

BETOLAR

Betolar Plc

Business Review

1 January–31 March 2022

The commercialization of the Geoprime concept started successfully

Briefing 27 April 2022 at 9:30 EEST

Helsinki



BETOLAR
Disrupting
The World of
Concrete

Presenters today



Matti Löppönen

CEO



Riikka Ylikoski

CFO

Agenda

- Key results in Q1/2022
- Progress of piloting and commercialisation
- Business development
- Summary

Mission

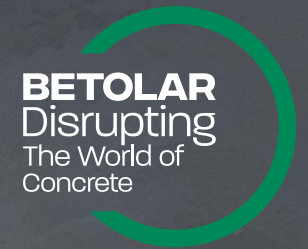
We enable the green transition of various industries globally by offering solutions based on our unique materials technology.

Values

Courage

Commitment to responsibility

Working together

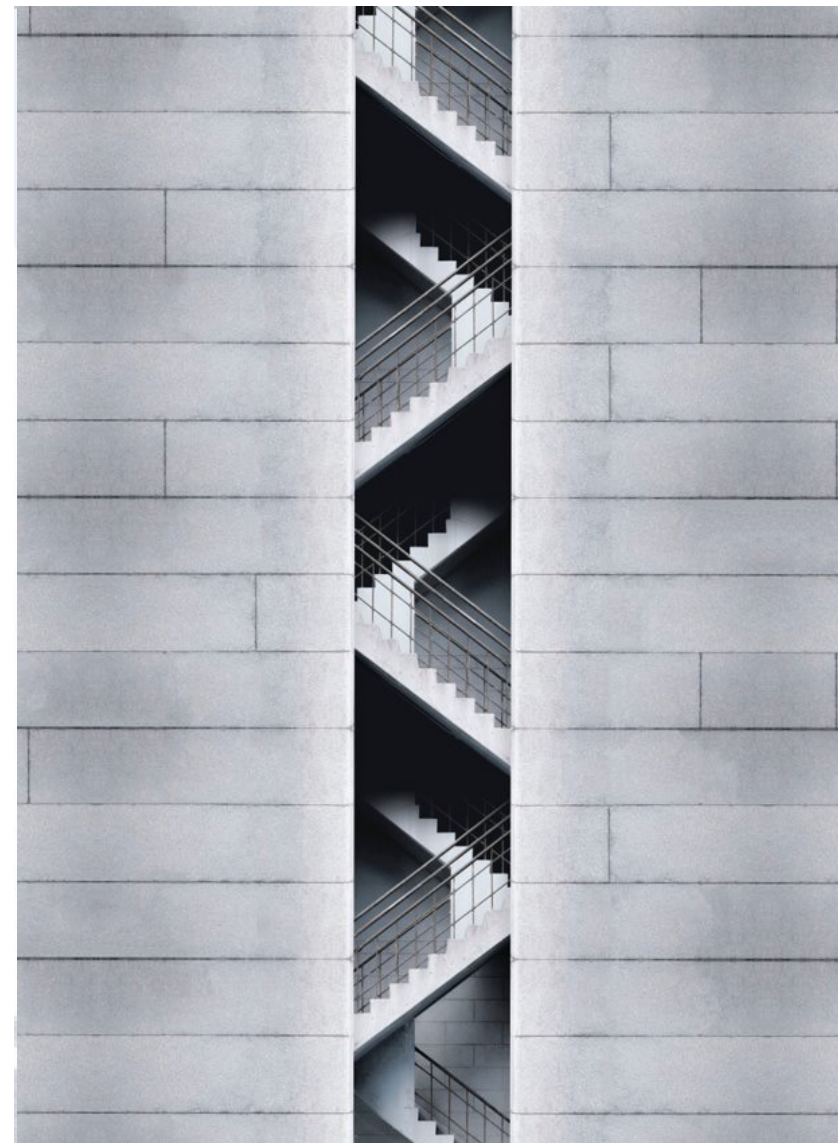


Chapter 1

Key events in Q1

Key events

- Betolar successfully launched the commercialization phase of its Geoprime® concept.
- Business scaling started in Finland, the Nordics and Central Europe. Sales and marketing measures targeted all of Betolar's key markets in Europe and Asia.
- Piloting was started with a total of 5 new companies during the period.
- Betolar entered into a commercial Geoprime agreement with the Finnish Ja-Ko Betoni Oy, the Danish IBF Group and the Belgian Tubobel Group.
- After the review period, a commercial agreement was also entered into with the German FC Nüdling Group.
- R&D activities focused on material technology research and strengthening data and analytics capabilities. The development work of the Geoprime Academy started.
- The resources required for the growth strategy were strengthened through key recruitments.



Operating environment

- As a result of the green strategies adopted by construction industry, real estate investors and developers, the demand for low-carbon building materials produced on an industrial scale is growing strongly.
- The increasing number of Betolar pilot projects and other market feedback show that the construction industry is ready to adopt green solutions quickly.
- The global rise in energy prices and challenges in supply chains are driving up the price of traditional cement. This has raised the interest towards the Geoprime solution.
- Sectors responsible for the guidance and licensing of construction and urban development set their own green goals, requirements and governance models to promote the use of green solutions.



War in Ukraine

- The crisis in Ukraine doesn't have direct impact to Betolar
- Russia's invasion of Ukraine is reflected primarily in the construction sector in Europe through the uncertainty surrounding the investment environment and the availability of raw materials for concrete construction.
- The market uncertainty for Betolar's solutions in the Asian market is clearly lower.
- Betolar has no operations in Russia or Ukraine, but these countries are major suppliers of structural steels and blast furnace slag, among others.



Five new pilot customers in the Q1

- Market interest is supported by the quality, applicability, significant environmental benefits of the Geoprime concept and the rising price trend of traditional cement, which is driven by rising energy prices and supply chain challenges.
- The successful development of the Geoprime® concept and the experience gained from piloting have made it possible to accelerate piloting operations.
- During the Q1, 5 new pilots were launched and previously launched pilot projects were continued in both Europe and Asia.
- The results of the pilots have generally been very positive and have almost invariably led to commercial contract negotiations.
- The pilots have so far led to four commercial agreements in Europe. In the Asian market, the goal is to reach the first commercial agreements and the start of industrial production in 2022.

PILOTING

Europe 1-3/2022

Pilot launched with 3 new customers

Asia 1-3/2022

Pilot launched with 2 new customers

Overview 2020-2021

There have been 17 pilot customers in industrial piloting, 4 of whom have entered into a commercial agreement to date.

The first commercial agreements

Betolar has announced in early 2022 commercial agreements that will open business in Finland, the Nordic countries and Central Europe



2/2022
FINLAND

Geoprime agreement until 2032

JA-KO Betoni is a strong and versatile player in Finland.

The first Geoprime® product group is dry cast concrete products such as various infrastructure products, pole foundations and stands for electric car charging stations.

Production is expected to start in the H1/2022.



2/2022
DENMARK

Geoprime agreement until the end of 2026

IBF is Denmark's largest concrete producer.

The first Geoprime® product group is sewer pipes. IBF manufactures almost all products for the concrete industry.

Production is expected to start in the H1/2022.



2/2022
BELGIUM

Geoprime agreement until the end of 2030

Tubobel is the Belgian market leader in the manufacture of sewer pipes

The first Geoprime product group is sewer pipes.

Production is gradually expanding to cover other product groups as well, such as yard tiles and infrastructure products.

Production is expected to start in the H2/2022.



4/2022
GERMANY

Geoprime agreement until the end of 2027

FCN is a leading player in Thuringia and Hesse in central Germany.

The first Geoprime product group is yardstones, but its use is gradually expanding to other product groups as well. The total annual volume is 500,000 tons.

Manufactures concrete elements for garden and landscape design and for the construction of roads and houses.

Production is expected to start in the H2/2022.

Key Figures 1-3/2022

Financial key figures (1,000 € unless otherwise specified)	1-3/2022	1-3/2021	1-12/2021
Net sales	13	0	10
EBITDA ¹	-2,014	-463	-3,171
Cash and cash equivalents (at the end of the period)	36,350	17	37,355
Operational key figures	1-3/2022	1-3/2021	1-12/2021
Personnel (on average)	38	15	23
New pilot customers	5	0	12

Personnel
average during Q1/2022

38

(1-3/2021: 15)

New pilot
customers in Q1

5

(1-3/2021: 0)

¹⁾ Betolar uses certain alternative performance measures (gross margin, EBITDA and number of pilot customers, EPS) as indicators of operational profitability and performance. The definitions and calculation formulas of these measures are enclosed to the report.

Chapter 2

Technology, know-how and people

R&D continued to according the plan

- The development priorities focused on
 - Refining digital strategy and architecture
 - Materials technology
 - Data and artificial intelligence platform
 - Digital Geoprime Academy
- The development of materials technology focused especially on the development of new Geoprime® recipes utilizing slag-based industrial by-products.
- The Geoprime Academy is a virtual learning environment that allows the implementation and application of the Geoprime solution to be standardized and made more efficient for different target groups, product groups and markets.



Betolar is exploring new opportunities to utilize vanadium-purified slag

- Betolar announced that it will launch an investigation into the use of the new side stream, steel industry slag from which vanadium is extracted.
- Betolar signed a letter of intent with two Australian companies specialising in vanadium extraction, RISAB and Vanadium Recovery Project Oy (VRP), to start research cooperation.
- Demand for vanadium is growing rapidly because vanadium electrolytes are used in, for example, lithium batteries for electric cars and batteries for wind and solar power plants.
- VRP and RISAB plan to start operating the world's first carbon-neutral vanadium recovery plant in Pori this year.
- The slag cleaned at the Pori plant would help Finnish concrete manufacturers to replace up to 10 percent of the cement used in Finland with a solution according to the Geoprime concept.



Development of the data and analytics platform

- The development of Betolar's data and analytics platform progressed to the refining of digital strategy and architecture and the recruitment of new key competencies.
- The development of data acquisition and transfer interface technologies focused on the digital Connected Lab solution. It allows networked (IoT) measurement and production devices to connect directly to the data platform, significantly enhancing data collection and quality.
- The development of the commercial part of the platform moved to the next stage, when the sub-project under the Climate Fund's thematic funding was launched at the beginning of the year.
- The aim is to develop a digital marketplace and meeting place for Betolar's solutions to connect concrete product manufacturers and industrial by-products into the same ecosystem as Betolar in the context of a platform utilizing a side stream database.

Smart recipes

The vision is to produce a real-time predictive artificial intelligence model connected to the side stream database, which would take into account all the relevant product variables and produce an optimized binder solution, or Geoprime recipe, at all times.

Key areas for optimization include CO₂ emissions, price and technical features.

Betolar and people grow together

- Success stories are created when know-how, courage and business are combined.
- During the first quarter, several key recruitments were made to acquire capabilities related to digital and technical customer solutions.
- The average number of employees during the period was 38 (15).
- Betolar's staff is made up of ambitious experts who want to achieve internationally significant results scientifically, industrially and commercially.

Employees

+7

In Q1/22

Recruitment
plan

>60

in the 2022



New members to the Management Team and the Board

Ilkka Iittiläinen has been appointed Head of Operations as of March 30, 2022

- Ilkka Iittiläinen (M.Sc. (Tech), LL.M., MBA) has been appointed the company's Head of Operations and a member of the Management Team.
- Ilkka Iittiläinen has worked in demanding international procurement and logistics management positions. He worked for Neste Corporation from 2001 to 2020 in various positions, such as the Group's Vice President, Purchasing and Logistics, and subsequently, as the Purchasing and Development Director of DEN Group Oy in the construction industry.

Board members elected by the Annual General Meeting on March 23, 2022

- The Annual General Meeting re-elected **Tero Ojanperä** (Chairman), **Soile Kankaanpää**, **Kalle Härkki**, **Inka Mero** and **Juha Leppänen** as members of the Board and **Ilkka Salonen** as a new member.
- Ilkka Salonen has been a member of Metsäliitto Cooperative's Board of Directors since 2018. Until 2021, he also served as CFO and Deputy CEO of YIT Corporation.

Ilkka Iittiläinen



Ilkka Salonen



Chapter 3

Summary

Business and financial targets

Targets set in conjunction with the IPO

Short term (within 1-2 years)

- 10–15 pilot projects annually with new customers of significant volume potential, based on the company's more than 150 identified potential customers;
- First commercial customer agreements;
- Increasing the size of the customer delivery and sales organisation;
- Expanding brand and marketing measures into the target markets;
- Strong solution-building and value chain development based on product development together with industrial partners and customers;
- Launch of the Geoprime Academy;
- Piloting an automated laboratory and development work on the AI platform.

Medium term (within 4-6 years)

- Global scale-up of Betolar's solutions;
- reaching 100 commercial agreements;
- Scale-up of the applications and production volumes of Betolar solutions with Betolar's AI platform and ecosystem;
- Strong global sales, marketing and delivery resources.

Medium term financial targets (by 2026)

- Revenue of EUR 200 million
- Positive cash flow from operating activities

Long term (within 10 years)

- R&D expenditure approximately 5% of the net sales targeted by the company;
- Geoprime is a leading brand in environmentally sustainable products in the construction materials industry;
- reducing carbon dioxide emissions by 150 million tonnes cumulatively¹.

Long term financial targets (within 10 years)

- Revenue of over EUR 1 billion
- EBITDA margin of 30 percent

The implementation of the growth strategy is progressed in Q1 as planned

<p>1 GREEN</p>	<p>An innovative solution for cutting CO₂ emissions from concrete construction¹</p>	<p>Financial targets</p>
<p>2 SOLUTION</p>	<p>Science-based materials technology that disrupts the cement industry</p>	<p>Medium term financial targets (by 2026)</p> <ul style="list-style-type: none"> • Revenue of EUR 200 million • Positive cash flow from operating activities
<p>3 MARKET</p>	<p>Growing, large EUR 200 bn cement market in transition</p>	
<p>4 BUSINESS MODEL</p>	<p>Highly scalable and asset light business model based on a platform</p>	<p>Long term financial targets (within 10 years)</p> <ul style="list-style-type: none"> • Revenue of over EUR 1 billion • EBITDA margin of 30 percent
<p>5 GROWTH ROADMAP</p>	<p>The opportunity to create a new market quickly as a pioneer</p>	
<p>6 TEAM</p>	<p>Comprehensive scientific, technological and commercial expertise</p>	

1) Source: Vahanen Environment research. The CO₂ emissions of the yard stones made of concrete are 100 kg CO₂ per kg of concrete. This is ordered by the Company. A reduction in CO₂ emissions of up to 80% indicates lower CO₂ emissions from the raw material of the yard stones produced with Betolar's solution compared to the yard stones made of concrete. 2) Source: Company management estimate

Thank you for your
interest

Q&A