

**Interim financial information
1 January 2021 – 30 September 2021**

Betolar Plc

Betolar Plc interim financial information 1-9/2021

CONSOLIDATED INCOME STATEMENT

EUR in thousands	1-9/2021	1-9/2020	1-12/2020
REVENUE	0	6	6
Increase (+) / decrease (-) in inventory of finished goods and in work in progress	-3	-	-
Manufacturing for own use (+)	1,018	467	664
Other operating income	1	77	192
Materials and services	0	-6	-6
Personnel expenses	-1,361	-729	-1,046
Depreciation, amortisation and impairment	-381	-229	-320
Other operating expenses	-1,492	-459	-864
OPERATING PROFIT (LOSS)	-2,218	-873	-1,373
Financial income and expenses	-367	-4	-13
RESULT BEFORE APPROPRIATIONS AND TAXES	-2,585	-877	-1,385
RESULT FOR THE FINANCIAL YEAR	<u>-2,585</u>	<u>-877</u>	<u>-1,385</u>

CONSOLIDATED BALANCE SHEET

EUR in thousands

ASSETS	30.9.2021	31.12.2020
NON-CURRENT ASSETS		
Intangible assets		
Consolidated goodwill	102	-
Development expenditures	1,500	803
Other capitalised long-term expenses	65	55
Total intangible assets	1,667	858
Tangible assets		
Buildings	6	6
Machinery and equipment	160	83
Advance payments and construction in progress	32	31
Total tangible assets	198	120
TOTAL NON-CURRENT ASSETS	1,865	978
CURRENT ASSETS		
Inventories	14	17
Short-term receivables		
Trade receivables	-	0
Other receivables	201	101
Prepaid expenses and accrued income	70	73
Total short-term receivables	271	175
Cash and cash equivalents	2,892	644
TOTAL CURRENT ASSETS	3,177	837
TOTAL ASSETS	5,043	1,815

CONSOLIDATED BALANCE SHEET

EUR in thousands

EQUITY AND LIABILITIES	30.9.2021	31.12.2020
EQUITY		
Share capital	3	3
Reserve for invested unrestricted equity	8,702	950
Share issue account	-	2,771
Retained earnings (losses)	-2,313	-927
Result for the financial year	-2,585	-1,385
TOTAL EQUITY	<u>3,807</u>	<u>1,411</u>
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	372	-
Total non-current liabilities	<u>372</u>	<u>-</u>
Current liabilities		
Loans from financial institutions	5	-
Trade payables	213	141
Other liabilities	82	51
Accruals and deferred income	564	212
Total current liabilities	<u>864</u>	<u>404</u>
TOTAL LIABILITIES	1,236	404
TOTAL EQUITY AND LIABILITIES	<u>5,043</u>	<u>1,815</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR in thousands

	1-9/2021	1-9/2020	1-12/2020
Cash flows from operating activities:			
Result before appropriations and taxes	-2,585	-877	-1,385
Adjustments for:			
Depreciation, amortisation and impairment	381	229	320
Financial income and expenses	367	4	13
Other adjustments	3	0	0
Cash flow before change in working capital	-1,834	-644	-1,053
Changes in working capital:			
Increase (–) or decrease (+) in trade and other receivables	-96	32	-110
Increase (+) or decrease (–) in trade payables and other liabilities	303	240	201
Cash flow from operating activities before financial items and taxes	-1,627	-371	-962
Payments relating to obtaining financing	-228	-4	-13
Cash flow used in operating activities (A)	-1,855	-376	-975
Cash flows from investing activities:			
Investments in tangible and intangible assets	-1,128	-514	-738
Investments in subsidiary shares	-127	0	0
Cash flow used in investing activities (B)	-1,255	-514	-738
Cash flows from financing activities:			
Proceeds from share issue	4,981	2,256	2,342
Proceeds from short-term loans	5	0	0
Proceeds from long-term loans	372	0	0
Cash flow from financing activities (C)	5,358	2,256	2,342
Change in cash and cash equivalents (A+B+C)	2,248	1,366	629
Cash and cash equivalents at the beginning of the period	644	15	15
Cash and cash equivalents at the end of the period	2,892	1,381	644
	2,248	1,366	629

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1-9/2021

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Share issue account	Retained earnings (losses)	Total equity
Share capital at beginning of period (1 January 2021)	3	950	2,770	-2,312	1,411
Result for the financial year				-2,585	-2,585
Share issues		4,982 (*)			4,982
Registration of shares		2,770	-2,770		0
Equity at end of period (30 September 2021)	3	8,702	0	-4,897	3,808

1-9/2020

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Share issue account	Retained earnings (losses)	Total equity
Share capital at beginning of period (1 January 2020)	3	950	428	-927	454
Profit (loss) for the financial year				-877	-877
Share issues			2,256		2,256
Equity at end of period (30 September 2020)	3	950	2,684	-1,804	1,833

1-12/2020

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Share issue account	Retained earnings (losses)	Total equity
Share capital at beginning of period (1 January 2020)	3	950	428	-927	454
Profit (loss) for the financial year				-1,385	-1,385
Share issues			2,342		2,342
Equity at end of period (31 December 2020)	3	950	2,770	-2,312	1,411

*) Q2 share issue of 2,794 shares, EUR 3,032 thousand, has been registered in Trade Register on 16 September 2021 and Q3 share issue of 1,620 shares, EUR 1,950 thousand, has been registered in Trade Register on 7 October 2021.

Basis of preparation of the interim financial information

This consolidated interim financial information for the period ended 30 September 2021 has been prepared solely for the purpose of being incorporated by reference into the prospectus prepared in connection with offering of Betolar Plc's shares to the public and listing of the company's shares into Nasdaq Helsinki Oy's First North Growth market.

This consolidated interim financial information has been prepared in accordance with good accounting practice and with the Finnish accounting legislation.

Interim financial information has not been audited and has been prepared in accordance with the Finnish accounting standards (FAS). Information is presented to the extent required by section 4.4 (e) (i)-(iv) of the First North rules. The figures presented are in thousand euros and have been rounded from exact figures. Thus, in certain cases, the sum of the figures in a column or row may not exactly match to the total amount given for that column or row.

The financial information presented here does not include all the notes presented in the financial statements and this financial information should be read in conjunction with the financial statements for the financial year ended on 31 December 2020, which is included in the prospectus.

Significant events during the reporting period

During the reporting period Betolar has not recorded any sales. Consolidated loss for the period ended on 30 September 2021 was EUR 2,585 thousand (EUR 877 thousand). The Company has focused on product and service development, customer pilots and recruiting. The growth in operating expenses mainly relates to growth in development actions, increasing the number of customer pilots, enhancing the Company's administration, financial function and systems. In addition, the Company has started adopting CRM system. The Company has also invested in development of AI platform. Financial expenses in current reporting period relate mainly to obtaining financing for future operations.

Investments relating to the capitalised development expenditures amount to EUR 1,018 thousand in the reporting period ended on 30 September 2021.

During the second quarter of 2021, Betolar executed a share issue of EUR 3,032 thousand and during the third quarter of 2021, a share issue of EUR 1,950 thousand was executed to enhance Company's financial and operational position in current and next financial year. Q2 share issue of 2,794 shares has been registered in Trade Register on 16 September 2021 and Q3 share issue of 1,620 shares has been registered in Trade Register on 7 October 2021.

The Company acquired minority shares of two subsidiaries (Betolar Element Oy and Betolar Green Building Technologies Oy) on 1 June 2021. Consolidated goodwill from the acquisition amounts to EUR 127 thousand and it will be amortised with straight-line amortisations during five years. After this acquisition all subsidiaries are 100 % owned by the Group.

The Company has withdrawn a research and development loan of EUR 360 thousand granted by Business Finland during the current financial year. The maturity of the loan is seven years, first instalment being due after three years. Investments relating to this R&D project were EUR 561 thousand by 30 September 2021. Investment relates to the capitalised personnel expenses and external services. Received loan is targeted to growth companies compensating possible effects of COVID-19.

At the end of the reporting period, the Company has registered a subsidiary in India. The Company intends to hire a country manager for the subsidiary. The Company will begin to establish a technical organisation in Vietnam. These actions relate to starting business operations in Asia.

Going concern

Betolar's business is still in productisation phase. Developing and commercialising the solutions that Betolar is offering for its customers has incurred and will continue to incur significant costs to the Company. Betolar's future outlook and income are strongly dependent on Betolar's ability to obtain financing and getting customer agreements.

Consolidated loss for the nine-month period ended 30 September 2021 is EUR 2,585 thousand. Retained losses as at 30 September 2021 amounted to EUR 2,312 thousand.

In October 2021 Betolar has agreed on convertible loan arrangements amounting to EUR 4,500 thousand to ensure future financing. In connection with the completion of the potential listing, these convertible loans are converted into equity. These loans were withdrawn in October and November 2021.

There are no threats in sight in the Company's ability to finance its operations during next financial year. Betolar's future growth is based on starting the commercialising phase. If facing weakening in Company's financial position, the Company would postpone its growth-related personnel recruitments and investments in development projects for future years.

In addition, Betolar has in May 2021 started preparations for the First North-listing. The listing is expected to take place in November - December 2021. The Company aims to raise additional equity financing in connection with the listing.

Related party transactions

Betolar's related parties include subsidiaries owned by the parent company Betolar Plc. Related parties also include key management personnel, their close family members as well as companies controlled by them. Key management personnel include the Board of Directors, Chief Executive Officer and other management team members.

Transactions with related parties have been carried out on an arm's length basis. Transactions include consulting services purchased from a member of the Board of Directors and a member of the management team as well as minority shares of subsidiaries acquired from management team members during the financial year 2021.

To the related parties have not been granted any loans and the Company has not given any commitments on their behalf.

Transactions made with related parties:

EUR in thousands	30.9.2021	30.9.2020	31.12.2020
Consolidated income statement			
Purchases of services	91	17	49

EUR in thousands	30.9.2021	30.9.2020	31.12.2020
Consolidated balance sheet			
Trade payable	23	0	9

Minority shares of subsidiaries (Betolar Element Oy and Betolar Green Building Technologies Oy) have been acquired from management team members on 1 June 2021. The transaction amounted to EUR 100 thousand and it was conducted in order to simplify group structure.

Wages and salaries of key management personnel:

EUR in thousands	30.9.2021	30.9.2020	31.12.2020
	Group	Group	Group
Remuneration paid to the members of the Board of Directors	24	0	3
Chief Executive Officer			
Wages and salaries	122	58	108
Pension expenses	21	10	19
Other social security expenses	3	2	3
	<hr/>	<hr/>	<hr/>
	146	70	130
Management team			
Wages and salaries	243	180	274
Pension expenses	43	32	48
Other social security expenses	7	5	8
	<hr/>	<hr/>	<hr/>
	293	217	330

Share options (pcs) granted to the key management personnel during the financial years 2021 and 2020:

	2021	2020
	Group	Group
Board of Directors	718	0
Chief Executive Officer	101	280
Management team members	276	0
Total (*)	<hr/>	<hr/>
	1,095	280

(* Changes to option programs as a result of the share split, which was resolved on 2 November 2021 have not been reflected in the option amounts.

Off-balance sheet commitments

EUR in thousands	30.9.2021	30.9.2020	31.12.2020
	Group	Group	Group
Lease commitments	15	13	10
Business mortgages	150	150	150
Total	165	163	160

The Company has a credit limit guaranteed by Finnvera Plc to whom a business mortgage of EUR 150 thousand has been taken over.

Events after the reporting period

On 13.10.2021 the company's shareholders resolved with an unanimous resolution to incorporate the company's shares into the book-entry system maintained by Euroclear Finland Oy and to amend the company's Articles of Association accordingly. The registration period commenced on 15 November 2021 and expired on 16 November 2021.

On 15.10.2021 company's shareholders resolved with an unanimous resolution to give board of directors authority to decide on the issuance of special rights entitling to subscription of shares directed to existing shareholders and new investors as part of the company's financing arrangements.

On 15.10.2021 company made an agreement with Nidoco AB, Voima Ventures Fund II Ky, Janne Larma, Kari Stadigh, Taaleri Sijoitus Oy and Ari Salmivuori to issue convertible capital loan with the total amount of EUR 3,500 thousand.

On 15.10.2021 company's shareholders resolved with an unanimous resolution to give Board of Directors authority to resolve is to issue shares to Company's personnel. On 20.10.2021 Board of Directors issued a total of 342 new shares for subscription. Total of 319 shares were subscribed in the share issue to the personnel.

On 2.11.2021 company's shareholders resolved with an unanimous resolution to increase the share capital, change of the corporate form and name of the company, amendment of the articles of association, share issue without consideration and resolved to give Board of Directors authority to issue special rights entitling to shares in the form of convertible capital loan to Nidoco AB, to decide in the issuance of share in connection with the listing, to decide on the issuance of share and the issuance of special rights entitling to shares.

On 4.11.2021 company made an amendment agreement with Nidoco AB to raise the previously issued convertible capital loan with the amount of EUR 1,000 thousand.

On 17.11.2021 the company received subscription commitments from cornerstone investors to subscribe shares amounting to EUR 24,100 thousand at maximum ahead of the company's contemplated First North listing. The payment received from the subscription undertakings are conditional to the gross proceeds of at least EUR 30,000 thousand raised by the company in connection with the First North listing, maximum valuation of all the of the company's outstanding shares before the share issue not exceeding EUR 70,000 thousand and that the cornerstone investors will be guaranteed the number of offer shares covered in the subscription undertaking with certain other customary terms.

The company has continued piloting with new customers in Europe and with first customers in Asia.

Kannonkoski, Finland
25 November 2021

Betolar Plc
Board of Directors