

# Betolar Plc

## Financial Statements Release

1 January–31 December 2021



**BETOLAR**

Betolar Plc's financial statements release for 1 January–31 December 2021 (unaudited)

## Green light for growth and internationalisation

### January–December 2021 in brief

- Net sales amounted to EUR 10 thousand (EUR 6 thousand)
- Gross margin<sup>1</sup> amounted to EUR 6 thousand (EUR 192 thousand)
- EBITDA<sup>1</sup> amounted to EUR -3,171 thousand (EUR -1,053 thousand)
- Operating profit (loss) was EUR -3,859 (EUR -1,373 thousand)
- Net profit for the period amounted to EUR -7,329 thousand (EUR -1,385 thousand)
- Earnings per share<sup>1,2</sup> were EUR -0.70 (EUR -0.18)
- Cash and cash equivalents at the end of the period amounted to EUR 37,355 thousand (EUR 644 thousand)
- The number of pilot customers<sup>1</sup> increased to 12 (5)
- The average number of personnel during the period increased significantly to 23 (12)
- Betolar raised approximately EUR 34.5 million gross in the IPO

### Key events in the 2021 financial period

- Betolar shifted its Geoprime® concept from the research and development phase to the commercialisation phase in Finland and internationally.
- Several cooperation and pilot project agreements aiming to deploy the Geoprime® concept were signed during the second half of the year with Ruskon Betoni Oy, Lujabetoni Oy, Kiilto Oy, JA-KO Betoni Oy, IBF A/S and TARA.
- The Finnish Climate Fund granted a capital loan of EUR 7 million to Betolar in November for digital platform development
- Betolar's operating system was certified in accordance with ISO 9 001, ISO 14 001 and ISO 45 001.
- Betolar successfully strengthened its growth financing by organising a financing round of EUR 5 million and agreeing on a convertible bond of EUR 4.5 million.
- Betolar's shares were successfully listed on the Nasdaq First North Growth Market Finland marketplace, accumulating capital of approximately EUR 35 million. The number of shareholders increased in the IPO to over 4,300.

The figures in brackets in this report refer to the comparison period, i.e. the same period in 2020, unless otherwise specified. The figures for the comparison period are based on the audited financial statements.

### Board of Directors' proposal on the use of distributable unrestricted equity

The Board of Directors proposes that no dividend be distributed for the financial period 1 January–31 December 2021 and that the loss for the financial period be carried over under retained earnings.

# BETOLAR

## Key figures

(EUR thousand, unless otherwise specified)	1–12 2021	1–12 2020
<b>Financial indicators</b>		
Net sales	10	6
Gross margin <sup>1</sup>	6	192
EBITDA <sup>1</sup>	-3,171	-1,053
Operating profit (loss)	-3,859	-1,373
Profit before appropriations and taxes	-7,329	-1,385
Profit for the financial period	-7,329	-1,385
Earnings per share, adjusted and unadjusted for dilution, EUR <sup>1,2</sup>	-0.70	-0.18
Cash and cash equivalents (at the end of the period)	3,358	644
<b>Operational indicators</b>		
Personnel (average number during the financial period)	23	12
Number of pilot customers <sup>1</sup>	12	5

- 1) Betolar uses certain alternative performance measures (gross margin, EBITDA, EPS and number of pilot customers) as indicators of operational profitability and performance. The definitions and calculation formulas of these measures are enclosed to the report.
- 2) The number of shares used in the calculation of earnings per share is as follows: 31 December 2021: 19,444,024 and 31 December 2020: 7,853,868.

## CEO Matti Löppönen comments on the 2021 financial year

For Betolar, 2021 was a year of preparing for the commercialisation and scaling up of the Geoprime® solution, which will immediately reduce the CO<sub>2</sub> emissions of the raw material of concrete significantly. In order to accelerate research and development, as well as for domestic and international growth, the company strengthened its balance sheet, expertise and cooperation network. The launch of the commercial phase of business operations has continued in line with the objectives, following the industrial licensing agreements signed after the end of the financial year in early 2022. It is a clear indication of the functionality and appeal of the Geoprime® concept among industrial operators.

Early in the year, we carried out a EUR 5 million financing round and, at the same time, got new owners that will support the company's growth. The year culminated in the company's listing on the First North Growth Market Finland marketplace on 9 December 2021 and the IPO that was carried out in connection with it, in which we raised EUR 34.5 million in gross funds for the implementation of the growth project. In addition, the Finnish state's Climate Fund granted Betolar a capital loan of EUR 7 million for the development of the AI platform.

Betolar's business is based on three pillars, which enable the green transformation of the concrete industry in particular, cut CO<sub>2</sub> emissions caused by cement, and reduce the consumption of virgin resources. The company's scientific and industrial understanding of materials technology forms a strong starting point for the company's development. A significant factor in the implementation of the strategy is the company's Geoprime® concept, which guarantees the usability, quality and commercial appeal of the solutions to customers by providing them with the required support for green binder solutions on an industrial scale. In addition, through the development of the AI platform, we aim to bring efficiency and certainty to our research activities and to our customers' industrial processes.

The message of Betolar's green transformation has attracted well-deserved interest among industrial companies and received significant positive media coverage. Betolar's business environment became remarkably favourable in early 2021. Real estate investors and developers have clearly expressed their interest in our solutions. Regulation is steering construction and industry extensively towards green, sustainable solutions.

A significant group of Finnish universities and companies in the binder, concrete and mining industries have joined us in developing our solutions together. Cooperation agreements with Kiilto Oy, Keliber Oy, Ruskon Betoni Oy and Lujabetoni Oy ensure the strong customer orientation of our operations and the functionality of the solutions being developed. The goal is that all product development work will lead to significant scalable industrial solutions globally. At the same time, they allow our partners to conduct sustainable business in their home markets. Positive sustainable action has attracted skilled employees who want to promote the large-scale adoption of low-carbon solutions.

As a company, Betolar is moving into the commercial phase. Enabled by successful materials development, we have completed a significant number of new industrial customer pilots in 2021. These totalled 10 pilot customers in Europe and 2 pilot customer in Asia. The results of the Geoprime® pilots mainly concerning dry press products have been very encouraging. The aim is that they will lead to commercial agreements. Potential customers in Europe are interested in learning about our solution, piloting product groups, and negotiating on genuine commercial agreements. In Asia, we have begun to prepare to build a commercial and technical organisation and carried out the first industrial pilot projects in India and Indonesia.

In order to strengthen the company's business capability, development potential and international scalability, we strengthened the Board of Directors and the Management Team with successful recruitments last year. CFO Riikka Ylikoski (June 2021) and CTO Pekka Hintikka (September 2021) joined the company's Management Team, strengthening it with their significant industrial management expertise and competence. As the company sought to move towards international commercial operations and develop its capability of launching stabilisation and mining business solutions to the market, the composition of the company's Board of Directors was also changed as planned. The term of office of Juha Pinomaa, Timo Mäkelä and Markus Kallio, who had served



## **BETOLAR**

Betolar well, ended in July 2021, when Kalle Härkki, an expert in the mining and processing industry, and Soile Kankaanpää, an experienced international commercial scaling expert, were elected onto the Board of Directors.

Both the investor community and industrial companies have shown their confidence in the Geoprime® solution and Betolar's ability to scale it up internationally. This year, our task is to prove that we are following the path we have planned.

## Strategic, business and financial objectives

Betolar aims to offer its customers the Geoprime concept solution under licence-based agreements, which includes the formula for low-carbon construction material and allows the production of the material and continuous services from production support and optimisation parameters, quality assurance and aftermarket support. Betolar is developing an artificial intelligence platform that enhances its research and development activities. As a result, Betolar aims to provide its customers with continuously developing services. The company collects and analyses data to increase the efficiency of its R&D activities, improve customers' production processes and provide the users of the end products with added value.

Betolar's strategy is to facilitate the green transformation and transition of different industries, in particular the construction, process and energy industries. The strategic growth objectives are pursued by focusing on the following matters in particular:

- Launching international business and generating net sales with Betolar solutions.
- Building a data-based business ecosystem.
- Ensuring sufficient access to industrial side streams.

### **The company's Board of Directors has set the following business and financial objectives in conjunction with the IPO:**

Betolar has the following operational targets in the short term (1–2 years):

- 10–15 pilot projects per year with customers representing significant volume potential based on over 150 potential customers identified by the Company;
- First commercial agreements with the customers;
- Growth of the customer delivery and sales organisation;
- Expansion of brand and marketing activities to the target markets;
- Strong creation of solutions based on product development, as well as development of the value chain together with industrial partners and customers;
- Introduction of the Geoprime Academy training platform in the market;
- Piloting an automated laboratory and development of the artificial intelligence platform.

Betolar has the following operational targets in the medium term (4–6 years):

- Global scale-up of Betolar's solutions;
- Reaching 100 commercial agreements;
- Scale-up of applications and production volume of Betolar's solutions with Betolar's artificial intelligence platform and ecosystem;
- Strong global sales, marketing and delivery capabilities.

Betolar has the following operational targets in the long term (10 years):

- Product development expenses of approximately 5 percent of the revenue targeted by the Company;
- Recognition of the Geoprime brand as a leading environmentally sustainable product within the building materials industry;
- Achieving a decrease of 150 million tonnes in cumulative carbon dioxide emissions (as compared to the average emissions from Portland cement at the emission level in 2021).

## BETOLAR

In addition to its operational targets, Betolar has the following financial targets in the medium and long term based on its scalable business model:

- The medium term: Revenue of EUR 200 million and achieving positive cash flow from operating activities by 2026;
- The long term: Revenue of over EUR 1 billion and achieving an EBITDA margin of 30 percent within 10 years.

## Business performance

In 2021, Betolar continued its product development work and began the commercialisation and internationalisation of its operations. During the year, the focus was on acquiring and developing the resources and capabilities required by the company's growth strategy. The company organised a EUR 5 million financing round and an IPO raising gross assets of approximately EUR 35 million during the year.

### Several pilot and cooperation agreements

Pilot and cooperation agreements aiming to launch business were made during the second half of the year. The company signed its first agreement aiming at industrial cooperation with Ruskon Betoni Oy concerning the production of paving stones. In addition, a partnership agreement was signed with Lujabetoni Oy, a major Finnish producer of prefabricated and ready-mixed concrete.

Cooperation began with Kiilto Oy to produce low-carbon floor screeds in September 2021. The parties aim to replace the cement used as a binder in floor screeds with a side stream-based solution. The cooperation aims to reduce carbon dioxide emissions from construction in Finland as well as in Northern and Eastern Europe.

In September 2021, Betolar and Lujabetoni announced that they are jointly developing the background technology for low-carbon concrete products. The parties have carried out development work to accelerate the curing of low-carbon concrete using CEM III cement that contains blast furnace slag with the "Geoprime Hybrid" solution.

Betolar and JA-KO Betoni Oy announced in September 2021 that they are assisting Keliber, which is preparing a lithium mine in Kaustinen, Finland, in utilising the massive side streams typically produced in the mining industry. In accordance with the trilateral agreement between the companies, the aim is to use tailings produced as a side stream in Keliber's enrichment process and analcime sand produced later in the lithium production process in concrete production as aggregate at JA-KO Betoni's plant in Kokkola, Finland.

In September 2021, Betolar and the Danish concrete producer IBF commenced cooperation to launch low-carbon concrete products pursuant to the Geoprime concept to the market. Betolar and IBF launched an industrial-scale test programme to ensure the strength and durability of the concrete products in the sewerage pipe, paving and roof tile categories in the first phase. IBF produces almost all kinds of concrete products, including ready-mixed and prefabricated concrete, and the plan is to also expand the testing into other product categories. IBF aims to launch products with a significantly smaller carbon footprint to the market already in 2022.

In November 2021, Betolar signed a cooperation agreement with TARA, an Indian specialist in sustainable housing construction. The aim is to facilitate diverse housing solutions to sustainably promote urbanisation. Betolar and TARA have been cooperating in India for more than two years already. Betolar's solution and expertise combined with TARA's expertise in sustainable development and local expertise can make it possible to offer cement-free products to the Indian market.

### First commercial agreements signed after the end of the review period

Betolar's goal is that the pilot and cooperation agreements will lead to commercial agreements on the Geoprime® concept and production chemicals. The first commercial agreements covering the Geoprime® concept were signed after the end of the financial period in February 2022.

Betolar Oyj and JA-KO Betoni Oy signed a licence agreement on the Geoprime® concept and delivery agreement for related chemicals on 4 February 2022. The term of the agreement is 10 years, and it includes the right to use the Geoprime® concept in all JA-KO Betoni's concrete products in production. The Geoprime® solution will first be used in pre-cast concrete products, such as diverse infrastructure products, pole foundations and foundations for charging stations for electric vehicles.

Betolar Plc and Denmark's biggest producer of concrete products, IBF, signed a commercial agreement pursuant to the Geoprime® concept until the end of 2026 on 15 February 2022. The



## BETOLAR

agreement covers both the parent company and subsidiaries of IBF. IBF's annual concrete production volume is approximately two million tonnes. IBF produces almost all kinds of concrete products. Under the agreement, IBF will commence the production of concrete products using Betolar's proprietary Geoprime® concept gradually in 2022. The first product category will be sewerage pipes, but the applications will be expanded into other product categories as made possible by the logistical availability of slag used as raw material, product testing and approvals.

Betolar and Belgian Tubobel signed a commercial agreement on 24 February 2022 for a cement alternative Geoprime®. The agreement with Betolar is valid until 2030. Tubobel, which manufactures concrete products for industry and road construction, starts manufacturing concrete pipes with Betolar's Geoprime® concept. Tubobel is the market leader in the manufacture of sewer pipes in Belgium. The first product group is sewer pipes, which have been tested in industrial scale. The products have gone through extensive quality testing. During first years Tubobel will have an exclusive right to use the Geoprime concept and chemicals in the Belgian market for the manufacture of the pipes. Production will gradually expand also to other product groups, such as paving stones and other infrastructure products.

### Market situation

Betolar's low-carbon alternative binder solutions for the cement used in concrete and its production are intended to respond to the global need for reducing the carbon dioxide emissions produced in the construction value chain.

With regard to the public sector, large cities aim at carbon neutrality by preferring environmentally-friendly construction materials, for example. In addition to this, many real estate investors, developers and concrete and cement producers are increasing their investments in deploying green solutions and achieving carbon neutrality.

The most significant competitors are companies offering lower-emission mixed concrete solutions and other chemical companies offering novel geopolymer solutions. The flexibility and scalability of Betolar's solution, technical benefits achieved in the final products and advanced use of data provide Betolar with a competitive advantage in the market.

In 2021, the value of the European construction market is estimated at EUR 1,135 billion and the market in the Asian countries most significant to Betolar is estimated to be approximately EUR 5,556 billion. The overview of the construction market in Betolar's key markets is positive due to the steady and positive growth trend of the markets.

The target markets of Betolar's commercialisation and growth are in Europe (EMEA) and Asia (APAC). The company sees net sales potential in both markets, and Asia is expected to account for a higher share of net sales than Europe in the medium term.

In Europe, Betolar launched sales measures in Finland, Sweden, Denmark, Norway, Germany and Belgium. There is strong interest in the Geoprime® solution on account of its technical, financial and environmental aspects. At the level of final products, the prices of Geoprime® products are estimated to be slightly higher than those of cement-based products. Increasing prices of energy and emissions allowances are estimated to increase the production of high-emission cement products and improve the competitiveness of low-carbon alternatives to cement.

In Asia, Betolar commenced sales measures in India, Vietnam and Indonesia. In addition, offering the solutions in Thailand, the Philippines, and in the longer term in the South-East Asia and Chinese markets, was investigated. Based on an initial market survey, Betolar's solutions can offer the producers of concrete products a cost advantage of approximately 5–15 per cent compared to conventional cement-based concrete.

The market situation is described in detail in the prospectus available on the company's IPO site at [www.betolar.com/IPO](http://www.betolar.com/IPO).

# BETOLAR

## Financial review

### Net sales

Consolidated net sales in January–December 2021 amounted to EUR 10 (1–12/2020: 6) thousand.

There were no material commercial net sales in the financial period. This reflects the current phase of Betolar's business, in which the company focused primarily on research and development activities, commercialising its Geoprime® concept and building the capabilities required for implementing the growth strategy. The realised net sales were comprised of customer licence fees and sales of old stock.

### Profit

The Group's operating profit for January–December 2021 amounted to EUR -3,859 (1-12/2020: -1,373) thousand. Gross profit amounted to EUR 6 (192) thousand and EBITDA amounted to EUR -3,171 (-1,053) thousand.

Profit before appropriations and taxes was EUR -7,329 (-1,385) thousand. Profit for the financial period was EUR -7,329 (EUR -1,385) thousand.

Personnel expenses increased from the comparison period to EUR 2,004 (EUR 1,046) thousand. The increase in personnel expenses was due to strengthening the R&D personnel, commercial team and management team according to plans.

Depreciation, amortisation and impairment amounted to EUR 688 (320) thousand and other operating expenses to EUR 2,874 (864) thousand. The increase in other expenses was attributable to costs from external experts associated with R&D activities and building the AI platform, developing the company's governance to the level required by the IPO and costs relating to business development, marketing and development of sales.

Financial expenses amounted to EUR 3,470 (18) thousand. Financial expenses increased due to non-recurring expenses of EUR 3,402 thousand related to the First North listing.

Betolar is a growth-phase company whose investments in developing its Geoprime concept and its international commercialisation increased strongly during the financial period. The operating loss reflects the company's expenses and activities in R&D and building the other preconditions and capabilities required by the growth strategy.

### Financial position and cash flows

Betolar's balance sheet total at the end of the financial period was EUR 40,159 (31 December 2020: 1,815) thousand. Equity amounted to EUR 38,413 (EUR 1,411) thousand. Equity ratio at the end of the financial period stood at 96 (78) per cent.

At the end of the financial period, the Group's net debt amounted to EUR -36,979 (-644) thousand and gearing was -96 (-46) per cent.

Cash flows from operating activities for January–December 2021 amounted to EUR -3,140 (1–12/2020: 975) thousand. In particular, the net cash flow from operating activities was affected by costs relating to the IPO and the increase in personnel and other expenses.

Cash flows from investing activities totalled EUR 1,727 (738) thousand, comprising mainly intangible assets relating to the company's R&D activities.

Cash flow from financing activities amounted to EUR 41,578 (EUR 2,342) thousand. The cash flow from financing activities includes the gross assets of the share issue connected to the IPO, totalling EUR 34,500, recognition of the proceeds of the financing round, totalling EUR 5,000 thousand in

## BETOLAR

shareholders' equity and recognition of a convertible bond of EUR 4,500 thousand in shareholders' equity as well as costs associated with the company's listing, totalling EUR 3,072 thousand.

In September 2021, Betolar completed a financing round of a total of EUR 5 million, in which it raised funds from Finnish and international investors to strengthen its product development work.

In the fourth quarter of 2021, Betolar signed an agreement with six investors on a convertible bond totalling EUR 4.5 million in the form of a subordinated loan. In accordance with the terms and conditions of the agreement, it was converted into shares with interest in connection with the IPO. The subscription price per share used in the conversion was 80 per cent of the subscription price of the IPO. In the share conversion, a total of 991,656 shares were issued to the conversion creditors.

The Finnish state-owned Climate Fund granted a capital loan of EUR 7.0 million to Betolar on 24 November 2021. The purpose of the loan was to ensure the company's possibility to invest in developing its digital platform. The loan will be paid to Betolar in three instalments as software development progresses according to the project plan, preliminarily between 2022 and 2023. The loan is priced in accordance with the market-conform interest rate pursuant to the EU's interest rate reference table, including the interest premium. The interest rate on the loan is pegged to the company's credit rating in accordance with Suomen Asiakastieto Oy's Rating Alfa. The interest rate will be adjusted annually starting from 30 June 2023. The interest will be capitalised annually. The loan will fall due for repayment in one instalment on 1 January 2029. The terms and conditions of the loan impose certain restrictions on the use of the loan assets. In the loan agreement, Betolar is also committed to refrain from the payment of dividends or other distribution of funds unless the loan and its interest has been repaid in full to the Climate Fund. More detailed information about the terms and conditions of the loans is available in the company's listing prospectus under "Financing Betolar's business".

Betolar's cash and cash equivalents at the end of the period amounted to EUR 37,355 (644) thousand and the change in cash and cash equivalents was EUR 36,711 (629) thousand.

## Investments

Investments in tangible and intangible assets totalled EUR 1,755 (2020: 738) thousand. Investments accounted for 21 (38) per cent of total operating expenses.

## Near-term risks

Betolar's current key near-term risks and business uncertainties are described in detail in the company's prospectus. The key near-term risks are as follows:

- Unfavourable economic development and situation in the industries to which Betolar offers its solution can affect Betolar's business operations through the weakening of demand of financial difficulties of Betolar's customers and partners and thereby the slowing down of commercial cooperation, for example.
- If Betolar fails to efficiently compete with existing or new methods with its Geoprime technology, this can have a negative impact on Betolar's business operations and prospects.
- There are uncertainties associated with the development of the demand for circular construction materials technologies and the use and pricing of industrial side streams, which may have a material negative impact on Betolar's ability to commercialise its accumulated expertise.
- Global epidemics or pandemics may have a material negative impact on Betolar's business through the general economic situation, impaired availability of financing and decreased economic activity of customers, among other reasons.
- Betolar might not be able to succeed in implementing its strategy or its strategy can turn out to be incorrect in relation to the market situation or changes in the industry.

## BETOLAR

- Betolar's Geoprime technology and solutions based on it are still under development, and the company might not be able to succeed in implementing the planned product development or reach the goals set for its product development activities.
- Betolar's business is particularly dependent on certain initial-phase pilot customers and partners as well as trends affecting their and Betolar's other potential customers' business.
- Betolar's ability to generate income and net sales by licensing its solutions involves risks and uncertainties, such as Betolar's ability to create sources of net sales related to its intellectual property rights, maintain net sales generated in the future and protects its intellectual property rights.
- Betolar's failure in complying with laws and regulations and the construction materials produced with its solutions achieving compliance with standards together with the customer may have a negative impact on its business.
- Betolar is a growth company, and it is possible that the growth it pursues will not materialise. It is possible that it will never accrue significant customer net sales, reach profitability or remain profitable.

### Group structure

The Betolar Group is comprised of the parent company Betolar Plc and its six Finnish wholly-owned subsidiaries Betolar Chemicals Ltd, Betolar Element Ltd, Betolar Geotechnical Solutions Ltd, Betolar Green Building Technologies Ltd, Betolar Mining Solutions Ltd and SolidWatt Ltd.

In addition, the Group includes the Indian subsidiary Betolar India Private Limited (registered on 1 September, 2021), owned by Betolar's direct subsidiaries Betolar Chemicals Ltd (holding of more than 99 per cent) and Betolar Green Building Technologies Ltd (holding of under 1 per cent).

### Personnel and offices

The number of Betolar's personnel increased significantly during the financial period and averaged 23 (12) FTE. In particular, Betolar employs scientists specialising in geopolymer and construction materials technology and data sciences, product development experts and professionals specialised in customer delivery project management and sales. In addition, the company uses external consultants especially in support of sales, product standardisation and artificial intelligence.

Betolar's head office is located in Kannonkoski, Finland. In addition, it has research and development activities in Espoo, Finland, in Aalto University facilities.

### Board of Directors, Management Team and auditor

#### Board of Directors

The members of Betolar's Board of Directors on 31 December 2021 were Tero Ojanperä (Chair), Inka Mero (ordinary member), Kalle Härkki (ordinary member), Soile Kankaanpää (ordinary member) and Juha Leppänen (ordinary member).

Kalle Härkki and Soile Kankaanpää were elected as new members of Betolar's Board of Directors by the Annual General Meeting of 27 July 2021.

# BETOLAR

## Management Team

On 31 December 2021, the Management Team of Betolar was comprised of the following persons. Matti Löppönen (CEO), Riikka Ylikoski (CFO), Juha Leppänen (CIO), Lasse Happonen (MD, Precast & ready-mix), Juha Pinomaa (Head of Asia, Precast and ready-mix), Janne Rauramo (Head of Europe, Precast and ready-mix) and Pekka Hintikka (CTO).

Riikka Ylikoski was appointed as CFO and member of the Management Team on 9 June 2021

Pekka Hintikka was appointed as Chief Technology Officer and member of the Management Team on 23 September 2021.

Antti Uski was appointed as Chief Human Resources Officer and member of the Management Team on 22 December 2021. He took up his post after the end of the reporting period on 11 January 2022.

## Auditor

Betolar's Annual General Meeting of 27 July 2021 elected the auditing firm PricewaterhouseCoopers Oy as its auditor, with Janne Rajalahti, Authorised Public Accountant, as the responsible auditor.

## Resolutions of the Annual General Meeting

Betolar's Annual General Meeting of 27 July 2021 adopted the financial statements for the financial period 1 January–31 December 2020 and discharged the members of the Board of Directors and the CEO from liability.

The Annual General Meeting resolved that the Board of Directors have 5 ordinary members. It elected Tero Ojanperä, Kalle Härkki, Soile Kankaanpää, Juha Leppänen and Inka Mero as ordinary members of the Board of Directors. The Annual General Meeting elected the auditing firm PricewaterhouseCoopers Oy as its auditor, with Janne Rajalahti, Authorised Public Accountant, as the responsible auditor.

The Annual General Meeting decided the monthly fee payable to the Chair of the Board to be EUR 2,000 and to the members EUR 500. It was decided to pay the auditor's fee against a reasonable invoice.

The Annual General Meeting resolved to authorise the Board of Directors to decide on issuing shares and/or option rights referred to in chapter 10, section 1 of the Limited Liability Companies Act as follows: Under the authorisation, a maximum of 367 shares may be issued in one or more tranches. The issue of shares and/or option rights can take place in deviation from shareholders' pre-emptive rights (private placement). Under the authorisation, issues and/or option rights can be issued to the company's employees, CEO and Board members and/or holding companies owned by employees, the CEO or Board members.

The Board of Directors may issue new shares or treasury shares held by the company under the authorisation. The Board of Directors has the right to decide on all other terms and conditions of issuing shares and/or option rights.

The authorisation is valid until 27 July 2026 and does not revoke previous authorisations.



## Share and shareholders

At the end of the financial period on 31 December 2021, Betolar's share capital was EUR 80,000 (2,500) and the company had issued 19,444,024 fully paid-up shares. The company has one series of shares with the ISIN code FI4000512587.

At the end of the financial period, Betolar had a total of 3,931 shareholders. The table below presents Betolar's ten largest shareholders based on the number of shares according to information from the shareholder register maintained by Euroclear Finland Ltd as at 31 December 2021.

### Ten largest shareholders on 31 December 2021

Position	shareholders	Number of shares	% of shares
1	Nidoco AB	2,100,000	10.80
2	Leppänen Juha Markus	1,603,468	8.25
3	Ilmarinen Mutual Pension Insurance Company	1,080,139	5.56
4	Voima Ventures Fund II Ky	744,853	3.83
5	Entrada Oy	691,150	3.55
6	Sijoitusrahasto Säästöpankki Pienyhtiöt	650,000	3.34
7	Ylitalo Kari Tapani	558,930	2.87
8	Löytö-investorit Oy	488,012	2.51
9	Sijoitusrahasto Danske Invest Suomi Osake	471,400	2.42
10	Heinänen Matias Iisakki	364,807	1.88
	10 largest, total	8,752,759	45.02
	Other shareholders	10,691,265	54.98
	All shares, total	19,444,024	100.00

The members of the Board of Directors and Management Team and entities controlled by them held a total of 2,844,747 shares in Betolar at the end of the financial period, accounting for approximately 14.6 per cent of all shares and votes.

### Largest shareholders by sector on 31 December 2021

Position	Shareholders by sector	Number of shares	% of shares
1	Households	5,482,674	36.17
2	Private companies, total	4,616,517	30.46
3	Foreign, total	2,212,537	14.60
4	Financial and insurance institutions, total	1,228,323	8.10
5	Public organisations	1,341,463	8.85
6	Not-for-profit organisations, total	276,356	1.82
	Total	15,157,870	100.00
	Nominee-registered	1,653,761	8.51
	On the joint account	2,632,393	0.00
	All shares, total	19,444,024	0.00

Of the shares, 8.5 per cent were held by nominee-registered shareholders. In addition, there was a total of 2,632,393 shares on the joint account that had not been transferred to shareholders' book-

# BETOLAR

entry accounts by the end of the financial period. The shares on the joint account were held by five<sup>1</sup> shareholders and had not yet been recorded on their book-entry accounts. The shares on the joint account and their shareholders are not included in the list of the largest shareholders.

## Breakdown of shares on 31 December 2021

Position	Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1	1–100	2,824	73.33	160,684	0.83
2	101–500	706	18.33	167,611	0.86
3	501–1,000	136	3.53	107,753	0.55
4	1,001–5,000	86	2.23	180,983	0.93
5	5,001–10,000	24	0.62	161,583	0.83
6	10,001–50,000	33	0.86	799,441	4.11
7	50,001–100,000	9	0.23	578,570	2.98
8	100,001–500,000	24	0.62	5,638,796	29.00
9	500,001–	9	0.23	9,016,210	46.37
	On the joint account	0	0.00	2,632,393	13.54
	Total	3,851	100.00	19,444,024	100.00

The 100 largest shareholders are listed on Betolar's website <https://www.betolar.com/investors>

## Share price and trading

Trading in the Betolar share commenced on 9 December 2021. The highest quoted share price during the financial period was EUR 6.88 and the lowest EUR 5.95. The volume-weighted average share price was EUR 6.49. The closing price of the financial period was EUR 6.30, resulting in Betolar's market capitalisation of EUR 122,497 thousand. The total trading volume of the share during the financial period was EUR 5,185 thousand and turnover 799,310 shares. The average daily turnover during the financial period was 345,671 shares.

<sup>1</sup> Verbiex Capital AB (472,386 shares), Leicap AG (288,480 shares), Filip Relander (235,592 shares), Katri Nygård (29,449 shares) and Ajanta Innovation Oy (1,600,463 shares)

# BETOLAR

## Option and incentive schemes

Betolar has four option-based incentive and commitment plans, aimed to encourage the management and select key persons and employees to work to increase shareholder value in the long term.

Betolar's currently valid share option schemes and the included share options are described in the table below. All option rights were vested in conjunction with the IPO. All of the granted option rights of the 2019-1 option plan were exercised in order to subscribe for shares during the reporting period.

Plans	Subscription price	Number of shares issued under options	Identifier (number of shares issued)	Subscription period
<b>Options 2019</b>				
2019-2 <sup>1</sup>	EUR 0.64	117,195 <sup>2</sup>	117,195	31 December 2030
<b>Options 2020</b>				
2020	EUR 1.31	168,280	168,280	31 December 2030
<b>Options 2021</b>				
2021-1	EUR 1.31	603,404 <sup>3</sup>	603,404	31 December 2030
2021-2	EUR 1.31	121,402	121,402	9 September 2021–31 December 2030 1 December 2021–31 December 2030
<b>Total</b>		<b>1,010,281<sup>4</sup></b>		

The members of the company's Board of Director and Management Team held a total of 1,375<sup>5</sup> option rights on 31 December 2021, entitling them to subscribe for a total of 826,375 shares in the company. Other employees held a total of 306<sup>6</sup> option rights on 31 December 2021, entitling them to subscribe for a total of 183,906 shares in the company. In total, the number of issued unsubscribed options accounted for a total of 5.1 per cent of all shares in the company on 31 December 2021.

Betolar's share-based incentive and commitment scheme is described in Note 15 to the financial statements.

The option right-holding members of the company's Management Team and Board of Directors have signed a non-conveyance agreement corresponding with the company's non-conveyance agreement that will expire 360 days after the listing on the FN-marketplace.

## Valid authorisations of the Board of Directors

At the end of the financial period, Betolar's Board of Directors had the following authorisations granted by the general meeting of the company at its disposal:

The Board of Directors is authorised to decide on an issue of shares or option rights or other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act in one or more tranches. Under the authorisation, new shares or treasury shares held by the company may be issued. The total maximum number of shares issued under the authorisation is 5,000,000 shares, and the share issue and issue of special rights entitling to shares may deviate from the pre-

<sup>2</sup> Of these, 7,813 were exercised to subscribe for shares on 10 December 2021. The shares were registered after the end of the reporting period on 3 January 2022.

<sup>3</sup> Of these, 6,010 were exercised to subscribe for shares on 10 December 2021. The shares were registered in the Trade Register after the end of the reporting period on 3 January 2022.

<sup>4</sup> See footnotes 1–2.

<sup>5</sup> See footnotes 1–2.

<sup>6</sup> See footnotes 1–2.

## BETOLAR

emptive rights of shareholders (private placement). Under the authorisation, the Board of Directors decides on all other terms and conditions of the share issue or issuance of special rights entitling to shares. The authorisation is valid until the close of the next Annual General Meeting, however not later than 30 June 2022.

The Board of Directors is also authorised to decide on an issue of option rights referred to in chapter 10, section 1 of the Limited Liability Companies Act in one or more tranches. Under the authorisation, issues and/or option rights can be issued to the company's employees, CEO and Board members and/or holding companies owned by employees, the CEO or Board members. The Board of Directors has the right to decide on all other terms and conditions of issuing option rights. By the end of the financial period, the Board of Directors had option rights under which a total of 21 shares may be issued remaining. The authorisation is valid until 27 July 2026.

Furthermore, the Board of Directors is authorised to decide on repurchasing Betolar shares as follows:

The maximum number of the company's shares that may be repurchased under the authorisation is a total of 5,000,000 shares. However, the company and its subsidiaries combined may not hold more than 10 per cent of all shares in the company at any time. The Board of Directors decides on how the shares are repurchased, and derivative instruments, for example, can be used for the repurchase. Treasury shares may be acquired at the price in public trading on the date of the repurchase or other publicly quoted price. In addition, treasury shares may be purchased in a proportion other than that of the shares held by the shareholders (directed acquisition), and under the authorisation, shares may be repurchased only using unrestricted shareholders' equity. The authorisation is valid until the close of the next Annual General Meeting, however not later than 30 June 2022.

### Events after the period under review

According to the set targets for the year 2021, Betolar Oyj has signed commercial agreements in the beginning of year 2022 with previous year's pilot customers. During February Betolar Oyj signed 10 year Geoprime®-concept licence and supply agreements with Finnish JAKO-Betoni Oy. Company signed a commercial agreements with Danish IBF until the end of 2026 and with Belgian Tubobel until the year 2030.

Betolar Oyj has continued piloting with new customers in Germany, Belgium and Vietnam.

Finnish Climate Fund granted funding for AI platform development during the financial year 1.1.–31.12.2021. The first instalment of 2,0 million euros has granted to company in February 2022.

13823 shares, that was marked and paid during financial year 1.1.-31.12.2021, has been registered to trade register on January 2022.

Company has continued operational development according the strategy by recruiting key talents, accelerating AI platform development and launching the Geoprime Academy development.

### Board of Directors' proposal for the distribution of profit

The parent company's distributable unrestricted shareholders equity amounted to EUR 37,055,474.83 on 31 December 2021. The parent company's loss for the financial period was EUR 7,134,732.38.

In the years to come, Betolar will focus on financing its growth and developing its business operations in accordance with its strategy. The company does not expect to be distributing dividends in the short or medium term. In addition, the terms and conditions of Betolar's financing agreements include certain restrictions for Betolar's ability to pay out dividends or otherwise distribute equity. Additional information about the restrictions is available in the company's listing prospectus under "Financing Betolar's business".

# BETOLAR

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial period 1 January–31 December 2021 and that the loss for the financial period be carried over under retained earnings.

## Annual General Meeting

Betolar Plc's Annual General Meeting is planned to be held on 23 March 2022. The notice of the general meeting will be published later.

## Annual Report and financial reporting

The Annual Report for the 2021 financial period will be published on week 9, which begins on 28 February 2022

Betolar will publish the following financial reports in 2022

- Business review 1–3/2022 will be published on 27 April 2022
- Half-year financial report 2022 will be published on 31 August 2022
- Business review 1–9/2022 will be published on 26 October 2022

Betolar's financial reports are available at [www.betolar.com/investors](http://www.betolar.com/investors).

## Webcast for investors and media

Betolar will organise a live webcast in Finnish for investors and media on 25 February 2022 at 10:00 a.m. Finnish time.

The webcast (in Finnish) can be viewed at <https://betolar.videosync.fi/2021-tulosjulkistus>

In the presentation, CEO Matti Löppönen and CFO Riikka Ylikoski will introduce Betolar's financial statements and other current affairs of the company. A recording of the webcast and a corresponding presentation in English will be available on Betolar's investor site later during the same day.



## Betolar Plc financial statements information 1-12/2021

**CONSOLIDATED INCOME STATEMENT**

EUR in thousands	1-12/2021	1-12/2020
<b>REVENUE</b>	<b>10</b>	<b>6</b>
Manufacturing for own use (+)	1,617	664
Other operating income	91	192
Materials and services	-11	-6
Personnel expenses	-2,004	-1,046
Depreciation, amortisation and impairment	-688	-320
Other operating expenses	-2,874	-864
<b>OPERATING PROFIT (LOSS)</b>	<b>-3,859</b>	<b>-1,373</b>
Financial income and expenses	-3,470	-13
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>-7,329</b>	<b>-1,385</b>
<b>RESULT FOR THE FINANCIAL YEAR</b>	<b><u>-7,329</u></b>	<b><u>-1,385</u></b>
<b>EARNINGS PER SHARE</b>		
<b>EUR</b>	<b>-0,70</b>	<b>-0,18</b>

# BETOLAR

## CONSOLIDATED BALANCE SHEET

EUR in thousands

	31 December 2021	31 December 2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Consolidated goodwill	112	-
Development expenditures	1,813	803
Other capitalised long-term expenses	77	55
Total intangible assets	1,002	858
Tangible assets		
Buildings	6	6
Machinery and equipment	164	83
Advance payments and construction in progress	-	31
Total tangible assets	170	120
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,172</b>	<b>978</b>
<b>CURRENT ASSETS</b>		
Inventories	9	17
Long-term receivables		
Other receivables	16	-
Long-term receivables	16	-
Short-term receivables		
Trade receivables	7	0
Other receivables	382	101
Prepaid expenses and accrued income	220	73
Total short-term receivables	608	175
Investments		
Other shares and similar rights of ownership	33,998	-
Cash and cash equivalents	3,358	644
<b>TOTAL CURRENT ASSETS</b>	<b>37,988</b>	<b>837</b>
<b>TOTAL ASSETS</b>	<b>40,159</b>	<b>1,815</b>

**CONSOLIDATED BALANCE SHEET**

EUR in thousands

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80	3
Reserve for invested unrestricted equity	47,958	950
Share issue account	13	2,771
Retained earnings (losses)	-2,309	-927
Result for the financial year	-7,329	-1,385
<b>TOTAL EQUITY</b>	<u>38,413</u>	<u>1,411</u>
<b>LIABILITIES</b>		
Non-current liabilities		
Loans from financial institutions	372	-
Total non-current liabilities	<u>372</u>	<u>-</u>
Current liabilities		
Loans from financial institutions	4	-
Trade payables	767	141
Other liabilities	52	51
Accruals and deferred income	552	212
Total current liabilities	<u>1,375</u>	<u>404</u>
<b>TOTAL LIABILITIES</b>	<b>1,747</b>	<b>404</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>40,159</b></u>	<u><b>1,815</b></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR in thousands	1-12/2021	1-12/2020
<b>Cash flows from operating activities:</b>		
Result before appropriations and taxes	-7,329	-1,385
Adjustments for:		
Depreciation, amortisation and impairment	688	320
Financial income and expenses	3,470	13
Other adjustments	6	0
Cash flow before change in working capital	<u>-3,165</u>	<u>-1,053</u>
Changes in working capital:		
Increase (–) or decrease (+) in trade and other receivables	-433	-110
Increase (–) or decrease (+) in inventories	1	
Increase (+) or decrease (–) in trade payables and other liabilities	467	201
Cash flow from operating activities before financial items and taxes	<u>-3,130</u>	<u>-962</u>
Interest paid and other financial expenses paid	-10	-13
<b>Cash flow used in operating activities (A)</b>	<b><u>-3,140</u></b>	<b><u>-975</u></b>
<b>Cash flows from investing activities:</b>		
Investments in tangible and intangible assets	-1,585	-738
Loans granted	-16	-
Investments in subsidiary shares	-127	-
<b>Cash flow used in investing activities (B)</b>	<b>-1,727</b>	<b>-738</b>
<b>Cash flows from financing activities:</b>		
Proceeds from share issue	39,788	2,342
Purchase of own shares	-14	-
Proceeds from short-term loans	5	-
Repayment of short-term loans	-1	-
Proceeds from long-term loans	4,872	-
Payments relating to obtaining financing	-3,072	-
<b>Cash flow from financing activities (C)</b>	<b>41,578</b>	<b>2,342</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>36,711</b>	<b>629</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>644</b>	<b>15</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>37,355</u></b>	<b><u>644</u></b>
	<b>36,711</b>	<b>629</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**1-12/2021**

<b>EUR in thousands</b>	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
Additions to share capital	77				77
Result for the financial year				-7,329	-7,329
Adjustment to previous year's result				3	3
Share issues		44,252	13		44,265
Purchase of own shares		-14			-14
Registration of shares		2,770	-2,770		0
Equity at end of period (30 September 2021)	80	47,958	13	-9,638	38,413

**1-12/2020**

<b>EUR in thousands</b>	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



## Basis of preparation of the financial information

Betolar Plc's consolidated financial statements include parent company Betolar Plc ("company") and its subsidiaries ("group" or "Betolar") Betolar Geotechnical Solutions Oy (from 13.02.2019), Betolar Green Building Technologies Oy (from 12.06.2019), Betolar Mining Solutions Oy (from 06.03.2019), Betolar Chemicals Oy (from 01.11.2019), Betolar Element Oy (from 12.06.2019) and SolidWatt Oy (from 14.02.2019). These consolidated financial statements don't include group's subsidiary in India, Betolar India Private Limited. This has considered to not risk the true and fair view of the consolidated financial statements.

These consolidated financial statements have been prepared in accordance with the accrual principle, going concern principle and principle of prudence irrespective of the results for the financial period. These consolidated financial statements have been prepared in accordance with Finnish accounting legislation and in preparing the consolidated financial statements, the subsidiaries have been adjusted to reflect basis of preparation applied in the parent company. Intragroup ownership has been eliminated using the acquisition cost method. All intragroup transactions, receivables and liabilities are eliminated when preparing consolidated financial statements. These consolidated financial statements are presented in euros.

## Going concern

Betolar's business is still in productization 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. With public listing during the financial year ended 31 December, Betolar has obtained financing of 34,5 million euros. With this the Company has ensured its ability to act as going concern.

## 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, the 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 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. In addition, related party transactions include issued shares by the related parties.

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:

<b>EUR in thousands</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Consolidated income statement	<b>Group</b>	<b>Group</b>
Purchases of services	138	49

<b>EUR in thousands</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Consolidated balance sheet	<b>Group</b>	<b>Group</b>
Trade payable	16	9

## BETOLAR

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	31 Dec 2021	31 Dec 2020
	Group	Group
Remuneration paid to the members of the Board of Directors	32	3
Chief Executive Officer		
Wages and salaries	173	108
Pension expenses	30	19
Other social security expenses	5	3
	<hr/> 208	<hr/> 130
Management team		
Wages and salaries	359	274
Pension expenses	63	48
Other social security expenses	10	8
	<hr/> 433	<hr/> 330

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

	2021	2020
	Group	Group
Board of Directors	431,518	0
Chief Executive Officer	60,701	168,280
Management team members	165,876	0
Total (*)	<hr/> 658,095	<hr/> 168,280

(\*) Changes to option programs as a result of the share split, which was resolved on 2 November 2021 has been reflected in the option amounts.

**Off-balance sheet commitments**

EUR in thousands	31 Dec 2021	31 Dec 2020
	Group	Group
Lease commitments	23	10
Business mortgages	150	150
<b>Total</b>	<b>173</b>	<b>160</b>

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**

According to the set targets for the year 2021, Betolar Oyj has signed commercial agreements in the beginning of year 2022 with previous year's pilot customers. During February Betolar Oyj signed 10 year Geoprime®-concept licence and supply agreements with Finnish JAKO-Betoni Oy. Company signed a commercial agreements with Danish IBF until the end of 2026 and with Belgian Tubobel until the year 2030.

Betolar Oyj has continued piloting with new customers in Germany, Belgium and Vietnam.

Finnish Climate Fund granted funding for AI platform development during the financial year 1.1.–31.12.2021. The first instalment of 2,0 million euros has granted to company in February 2022.

13823 shares, that was marked and paid during financial year 1.1.-31.12.2021, has been registered to trade register on January 2022.

Company has continued operational development according the strategy by recruiting key talents, accelerating AI platform development and launching the Geoprime Academy development.

Kannonkoski, Finland  
25 February 2022

Betolar Plc  
Board of Directors

## APPENDIX

### Calculation formulas for certain alternative measures and other indicators

Measure	Definition	Purpose of use
Gross margin	Net sales + other operating income – materials and services	Gross margin is a measure of the Group's profitability. Gross margin measures profitability after reducing the costs of materials and services.
EBITDA	Operating profit (loss) before depreciation, amortisation and impairment	EBITDA is a measure of the Group's performance.
Earnings per share, basic, EUR	Profit for the financial period / weighted average number of outstanding shares during the financial period	The measure reflects the distribution of the Company's earnings for each individual share.
Earnings per share, adjusted for dilution, EUR	Profit for the financial period / weighted average number of outstanding shares during the financial period + diluting potential shares	The measure reflects the distribution of the Company's earnings for each individual share, taking dilution into consideration.
Number of pilot customers	Number of customers in the plant pilot phase.	The measure illustrates new customers in the plant pilot phase of the Company's sales process.