FAMILY

During the first half of the year, as part of the launch of RemeOs™ Trauma Screw in the US, Bioretec provided comprehensive training and education to surgeons who were beginning to use the product. This initiative included several in-person wet lab and cadaver training sessions at selected hospitals, complemented by follow-up consultations with the operating surgeons. The primary objective was to gather both short-term and long-term real-world clinical evidence and data from various US practitioners. To date, the company has collected follow-up data spanning 9-12 months, with all results demonstrating successful outcomes. All treated patients have healed within the anticipated timeframes without any complications.

Additionally, Bioretec's team was actively working on expanding the RemeOs Screw portfolio throughout the year. This expansion is a key part of the strategy under the continuing breakthrough device program and the pursuit of 510(k) market clearance.

Towards the year end, the company initiated the development of single-use instrumentation for the Activa and RemeOs screws, tailored specifically for the US market. One of the specifics of this market is the widespread utilization of disposable single-use instrumentation, driven by the need to optimize efficiency due to the high volume of operations and to lower the risk of infections and cross-contamination. As single-use instruments have a lower risk of infection, using them improves patient outcomes and reduces healthcare costs associated with extended hospital stays and additional treatments.

The long-awaited CE mark approval for RemeOs screws received after the review period in January 2025 marks another significant milestone in the development history of the RemeOs products. This approval covers broad indications for the use of these screws for fracture and malalignment fixations in both the upper and lower extremities of adult and pediatric patients, excluding the small bones of the hand and forefoot. This comprehensive approval covers all cannulated and non-cannulated RemeOs designs, with sizes ranging from diameters of 2.0mm to 4.0mm and lengths from 8mm to 50mm. With this approval, Bioretec can now immediately begin offering the RemeOs™ Trauma Screws to patients across Europe. The CE mark is also recognized as a basis for local registration for almost all other countries except the U.S., China, and Japan. The broad indication coverage will support the collection of real-world clinical evidence across various indications, which will also enable the expansion of indications in the U.S., where the current approval is more limited.

Product development across the RemeOs pipeline continued to reach significant milestones. The RemeOs DrillPin development has entered a new phase, with ethical approvals secured for hammertoe indications in adults and distal radius fractures in children. Planned trials are designed to validate the safety and effectiveness of the RemeOs DrillPin in both adult and pediatric populations, covering a broad spectrum of orthopedic indications. As the RemeOs DrillPin is still a non-CE marked product, approvals from national competent authorities are being sought before commencing the trials.

In March 2024, Bioretec achieved another major milestone when it was granted Breakthrough Device Designation for its RemeOs Spinal Interbody Cage implant by the U.S. Food and Drug Administration. This designation recognizes the product as a breakthrough technology in spinal surgery, specifically designed to restore intervertebral height and facilitate intervertebral body fusion in the cervical spine.

During the second half of the year, the product development of the Spinal Interbody Cage advanced significantly, with the initiation of the first large animal model trials. These trials are crucial for proving the concept in a biological environment and represent a pivotal step towards bringing this innovative solution to the market. This progression not only highlights Bioretec's commitment to innovation but also strengthens our position in advancing orthopedic care with cutting-edge technology.

COLLABORATION WITH LEADING MEDICAL EXPERTS

A key component of Bioretec's development strategy is the invaluable guidance and support from leading experts in the field. In 2024, in line with the evolving product portfolio, Bioretec significantly enhanced its Scientific Advisory Board. This expanded board features a group of surgeons, each a top-tier expert in their respective specialties, including Foot & Ankle, Trauma, Pediatrics, and Spine. The SAB members in orthopedic trauma include Prof. Dr. Klaus Dresing from Germany and Prof. Dr. Fan Liu from China. In foot and ankle surgery, the SAB members are Prof. Dr. Stefan Rammelt from Germany and Dr. Robert Leland from the USA. In pediatric orthopedic trauma, the board members are Prof. Dr. Theddy Slongo from Switzerland and Dr. Verena Schreiber from the USA, and in spine surgery, Prof. Dr. Jeffrey Wang from the USA and Dr. Richard Assaker from France.

Operating environment and market development

Bioretec operates in the global orthopedic market, which is estimated to grow to a level of USD 61.9 billion in 2024, up from USD 59.0 billion in 2023, and with an overall estimated 5.0% increase. The market was relatively stable with robust demand for each of the product segments although procedure volumes and seasonality further normalized. Compared to its historical growth rates, trauma was however even overperforming with an estimated growth of 5.9%. The convergent tailwinds like aging population and improving technologies is estimated to push the overall growth rate to approximately 4% in the coming years.

Bioretec's strategic emphasis is on orthopedic trauma products, valued at around USD 9.0 (8.5) billion in 2024, representing 14.6% of the global orthopedic market. One of the key areas for Bioretec is the foot and ankle segment, which stands out as a dynamic and growing market, driven by the various factors such as intensified awareness of foot and ankle health, sports injuries, rising aging population and the increasing prevalence of ankle and foot disorders. Further, minimally invasive surgical procedures are becoming more popular for the cure of foot and ankle disorders. The surging demand for foot and ankle devices is generating opportunities for key market players and it will remain a focus area in Bioretec´s short and medium-term product pipeline. Industry forecasts project a robust 7% annual growth rate for the foot and ankle market from 2023 to 2033, potentially reaching a total market value of USD 9.3 billion in 2033. Bioretec is well-positioned to leverage this potential and capitalize on the opportunities in the evolving orthopedic landscape.

The United States is currently the largest target market for Bioretec, representing a 68% share of the global orthopedic trauma products in 2024. In Europe, the now effective, more stringent Medical Device Regulation (MDR) is reshaping the market landscape. This regulation, more rigorous than its predecessor, the Medical Device Directive, has led to product withdrawals by orthopedic companies, even though the transition deadline has been extended to 2027 or 2028, depending on the device type. Europe as a market remains one of Bioretec's strategic target areas. In China, the transition to volume-based procurement (VBP) has led to lower prices for trauma fixation implants and has been advantageous for domestic Chinese manufacturers. Bioretec continues to closely monitor the VBP progress and its effects to the local market.

In the long term, the orthopedic trauma market is poised for continued growth, driven by demographic shifts toward an aging population and rising instances of diabetes and obesity. Bioretec is committed to innovating and providing valuable solutions in orthopedic treatment by improving the quality of patient lives and making an impact in global healthcare.

Significant risks and uncertainties

Bioretec's Board of Directors is responsible for Bioretec's risk management. The purpose of risk management is to identify, assess, and manage risks so that they do not affect the achievement of the company's objectives. The company has a risk management policy, which is confirmed by the Board of Directors. The risk management policy supports the implementation of the strategy and business objectives and ensures business continuity.

The company has identified risks and uncertainties that could affect the company's results and financial position. It is Bioretec's strategy to identify and manage risks continuously.

Bioretec's risks can be divided into:

- Risks related to financing, including equities, shares, and trading of the shares
- Risks related to the operating environment, industry, and regulations
- Risks related to product development, manufacturing, and commercialization of products

The company is exposed to various financial risks, such as liquidity, currency, and credit risk. The most important financial risk is the sufficiency of the funding needed to support the Group's strategic growth targets. Liquidity risk is continuously monitored by following up on the amount of available funds, customer credits, and open accounts payables as well as reviewing the monthly forecasted cash flow. The Board of Directors has continued actions to explore funding opportunities and to secure the adequacy of funding. Currently, the company's funding will not be sufficient for the full year of 2025.

Industry-related risks are mainly associated with target markets, which are both highly regulated and conservative and where the introduction of new technologies happens slowly. Risks related to legislation, rules, and regulatory compliance are associated with the Group's industry sector.

One of the risks related to the operating environment is the uncertainty caused by geopolitical tensions and changes. This risk has partly already been realized during the past few years with high inflation, higher energy and logistics costs, and reduced overall security of supply. The latest short-term risk in the operating environment identified relates to the potential new and increased tariffs in the U.S. market.

Personnel

At the end of 2024, Bioretec had 47 (37) employees. The average number of employees from 1 January to 31 December 2024 was 42 (31). Salaries and other personnel expenses in 2024 totaled EUR 3,824 (2,850) thousand.

Changes in the Management Team

On 20 May 2024, Alan Donze was appointed as CEO of Bioretec and Timo Lehtonen as Chief Technology Officer. Frank Sarcone was appointed as Vice President of Sales for the US and a member of the Management team as of 18 June 2024.

On 31 December 2024, the members of Bioretec's Management Team were Alan Donze (Chief Executive Officer), Johanna Salko (Chief Financial Officer), Timo Lehtonen (Chief Technology Officer), Rami Ojala (Sales and Marketing Director), Mari Ruotsalainen (Director of QA & RA), Esa Hallinen (Director of Operations) and Frank Sarcone (Vice President of Sales US).

Annual General Meeting and Board authorizations

The Annual General Meeting of Bioretec Ltd was held on 26 April 2024 in Tampere, Finland. The Annual General Meeting approved the financial statements for the financial year 1 January–31 December 2023 and resolved to discharge the members of the Board of Directors and the CEO from liability for the financial period from 1 January–31 December 2023. The Annual General Meeting approved the Board of Directors' proposal not to distribute dividends.

The Annual General Meeting resolved that the number of members of the Board of Directors will be five (5). Tomi Numminen, Michael Piccirillo, Sarah van Hellenberg Hubar-Fisher, Päivi Malinen and Kustaa Poutiainen were re-elected as members of the Board. The term of the Board of Directors will end at the closing of the Annual General Meeting 2025.

At its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Tomi Numminen as Chairman of the Board. The Board also resolved to establish an Audit Committee and a Nomination/Remuneration Committee. The members of the Committees were elected as follows:

- Audit Committee: Tomi Numminen (chairperson), Päivi Malinen and Sarah van Hellenberg Hubar-Fisher
- Nomination/Remuneration Committee: Päivi Malinen (chairperson), Michael Piccirillo and Kustaa Poutiainen

The Annual General Meeting resolved that the Chairman of the Board will be paid EUR 10,000 per month. The Chairman will participate in the operative management of the company in the upcoming term. Members of the Board will be paid EUR 1,500 per month. Reasonable travel expenses of the members of the Board of Directors shall be reimbursed in accordance with the maximum amount of the respective travel allowance base approved by the Tax Administration.

The Annual General Meeting resolved that the company may enter into a consultancy agreement with Valugen GmbH for the services of Michael Piccirillo in connection with establishing the company's Scientific Advisory Board and with creating key opinion leader connections. The consulting fee payable pursuant to such agreement shall not exceed EUR 3,000 per month.

The Annual General Meeting elected audit firm PricewaterhouseCoopers Oy as the auditor of the company until the closing of the 2025 Annual General Meeting. Audit firm PricewaterhouseCoopers Oy has notified the company that it will appoint Kalle Laaksonen, Authorized Public Accountant, as the responsible auditor. The auditor will be compensated as reasonably invoiced.

AUTHORIZATION OF THE BOARD OF DIRECTORS TO RESOLVE ON THE ISSUANCE OF SHARES AND SPECIAL RIGHTS ENTITLING TO SHARES

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of shares, as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Finnish Companies Act, as follows:

Pursuant to the authorization, up to 3,000,000 shares (including the new shares to be issued based on the special rights) can be issued, which on the date of the notice to the Annual General Meeting corresponded approximately to 15 per cent of all the shares in the company.

The shares or special rights entitling to shares may be issued in one or more tranches, either with or without payment. The shares issued pursuant to the authorization may be new shares or shares in the company's possession. The authorization may be used for financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing the company's share-based incentive plans, or for other purposes determined by the Board of Directors.

Pursuant to the authorization, the Board of Directors may resolve upon issuing new shares, without consideration, to the company itself.

The Board of Directors is authorized to resolve on all terms for share issues and granting of special rights entitling to shares in the company. The Board of Directors is authorized to resolve on a directed share issue and issuance of special rights entitling to shares according to the shareholders' pre-emptive rights and/or in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the company to do so.

The authorization is valid until the end of the next Annual General Meeting, however, no longer than until 30 June 2025. The authorization revokes previous unused share issue authorizations.

ESTABLISHMENT OF A SHAREHOLDERS' NOMINATION BOARD AND APPROVAL OF THE CHARTER

The Annual General Meeting resolved to establish a Shareholders' Nomination Board, responsible for annually preparing and presenting to the Annual General Meeting and, if necessary, to an Extraordinary General Meeting, proposals on the composition (number of the members of the Board of Directors and the nominees) and remuneration of the Board of Directors. In addition, the Nomination Board is responsible for identifying candidates to succeed members of the Board of Directors and preparing principles for diversity for the Board of Directors.

The Nomination Board consists of three members. The company's three largest shareholders are each entitled to nominate one member. The Chairman of the Board of Directors of the company serves as an expert in the Nomination Board and will not have a voting right nor be counted in the quorum of the Nomination Board. The Annual General Meeting resolved to approve the Charter of the Shareholders' Nomination Board, which is available on the company's website at https://bioretec.com/agm2024.

Board of Directors

On 31 December 2024, Bioretec's Board of Directors had five (5) members. The Annual General Meeting held on 26 April 2024 re-elected Tomi Numminen, Michael Piccirillo, Sarah van Hellenberg Hubar-Fisher, Päivi Malinen and Kustaa Poutiainen as members of the Board. The term of the Board of Directors will end at the closing of the Annual General Meeting 2025. At its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Tomi Numminen as Chairman of the Board.

The Auditor

The Annual General Meeting held on 26 April 2024 elected audit firm PricewaterhouseCoopers Oy as the auditor of the company until the closing of the 2025 Annual General Meeting. Audit firm PricewaterhouseCoopers Oy has appointed Kalle Laaksonen, Authorized Public Accountant, as the responsible auditor. The auditor will be compensated as reasonably invoiced.

Bioretec's share, share issues and trading on shares

Bioretec has one share class. Each share has equal voting rights, and all shares of the company provide equal rights to dividend. The company's shares are traded on Nasdaq First North Growth Market Finland marketplace under the trading code BRETEC.

On 31 December 2024, Bioretec had a total of 23,336,858 (19,536,858) shares. The share capital was EUR 3,749 (3,749) thousand. Bioretec does not hold any equity shares. In 2024, the average number of shares was 21,436,858 (16,824,358). The average number of shares (diluted) in 2024 was 26,211,633 (22,258,130).

There were 251 trading days in the review period. A total of 7,084,282 (5,966,391) shares were traded during the period, and the total value of the shares traded was EUR 17,586,406 (15,079,870). The highest price of the share was EUR 2.92 (3.75), and the lowest price

was EUR 1.82 (1.35). The volume-weighted average price was EUR 2.48 (2.53), and the closing price at the end of the period was EUR 2.40 (2.40). In accordance with the closing price, the combined market value of the shares was approximately EUR 56.0 (46.9) million.

SHARE ISSUES

On 27 November 2024, Bioretec Ltd completed a private placement to institutional and other qualified investors. Bioretec raised gross proceeds of EUR 6.0 million in the significantly oversubscribed private placement. In the private placement, the company issued a total of 3,000,000, which represented approximately 14.8 percent of the issued shares in Bioretec prior to the private placement and approximately 12.9 following the private placement. The total number of issued shares in the company after the private placement was 23,336,858.

The proceeds from the private placement will be used to strengthen the commercialization of RemeOs™ Trauma Screws in the U.S. and in Europe upon the receipt of market authorization in Europe and to accelerate the product development of the RemeOs Spinal Interbody Cage following the Breakthrough Device Designation status granted by the FDA in March 2024.

The private placement was carried out based on the authorization granted to the board of directors by the company's annual general meeting of 26 April 2024. In preparing for the private placement, the board of directors of the company made an overall assessment and considered various capital raising alternatives, including the possibility to raise capital through a rights issue. After careful consideration, the board of directors determined that a directed share issue by way of the private placement in deviation from the shareholders' pre-emptive rights is a better alternative for the company's shareholders than a rights issue. More information about the directed share issue is available in the release published on 27 November 2024.

The company estimates that considering its current business plan and the size of the private placement, the gross proceeds raised in the private placement will be sufficient for approximately 8 months. In order to reach positive cash flow from operating activities by the end of the year 2027, in accordance with the current business plan, the company estimates that it will require approximately EUR 18 million in total external funding. Any licensing income or milestones achieved by the company during the upcoming commercialization stages will have an effect on the estimate above.

Shareholders

Bioretec's shares are in the book-entry system maintained by Euroclear Finland, and Euroclear Finland maintains Bioretec's official shareholder register. On 31 December 2024, Bioretec had a total of 4,554 (4,108) registered shareholders, of whom 93% (92%) were private individuals. There were 1,870,049 (534,331) nominee-registered and foreign-owned shares, which was 8.0% (2.7%) of all shares and votes. The largest shareholders and shareholders by sector are available on the company's website at https://bioretec.com/investors/investors-in-english/share/shareholders.

On 31 December 2024, the members of Bioretec's Board of Directors owned a total of 2,573,060 (1,622,690) of the company's shares. The CEO did not own any of the company's shares (at the end of 2023, 0 shares). Other members of the Group's Management Team owned a total of 667 (5,624) company shares. Consequently, the company's executive management held 11.0% (8.3%) of all of the company's shares and votes.

Option programs

The company has established several share option programs as incentive plans for Bioretec's key personnel, members of the Board of Directors, members of the Scientific Advisory Board, the organizer of the share issue, and the former shareholders of the subsidiary Bioretec GmbH in connection with the completion of its acquisition in 2019.

On 31 December 2024, there were four stock option programs open: stock options 2018–1, 2019–1, 2020–1 and 2023-1. The stock options are issued free of charge. The shareholder's rights begin when the shares are registered in the Trade Register. The stock option plans that were open in 2024 or were registered in the Trade Register in 2024 are presented in the table below.

Program ID	Nr of options	Share subscription price, EUR	Nr of shares to be subscribed[1]	Subscription period	Nr of unexercised options[2]	Nr of shares to be subscribed based on the remaining unexercised options[1]
2018-1A	8,500,000	1.50	566,666	1.1.2019-31.12.2026	8,125,000	541,667
2018-1B	8,500,000	1.50	566,666	1.1.2020-31.12.2026	8,500,000	566,667
2018-1C	1,500,000	2.25	100,000	1.1.2021-31.12.2026	1,500,000	100,000
2018-1D	1,500,000	2.25	100,000	1.1.2022-31.12.2026	1,500,000	100,000
2019-1	36,444,250	0.15	2,429,616	20.3.2019-31.12.2029	18,444,250	1,229,616
2020-1A	8,450,000	2.25	563,324	1.1.2022-31.12.2026	5,650,000	376,662
2020-1B	9,150,000	3.00	609,998	1.1.2023-31.12.2026	5,300,000	353,332
2020-1C	8,400,000	3.75	559,998	1.1.2024-31.12.2026	4,550,000	303,332
2023-1	1,000,000	2.84	1,000,000	21.10.2024-31.12.2029[3]	607,000	607,000
Total	**83,444,250**		**6,496,268**		**54,176,250**	**4,178,275**

[1] Except for option program 2023-1, the decision to establish the stock option plans has been made before the reverse split in spring 2021. After the reverse split, one share corresponds to 15 options.
[2] The remaining number of unexercised options has been deducted from the number of already registered share subscriptions. Additionally, those options that have remained unallocated from 1 January 2023 onwards have been deducted from the amount of the remaining option, as the board authorization concerning option program 2020-1 ended on 31 December 2022. In the option program 2023-1, the non-allocated share of the options (1,000,000 – 607,000) has been removed from the amount, that can still be exercised.
[3] As of 21 October 2024, 25% of the option rights given to the option right holder can be subscribed. As of 30 November 2024, shares can be subscribed in monthly installments of 1/36th of the remaining 75% of the option rights given to the option right holder until 31 December 2029.

Significant events after the review period

After the reporting period in January 2025, Bioretec received the long-waited CE mark for the RemeOs™ Trauma Screw product portfolio. The CE mark enables immediate market launch of the RemeOs products in Europe and supports commercialization in non-European countries that recognize the CE mark. This comprehensive approval covers all cannulated and non-cannulated product designs, and indications approved include the use of these screws for fracture and malalignment fixations in both the upper and lower extremities of adult and pediatric patients, excluding the hand and forefoot.

Estimates of future development

Bioretec received market authorization for the RemeOs™ Trauma Screw in the U.S. in March 2023 and in Europe in January 2025. The company expects moderate growth in the early phase of the commercialization in the U.S., where the market authorization is more limited. In Europe, commercialization will proceed through the company's existing distribution channels and partners and the market authorization covers several designs and indications. Therefore, the company is well prepared to launch the products in the market. Healthcare professionals typically take new products into use gradually to gain clinical experience.

RemeOs products are in different stages of product development, and the target is to commercialize them gradually after receiving market approvals from 2025 onwards. The company's long-term prospects and profitability will depend on the future success of gathering clinical data and commercialization of these new magnesium and hybrid composite-based products as well as the company's ability to meet its planned schedule. However, regulatory proceedings have a significant impact on schedules, and the company has no influence on them.

A significant share of Bioretec's future revenue is expected to come from products still in the development and commercialization phase. The company continues to invest in development to ensure successful market entry of the future products. The product development and commercialization is estimated to cause operating losses during the next few years, but the company aims to achieve positive operating cash flow by the end of 2027. In the near future, the company expects to focus on developing its business by strengthening its growth potential and by financing its growth strategy. The company expects to have a positive operational cash flow by the end of 2026. In order to implement the plans, the company estimates that it will need new financing in the second quarter of 2025.

Orthopedic trauma is a growing market, and according to forecasts, the market share of absorbable trauma products is growing and will continue to grow faster than the overall market. The current market trends are aimed at more efficient use of resources, cost control and improvement of clinical outcomes. Aging population increases the need for healthcare services and brings new challenges to the global healthcare industry. These market drivers and further significantly increase the demand for absorbable products, to which the absorbable product innovations developed by Bioretec respond to.

Going concern principle

Bioretec is a growth company in the health technology sector that is currently focusing on the development and commercialization of its new RemeOs products. The company's R&D pipeline includes several products, the development of which requires investments that the company cannot cover with its current income funding.

At the end of 2024, Bioretec completed a funding round, from which the funds raised are estimated to be sufficient until July 2025 in accordance with current plans and cash flow forecasts. To cover the financing needs for the rest of the year, the company plans to raise additional financing during the second quarter of the year. As commitments for additional financing have not been requested and therefore not received at the time of signing these financial statements, this constitutes a material uncertainty factor that may cast significant doubt on the company's ability to continue as a going concern. However, based on the successful financing rounds carried out in the company in the past, the Board of Directors considers it reasonable to assume that financing will also be available this time, and therefore the financial statements have been prepared in accordance with the going concern principle.

In addition to the above-mentioned arrangement, the company's operations may require additional financing in the next few years in order to implement the growth plans. In the medium term, the company's operating cash flow is expected to turn positive by the end of 2027.

The Board’s proposal for the distribution of parent company profit

On 31 December 2024, the parent company’s distributable funds totaled EUR 6,364,318.67. The Board of Directors proposes that the parent company loss of EUR -4,669,883.08 for the financial period from 1 January to 31 December 2024 be credited in the equity as Profit(loss) for previous accounting periods and that no dividend be distributed.

Formulas

Key figure	Calculation formula
Sales margin	Revenue + other operating income - change in inventories - materials and services
Sales margin, %	(Sales margin / revenue) x 100
EBITDA	Revenue + other operating income - change in inventories - materials and services -personnel expenses - other operating expenses
EBIT	Revenue + other operating income - change in inventories - materials and services -personnel expenses - other operating expenses - depreciation and amortization
Net profit (loss)	Revenue + other operating income - change in inventories - materials and services -personnel expenses - other operating expenses - depreciation and amortization – net financial expenses - income taxes
R&D spend on total costs, %	Research and development expenses / (personnel expenses + depreciation + other operating expenses) x 100
Equity ratio, %	Total equity at the end of the period / (total liabilities at the end of the period - advances received at the end of the period) x 100
Cash and cash equivalents	Cash and cash equivalents including money market deposits at the end of the period
Earnings per share (undiluted)	Profit (loss) of the period / shares outstanding at the end of the period
Earnings per share (diluted)	Profit (loss) of the period / (shares + convertible securities outstanding at the end of the period)

Consolidated income statement

EUR	1 January-31 December 2024	1 January-31 December 2023
REVENUE	4,543,609.91	3,906,174.41
Change in stocks of finished goods and work-in-progress increase (+) or reduction (-)	472,139.17	-7,732.85
Other operating income	169,926.04	81,687.03
Materials and services		
Materials, supplies and goods		
Purchases during the accounting period	-1,692,401.03	-1,056,066.42
Inventory increase (+) or decrease (-)	194,557.88	73,013.91
External services	-297,071.48	-187,440.69
Total materials and services	**-1,794,914.63**	**-1,170,493.20**
Personnel expenses		
Wages and salaries	-3,259,529.33	-2,385,084.20
Social security costs		
Pension costs	-472,126.73	-401,414.59
Other personnel expenses	-92,238.48	-63,370.98
Total personnel expenses	**-3,823,894.54**	**-2,849,869.77**
Depreciation and amortization		
Depreciation according to plan	-148,553.65	-121,544.34
Depreciation of consolidated goodwill	0.00	-79,212.25
Total depreciation and amortization	**-148,553.65**	**-200,756.59**
Other operating expenses	**-3,620,197.44**	**-2,792,828.06**
OPERATING PROFIT (LOSS)	**-4,201,885.14**	**-3,033,819.03**
Financial income and expenses		
Other interest and financial income		
From others	185,981.43	102,722.19
Interest and other financial expenses		
For others	-590,054.00	-856,512.93
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**-4,605,957.71**	**-3,787,609.77**
Income taxes		
Taxes for the accounting period	-7,652.40	-1,000.00
PROFIT (LOSS) FOR THE ACCOUNTING PERIOD	**-4,613,610.11**	**-3,788,609.77**

Consolidated balance sheet

EUR	31 December 2024	31 December 2023
A S S E T S		
FIXED ASSETS		
Intangible assets		
Intangible rights	426,365.02	401,012.66
Other intangible assets	196,137.47	83,016.25
Total intangible assets	**622,502.49**	**484,028.91**
Tangible assets		
Buildings and structures	216,710.11	248,420.95
Machinery and equipment	842,576.70	157,045.79
Advance payments and work in progress	40,251.00	383,393.74
Total tangible assets	**1,099,537.81**	**788,860.48**
TOTAL FIXED ASSETS	**1,722,040.30**	**1,272,889.39**
CURRENT ASSETS		
Inventories		
Materials and supplies	604,199.75	409,641.86
Finished products	904,707.43	432,568.26
Total inventories	**1,508,907,18**	**842,210.12**
Short-term receivables		
Account receivables	1,457,375.03	1,216,505.92
Other receivables	196,856.05	300,714.21
Accrued income	300,710.68	114,927.83
Total short-term receivables	**1,954,941.76**	**1,632,147.96**
Money market deposits	**2,452,472.74**	**3,125,871.00**
Cash and cash equivalents	**3,836,387.88**	**3,784,057.60**
TOTAL CURRENT ASSETS	**9,752,709.56**	**9,384,286.68**
TOTAL ASSETS	**11,474,749.86**	**10,657,176.07**

EUR	31 December 2024	31 December 2023
L I A B I L I T I E S		
EQUITY		
Share capital	3,748,592.19	3,748,592.19
Other funds		
Invested unrestricted equity	25,820,759.65	19,700,759.65
Profit (loss) for previous accounting periods	-15,219,437.06	-11,430,827.29
Profit (loss) for the accounting period	-4,613,610,11	-3,788,609.77
Exchange differences	1,906.17	0.00
TOTAL EQUITY	**9,738,210.84**	**8,229,914,78**
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	157,964.85	256,692.81
Capital loans	276,310.00	414,465.50
Total long-term liabilities	**434,274.85**	**671,158.31**
Short-term liabilities		
Capital loans	138,155.50	276,311.00
Loans from financial institutions	98,728.00	98,728.00
Advances received	3,500.01	15,672.32
Accounts payable	258,343.73	477,959.03
Other liabilities	95,157.80	70,578.27
Accrued liabilities	708,379.13	816,854.36
Total short-term liabilities	**1,302,264.17**	**1,756,102.98**
TOTAL LIABILITIES	**1,736,539.02**	**2,427,261.29**
TOTAL EQUITY AND LIABILITIES	**11,474,749.86**	**10,657,176.07**

Consolidated cash flow statement

EUR	1 January-31 December 2024	1 January-31 December 2023
Cash flow from operating activities		
Profit for the accounting period	-4,613,610.11	-3,788,609.77
Adjustments		
Total depreciation and amortization	148,553.65	200,756.59
Financial income and expenses	404,072.57	753,790.74
Other adjustments	7,652.40	1,000.00
Cash flow before changes in working capital	**-4,053,331.49**	**-2,833,062.44**
Change in working capital		
Change in short-term non-interest-bearing receivables	-322,793.80	-1,072,950.39
Change in inventories	-666,697.06	-65,281.06
Change in short-term non-interest-bearing payables	-42,048.56	540,371.15
Operational cash flow before net financial expenses and taxes	**-5,084,870.91**	**-3,430,922.74**
Paid interests and payments from other operating financial expenses	-14,211.29	-5,404.87
Paid direct taxes	-7,652.40	-1,000.00
Cash flow from operating activities (A)	**-5,106,734.60**	**-3,437,327.61**
Cash flow from investments		
Investments for intangible and tangible assets	-728,771.48	-161,350.13
Cash flow from investments (B)	**-728,771.48**	**-161,350.13**
Cash flow from financing		
Paid share issue	6,120,000.00	10,097,500.00
Paid short-term loans	-98,727.96	-36,957.36
Paid long-term loans	-276,311.00	0.00
Paid interests and other payments on financing	-530,522.94	-774,651.30
Cash flow from financing (C)	**5,214,438.10**	**9,285,891.34**
Change in liquid assets (A+B+C) increase (+) or decrease (-)	**-621,067.98**	**5,687,213.60**
Cash and cash equivalents at the beginning of the accounting period*	**6,909,928.60**	**1,222,715.00**
Cash and cash equivalents at the end of the accounting period*	**6,288,860.62**	**6,909,928.60**

*Cash and cash equivalents include funds on bank accounts and liquid financial securities, which are reported as money market deposits in the balance sheet.

Parent company income statement

EUR	1 January-31 December 2024	1 January-31 December 2023
REVENUE	4,543,609.91	**3,906,174.41**
Change in stocks of finished and work-in-progress products, increase (+) or reduction (-)	472,139.17	-7,732.85
Other operating income	161,435.07	81,687.03
Materials and services		
Materials, supplies, and goods		
Purchases during the accounting period	-1,692,401.03	-1,056,066.42
Inventory increase (+) or decrease (-)	194,557.88	73,013.91
External services	-297,071.48	-187,440.69
Total materials and services	-1,794,914.63	**-1,170,493.20**
Personnel expenses		
Wages and salaries	-2,914,699.97	-2,360,438.89
Social security costs		
Pension costs	-472,126.73	-401,414.59
Other personnel expenses	-54,950.34	-56,201.80
Total personnel expenses	-3,441,777.04	**-2,818,055.28**
Depreciation and amortization		
Depreciation according to plan	-147,602.98	-120,519.80
Total depreciation and amortization	-147,602.98	**-120,519.80**
Other operating expenses	-4,058,698.88	**-2,838,584.24**
OPERATING PROFIT (LOSS)	-4,265,809.38	**-2,967,523.93**
Financial income and expenses		
Other interest and financial income		
From others	185,980.23	102,722.19
Interest and other financial expenses		
For others	-590,053.93	-856,512.93
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-4,669,883.08	**-3,721,314.67**
PROFIT (LOSS) FOR THE ACCOUNTING PERIOD	-4,669,883.08	**-3,721,314.67**

Parent company balance sheet

EUR	31 December 2024	31 December 2023
A S S E T S		
FIXED ASSETS		
Intangible assets		
Intangible rights	421,192.26	395,442.00
Other intangible assets	196,137.47	83,016.25
Total intangible assets	**617,329.73**	**478,458.25**
Tangible assets		
Buildings and structures	216,710.11	248,420.95
Machinery and equipment	842,300.27	156,216.59
Advance payments and work in progress	40,251.00	383,393.74
Total tangible assets	**1,099,261.38**	**788,031.28**
Investments		
Shares in group member companies	456,385.10	437,992.60
Total investments	**456,385.10**	**437,992.60**
TOTAL FIXED ASSETS	**2,172,976.21**	**1,704,482.13**
CURRENT ASSETS		
Inventories		
Materials and supplies	604,199.75	409,641.86
Finished products	904,707.43	432,568.26
Total inventories	**1,508,907.18**	**842,210.12**
Short-term receivables		
Sales receivables	1,457,375.03	1,216,505.92
Receivables from group member companies	43,781.53	26,535.69
Other receivables	196,856.05	291,617.41
Accrued income	264,723.36	114,927.83
Total short-term receivables	**1,962,735.97**	**1,649,586.85**
Money market deposits	**2,452,472.74**	**3,125,871.00**
Cash and cash equivalents	**3,729,249.21**	**3,746,237.18**
TOTAL CURRENT ASSETS	**9,653,365.10**	**9,363,905.15**
TOTAL ASSETS	**11,826,341.31**	**11,068,387.28**

EUR	31 December 2024	31 December 2023
L I A B I L I T I E S		
EQUITY		
Share capital	3,748,592.19	3,748,592.19
Other funds		
Invested unrestricted equity	25,820,759.65	19,700,759.65
Profit (loss) for previous accounting periods	-14,786,557.90	-11,065,243.23
Profit (loss) for the accounting period	**-4,669,883.08**	**-3,721,314.67**
TOTAL EQUITY	**10,112,910.86**	**8,662,793.94**
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	157,964.85	256,692.81
Capital loans	276,310.00	414,465.50
Total long-term liabilities	**434,274.85**	**671,158.31**
Short-term liabilities		
Loans from financial institutions	98,728.00	98,728.00
Capital loans	138,155.50	276,311.00
Advances received	3,500.01	15,672.32
Accounts payable	253,723.46	462,859.03
Other liabilities	82,932.50	66,010.32
Accrued liabilities	702,116.13	814,854.36
Total short-term liabilities	**1,279,155.60**	**1,734,435.03**
TOTAL LIABILITIES	**1,713,430.45**	**2,405,593.34**
TOTAL EQUITY AND LIABILITIES	**11,826,341.31**	**11,068,387.28**

Notes to the Financial Statements

Group and parent company

Accounting principles

The financial statements have been prepared in accordance with the principles and methods of measurement and recognition set out in Chapter 2 and 3 of the Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, with the exception of the accounting principles for non-current assets set out below.

Intra-Group ownership has been eliminated using the acquisition cost method. Goodwill is depreciated on a straight-line basis over 5 years. Intra-Group transactions and receivables and liabilities between Group companies have been eliminated.

Measurement principles and methods used in the recognition of fixed and current assets

NON-CURRENT ASSETS

Intangible assets

The acquisition cost of items shown in non-current assets will be depreciated according to plans.

The depreciations have been calculated according to the following plans:

- Intangible rights: 10–20 years straight-line depreciation
- Buildings and structures: 10 years straight-line depreciation
- Machinery and equipment: 3–10 years straight-line depreciation

The depreciation period of patents in Austria is based on the period of validity of the patents (20 years). In other respects, the Group complies with a 10-year depreciation period in patents.

During the financial year 2024, external costs related to ERP project development and registration of market authorization applications have been capitalized. Depreciations will only start once the assets are completed and taken into use or when the market authorization has been approved.

Notes on the Group company

The following companies have been consolidated in the consolidated financial statements of the Group:

Parent company		**Domicile**
Bioretec Ltd		Tampere, Finland
Subsidiary	**Ownership**	**Domicile**
Bioretec GmbH	100%	Graz, Austria
Bioretec Inc.	100%	Delaware, United States

Going concern principle

Bioretec is a growth company in the health technology sector that is currently focusing on the development and commercialization of its new RemeOs products. The company's R&D pipeline includes several products, the development of which requires investments that the company cannot cover with its current income funding.

At the end of 2024, Bioretec completed a funding round, from which the funds raised are estimated to be sufficient until July 2025 in accordance with current plans and cash flow forecasts. To cover the financing needs for the rest of the year, the company plans to raise additional financing during the second quarter of the year. As commitments for additional financing have not been requested and therefore not received at the time of signing these financial statements, this constitutes a material uncertainty factor that may cast significant doubt on the company's ability to continue as a going concern. However, based on the successful financing rounds carried out in the company

in the past, the Board of Directors considers it reasonable to assume that financing will also be available this time, and therefore the financial statements have been prepared in accordance with the going concern principle.

In addition to the above-mentioned arrangement, the company's operations may require additional financing in the next few years in order to implement the growth plans. In the medium term, the company's operating cash flow is expected to turn positive by the end of 2027.

Related party transactions

The related parties of Bioretec include the parent company Bioretec Inc and the subsidiaries Bioretec GmbH and Bioretec Inc. The related parties also include key persons in the management, their close family members, and/ or legal persons under his/ her influence. Key management personnel include members of Bioretec's Board of Directors, company CEO, and members of the Group Management Team.

Until the end of April, the company had a consultancy agreement with Tomi Numminen, the Chairman of the Board of Directors, regarding the commercialization of the company's products in the United States. The consultancy agreement is worth EUR 7,500, and the total fees paid based on the agreement during 1 January–31 December 2024 were EUR 30,000 (in 2023, EUR 90,000).

The company has a consultancy agreement with Valugen GmbH, which is controlled by the Board member Michael Piccirillo. The services provided under the agreement have included business planning and creating of a contact network, among other things. In 2024, approximately EUR 35,000 (36,000) was invoiced.

Bioretec has a receivable from its subsidiary Bioretec GmbH. On 31 December 2024, the receivable amount totaled EUR 6,259.93 (EUR 26,535.69 on 31 December 2023). In addition, Bioretec GmbH has charged the parent company approximately EUR 653,000 (EUR 271,000) for research and other costs during the financial year.

Bioretec Oy has a receivable from its subsidiary Bioretec Inc. As of 31 December 2024, the amount of the receivable was EUR 37,521.60. In addition, Bioretec Ltd has charged the parent company approximately EUR 685,000 for salaries, travel and other sales and marketing support costs related to commercialization during the financial year.

Exceptional items

The result for the financial period was burdened by the costs of equity financing arrangements totaling EUR 489,000 (EUR 775,000).

Commitments and contingencies

Group and parent company

Collateral provided and off-balance sheet commitments and arrangements as well as pension liabilities	31 December 2024	31 December 2023
Nominal amounts of open leasing agreements	122,996.98	**130,003.07**
Due in the next financial period	59,349.02	**46,596.56**
Due later	63,647.96	**83,406.51**
Lease liabilities for business premises	762,134.33	**956,806.60**
Total collaterals and off-balance sheet items	**885,131.31**	**1,086,809.67**

The total number of lease agreements on 31 December 2024 consists of 3 leased cars in addition to IT equipment.

The lease agreement for the company's premises is for a fixed term from 1 August 2021 to 31 December 2027. The rental liability for the premises is calculated for the period from 1 January 2025 to 31 December 2027.

Guarantees given by type and the amount of liability or a guarantee with lesser value	31 December 2024	31 December 2023
Loans from credit institutions	0	0
Company mortgages total*	**440,000.00**	**440,000.00**

*Company mortgages are disclosed in the notes to the financial statements, because they are still visible in the Enterprise Mortgage Register maintained by the Finnish Patent and Registration Office, even though they are in the company's possession.

Parent company

Group receivables	31 December 2024	31 December 2023
Group account receivables	43,781.53	26,535.69
Group loan receivables total	**43,781.53**	**26,535.69**

Group and parent company

Personnel	31 December 2024	31 December 2023
Average number of employees during the accounting period	40	31

Changes in equity

Group

Breakdown of equity	31 December 2024	31 December 2023
Share capital on 1 January	3,748,592.19	3,748,592.19
Share capital on 31 December	3,748,592.19	3,748,592.19
Total restricted equity	3,748,592.19	3,748,592.19
Invested unrestricted equity reserve on 1 January	19,700,759.65	9,603,259.65
Additions/reductions during the accounting period	6,120,000.00	10,097,500.00
Invested unrestricted equity reserve on 31 December	25,820,759.65	19,700,759.65
Profit /loss for the previous accounting period on 1 January	-15,219,437.06	-11,430,827.29
Profit /loss for the previous accounting period on 31 December	-15,219,437.06	-11,430,827.29
Profit/loss for the accounting period	-4,613,610.11	-3,788,609.77
Exchange differences	1,906.17	0.00
Total equity	**9,738,210.84**	**8,229,914.78**

Parent company

Breakdown of equity	31 December 2024	31 December 2023
Share capital on 1 January	3,748,592.19	3,748,592.19
Share capital on 31 December	3,748,592.19	3,748,592.19
Total restricted equity	3,748,592.19	3,748,592.19
Invested unrestricted equity reserve on 1 January	19,700,759.65	9,603,259.65
Additions/reductions during the accounting period	6,120,000.00	10,097,500.00
Invested unrestricted equity reserve on 31 December	25,820,759.65	19,700,759.65
Profit/loss for the previous accounting periods on 1 January	-14,786,557.90	-11,065,243.23
Profit/loss for the previous accounting periods on 31 December	-14,786,557.90	-11,065,243.23
Profit/loss for the accounting period	-4,669,883.08	-3,721,314.67
Total equity	**10,112,910.86**	**8,662,793.94**

Number of the company's shares at year-end	31 December 2024	31 December 2023
	23,336,858	19,536,858

Calculation of distributable capital in accordance with Chapter 13 Section 5 of the Limited Liability Companies Act	31 December 2024	31 December 2023
Total distributable capital	6,364,318.67	4,914,201.75
Total unrestricted capital at the end of the accounting period	6,364,318.67	4,914,201.75
Invested unrestricted capital reserve (Ltd)	25,820,759.65	19,700,759.65
Profit/loss for the previous accounting periods	-14,786,557.90	-11,065,243.23
Profit/loss for the accounting period	-4,669,883.08	-3,721,314.67

Capital loans	31 December 2024	31 December 2023
Total capital loans	414,465.50	690,776.50
Capital loans presented as liabilities	414,465.50	690,776.50

Main terms of capital loans

Terms of capital loans, old Limited Liability Companies Act:

At the end of the financial period, the parent company had a capital loan from the State Treasury of Finland amounting to EUR 414,000.00. Items estimated to be maturing in 2025, a total of EUR 138,000.00 thousand, are presented as short-term debt.

The main terms of the capital loan are presented below:

The capital is payable only if, after payment, there is full coverage left for restricted equity and other non-distributable items in the approved balance sheet for the most recent accounting period of the company. Interest is payable only if the amount to be paid can be used for the distribution of profits according to the approved balance sheet for the most recent accounting period of the company. The loan period is two (2) years. The interest is one (1) percent lower than the base rate approved by the Ministry of Finance at the time but at least three (3) percent. On 31 December 2024, accrued and recorded total interest was EUR 12 434.

Calculation of the adequacy of the company's assets	31 December 2024	31 December 2023
Total equity	10,527,376.36	9,353,570.44
Equity	10,112,910.86	8,662,793.94
+Capital loan	414,465.50	690,776.50

Signatures for the Board of Directors' Report and Financial Statements

Place: Tampere

Time: 14 February 2025

Alan Donze
CEO

Tomi Numminen
Chairman of the Board

Sarah van Hellenberg Hubar-Fisher
Member of the Board

Päivi Malinen
Member of the Board

Michael Piccirillo
Member of the Board

Kustaa Poutiainen
Member of the Board

Auditor's note

A report on the performed audit has been issued today.

Place: Helsinki

Time: 14 February 2025

PricewaterhouseCoopers Oy, Authorized Public Accountant Firm

Kalle Laaksonen
Authorized Public Accountant (APA)

bioretec

Auditor’s report (Translation of the Finnish Original)

to the Annual General Meeting of Bioretec Oy

Report on the Audit of Financial Statements

OPINION

In our opinion, the financial statements give a true and fair view of the group's and 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 Bioretec Oy (business identity code 1474196-9) for the financial period 1 January 2024 – 31 December 2024. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement and notes to the financial statements, as well as the parent company's balance sheet, income statement and notes to the financial statements.

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 parent company and of the group companies 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.

MATERIAL UNCERTAINTY RELATES TO GOING CONCERN

We draw attention to the section Going concern principle in the notes of the financial statements, as well as to the section Going concern principle in the report of the Board of Directors, which states that the funds raised during the financial year 2024 are estimated to be sufficient until July 2025 and the company’s plans for raising additional financing are still incomplete.

As noted in the Going concern priciple section of the notes, as well as in the Going concern principle of the report of the Board of Directors, no commitments for additional financing have been received by the time of signing the financial statements indicate that a material uncertainty exists 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.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group'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 parent company or the group or to cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF 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 these 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 parent company's or the group'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 parent company's or the group'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 parent company or the group 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.

• Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 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 compliance with the applicable provisions.

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 compliance with the applicable provisions.

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.

Turku 14 February 2025

PricewaterhouseCoopers Oy
Authorized Public Accountants

Kalle Laaksonen
Authorized Public Accountant (APA)

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