

## **Solar Foods Oyj**

**Financial statements release 2024 (unaudited)**

### **YEAR 2024: TRANSFORMATIVE YEAR SETS THE FOUNDATION FOR THE NEXT STRATEGY PERIOD**

#### **January–December 2024 in brief**

- Cash and cash equivalents at the end of the period EUR 13.4 million (16.4)
- Other operating income EUR 8.1 million (5.1)
- Operating loss EUR 8.9 million (6.8)
- Loss for the period EUR 11.0 million (9.0)
- Investments EUR 9.1 million (8.0)
- Loss per share EUR 0.46 (0.44)

#### **July-December 2024 in brief**

- Cash and cash equivalents at the end of the period EUR 13.4 million (16.4)
- Other operating income EUR 5.2 million (3.1)
- Operating loss EUR 4.6 million (3.4)
- Loss for the period EUR 5.3 million (4.9)
- Investments EUR 4.6 million (4.7)
- Loss per share EUR 0.21 (0.24)

#### **Significant events in January-December 2024**

- Start-up of Factory 01 and production of its first Solein batches. Launch of new headquarters, including Solein Kitchen and restaurant space intended for demonstration use.
- In April, Solar Foods became the first Finnish then private company to acquire Nasdaq Green Equity Designation – Private Company label from Nasdaq.
- Launch of Fazer's Taste the Future chocolate bar containing Solein in Singapore.
- Obtaining self-affirmed GRAS (Generally Recognized as Safe) status for Solein in the United States in September 2024. The company registered its Factory 01 production facility with the U.S. FDA and met all requirements for the commercialization of Solein in the United States, enabling the launch of commercial activities in November 2024.
- Listing on the Nasdaq First North Growth Market Finland marketplace on 10<sup>th</sup> September 2024.
- Launch of Solein-containing products by the Japanese Ajinomoto Group in Singapore: Atlr.72™ Flowering Mooncakes and Ice Cream Sandwiches.
- International NASA Deep Space Food Challenge victory in the international category in the United States.
- Ilkka Saura, CFO, and Juan Manuel Benitez-Garcia, CCO, appointed to the Management Team in April. Troels Nørgaard, Chief Strategy Officer, and Benoit Formesyn, Project Director appointed to the Management Team in September. Petri Tervasmäki, CTO, appointed to the Management Team in December, while Vice President, Production Jouni Ahtinen and Project Director Benoit Formesyn left the Management Team.
- During autumn 2024, the company started a review to further define its strategy leading to the publication of the company's reviewed strategy in conjunction with the company's Capital Markets

Day on 10<sup>th</sup> December. As part of the strategy process, new long-term financial targets were also published.

### **Significant events after the review period**

- 30<sup>th</sup> January 2025, the company announced the appointment of Rami Jokela as the company's new Chief Executive Officer (CEO) and member of the Management Team, effective 1<sup>st</sup> April 2025.
- The Company addressed inquiries from the European Food Safety Authority (EFSA) regarding the scientific opinion on the safety of Solein, which brings the company one step closer to introducing Solein to the European market.
- KelpEat, the pioneering Italian food innovator dedicated to revolutionizing sustainable nutrition, introduced a Solein-powered high-protein snack in the Pitti Taste food fair in Florence 8<sup>th</sup>-10<sup>th</sup> February.
- The company entered into an Engineering & Procurement partnership agreement with Blue Projects and begun the pre-engineering of its first industrial-scale Solein® production facility, Factory 02.
- The Board of Directors proposed to Annual General Meeting 2025 on the composition and remuneration of the Board. The Annual General Meeting will be held 25<sup>th</sup> March 2025.
- Business Finland granted funding for Solar Foods amounting to EUR 10 million on 26 February 2025, related to the company's IPCEI (Important Projects of Common European Interest) notification approved by the European Commission, for the research, development and go-to-market for Solein protein.

**Key figures**

MEUR	7–12/2024	7–12/2023	Change, %	1–12/2024	1–12/2023	Change, %
Revenue	0	0	42	0	0	275
Other operating income	5.2	3.1	65	8.1	5.1	57
Operating profit/loss	-4.6	-3.4	-32	-8.9	-6.8	-31
Profit/loss for the period	-5.3	-4.9	-7	-11.0	-9.0	-23
Equity ratio, %				50	48	2
Investments	4.6	4.7	-2	9.1	8.0	14
Cash and cash equivalents at the end of the period				13.4	16.4	-18
Basic and diluted earnings per share (EPS), EUR	-0.21	-0.24	13	-0.46	-0.44	-5
Personnel at the end of the period				53	31	71

**CEO Pasi Vainikka: Foundation laid for transition to new strategy phase – Company enters international growth phase**

The past year marks a historic milestone in Solar Foods' journey from vision to reality. With 2024, we successfully completed our first strategic period (2018–2024) and achieved its three main objectives. We delivered a new crop to humanity, Solein, which was approved as a novel food. We proved Solein's excellent usability in various food categories up to consumer product launches. In addition, the Factory 01 production facility demonstrated the scalability of our hydrogen fermentation technology.

In September, we obtained self-affirmed GRAS (Generally recognized as safe) status for Solein in the United States and registered our Factory 01 with the U.S. Food and Drug Administration (FDA). This enabled the launch of Solein in the United States in November. The first taste of the future of food was experienced in collaboration with award-winning chef Greg Baxtrom at his prestigious Olmsted restaurant in New York. Entering the U.S. market is a major milestone for Solein as it's one of the largest protein-consuming markets in the world.

Consumers in Singapore were able to sample products containing Solein during the year. Fazer introduced the Solein-containing Taste the Future chocolate bar, and the Japanese Ajinomoto launched two test-marketing products in the autumn: Traditional Flowering Mooncakes and Ice Cream Sandwiches. The products were well received and became available again in December.

During the year, we also made significant progress in bioprocess productivity at our pilot plant. We plan to replicate these productivity improvements also at Factory 01. This will have an impact on the production cost of Solein.

### **Entering the commercial growth phase**

Having achieved the objectives of our first strategy period, we look forward to the next phase, the details of which we announced at our Capital Markets Day in December. This new strategic phase will guide us until 2030 and will focus on commercializing Solein in the U.S. and scaling up production at both the existing Factory 01 and the upcoming Factory 02, which is currently in the pre-engineering stage.

Our commercialization strategy in the United States focuses on the Health & Performance Nutrition segment, which is one of the world's most important markets for high-protein products. In this segment, we are focusing on ready-to-mix powders, ready-to-drink beverages and protein bars. We are also moving from offering powder prototypes to a conceptual sales model where we will introduce finished products containing Solein. Over the winter, we will focus on customer work in the United States, especially with companies in the Health & Performance Nutrition sector. We will also be attending industry events.

To meet demand, we plan to expand the design capacity of Factory 01 from 160 tons to 230 tons in 2026. In connection with the strategy update, we also published a phased investment plan for Factory 02. This industrial-scale production facility will be the cornerstone of our international growth strategy. The pre-engineering phase for Factory 02 started in February 2025.

In January, we announced that Solar Foods had appointed Rami Jokela as its new CEO, effective 1<sup>st</sup> April 2025, to lead the company's international growth phase. This change in the company's leadership is a strategically important part of the Solar Foods story as the company moves from groundbreaking technological development to the implementation of its global business strategy.

In February, we took an important step towards the launch of Solein in Europe by responding to inquiries from the European Food Safety Authority (EFSA) for a scientific opinion on the safety of Solein. We have previously communicated that we expect to obtain EU novel food authorisation during 2026. In February, Italian food innovator KelpEat presented a Solein-containing protein snack at the Pitti Taste food event in Florence, and the company plans to bring the product to the US consumer market.

Our mission is ambitious: bring Solein to market globally, revolutionise sustainable food production and continue to deliver value to our shareholders, stakeholders and the planet, and we are now ready to enter the next phase on this journey. The dedication of our team and our successful listing on the Nasdaq First North Growth Market Finland have created a solid foundation for this global growth journey.

### **Reviewed strategy and long-term financial targets**

Solar Foods published its review strategy for the strategy period 2025-2030 on 10<sup>th</sup> December 2024, according to which the company will focus on:

- Health & Performance Nutrition segment especially in the US,
- transition to a concept sales model
- higher product price points, and
- increased design capacity at Factory 01

Additionally, Solar Foods is preparing a phased investment plan for the Factory 02 facility to achieve positive EBITDA during the strategy period.

The reviewed strategy was presented in more detail during a Capital Markets Day held on the same day. At the same time, new long-term financial targets were also published.

#### Main points of the reviewed strategy

Solar Foods will focus on the Health & Performance Nutrition segment, especially in the United States, one of the primary global markets for high-protein products. Solein® is well-positioned to succeed in this segment due to its good nutritional and sustainability credentials.

Solar Foods is transitioning from offering powder prototypes to a concept sales model that demonstrates end-products containing Solein that meet customer needs and accelerate sales cycles.

During this strategy period, the Company anticipates higher price points for Solein compared to previous levels. The strategic shift is from achieving price parity with soy protein to targeting price parity with whey protein isolate, reflecting Solein's quality and nutritional benefits. The Company estimates that in 2025-2026, Solein's market price for this segment will be USD 16-25/kg, and in 2027-2030 USD 13-20/kg.

Solar Foods plans to expand the design capacity of its operational Factory 01 facility. The Company will implement recent productivity improvements demonstrated at its pilot facility, increasing Factory 01's annual design capacity from 160 tons to 230 tons in 2026.

The Company has outlined an investment plan for its industrial-scale Factory 02 facility, focusing on a phased expansion and incremental capital deployment. All the phases are estimated to achieve positive cash flow.

The Company aims to explore potential cost savings by considering the location of the Factory 02 facility in a brownfield site, the use of hydrogen supplied by external parties, and the possibility of securing grants under the IPCEI notification, subject to a separate financing decision by the relevant authority. The final investment decision for the Factory 02 facility is expected to be made in 2026.

#### New financial targets

Solar Foods expects to achieve positive EBITDA in 2030 as a result of higher product pricing, new geographical markets, continuously improved productivity, and a new phased CapEx approach, which could lead to even more capital-lean construction of the Factory 02 facility.

The operational and financial targets remain unchanged (including additional factories, licensing business and Space business) for the period after 2030.

## Financial development

### January-December 2024

Revenue for the review period was EUR 0 million (0).

Other operating income for the review period was EUR 8.1 million (5.1). The growth is mainly due to increase in costs eligible for IPCEI grants as the company has commissioned the new production facility during the year.

The operating loss for the review period was EUR 8.9 million (6.8).

The operating loss increased compared to the reference period due to factors such as the growth in personnel, higher other operating expenses, and depreciation. The completion of the company's first strategic phase and the preparation for the new strategic period and commercial growth phase—including the commissioning of a new production facility and premises, listing, strategic planning, and the initiation of commercial operations in the United States—increased other operating expenses by EUR 3.5 million.

Amortization of tangible and intangible assets amounted to EUR 8.7 million (7.1).

Financial expenses amounted to EUR 2.1 million (2.2).

Solar Foods' loss-making result of EUR 11.0 million (9.0) reflects the company's development phase, where significant investments have been made to enable its future growth. The company's primary objective during the review period was to continue long-term product development and start production at the Factory 01 facility.

### July-December 2024

Revenue for the review period was EUR 0 million (0).

Other operating income for the review period was EUR 5.2 million (3.1). The growth is mainly due to increase in costs eligible for IPCEI grants as the company has commissioned the new production facility during the year.

The operating loss for the review period was EUR 4.6 million (3.4).

The operating loss increased compared to the reference period due to factors such as the growth in personnel, higher other operating expenses, and depreciation. The completion of the company's first strategic phase and the preparation for the new strategic period and commercial growth phase—including the commissioning of a new production facility and premises, listing, strategic planning, and the initiation of commercial operations in the United States—increased other operating expenses.

Amortization of tangible and intangible assets amounted to EUR 4.4 million (4.2).

Financial expenses amounted to EUR 0.7 million (1.5).

Solar Foods' loss-making result of EUR 5.3 million (4.9) reflects the company's development phase, where significant investments have been made to enable its future growth. The company's primary

objective during the review period was to continue long-term product development and start production at the Factory 01 facility.

### **Financial position and cash flow**

The company's balance sheet total at the end of the review period was EUR 46.7 million (53.4), of which the share of equity was EUR 22.9 million (25.1). The company's equity ratio at the end of the review period was 50% (48%).

At the end of the review period, the company's net debt was EUR 6.2 million (4.6). Non-current debt amounted to EUR 16.6 (18.9) million. Net gearing at the end of the review period was 27 % (18%).

In July–December 2024, cash flow from operating activities amounted to EUR -4.9 million (-3.4), as the payments from grant projects were postponed to 2025. Cash flow from investing activities was EUR -4.6 million (-4.7) and cash flow from financing was EUR -1.3 million (7.8).

Cash and cash equivalents at the end of the period were EUR 13.4 million (16.4).

The financing agreement between the company and one lender contains covenants relating to minimum liquidity and gearing. The covenant agreement entitles the bank to terminate the loan or amend the loan terms if the specific condition is exceeded. During the financial year 2024 the covenants have been met.

### **Investments and R&D**

Investments in tangible and intangible assets amounted to EUR 4.6 million (4.7) during the review period. The investments mainly consisted of capitalized development expenditure.

### **Personnel and management**

At the end of the review period, Solar Foods employed 53 people (31).

Ilkka Saura, CFO, and Juan Manuel Benitez-Garcia, CCO, appointed to the Management Team in April. Troels Nørgaard, Chief Strategy Officer, and Benoit Formesyn, Project Manager appointed to the Management Team in September. Petri Tervasmäki, CTO, appointed to the Management Team in December, while Vice President, Production Jouni Ahtinen and Project Director Benoit Formesyn left the Management Team.

At the end of the review period, Solar Foods' Management Team consists of the following members:

Pasi Vainikka, Chief Executive Officer  
Ilkka Saura, Chief Financial Officer  
Petri Tervasmäki, Chief Technology Officer  
Tiia Kuusimäki, Chief Operating Officer  
Troels Nørgaard, Chief Strategy Officer  
Juan Manuel Benitez-Garcia, Chief Commercial Officer  
Laura Sinisalo, Chief Experience Officer  
Juha-Pekka Pitkänen, Chief Scientific Officer

## Shares and shareholders

Solar Foods Oyj's stock has been trading on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd since 10 September 2024. The ISIN code of the share is FI4000577192 and the ticker is SFOODS. Solar Foods has one share class and each share entitles to one vote in the Annual General Meeting. Solar Foods does not hold treasury shares. All shares have an equal right to dividend. The shareholder agreements were terminated in connection with the company's listing.

At the end of the review period, Solar Foods' registered share capital was EUR 80,000, and the number of shares 24,641,049.

The highest trading price of the Solar Foods share from September to December was EUR 16.996 and the lowest was EUR 4.60. The volume-weighted average share price in September-December was EUR 7.23 and the year-end closing price was EUR 4.62. Based on the closing price, the market capitalization of the shares was EUR 113.8 million. During the review period, the trading volume was 1,091,318 shares and the euro volume was EUR 7,887,690. The average number of shares in Solar Foods during fiscal period was 24,149,297 (20,371,799) and the average number in the review period was 24,592,423 (20,701,786).

Solar Foods had a total of 2,287 shareholders at the time of publication of the company prospectus on 5<sup>th</sup> September 2024, and a total of 4,538 (1,054) shareholders at the end of the review period on 31<sup>st</sup> December 2024. Nominee registered shareholders held 11.04 (0) percent of the company's shares at the end of the review period. Solar Foods did not hold its own shares at the end of the review period.

The table below presents Solar Foods' ten largest registered shareholders by number of shares based on the shareholders' register maintained by Euroclear Finland Ltd as of 31<sup>st</sup> December 2024.



Shareholder	Number of shares	Of all shares and votes, %
Oy Karl Fazer Ab	3,148,064	12.78
Juha-Pekka Pitkänen	3,039,000	12.33
Lifeline Ventures Fund iii Ky	2,607,044	10.58
Skandinaviska Enskilda Banken Ab (Publ) Helsingin sivukonttori	2,598,903	10.55
Pasi Vainikka	2,330,000	9.46
VTT Ventures Oy	1,747,064	7.09
Ilmastorahasto Oy	1,441,910	5.85
Gobelet Oy	1,055,000	4.28
Jero Ahola	1,053,500	4.28
Sami Holmström	555,000	2.25
<b>Ten largest registered shareholders, total</b>	<b>19,575,485</b>	<b>79.44</b>
<b>Other shareholders, total</b>	<b>5,065,564</b>	<b>20.56</b>
<b>In total</b>	<b>24,641,049</b>	<b>100</b>

The company's 100 largest shareholders are presented on the company's website [www.investors.solarfoods.com/en/investors/share\\_information/shareholders](http://www.investors.solarfoods.com/en/investors/share_information/shareholders)

### **Directed share issues carried out by the company during the review period and share capital development**

The aim of the directed share issues carried out by the company during the review period has been to strengthen the company's capital structure and financial position. Share issues have been directed to the company's shareholders and, as part of the company's funding rounds, to private individuals and corporations. In the directed share issues, the subscription prices of new shares have been fully recorded in the company's invested unrestricted equity.

During the first half of the year, Solar Foods successfully completed directed share issues raising approximately EUR 8.8 million by offering 1,031,644 new shares. Option holders subscribed for additional 188 462 new shares based on option rights. The share capital was raised by EUR 77,500 in June and the increase was registered in the Trade Register on 8 July 2024.

## Incentive schemes

At the end of the review period, the company had three stock option plans (plans 2020A, 2020B and 2/2024), under which option holders can subscribe in total for a maximum of 2,005,250 new shares or the company's own shares. At the end of the review period, of this amount, options entitling to subscribe for a maximum of 1,852,250 company shares were allocated and not subscribed, which immediately dilutes the shareholders' relative ownership in the company by approximately 7.5 percent, if all of these option rights are exercised and they have the maximum number of new shares is subscribed, taking into account that the number of the company's shares at the end of the review period was 24,641,049 shares.

Shares in option plans 2020A and 2020B shares may be subscribed twice a year after the publication of the company's financial statements release and half-year report or as separately decided by the company's board of directors. The subscription price of the shares is EUR 0.2051 per share (2020A) and EUR 2.75 per share (2020B and 2/2024). The subscription period ends on 31 December 2029. During the review period, as part of a share issuance, an option plan 1/2024 was created, under which 122,352 options were granted, entitling to subscribe for company shares at a price of EUR 0.001 per share whereas the subscription period ends on 21 December 2034.

During the review period, an option plan 2/2024 was created, under which 944,250 options were granted, entitling to subscribe for company shares at a price of EUR 2.75 per share. Shares may be subscribed twice a year after the publication of the company's financial statements release and half-year report or as separately decided by the company's board of directors. The subscription period ends on 31st December 2029.

During the review period, a total of 152,462 new shares were subscribed for under option plans 1/2023 (created as part of the funding round in fall 2023) and 1/2024, which were registered in the Trade Register. The subscription price of the shares (EUR 0.001 per share), totaling EUR 152.46, was recorded in full in the Company's reserve for invested unrestricted equity. All remaining options related to the option plans 1/2023 and 1/2024 were subscribed during the review period.

During the review period, 11,000 new shares were subscribed for under Option Plan 2020A, and 25,000 new shares were subscribed for under Option Plan 2020B, for a total of 36,000 new shares of the Company, which were registered in the Trade Register. The subscription price of the shares, totaling EUR 71,004.60, was recorded in full in the Company's reserve for invested unrestricted equity.

### Summary of option programs and changes during the period

Option plan	Total number of Option rights at the end of the review period, pcs	Total number of allocated but not subscribed option at the end of the review period, pcs	Total number of subscribed and registered shares using option rights during the review period, pcs	Subscription price, EUR	Total Subscription price during the review period, total, EUR
2020A	284,000	241,000	11,000	0.2051	2,256.10
2020 B	768,000	667,000	25,000	2.750	68,748.50
1/2023	0	0	30,110	0.001	30.11
1/2024	0	0	21,832	0.001	21.83
2/2024	953,250	944,250	0	2.75	0
Total	2,005,250	1,852,250	188,462		71,157.06

### Annual General Meeting 2024

Solar Foods Oy's Annual General Meeting was held on 5 June 2024. Annual General Meeting adopted the Annual Accounts and discharged the members of the Board of Directors and the Managing Director from liability for the financial period 1 January 2023, through 31 December 2023. In addition, it was resolved to not to distribute dividends from the accounting period of 2023. It was recorded that audit company KPMG Oy Ab shall continue to act as the company's auditor, with APA Jussi Paski as the auditor with principal responsibility.

The Annual General Meeting re-elected Juha Lindfors, Thomas Harding, Sebastian Jägerhorn, Juha-Pekka Pitkänen, Pontus Stråhlman and Jari Tuovinen as ordinary members of the Board of Directors, and Tommi Nuutinen as deputy member.

The Annual General Meeting resolved to authorize the Board of Directors to decide on the repurchase of the company's own common shares, preferred series-S shares, and preferred series-A shares in one or several instalments. The Annual General Meeting resolved to authorize the Board of Directors to decide upon a share issue and the issuance of option rights and other special rights entitling to shares in one or several instalments and either against or without consideration.

The Annual General Meeting resolved to increase the share capital of the company by EUR 77,500 by means of an increase from reserves by transferring EUR 77,500 from the company's reserves of unrestricted equity into the share capital. After the increase from reserves, the company's share capital is EUR 80,000.

The Annual General Meeting resolved to change the corporate form of the company from a private limited liability company to a public limited liability company, as well as to change the trade name of the company from Solar Foods Oy to Solar Foods Oyj due to the change in the company's corporate form. The Annual General Meeting resolved to amend certain sections of the company's Articles of Association. The amendments concern the change of the corporate form, mandatory pre-registration in general meetings of shareholders as well as the possibility to hold a general meeting in a virtual form in the future.

The Annual General Meeting resolved to incorporate the company's shares into the Finnish book-entry securities system and to add a reference to the inclusion of the shares in the book-entry system in the company's Articles of Association. The Annual General Meeting resolved to authorize the Board of Directors to decide on the period for entering the company's shares into the book-entry securities system (registration period). It was resolved to authorize the Board of Directors to decide on the

technical listing of the company on a well-known public marketplace (such as Nasdaq Helsinki or Nasdaq First North). The Annual General Meeting further resolved to authorize the Board of Directors to decide, in connection with a possible listing, on the approval and signing of a placing agreement, the election of a certified adviser as well as the approval and signing of a related agreement, approval the company description or prospectus to be prepared in connection with the listing, the filing of a listing application, as well as to resolve on other similar actions required for the execution of the listing.

#### **Extraordinary General Meeting 2024**

Solar Foods Oyj's Extraordinary General Meeting was held on 16 August 2024. The Extraordinary General Meeting adopted the following resolutions.

The share classes are to be combined, subject to the listing of the company (which meant that the company's board of directors implements and files the conditional decisions made by the extraordinary general meeting to be registered in connection with the listing of the company, in the time frame required by the listing process before the commencement of the listing of the company), without changing the number of shares so that all shares are of the same type and confer equal rights in the company, including that each share has one vote. Additionally, The Extraordinary General Meeting resolved the company's Articles of Association to be amended accordingly. The general meeting also decided at the same time to remove the redemption clause and the consent clause in the Articles of Association and to change the provision regarding the term of office of the board members so that the term of office of the board member continues from the election until the end of the company's next Annual General Meeting, and that the possibility of electing substitute members to the board was removed and the numbering of the articles of association was changed.

It was resolved, subject to the decision on combination of the company's share classes and registration of such decision, to revoke all unused authorizations granted by the shareholders to the board of directors concerning share issues and the issuance of option rights and other special rights entitling to shares.

The Extraordinary General Meeting resolved, subject to the decision on combination of the company's share classes and registration of such decision, to authorize the Board to decide on a share issue and the issuance of other special rights entitling to shares, in one or several tranches, either against payment or without payment. The authorization includes the right to issue new shares or transfer treasury shares possessed by the company. The number of shares issued based on this authorization, including the shares issued based on option rights and other special rights, may not exceed 7,365,932 shares, corresponding to approximately 30% of all the company's shares as of the date of the notice to the extraordinary general meeting. A maximum of 16.67% of the authorization amount, i.e. 1,227,655 shares, may be used to reward the Company's management. The authorization is valid until 30 June 2025.

The Extraordinary General Meeting resolved, subject to the listing of the company, to revoke the previous, unused authorizations and authorize the board of directors to resolve upon the acquisition of the company's own shares in one or more instalments. The maximum number of shares to be acquired under the authorization is 2,455,310 shares, which amount corresponds to approximately a maximum of 10 percent of all shares in the company on the date of this notice to the General Meeting. The authorization is valid until 30 June 2025.

The Extraordinary General Meeting resolved to make, subject to the decision on combination of the company's share classes and registration of such decision, on the changes to the company's existing stock option plans (2020A, 2020B, 1/2023, 1/2024 and 2/2024) due to the combination of the share classes.

The Extraordinary General Meeting resolved that the number of the members in the Board of Directors is seven and Juha Lindfors, Thomas Harding, Sebastian Jägerhorn, Juha-Pekka Pitkänen, Pontus Stråhlman and Jari Tuovinen are re-elected to the Board of Directors. Additionally, it was resolved that Paula Laine is elected as a new ordinary member of the Board of Directors, for a term that expires at the close of the next Annual General Meeting of the company, and no deputy members are elected.

The Extraordinary General Meeting resolved the remuneration of the Board of Directors and the other members of the Board of Directors subject to the listing of the company's shares. The remuneration shall be paid monthly for those months for which the person acts as a member or the Chair or Deputy Chair of the Board of Directors.

## **Risks and uncertainties**

### Risks related to the company's business

The company is an early-stage growth company with significant activity-related risks. The company has little revenue relative to its operating expenses and has not yet generated a positive operating result. The company is in the early stages of commercialization and does not expect significant revenue in the coming years. The company is dependent on external financing and needs significantly more equity and debt financing. Future profitability requires full utilization of the capacity of the planned production plant. It is uncertain whether the company can obtain the necessary financing, and any additional equity financing may change the company's ownership.

### Risks related to the operating environment

Companies have been significantly affected in recent years by global economic instability and uncertainty on the financial markets, including the ongoing war between Russia and Ukraine, the impact of the COVID-19 pandemic, and geopolitical tensions including potential trade war. These factors increase financial uncertainty, complicate business planning and predictability, and may hinder the company's growth potential. In addition, intensifying competition and similar, substitutive or cheaper products developed by competitors may limit the company's business opportunities. Solein competes with other protein sources, such as plant-based and cellular proteins, and there are already hundreds of companies on the market that develop new protein sources. If competitors develop a better product, it may force the company to lower its prices, which leads to shrinking net sales and margins.

### Risks related to the company's financial and economic position

The company depends on external financing because it is currently not making a profit. If the company builds more factories, like Factory 02, it requires significant additional financing, which may be covered with both equity and debt financing. In addition, the company's operational expenses and early-stage business require additional financing. The company's ability to obtain financing depends on many factors, and there is no certainty that funding will be available on reasonable terms or at all.

The company is also exposed to exchange rate fluctuations as its business is planned for international markets, and changes in exchange rates may have a detrimental effect on its financial position.

### **Assessment of future development**

The company will focus on the go-to-market activities in the Health & Performance Nutrition segment, particularly in the U.S. market. The company plans to transition to a concept-based sales model, introduce higher-priced products, and expand the design capacity of Factory 01. Additionally, Solar Foods is preparing a phased investment plan for Factory 02 to achieve positive EBITDA during strategic period 2025-2030.

The management assesses the adequacy of the company's financing and the fulfillment of covenant terms from the perspective of business continuity and action planning using cash flow forecasts. Based on the information available, the company's financing is estimated to cover the business needs for at least the next 12 months, taking into account the risks associated with ongoing and upcoming projects. The fulfillment of covenant terms requires the liquidity forecasts to be realized as planned.

The company's existing financial targets continue to serve as its financial guidance. In accordance with Solar Food's disclosure policy, the company does not provide financial guidance for the current financial year but will assess the possibility of issuing it later during the financial year 2025.

### **Board of Directors' proposal for the distribution of profits**

In the medium term, Solar Foods focuses on growth and the company does not expect to distribute a dividend in the short to medium term. The distributable unrestricted equity of Solar Foods on 31 December 2024 was EUR 19,179,599.86, of which the result of the period was EUR -11,021,649.65. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year January-December 2024, and that the loss of the financial year is recorded in the retained earnings.

### **Upcoming financial disclosures**

In 2025, Solar Foods will publish its financial information as follows:

- Half-year Report for January-June 2025 on Thursday, 14 August 2025

The reports will be available on the company's website [investors.solarfoods.com](https://investors.solarfoods.com) immediately after publication.

Solar Foods Oyj's Annual General Meeting (AGM) is planned to be held on Tuesday, 25 March 2025. The board will convene the general meeting at a later date.

### **Accounting principles**

Solar Foods Oyj's financial statements release has been prepared in accordance with national accounting legislation (FAS) and following good accounting practices. The information included in the financial statements release is unaudited.

**TABLES**

<b>PROFIT AND LOSS (FAS, EUR)</b>	<b>7-12/2024 6 months</b>	<b>7-12/2023 6 months</b>	<b>1-12/2024 12 months</b>	<b>1-12/2023 12 months</b>
Net turnover	4,795	3,387	18,724	4,987
Work performed for own use	2,359,168	1,424,140	4,413,415	2,946,296
Other operating income	5,167,065	3,131,590	8,061,204	5,145,638
Staff expenses				
Wages and salaries	-1,864,491	-1,039,234	-3,271,988	-2,044,471
Social security expenses				
Pension expenses	-290,115	-184,609	-541,327	-359,319
Other social security expenses	-75,542	-29,858	-116,894	-72,399
<b>Staff expenses in total</b>	<b>-2,230,148</b>	<b>-1,253,701</b>	<b>-3,930,210</b>	<b>-2,476,129</b>
Depreciation and amortization	-4,438,442	-4,249,504	-8,652,991	-7,126,960
Depreciation and amortization according to plan				
Other operating expenses	-5,414,837	-2,499,398	-8,829,659	-5,287,644
<b>Operating profit (loss)</b>	<b>-4,552,409</b>	<b>-3,443,486</b>	<b>-8,919,516</b>	<b>-6,793,812</b>
Financial income and expenses				
Other interest income and other financial income from others	479	61	2,815	425
Interest and other financial expenses to others	-723,167	-1,499,807	-2,104,949	-2,198,502
<b>Total financial income and expenses</b>	<b>-722,688</b>	<b>-1,499,746</b>	<b>-2,102,134</b>	<b>-2,198,077</b>
Profit before appropriations and taxes	-5,275,098	-4,943,232	-11,021,650	-8,991,889
<b>Profit (loss) for the period</b>	<b>-5,275,098</b>	<b>-4,943,232</b>	<b>-11,021,650</b>	<b>-8,991,889</b>

<b>BALANCE SHEET (FAS, EUR)</b>	<b>31st December 2024</b>	<b>31st December 2023</b>
<b>ASSETS</b>		
Non-current assets		
Intangible assets		
Development expenditure	3,680,499	3,734,049
Intangible rights	844,509	1,083,467
Other intangible assets	3,452,546	4,646,704
<b>Total intangible assets</b>	<b>7,977,555</b>	<b>9,464,219</b>
Tangible assets		
Machinery and equipment	13,952,991	19,122,185
Other tangible assets	337,188	678,283
Advance payments and construction in progress	26,754	329,123
<b>Total tangible assets</b>	<b>14,316,933</b>	<b>20,129,592</b>
<b>Total non-current assets</b>	<b>22,294,488</b>	<b>29,593,811</b>
Current assets		
Long-term receivables		
Other receivables	576,670	670,420
<b>Total long-term receivables</b>	<b>576,670</b>	<b>670,420</b>
Short-term receivables		
Accounts receivable	411	2,917
Other receivables	614,889	39
Prepayments and accrued income	9,800,681	6,710,801
<b>Total short-term receivables</b>	<b>10,415,981</b>	<b>6,713,757</b>
<b>Total receivables</b>	<b>10,992,651</b>	<b>7,384,177</b>
<b>Cash and cash equivalents</b>	<b>13,396,494</b>	<b>16,387,375</b>
<b>Total current assets</b>	<b>24,389,146</b>	<b>23,771,552</b>
<b>TOTAL ASSETS</b>	<b>46,683,634</b>	<b>53,365,363</b>



<b>BALANCE SHEET (FAS, EUR)</b>	<b>31st December 2024</b>	<b>31st December 2023</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Subscribed capital	80,000	2,500
Reserve for invested unrestricted equity	51,394,621	42,631,977
Retained earnings	-17,512,872	-8,520,983
Profit (loss) for the period	-11,021,650	-8,991,889
<b>Total capital and reserves</b>	<b>22,940,099</b>	<b>25,151,605</b>
Liabilities		
Non-current liabilities		
Capital loans		
Loans from credit institutions	16,567,500	18,902,500
<b>Total non-current liabilities</b>	<b>16,567,500</b>	<b>18,902,500</b>
Current liabilities		
Loans from credit institutions	3,014,167	2,037,500
Advances received	526,043	818,611
Trade payables	2,027,547	1,013,555
Other payables	777,711	4,949,779
Accruals and deferred income	830,567	521,813
<b>Total current liabilities</b>	<b>7,176,035</b>	<b>9,341,258</b>
<b>Total liabilities</b>	<b>23,743,535</b>	<b>28,243,758</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>46,683,634</b>	<b>53,365,363</b>

<b>STATEMENT OF CASH FLOWS (FAS, EUR)</b>	<b>7-12/2024</b>	<b>7-12/2023</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>				
Profit before appropriations and taxes	-5,275,098	-4,943,232	-11,021,650	-8,991,889
Adjustments for:				
Depreciation according to plan	4,438,442	4,249,504	8,652,991	7,126,960
Financial income and expenses	722,688	1,499,746	2,102,134	2,198,077
<b>Operating profit before working capital changes:</b>	<b>-113,967</b>	<b>806,018</b>	<b>-266,525</b>	<b>333,148</b>
Working capital changes:				
Increase (-) or decrease (+) in trade and other receivables	-3,431,794	-3,689,064	-1,619,679	-3,499,549
Increase (+) or decrease (-) in trade payables	-605,559	44,215	2,715,758	641,174
<b>Cash generated from operations</b>	<b>-4,151,321</b>	<b>-3,644,849</b>	<b>829,554</b>	<b>-2,858,374</b>
Interest paid and payments for other finance costs	-763,175	-586,216	-1,555,395	-1,238,197
<b>Net cash from operating activities</b>	<b>-4,914,496</b>	<b>-3,425,048</b>	<b>-725,841</b>	<b>-3,763,424</b>
<b>Cash flows from investing activities:</b>				
Investments in tangible and intangible assets	-4,619,261	-4,946,804	-10,742,314	-8,206,993
Investment grants received		235,558	1,648,611	235,558
<b>Net cash used in investing activities:</b>	<b>-4,619,261</b>	<b>-4,711,245</b>	<b>-9,093,703</b>	<b>-7,971,435</b>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of share capital	-7,507	8,373,901	8,769,087	12,373,901
Execution of option rights	71,005		71,057	
Costs for share issue		-572,994	-653,148	-572,994
Proceeds from capital loan borrowings				6,857,095
Proceeds from long-term borrowings				
Repayments of long-term loans	-1,358,333		-1,358,333	
<b>Net cash used in financing activities</b>	<b>-1,294,835</b>	<b>7,800,908</b>	<b>6,828,663</b>	<b>18,658,003</b>
Net increase/decrease in cash and cash equivalents	-10,828,592	-335,386	-2,990,882	6,923,145
Cash and cash equivalents at beginning of period	24,225,086	16,722,761	16,387,375	9,464,231
Cash and cash equivalents at end of period	13,396,494	16,387,375	13,396,494	16,387,375

**STATEMENT OF CHANGES IN EQUITY (FAS, EUR)**

	<b>Subscribed capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity July 1, 2024</b>	<b>2,500</b>	<b>51,408,623</b>	<b>-23,259,424</b>	<b>28,151,699</b>
Increase in share capital	77,500	-77,500		0
Issuance of share capital		-7,560		-7,560
Execution of option rights		71,005		71,005
Profit (loss) for the period			-5,275,098	-5,275,098
<b>Equity December 31, 2024</b>	<b>80,000</b>	<b>51,394,621</b>	<b>-28,534,522</b>	<b>22,940,099</b>

	<b>Subscribed capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity July 1, 2023</b>	<b>2,500</b>	<b>17,510,798</b>	<b>-12,569,640</b>	<b>4,943,658</b>
Issuance of share capital		25,121,179		25,121,179
Profit (loss) for the period			-4,943,232	-4,943,232
<b>Equity December 31, 2023</b>	<b>2,500</b>	<b>42,631,977</b>	<b>-17,512,872</b>	<b>25,121,605</b>

	<b>Subscribed capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity January 1, 2024</b>	<b>2,500</b>	<b>42,631,977</b>	<b>-17,512,872</b>	<b>25,121,605</b>
Increase in share capital	77,500	-77,500		0
Issuance of share capital		8,769,086		8,769,086
Execution of option rights		71,057		71,057
Profit (loss) for the period			-11,021,650	-11,021,650
<b>Equity December 31, 2024</b>	<b>80,000</b>	<b>51,394,621</b>	<b>-28,534,522</b>	<b>22,940,099</b>

	<b>Subscribed capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity January 1, 2023</b>	<b>2,500</b>	<b>17,501,798</b>	<b>-8,520,983</b>	<b>8,992,315</b>
Conversion of capital loans to shares through issuance of share capital		12,747,278		12,747,278
Issuance of share capital		12,373,901		12,373,901
Profit (loss) for the period			-8,991,889	-8,991,889
<b>Equity December 31, 2023</b>	<b>2,500</b>	<b>42,631,977</b>	<b>-17,512,872</b>	<b>25,121,605</b>

**Guarantees given and off-balance sheet commitments and pension liabilities**

<b>Guarantees given by type</b>	<b>The amount of the debt or the guarantee with less value than debt 31<sup>st</sup> December 2024 (EUR thousand)</b>
Financial loans	19,581.7
Rental guarantees	576.7
Mortgage of tenancy	46.8
Business mortgage	21,200.0
Others	480.3
<b>Rental liabilities</b>	<b>2025-2043 excl. VAT</b>
Rental liabilities for the properties	22,688.2
Financial leasing	117.7

At the end of the financial year, unaudited grant settlements include a possible repayment liability corresponding to the amount of the grant received of EUR 9,661,942.

The company is obliged to review the VAT deductions made on a real estate investment completed in 2023 if the taxable use of the property decreases during the review period. The last review year will be 2032. The maximum amount of the liability is EUR 768,000.

**Definitions and calculation formulas for key indicators**

Indicator	Definition or calculation formula
Operating profit (EBIT)	= Net sales + other operating income – materials and services – personnel expenses – other operating expenses – depreciation and impairment
Equity ratio, %	= $\frac{\text{Equity at the end of the period} + \text{appropriations}}{\text{Balance sheet total at the end of the period} - \text{Advances received at the end of the period}} \times 100$
Net debt (-cash)	= Long-term interest-bearing liabilities+ short-term interest-bearing liabilities – cash in hand and in banks
Net gearing	= $\frac{\text{Net debt (- cash)}}{\text{equity} + \text{voluntary provisions} + \text{appropriations} + \text{equity loans}}$
Earnings (Loss) per share	= $\frac{\text{Profit (loss) for the period}}{\text{average amount of shares during the period}}$