OFFERING CIRCULAR **26 November 2021**

BETOLAR

Listing on the First North Growth Market Finland marketplace

Offering of approximately EUR 30 million

Subscription Price of EUR 5.74 per Offer Share

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of Betolar Plc ("**Betolar**" or the "**Company**"), a public limited liability company incorporated in Finland. The Company aims to raise gross proceeds of approximately EUR 30 million by offering preliminarily a maximum of 5,226,481 new shares of the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Optional Shares (as defined below) are together referred to herein as the "**Offer Shares**". The Offering consists of (i) an institutional offering to institutional investors in Finland and internationally (the "**Institutional Offering**") and (ii) public offering to private individuals and entities in Finland ("**Public Offering**"). The subscription price per Offer Share in the Offering is EUR 5.74 (the "**Subscription Price**"). The subscription period for the Institutional Offering will commence on 29 November 2021 at 10:00 a.m. (Finnish time) and end on or about 9 December 2021 at 11:00 a.m. (Finnish time). The subscription period for the Public Offering will commence on 29 November 2021 at 10:00 a.m. (Finnish time) and end on or about 7 December 2021 at 4:00 p.m. (Finnish time). For instructions for subscription and full terms and conditions of the Offering, see section "*Terms and Conditions of the Offering*".

Ilmarinen Mutual Pension Insurance Company, certain funds managed by SP-Fund Management Company Ltd, Ahlstrom Invest B.V., Nidoco AB, Seafarers' Pension Fund and S-Pankki Fenno Osake Sijoitusrahasto (together the "**Cornerstone Investors**") have each individually, on 17 November 2021, given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain customary conditions being fulfilled, for an aggregate of EUR 24 million, which represents 70 percent of the Offer Shares, assuming that the Optional Shares are subscribed for in full. The subscription undertakings of the Cornerstone Investors are conditional upon, among other things, that the maximum valuation of all outstanding Shares at the Subscription Price prior to the Offering does not exceed EUR 70 million and that the Company raises gross proceeds not less than of EUR 30 million from the Offering excluding the Optional Shares. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertakings, as described in the section "*Plan of Distribution – Subscription Undertakings*".

Skandinaviska Enskilda Banken AB (publ) Helsinki branch has been appointed to act as the global coordinator and bookrunner ("**SEB**" or the "**Global Coordinator**") for the Offering as well as the Company's certified adviser referred to in the Nasdaq First North Growth Market Rulebook (the "**First North Rulebook**"). SEB acts as the subscription place in the Institutional Offering. Nordnet Bank AB ("**Nordnet**") acts as the subscription place in the Public Offering. In addition to the New Shares, the Company may, in connection with the Offering, issue, by a directed share issue, at the Subscription Price, up to 783,972 new shares of the Company (the "**Optional Shares**") solely to stabilize and cover potential over-allotments. The Company is expected to commit to repurchase Shares from SEB who act as stabilizing manager (the "**Stabilizing Manager**"), up to an amount corresponding to the amount of Optional Shares, which the Stabilizing Manager may sell at the Subscription Price (as defined below) (the "**Put Option**") to the Company within 30 days from the commencement of the trading of the Company's Shares on First North, i.e. on or about the time period from 10 December 2021 to 9 January 2022 (the "**Stabilization Period**").

The Shares have not been subject to trading on any regulated market or multilateral trading facility prior to the Offering. The Company seeks an admission of its shares to trading on First North under the trading code "BETOLAR". Trading of the Shares on First North is expected to commence on or about 10 December 2021 (the "**FN Listing**").

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States except in transactions exempt from registration under the US Securities Act. The Shares are being offered and sold outside the United States in compliance with Regulation S under the US Securities Act ("**Regulation S**"). This Offering Circular may not be published or distributed in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to make an offer of the Shares. The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

For certain risk factors involved in investing in the Shares, see section "Risk Factors" below beginning on page 48.

Global Coordinator

SEB

Skandinaviska Enskilda Banken AB (publ) Helsinki branch

IMPORTANT INFORMATION

In connection with the Offering, the Company has prepared a Finnish language EU Growth prospectus (the "**Finnish Prospectus**") in accordance with the Finnish Securities Market Act (746/2012, as amended) (the "**Finnish Securities Market Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended (the "**Commission Delegated Regulation (EU) 2019/980**") (Annexes 24 and 26), Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus and a notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014, and Commission Delegated Regulation (EU) 2016/301, as amended, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FIN-FSA**").

The Finnish Prospectus has been drawn up as an EU Growth prospectus in accordance with Article 15 of the Prospectus Regulation and the Commission Delegated Regulation (EU) 2019/980. This Offering Circular also contains the summary in the format required by Article 7 of the Prospectus Regulation and Annex 23 of the Commission Delegated Regulation (EU) 2019/980. Except for certain additional information included for the benefit of non-Finnish shareholders and prospective investors, this is an English language Offering Circular of the Finnish language summary and Finnish Prospectus. The FIN-FSA, as the competent authority under the Prospectus Regulation, has approved the Finnish Prospectus. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The journal number of the FIN-FSA's decision of approval is FIVA 71/02.05.04/2021. In case of any discrepancies between the original Finnish Prospectus and the English language Offering Circular, the Finnish Prospectus shall prevail.

In this Offering Circular, any reference to the "**Company**", "**Betolar**" or "**Group**" means Betolar Plc and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Betolar Plc or a particular subsidiary or business unit only. References relating to the Shares and share capital of the Company or matters of corporate governance shall refer to the Shares, share capital and corporate governance of Betolar Plc.

Shareholders and prospective investors should not rely on any other information than the information contained in the Offering Circular as well as on the company releases published by Betolar. Betolar or the Global Coordinator have not authorised anyone to provide any information or give any statements other than those provided in the Offering Circular. Delivery of the Offering Circular shall not, under any circumstances, indicate that the information presented in the Offering Circular is correct on any day other than the date of the Offering Circular, or that there would not be any changes in the business of Betolar after the date of the Offering Circular. However, if a fault or omission is discovered in this Offering Circular after the FIN-FSA has approved the Finnish Prospectus but before the end of the subscription period of the Offering and such fault or omission may be of material importance to investors, the Offering Circular shall be supplemented in accordance with the Prospectus Regulation.

The Company has prepared and published this Offering Circular for the purpose of offering Offer Shares to the public. The validity of this Offering Circular ends, when the offering of Offer Shares to the public ends. Responsibility to supplement the Offering Circular in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Offering Circular is no longer valid.

In a number of countries, in particular in the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore and South Africa, the distribution of the Offering Circular and the offer of the Shares are subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for the Shares does not include persons in any jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company or the Global Coordinator to permit the possession or distribution of the Offering Circular (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

The Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any documents relating to the Shares nor any advertisements may be distributed or published in any jurisdiction in which this would violate any laws or regulations. No action has been or will be taken by the Company or the Global Coordinator to a permit public offering of Shares outside Finland. The Company and the Global Coordinator require that any person who receives this Offering Circular into their possession acquire adequate information of these restrictions and comply with them. Nevertheless, the Shares may be offered to qualified investors in a member state of the European Economic Area ("**EEA**"), if any of the exceptions in the Prospectus Regulation is applicable.

The Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares may not, with certain exceptions, be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States. In addition to the United States, the legislation of certain other countries may restrict the distribution of this Offering Circular. This Offering Circular must not be considered an offer of securities in such a country, where offering of the Shares would be forbidden. The Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country. Neither the Company nor the Global Coordinator accept any legal responsibility for persons who have obtained the Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Shares. The Company reserves the right, in its sole and absolute discretion, to reject any subscription of the Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

Investors must not construe the contents of this Offering Circular as legal, investment or tax advice. Each investor should consult such investor's own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering, if they deem it necessary.

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INFORMATION INCORPORATED BY REFERENCE

The Company's set of audited consolidated financial statements prepared in accordance with FAS, which include consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019, as well as the Company's unaudited consolidated interim financial information for the nine months ended 30 September 2021 including the unaudited interim financial information for the nine months ended 30 September 2020 presented as comparative information are incorporated into the Offering Circular by reference. The referenced documents are available on the Company's website at www.betolar.com/IPO.

Document	Link to the document
Unaudited consolidated interim financial information for the nine months ended 30 September 2021 including the unaudited consolidated interim financial information for the nine months ended 30 September 2020 presented as comparative information	https://www.betolar.com/files/d2021/November/Betolar-plc-interim-financial-information-Q3_2021.pdf
Set of consolidated financial statements which includes audited consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019, and the relevant auditor's report	https://www.betolar.com/files/d2021/November/Betolar-plc-consolidated-financial-statements-2019-2020.pdf

SUMMARY

Introduction and Warnings

This summary should be read as an introduction to the Offering Circular. Any decision to invest in the securities should be based on consideration of the Offering Circular as a whole by the investor. An investor investing in the Offer Shares could lose all or part of the invested capital. Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. The Company assumes civil liability in respect of this summary, including any potential translation thereof, only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular, or if it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in the Offer Shares.

The name and contact details of the issuer are as follows:

Name of the issuer:	Betolar Plc
Address:	Mannilantie 9, FI-43300 Kannonkoski
Business identity code:	2800638-3
Legal entity identifier (LEI):	743700TXZL6GQZMVSI98
ISIN Code of the Shares:	FI4000512587

This is an English language translation of the original Finnish language EU Growth prospectus (the "**Finnish Prospectus**"). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") on 26 November 2021. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The decision number of the approval of the Finnish Prospectus is FIVA 71/02.05.04/2021.

The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows:

Financial Supervisory Authority
P.O. Box 103
FI-00101 Helsinki, Finland
Tel.: +358 9 183 51
Email: registry@fiva.fi.

Key Information on the Issuer

Who Is the Issuer of the Securities?

General

The issuer's registered company name is Betolar Plc ("**Betolar**" or the "**Company**"). The Company is a public limited liability company incorporated in Finland, and it is subject to the laws of Republic of Finland. Betolar is a Finnish material technology company in its growth stage with a mission to globally enable the green transformation of various industries, especially in the construction, process and energy industries, by providing solutions to utilise its unique material technology. The Company's Geoprime solution is an alternative for producing sustainable low-carbon concrete and its applications. The solution can convert previously underutilised or unused industrial sidestreams into substitutes for cement used in the production of concrete. Betolar's material and product development innovations utilising artificial intelligence can decrease carbon dioxide emissions on the raw material level significantly as compared to traditional production of concrete based on cement. Betolar utilises and optimises already existing production processes and industrial sidestreams in its solutions. In line with its strategy, Betolar aims for growth particularly in Europe and Asia at first, and after that, globally.

Shareholders exercising control over the Issuer

None of the Company's shareholders has control over the Company within the meaning of Chapter 2, Section 4 of the Securities Markets Act. All of the current shareholders of Betolar are parties to the Shareholder Agreement dated 16 September 2020. The Shareholder Agreement shall expire in accordance with its terms once trading on the First North commences.

Chief Executive Officer

Matti Löppönen has acted as the Company's Chief Executive Officer since 10 March 2020.

What Is the Key Financial Information Regarding the Issuer?

The selected historical key financial information presented below has been derived from Betolar's unaudited interim financial information for the nine months ended 30 September 2021 including unaudited comparative financial information for the nine months ended 30 September 2020 as well as Betolar's audited set of consolidated financial statements including consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019, prepared in accordance with Finnish Accounting Standards ("**FAS**").

The selected financial information presented below does not include all information presented in the Company's financial statements.

	As at and for the nine months ended 30 September		**As at and for the year ended 31 December**	
				(adjusted)
	2021	**2020**	**2020**	**2019**
(EUR in thousand, unless otherwise indicated)	**(unaudited)**		**(audited, unless otherwise indicated)**	
Financial key figures				
Revenue	0	6	6	7
Operating profit (loss)	-2,218	-873	-1,373	-598
Result for the financial year	-2,585	-877	-1,385	-608
Earnings per share, basic and diluted[2] (EUR)	-0.28	-0.11	-0.18[1]	-0.08[1]
Total assets	5,043	-	1,815	657
Total equity	3,807	-	1,411	454
Net indebtedness	-2,515	-	-	-
Cash flow used in operating activities	-1,855	-376	-975[1]	-
Cash flow used in investing activities	-1,255	-514	-738[1]	-
Cash flow from financing activities	5,358	2,256	2,342[1]	-

[1]Unaudited.

[2]The Company's potentially diluting instruments consists of options. As the Company has incurred losses, these instruments would not have had a diluting effect on earnings per share calculated based on losses for the period, for which reason they have not been taken into account when calculating the diluted earnings per share. For this reason, there is no difference between the undiluted earnings per share and the earnings per share adjusted by the effects of dilution. The number of shares used in the key figures table is as follows: 30 September 2021: 9,239,163, 30 September 2020: 7,840,800, 31 December 2020: 7,840,800 and 31 December 2019: 7,608,822. Historical figures have been adjusted taking into account the impact of share issue without consideration (share split) decided on 2 November 2021.

Betolar's auditor has noted in the audit reports of statutory financial statements for financial years 2020 and 2019 that the financial statements have been prepared and signed more than four months after the end of the financial year, i.e., not complying with the provision regarding the time for preparing the financial statements in accordance with Chapter 3, Section 6 of the Finnish Accounting Act.

What Are the Key Risks That Are Specific to the Issuer?

- Unfavourable economic development and conditions in the industries to which Betolar offers its solutions may have an effect on Betolar's business through, for example, weaker demand or financial challenges faced by Betolar's customers and business partners, resulting in slower commercial cooperation.
- If Betolar fails to compete successfully with its Geoprime technology against existing or new methods, this may have an adverse effect on Betolar's business and future prospects.

- Development of demand for building material technologies based on the circular economy and utilisation and pricing of industrial sidestreams are subject to uncertainties, which may have a material adverse impact on Betolar's ability to commercialise the know-how accumulated by it.
- Global epidemics or pandemics may have a material adverse effect on Betolar's business through, among other things, general economic conditions, a weaker availability of financing and a decrease in the financial activity of the customers.
- Betolar is a growth company and it may not reach its growth targets.
- Betolar may not be able to successfully implement its strategy or its strategy may prove to be misaligned in relation to market conditions or changes in the industry.
- Betolar's Geoprime technology and solutions based on it are still in the development phase, and the Company may fail to implement planned product development or reach its targets set for the product development activities.
- Betolar's business is particularly dependent on certain first-stage pilot customers and cooperation partners, as well as on trends impacting them and Betolar's other potential customers.
- Betolar's ability to generate profit and revenue from licensing its solutions involve risks and uncertainties, such as Betolar's ability to create sources of revenue relating to its intellectual property rights, to maintain future revenue and to safeguard its intellectual property rights.
- Should Betolar fail to comply with legislation and regulations as well as the standards set for building materials manufactured with its solutions together with the customer, this may have an adverse effect on its business.
- Betolar is a growth company, and it has recorded an operating loss throughout its operating history and may never generate significant revenue from its customers or achieve or maintain profitability in the future.

Key Information on the Securities

What Are the Main Features of the Securities?

The Company's shares (the "**Shares**") are registered in the Finnish book entry system maintained by Euroclear Finland Oy. The Company has one class of shares and their ISIN code is FI4000512587. The trading code of the Shares will be "BETOLAR". The Shares have no nominal value and they are denominated in euro. The Offer Shares (as defined below) will carry equal rights along with all existing Shares of the Company. After they are registered in the Finnish Trade Register and recorded in the investor's book-entry account, the Offer Shares will entitle their holders to dividends and other distributions of funds (including distribution of assets of the Company in the event of liquidation) by the Company as well as other shareholder rights. The rights attached to the Shares shall include, among others, pre-emptive rights to subscribe for new shares in the Company, right to participate and exercise voting power at the General Meeting of Shareholders, right to dividend and distribution of other unrestricted equity, and right to demand redemption at a fair price from a shareholder that holds shares representing more than 90 percent of all the Shares and votes in the Company, as well as other rights generally available under the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"). As at the date of this Offering Circular, the Company's Articles of Association contain a redemption and a consent clause. The unanimous shareholders of the Company have on 2 November 2021 resolved to remove the redemption and consent clauses from the Articles of Association. However, the removal will only be notified to the trade register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") together with notifying the registration of the Offer Shares or immediately prior to such notification. After the removal of the redemption and consent clauses, the Shares of the Company shall be freely transferrable.

According to its dividend policy, Betolar will focus on financing its growth and developing its business according to its strategy. The Company does not expect to distribute dividends in the short or medium term.

Where Will the Securities Be Traded?

The Company will submit an application to Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") to list the Shares on the multilateral Nasdaq First North Growth Market Finland marketplace ("**First North**") (the "**FN Listing**"). Trading in the Shares is expected to commence on First North on or about 10 December 2021 or as soon as possible thereafter.

Is There a Guarantee Attached to the Securities?

There are no guarantees attached to the Shares.

What Are the Key Risks That Are Specific to the Securities?

- The market price and liquidity of Betolar's shares may fluctuate significantly.
- There are no assurances of distribution of dividends or capital repayment to the shareholders in the future.
- The interests of Betolar's major shareholders may not be aligned with the interests of other shareholders, and a significant shareholder may sell a significant part of its shareholding, which may have a negative impact on Betolar's share price.

Key Information on the Offer of Securities to the Public

Under Which Conditions and Timetable Can I Invest in This Security?

General

The Company aims to raise gross proceeds of approximately EUR 30 million by offering preliminarily a maximum of 5,226,481 new shares in the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Optional Shares (as defined below) are together referred to herein as the "**Offer Shares**". The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (the "**Institutional Offering**").

A maximum of 5,226,481 Offer Shares may be issued in the Offering (assuming that the Optional Shares (as described below) are not subscribed for) and a maximum of 6,010,453 Offer Shares (assuming that the Optional Shares (as described below) are subscribed for in full). The Offer Shares may represent up to approximately 28 percent of the Company's shares ("**Shares**") and votes after the Offering, assuming that the Optional Shares (as defined below) are not subscribed for (approximately 31 percent of the Shares and votes assuming that the Optional Shares (as defined below) are subscribed in full). The above calculation also includes the shares of the Company issued in the conversion of the convertible loan (the "**Conversion Shares**") as well as shares of the Company issued pursuant to the subscriptions made by certain option holders of the Company. As a result of the Offering, the number of Shares may increase up to 19,444,291 Shares (assuming that the Optional Shares are subscribed for in full and taking into account the Conversion Shares as well as Shares issued pursuant to the subscriptions made by certain option holders of the Company).

Preliminarily a minimum of 200,000 Offer Shares are offered in the Public Offering to private individuals and entities in Finland, or, if the aggregate number of shares covered by the Commitments submitted in the Public Offering is smaller than this, such lower aggregate number of Offer Shares as covered by the Commitments in the Public Offering. Preliminarily a maximum of 5,026,481 Offer Shares are being offered in the Institutional Offering to institutional investors in private placement arrangements in Finland and, in accordance with applicable laws, internationally outside the United States. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of shares without limitation. In the event of an oversubscription, the Company aims to approve subscribers' Commitments up to the limit to be decided on later and, for Commitments exceeding this amount, to allocate Offer Shares in proportion to the amount of unmet commitments.

The Company's Board of Directors, in consultation with the Global Coordinator, will decide on the completion of the Offering, the final number of Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about 9 December 2021. Commitments may be approved or rejected in whole or in part. Ilmarinen Mutual Pension Insurance Company, certain funds managed by SP-Fund Management Company Ltd, Ahlstrom Invest B.V., Nidoco AB, Seafarers' Pension Fund and S-Pankki Fenno Osake Sijoitusrahasto (the "**Cornerstone Investors**") have each individually, on 17 November 2021, given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain customary conditions being fulfilled, for an aggregate of EUR 24 million, which represents 70 percent of the Offer Shares, assuming that the Optional Shares are subscribed for in full. The subscription undertakings of the Cornerstone Investors are conditional upon, among other things, that the maximum valuation of all outstanding Shares at the Subscription Price prior to the Offering does not exceed EUR 70 million and that the Company raises gross proceeds not less than EUR 30 million from the Offering excluding the Optional Shares. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertakings.

Put Option

In addition to the New Shares, the Company may in connection with the Offering, issue by a directed share issue, at the Subscription Price, up to 783,972 Company's new shares (the "**Optional Shares**") solely to stabilize and cover potential over-allotments. The Company is expected to commit to repurchase Shares from SEB who act as stabilizing manager (the "**Stabilizing Manager**"), up to an amount corresponding to the amount of Optional Shares, which the Stabilizing Manager may sell at the Subscription Price (as defined below) (the "**Put Option**") to the Company within 30 days from the commencement of the trading of the Company's Shares on First North, i.e. on or about the time period from 10 December 2021 to 9 January 2022 (the "**Stabilization Period**"). The Company would acquire Shares only if the Optional Shares have been issued and the Stabilizing Manager has carried out stabilization measures, and only to the extent that the Stabilizing Manager holds Shares due to the aforementioned actions. The Company may cancel, hold in treasury or transfer any Shares so acquired. The Optional Shares correspond to approximately 4 percent of the Shares and votes after the Offering, assuming that the Company issues 6,010,453 Offer Shares. The above calculation also includes the Conversion Shares as well as Shares issued pursuant to the subscriptions made by certain option holders of the Company. However, the Optional Shares shall not exceed 15 percent of the total number of the New Shares. Accoring to the terms of the Subscription Undertakings, the Cornerstone Investors are guaranteed amount of Offer Shares covered by the subscriptions.

Subscription Price and Subscription Period

The subscription price for the Offer Shares in the Public Offering and in the Institutional Offering is EUR 5.74 per Offer Share (the "**Subscription Price**"). If the Subscription Price is changed, the Finnish language EU growth prospectus published by the Company in connection with the Offering ("the **Finnish Prospectus**") would be supplemented and the supplement and its English language translation would be published through a company release. If the Subscription Price is changed and the Finnish Prospectus is supplemented, investors who have given their commitments before the supplement of the Finnish Prospectus have the right to cancel their Commitments.

The subscription period for the Public Offering will commence on 29 November 2021 at 10:00 a.m. (Finnish time) and end on or about 7 December 2021 at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on 29 November 2021 at 10:00 a.m. and end on or about 9 December 2021 at 11:00 a.m. (Finnish time). The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering by its decision at the earliest on 2 December 2021 at 4:00 p.m. (Finnish time) and the Institutional Offering by its decision at the earliest on 7 December 2021 at 11:00 a.m. (Finnish time). The Public Offering and the Institutional Offering may be discontinued or not discontinued independently of one another. A company release regarding discontinuation will be published without delay. The Company's Board of Directors may extend the subscription periods of the Institutional Offering and Public Offering. A possible extension of the subscription period will be communicated through a company release which will indicate the new end date of the subscription period. The subscription period of the Public Offering will in any case end on 14 December 2021 at 4:00 p.m. (Finnish time) at the latest, and the subscription period of the Institutional Offering on 16 December 2021 at 11:00 a.m. (Finnish time) at the latest. The Company's Board of Directors may extend or not to extend the subscription periods of the Institutional and Personal Offerings individually from one another. A company release regarding the extension of the subscription period will be published no later than on the ending dates of the Institutional Offering and Public Offering set above.

Cancellation in accordance with the Prospectus Regulation

Where the Finnish Prospectus is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares ("**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall, in accordance with the Prospectus Regulation, have the right to withdraw their Commitments within three (3) business days after the supplement of the Finnish Prospectus has been published. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the subscription period or the delivery of Offer Shares subject to the cancellation to the subscriber's book-entry account (whichever occurs first). The Company will announce cancellation instructions through a company release. The company release shall also announce investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Fees and Expenses

The Company expects that the fees and expenses payable by it in connection with the Offering will amount to approximately maximum of EUR 3.1 million.

Applicable Laws and Dispute Resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

Dilution of Ownership

The maximum number of Offer Shares offered in the Offering represents approximately 31 percent of Shares and votes after the completion of the Offering, assuming that the Optional Shares are subscribed in full, and 28 percent of all Shares and votes after the completion of the Offering, assuming that the Optional Shares are not subscribed for. In the event that the existing shareholders of the Company do not subscribe for the Offer Shares in the Offering, their total holding of Shares and votes would be diluted by 31 percent, assuming that the Optional Shares are subscribed for in full, and 28 percent of all Shares and votes after the completion of the Offering, assuming that the Optional Shares are not subscribed for. The above calculation also includes the Conversion Shares as well as Shares issued pursuant to the subscriptions made by certain option holders of the Company. The Company's equity per Share stood at EUR 207.35 on 30 September 2021 (without the effect of the share split).

Why Is This Offering Circular Being Produced?

The Company has prepared and published this Offering Circular in order to offer the Offer Shares to the public.

Reasons for the Offering

The objective of the Offering and the FN Listing is to enable the execution of Betolar's growth strategy. In addition, the FN Listing would allow Betolar to obtain access to capital markets in order to acquire additional financing and broaden Company's ownership base both with domestic and foreign investors, which would increase the liquidity of the Shares. The FN Listing would increase Betolar's coverage and thus the general interest towards Betolar from investors, business partners and customers, which would support the execution of the Company's growth strategy, brand building and recruiting as well as improve the Company's image as a high quality and responsible business partner. In addition, the FN Listing would make it possible to use the Shares more effectively in incentive programs for personnel and in connection with acquisitions.

Use and Estimated Amount of Proceeds

In the Offering, Betolar aims to raise net proceeds of approximately EUR 27 million, assuming that the Optional Shares are not subscribed for, and approximately EUR 31 million assuming that the Optional Shares are subscribed for in full. Approximately 30 percent of the proceeds from the Offering are to be used for growing the Company's current business and, in particular, for globally scaling its existing precast concrete products and solutions directed for ready-mix concrete manufacturers. The remaining 70 percent of the proceeds from the Offering are to be used for the ongoing material development of the existing concrete business, further development of the already ongoing AI platform as well as the development of new business areas. The proceeds are intended to be used for development, commercialization and scaling of new material and production solutions directed at soil stabilisation and mining businesses. In addition, the proceeds are to be used for other product development costs, such as the development and scaling of the Company's AI platform, establishment of the pilot plant and learning and innovation center supporting research and product innovation, and research ensuring the availability of sustainable raw material reserves (sidestreams and binders). In addition, the proceeds are to be used in connection with possible acquisitions related to business development and scaling, AI platform and availability of by-product materials.

Conflicts of Interest

The fees to be paid to Skandinaviska Enskilda Banken AB (publ) Helsinki branch (“**SEB**”, or the “**Global Coordinator**”) are, in part, linked to gross proceeds from the Offering. The Global Coordinator or some of their respective related entities may have from time to time provided and may in the future provide financial advisory services as well as financing for Betolar as a part of their day-to-day business, which is why they might have charged or could in the future charge customary fees and commissions. The Global Coordinator also acts as Betolar’s Certified Adviser (the “**Certified Adviser**”) referred to in the Nasdaq First North Growth Market Rulebook. As a part of its ordinary course of business as a Certified Adviser, the Global Coordinator may offer advisory and other services to the Company, for which it may receive fees and cost compensations in the future. In connection with the Offering, the legal advisor receives a fee for work done.

IMPORTANT DATES

29 November 2021 at 10 a.m. (Finnish time)	The subscription periods for the Public Offering and the Institutional Offering commence
2 December 2021 at 4:00 p.m. (Finnish time)	The Public Offering may be discontinued at the earliest
7 December 2021 at 11:00 a.m. (Finnish time)	The Institutional Offering may be discontinued at the earliest
7 December 2021 at 4:00 p.m. (Finnish time)	Subscription period for the Public Offering ends
9 December 2021 at 11:00 a.m. (Finnish time)	Subscription period for the Institutional Offering ends
9 December 2021 (estimate)	Results of the Offering will be published as a company release
9 December 2021(estimate)	Registration of Offer Shares into the Finnish Trade Register
10 December 2021(estimate)	The Shares subscribed for in the Public Offering will be recorded in the book-entry accounts of investors
10 December 2021(estimate)	Trading in the Shares is expected to commence on the First North marketplace maintained by Nasdaq Helsinki
14 December 2021 (estimate)	The Shares subscribed for in the Institutional Offering will be ready to be delivered against payment through Euroclear Finland Oy

PARTIES RESPONSIBLE FOR THE OFFERING CIRCULAR

The Company
Betolar Plc
Business identity code: 2800638-3
Domicile: Kannonkoski, Finland
Address: Mannilantie 9, FI-43300 Kannonkoski, Finland

STATEMENT REGARDING THE OFFERING CIRCULAR

Betolar Plc, which is domiciled in Kannonkoski, is responsible for the information contained in the Offering Circular. To the best knowledge of the Company, the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect its import.

APPROVAL OF THE FINNISH PROSPECTUS

The Finnish Prospectus has been drawn up as an EU Growth prospectus in accordance with Article 15 of the Prospectus Regulation and the Commission Delegated Regulation (EU) 2019/980. This Offering Circular also contains the summary in the format required by Article 7 of the Prospectus Regulation and Article 33 and Annex 23 of the Commission Delegated Regulation (EU) 2019/980. Except for certain additional information included for the benefit of non-Finnish shareholders and prospective investors, this is an English language translation of the Finnish Prospectus. The FIN-FSA, as the competent authority under the Prospectus Regulation, has approved the Finnish Prospectus. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the securities. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The journal number of the FIN-FSA's decision of approval is FIVA 71/02.05.04/2021. In case of any discrepancies between the original Finnish Prospectus and the English language Offering Circular, the Finnish Prospectus shall prevail.

INFORMATION DERIVED FROM THIRD-PARTY SOURCES

This Offering Circular contains statistics and other information about the markets, market size, market shares, market positions as well as other information related to Betolar's business, markets, industry and finances. The information is based on several sources, including a market study prepared by KPMG Oy Ab and commissioned by Betolar (the "**KPMG Market Study**"). Where certain information contained in this Offering Circular has been derived from third party sources, such sources have been identified herein. The Company confirms that such third-party information has been accurately reproduced herein and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Betolar does not have access to all the data, presumptions and assumptions underlying the market analyzes, including the KPMG Market Study, nor to the statistical data and economic indicators contained in the data sources provided by third parties. In addition, studies prepared by third parties are often based on data and assumptions that may be inaccurate and the methodology used is forward-looking and speculative in nature. Therefore, changes in the presumptions and starting points underlying a market study may have a significant impact on the analyzes and conclusions made.

AVAILABILITY OF THE FINNISH PROSPECTUS AND THE OFFERING CIRCULAR

The Finnish Prospectus and the documents incorporated therein by reference will be available at the latest as of 29 November 2021 on the Company's website at www.betolar.com/listautuminen and at the registered office of the Company at Mannilantie 9, 43300 Kannonkoski. In addition, the Finnish Prospectus will be available at the latest as of 29 November 2021 on the website of the Global Coordinator at www.sebgroup.com/our-offering/prospectuses-and-downloads/prospectuses as well as on the website of Nordnet at www.nordnet.fi/fi/betolar.

The Offering Circular and the documents incorporated therein by reference will be available at the latest as of 29 November 2021 on the Company's website at www.betolar.com/IPO, on the website of the Global Coordinator at www.sebgroup.com/our-offering/prospectuses-and-downloads/prospectuses.

INFORMATION AVAILABLE IN THE FUTURE

The Company plans to publish the Board of Directors' report, audited consolidated financial statements and a financial statements release for the financial year ending 31 December 2021 onwards, business reviews including unaudited interim information for the three months ending 31 March 2022 onwards, as well as a half-year report, which includes unaudited consolidated financial information for the six months ending 30 June 2022 onwards. The financial statements release for the financial year ending 31 December 2021 is planned to be published on 25 February 2022, the consolidated financial statements from the financial year ending 31 December 2021 on 4 March 2022, the business review for the three months ending 31 March 2022 on 27 April 2022, the half-year report for the six months ending 30 June 2022 on 31 August 2022 as well as the business review for the nine months ending 30 September 2022 on 26 October 2022. All reports of the Board of Directors, consolidated financial statements, business reviews, half-year reports, and company releases are published in Finnish and English.

FORWARD-LOOKING STATEMENTS

Certain statements in the Offering Circular, such as certain statements set forth under "*Summary*", "*Risk Factors*", "*Background of the Offering and Use of Proceeds*" and "*Business of Betolar– Strategy*" *and "Business of Betolar– Operational and financial targets*" are based on the beliefs of the Company's management as well as assumptions and other estimates made by and information currently available to the Company's management, and such statements may constitute forward-looking statements. The words "believe", "expect", "anticipate", "intend", "plan", "become", "aim", "enable" and similar expressions identify certain of such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and as a result, events described in the forward-looking statements may not occur or may fail to materialize. The section "*Risk Factors*" of this Offering Circular presents examples of these and other risks, uncertainties and other factors. Should one or more of these and other risks or uncertainties materialize or the underlying assumptions prove wrong, Betolar's actual results of operations or financial position could differ significantly from what is described in this Offering Circular as expected, believed, estimated or anticipated.

FINANCIAL STATEMENTS RELATED AND CERTAIN OTHER INFORMATION

Financial Statements and Interim Financial Information

Certain information included in this Offering Circular is derived from the Company's unaudited consolidated interim financial information for the nine months ended on 30 September 2021, including unaudited interim financial information for the nine months ended 30 September 2020 presented as comparative information and the Company's audited set of consolidated financial statements, which includes financial statements for the financial years ended 31 December 2020 and 31 December 2019. The set of consolidated financial statements has been prepared for the purpose of this Offering Circular and has not been accepted by the general meeting of Betolar and, thus the included consolidated financial statements are not statutory financial statements of the Company, nor does it include a report of the Board of Directors or financial statements of the parent company. The Company has prepared consolidated financial statements including comparative information for the first time for the financial year ended 31 December 2020 as a part of its statutory financial statements. Unaudited consolidated interim financial information and audited set of financial statements is incorporated by reference to this Offering Circular.

The historical financial information in the set of consolidated financial statements differ from the consolidated financial statements included in the statutory financial statements for the financial year ended 31 December 2020 approved by the Company's Annual General Meeting due to supplements to certain notes and adjustments made to the consolidated financial statements for the financial year 2019. The presentation of the income statement for the year 2019 presented as comparative information in the statutory consolidated financial statements for the year 2020 has been changed to correspond to the presentation of the financial year 2020 for capitalised development expenditures. In addition, the equity in the consolidated balance sheet for the year 2019 presented as comparative information in the statutory financial statements for the year 2020 included the reserve for invested unrestricted equity totaling EUR 1,378 thousand. At the financial statements closing, 31 December 2019, a total of EUR 428 thousand was not registered, which has been adjusted to the share issue account. Further information on the adjustments made is provided in the note “5 Adjustments to previously presented financial information for the financial year 2019” of the set of consolidated financial statements included by in this Offering Circular by reference.

The Company's audited set of consolidated financial statements included in this Offering Circular by reference has been prepared in accordance with the Finnish Accounting Act (1336/1997, as amended), the Finnish Accounting Ordinance (1339/1997, as amended) and the instructions and statements of the Finnish Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together, the Finnish Accounting Standards, “**FAS**”).

The unaudited consolidated interim financial information for the nine months ended 30 September 2021 including the unaudited consolidated interim financial information for the nine months ended 30 September 2020 presented as comparative information included to this Offering Circular by reference have been prepared in accordance with the Finnish Accounting Standards and presented to the extent required by Section 4.4 (e) (i)-(iv) of the First North Rulebook.

Other Information

The financial and other information presented in the tables in this Offering Circular are rounded. Accordingly, in certain cases the sum of numbers presented in a column or row does not always correspond to the presented total sum of a column or a row. In addition, certain percentages are calculated with accurate numbers before rounding, so they do not necessarily correspond to the results that would have been reached if rounded figures had been used.

In this Offering Circular, “euro” or “EUR” are references to the currency used by member states of the Economic and Monetary Union of the European Union.

BACKGROUND OF THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering

The objective of the Offering and the FN Listing is to enable the implementation of Betolar's growth strategy. In addition, the FN Listing would allow Betolar to obtain access to capital markets in order to acquire additional financing and broaden the Company's ownership base both with domestic and foreign investors, which would increase the liquidity of the Shares. The FN Listing would increase Betolar's visibility and thus general interest towards Betolar from investors, business partners and customers, which would support the execution of the Company's growth strategy, brand building and recruiting as well as support the Company's image as a high quality and responsible business partner. In addition, the FN Listing would enable a more efficient use of the Shares in incentive programs for personnel and in connection with acquisitions.

Use of proceeds

In the Offering, Betolar aims to raise gross proceeds of approximately EUR 30 million. Betolar estimates that the fees and expenses payable by it in connection with the Offering will amount to approximately EUR 3.1 million (assuming that the Optional Shares are not subscribed for), as a result of which Betolar expects that it will receive net proceeds approximately of EUR 27 million from the Offering. Should the Optional Shares be subscribed for in full, Betolar expects that the fees and expenses payable by it in connection with the Offering will amount to approximately EUR 3.1 million, and as such, the net proceeds that Betolar estimates it will receive from the Offering are approximately EUR 31 million. Betolar will pay the Global Coordinator the combined selling and arrangement fees according to the Placing Agreement.

Approximately 30 percent of the proceeds from the Offering are to be used for expanding the Company's current business and, in particular, for the global scaling of its existing precast concrete products and solutions directed for ready-mix concrete manufacturers. The remaining 70 percent of the proceeds from the Offering are to be used for the ongoing material development of the existing concrete business, further development of the already ongoing AI platform as well as the development of new business areas. The proceeds are intended to be used for development, commercialization and scaling of new material and production solutions directed at soil stabilization and mining businesses. In addition, the proceeds are to be used for other product development expenses, such as the development and scaling of the Company's AI platform, establishment of the pilot plant and learning and innovation centre supporting research and product innovation, and research ensuring the availability of sustainable raw material reserves (sidestreams and binders). In addition, the proceeds are to be used in connection with possible acquisitions related to business development and scaling, AI platform and availability of by-product materials.

Betolar estimates that the proceeds raised through the Offering will provide increased financial flexibility and promote its pursuit for growth in accordance with its strategy as well as the development of operative actions. The Company assumes that the proceeds to be raised will be sufficient to finance the planned uses until the Company is capable of financing its business through internal financing. However, the Company may need additional financing, for example, in connection with possible acquisitions, or if its strategy does not materialize as planned.

Advisers

SEB is the Global Coordinator (the "**Global Coordinator**") for the Offering. Certain legal matters in connection with the Offering have been passed upon for Betolar by Roschier, Attorneys Ltd. Certain legal matters in connection with the Offering have been passed upon the Global Coordinator by White & Case LLP.

Independent auditors

Betolar's set of consolidated financial statements including financial statements for the financial years ended 31 December 2020 and 31 December 2019 incorporated by reference in the Offering Circular have been audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, with Janne Rajalahti, Authorised Public Accountant, as the auditor with principal responsibility.

Betolar's Annual General Meeting, which was held on 27 July 2021 resolved to elect PricewaterhouseCoopers Oy, Authorised Public Accountants the auditor for the year ending 31 December 2021 with Janne Rajalahti, Authorised Public Accountant, as the auditor with principal responsibility.

Agreement on Serving as a Certified Adviser

Betolar has entered into an agreement with SEB on acting as the certified adviser on 24 November 2021. According to the agreement, SEB acts as Betolar's certified adviser with customary terms and conditions under the Nasdaq First North Growth Market Rulebook. The agreement defines the services offered by the certified adviser and the allocation of rights, duties and liabilities of the parties.

Interests relating to the Offering

The fees to be paid to the Global Coordinator are, in part, linked to the gross proceeds from the Offering. The Global Coordinator or some of its respective related entities may have from time to time provided and may in the future provide financial advisory services as well as financing for Betolar as a part of their day-to-day business, which is why they might have charged or could in the future charge customary fees and commissions.

The Global Coordinator also acts as Betolar's Certified Adviser. As a part of its ordinary course of business as a Certified Adviser, the Global Coordinator may offer advisory and other services to the Company, for which it may receive fees and cost compensations. In connection with the Offering, the legal advisor receives a fee for work done and the Stabilizing Manager for arranging the stabilization.

MARKET AND INDUSTRY REVIEW

General

Betolar's low-carbon binder solutions for cement used in concrete and its production are aimed to respond to the global need for decreasing carbon dioxide emissions in the value chain of construction activities. The low-carbon solutions enabled by Betolar's building material technology, which also decrease the consumption of virgin natural resources, and the automation of production processes and optimisation of laboratory functions enabled by the artificial intelligence platform continuously developed by the Company, are targeted to the global concrete market as a competitive alternative to solutions based on cement. The framework of the market environment for Betolar's solution include, among other things, climate change, the cement industry, the concrete industry and the construction industry, and factors impacting Betolar's market environment include the global need to decrease carbon dioxide emissions, the EU-wide emissions trading, the need to maintain biodiversity, standards for building materials in various countries, the availability of binders used by Betolar, and other players offering solutions competing with Betolar's solution.

Overview of the global cement market

Megatrends in the cement market

The development, future prospects, growth forecasts and transformation of the cement industry are particularly impacted by global megatrends. The most significant megatrends identified by the Company are climate change, the preservation of biodiversity, industrial digitalisation and urbanisation. Climate change and the preservation of biodiversity are assumed to increase the demand for carbon-neutral building materials and to create regulation-based pressure on faster adoption of circular economy solutions. Industrial digitalisation and the development of artificial intelligence enable faster development of materials, the automation of industrial processes and the utilisation of data-based business models. As a result of demographic development, construction is expected to continue regionally with the support of predicted urbanisation particularly in large cities and developing markets.

Overview of cement

Cement is a binder commonly used in the construction industry and one of the most frequently utilised building materials in the world. Cement settles and cures into other compounds, binding them together. Typically, cement is not used separately, but with aggregates like sand and gravel. Cement used in construction is typically inorganic, usually based on limestone or calcium silicate. Cement is the basic raw material used in, for example, concrete, mortar, stucco and common caulking compounds. Concrete is produced by mixing its main compounds, i.e. cement, water and mineral aggregate. Original Portland Cement (OPC) is the most common cement type used globally. While Betolar's solutions aim to replace primarily cement's applications related to concrete[1], in the view of the Company, soil stabilization solutions and sidestream-based solutions can be used as an alternative to cement in other application areas as well.[2]

According to an estimate, global cement production amounted to approximately 4.1 billion tonnes per year in 2019.[3] Asia accounted for 79 percent, Europe for 9 percent, the Americas for 7 percent and Africa for 5 percent of the estimated global cement production. By application areas, the infrastructure construction accounted for 43 percent, housing for 32 percent, construction of business premises for 18 percent and losses at worksites and other parts of the value of building chain for 9 percent of global cement production.[4]

Global cement production by geographical region (2019):[5]

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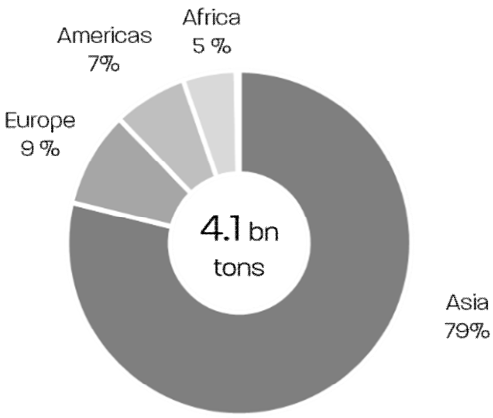
[1] The replaceable concrete applications of cement meant by the Company may relate to, for example, ready-mix concrete, precast concrete products and precast concrete elements.

[2] Source: European Comission: Competitiveness of the European Cement and Lime Sectors (2017), Portland Cement Association.

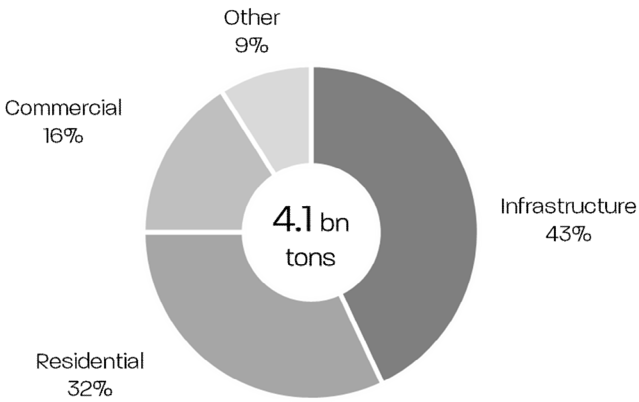
[3] Source: CEMBUREAU.

[4] Source: CEMBUREAU, IEA.

[5] Source: CEMBUREAU.



Global cement production by application area (2019)[6]:



Historical development of cement production and outlook for the coming years

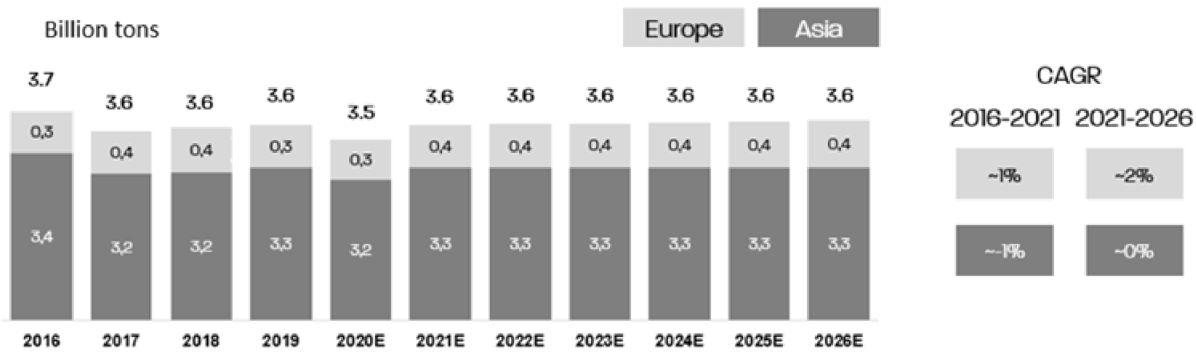
In recent years, cement production has shown relatively stable development in Betolar's main market areas in Asia and Europe. In 2016–2021, cement production in tonnes is estimated to have increased by approximately 1 percent per year in Europe and decreased by approximately 1 percent per year in Asia. Due to the global COVID-19 pandemic, cement production is estimated to have declined in Europe by approximately 6 percent and by approximately 3 percent in Asia in 2020 as compared to 2019, but according to the estimate, cement production will return in 2021 to the level of 2019 as the global economy recovers. In 2021–2026, cement production is forecasted to grow approximately 2 percent in Europe. In Asia, cement production is expected to remain at its present level in 2021–2026.[7]

Historical development of cement production in 2016–2019 and forecast for 2020–2026[8]:

[6] Source: CEMBUREAU, IEA.

[7] Source: CEMBUREAU, KPMG's market study.

[8] Source: CEMBUREAU, KPMG's market study.



Key drivers of cement production volumes

The most important drivers of the production volume of cement are, in particular, the development of construction, infrastructure and mining operations. Growth in the gross domestic product, low interest rates, the development of urbanisation and the need for renewing the building stock are expected to drive growth in cement production. Furthermore, a key driver of the growth in cement production is the importance of concrete in the value chain of the construction industry. Concrete is expected to maintain its position as the leading material thanks to its key benefits, such as wide availability, global production infrastructure, versatility and low costs. Furthermore, concrete's position is strengthened by the capabilities accrued by designers, builders and contractors in utilising concrete effectively in construction.

Carbon dioxide emissions from cement production

The production of traditional cement is a process with multiple phases, and it results in a high amount of carbon dioxide emissions. The cement industry accounts for approximately 7 percent of global carbon dioxide emissions.[9] The emissions from cement production are mainly created in the production process of clinker, in which limestone is heated to a high temperature and it releases carbon dioxide in the chemical process. Fuels and electricity are used in the heating process. The different phases of cement production are described below.

The cement production process starts by excavating the raw material (limestone, chalkstone or marl) as boulders in a quarry. The excavated material consists mainly of limestone (approximately 90 percent), but sand, bauxite and iron ore can be added in order to achieve a suitable chemical composition. Due to the transport costs, cement plants are usually located close to the quarry. It is estimated that the excavation of the raw material accounts for less than 10 percent of the carbon dioxide emissions from the production of cement. The emissions from the excavation of the raw material are mainly related to the use of machines and the transportation of the material.

The raw material (chalkstone) is transported in the form of boulders to primary and secondary crushers to break the raw material into smaller pieces. The raw material is homogenised and ground into fine powder. The processing of the raw material accounts for a limited share of the carbon dioxide emissions from the production of cement.

In the next phase, clinker is produced by calcinating limestone (CaCO3) into chalk (calcium oxide, CaO), which releases carbon dioxide, and the reaction with other compounds results in cement clinker. Cement clinker can be produced with "wet" or "dry" production technology and a semi-dry/semi-wet intermediate model. In Europe, almost all production is based on "dry" technologies with lower energy intensity. The "dry" production process includes the following production steps: preheating, where hot gas from an oven preheats raw powder before transferring it to the oven to improve the energy efficiency of the process; pre-calcination, which takes place in a burning chamber connecting the pre-heater and the oven where the limestone is calcinated; production of clinker, where the pre-calcinated powder is fed to a rotating oven, in which the fuel (hard coal, natural gas coke, gas, oil and alternative fuels) is burned to heat the raw powder up to 1,450 °C to enable clinkering; and cooling, where the produced clinker is cooled rapidly to 100–200 °C. The production of cement clinker accounts for approximately 90 percent of the carbon dioxide emissions of cement production (approximately 50 percent of the carbon dioxide

[9] Source: IEA, KPMG's market study.

emissions are created when carbon dioxide is released in the process and approximately 40 in connection with the production of energy required in the process).

Clinker is mixed with gypsum (approximately 4–5 percent) to adjust the cement's curing time. Grinding of the clinker and gypsum mix results in ordinary Portland cement. Alternatively, other minerals containing cement can also be included in the mixture to produce other types of cement (such as composite or mixture cements).[10]

Cement's application areas of key concrete products

Ready-mix concrete

Ready-mix concrete is produced in a concrete plant and usually delivered by concrete trucks to the construction site. Ready-mix concrete can be delivered to the construction site in wet or dry form. Ready-mix concrete is usually of high quality, as it is produced in controlled conditions. Ready-mix concrete can be delivered in large volumes at a time, and it can be more a cost-efficient solution than, for example, precast concrete elements[11], even though the relative cost depends on the application to a certain extent. Ready-mix concrete is used in demanding large projects requiring a significant amount of concrete, such as infrastructure projects, road construction and support embankments, and refilling of mines in the mining industry.[12] Betolar estimates that the application area is well-suited for geopolymeric solutions, however, taking into account the requirements of different applications.

Precast concrete products

Precast concrete products are produced by casting concrete in a reusable mould, and after this, the concrete is allowed to cure in controlled conditions. After the curing, the products are delivered to the construction site. Precast concrete products usually have equal size and shape, and production in a controlled plant environment ensures their high quality. Precasting is suitable for producing products with identical size and form. Such products include, among other things, paving stones, beams and decks.[13] Betolar estimates that the application area is well-suited for geopolymeric solutions, however, taking into account the requirements of different applications.

Precast concrete elements

Precast concrete elements are customised, more complex products which are not produced using standard moulds. Precast concrete elements are designed and produced for certain purposes, such as a building, bridge or structure in which the product is used. Precast concrete elements are produced in a controlled production environment, ensuring high quality and a customised end product. Precast concrete elements are suitable for building, infrastructure and mining projects requiring customised, high-quality and durable solutions with high load-bearing solutions.[14] Betolar estimates that the application area is well-suited for geopolymeric solutions, however, taking into account the requirements of different applications.

Soil stabilisation

In soil stabilisation, soil is strengthened by mixing it with a binder, such as cement. Soil stabilisation enables strengthening of the soil without replacing it, which saves time and costs in construction. In soil stabilisation, the curing time and strength are usually less critical factors as compared to concrete, and a larger variation in quality is accepted. As stabilised soil is not considered a structural element, the application area is well-suited for geopolymeric solutions (for more information on geopolymeric technology, see "*Business of Betolar – Business – Geoprime technology*" below). Soil stabilisation solutions enable building on soft soil, and they are suitable for large infrastructure projects, such as the construction of roads and railways, and dredging.[15]

[10] Source: European Commission report: Competitiveness of the European Cement and Lime Sectors, Chatham House Report: Making Concrete Change.

[11] Source: KPMG's market study.

[12] Source: KPMG's market study.

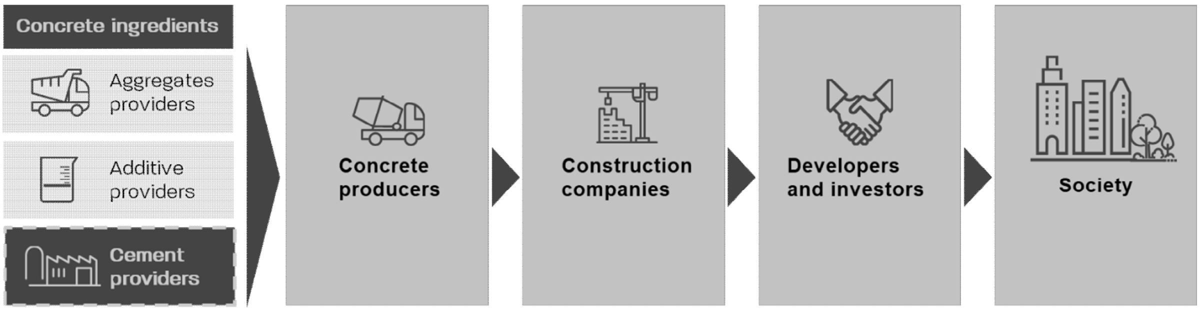
[13] Source: KPMG's market study.

[14] Source: KPMG's market study.

[15] Source: KPMG's market study.

Value chain of cement-based concrete

The cement industry plays a significant role in the present value chain of construction using concrete based on cement, as illustrated in the chart below. The main raw materials for concrete are usually aggregates, various additives, water and cement. Amongst these materials, the most important binder is cement. Concrete is used, in turn, as the basic material by construction companies and other similar players almost in all infrastructures. On the other hand, developers and investors execute, plan and finance construction projects. As such, the role of concrete is also emphasised at the level of the entire society. While concrete plays a key role in the value chain, the use of cement as a binder is one of the largest individual drivers of climate change on the international level. In the view of the Company, rise of climate change as one of the most important priorities of society and investors alike has a strong impact on the value chain of construction, increasing the demand for low-carbon solutions substituting cement.



Outlook for the construction industry

In 2021, the construction market[16] in Europe is estimated to amount to approximately EUR 1,135 billion, and in Asia, the markets most significant to Betolar are estimated to amount to approximately EUR 5,556 billion[17]. In Europe, the described market includes housing construction, construction for other purposes and infrastructure construction. In addition to these areas, the Asian market includes special construction with sub-areas of construction where responsibility for the final structure is not included in the total project[18]. In Europe, housing construction is the most significant segment of the market with its share of EUR 565 billion, while in Asia, the most significant segments of the market comprise housing construction and construction for other purposes with their combined share of approximately EUR 3,300 billion.[19]

The general outlook for the construction market in Betolar's key markets is positive due to the stable positive growth trend in the market. Historically, the construction market has grown in Europe on average by about 3 percent per year in 2016–2018 (CAGR), and the growth rate is expected to remain on a corresponding level between 2021 and 2023. In Asia, Betolar's key markets have grown on average by approximately 9 percent per year in 2016–2018 (CAGR), while the forecasted average growth between 2021–2023 is 7 percent (CAGR).[20]

The development of the European market in 2016–2020 and forecast for 2021–2023 (EUR billion)[21]:

[16] Total building market including various phases of the value chain.

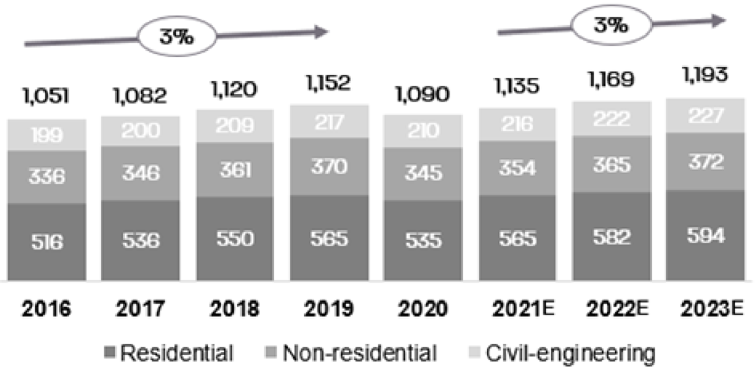
[17] Including markets in China, Indonesia, Japan and South Korea.

[18] This category includes, for example, demolition projects and installation operations related to the preparation of the work site and building.

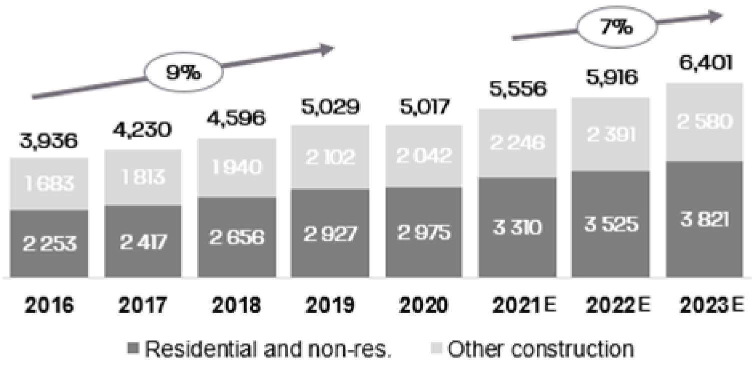
[19] Source: Euroconstruct, FIEC (European Construction Industry Federation), Euromonitor.

[20] Source: Euroconstruct, FIEC (European Construction Industry Federation), Euromonitor.

[21] Source: Euroconstruct, FIEC (European Construction Industry Federation).



Historical development of the key markets in Asia in 2016–2020 and forecast for 2021 – 2023 (EUR billion)[22]:



Targets for lowering emissions and the relevance of environmental friendliness in the value chain

Paris agreement on climate change

The Paris climate agreement to which 191 countries have committed provides guidance to its signatories for decreasing emissions comprehensively on the international level. The key targets confirmed in 2015 include limiting global warming to well below 2 degrees Celsius, reaching global peaking of greenhouse gas emissions as soon as possible, reaching net-zero emissions and climate sustainability by 2050, presenting comprehensive measures related to the climate by the countries committed to the agreement, measuring progress every five years, strengthening capabilities for recognising the significance of climate change in societies and increasing cooperation in connection with the implementation measures.[23]

Cement's carbon dioxide emissions

The cement industry accounts for approximately 7 percent of global carbon dioxide emissions, only falling behind the energy and transport sectors in the comparison of carbon dioxide emissions.[24] Due to this, cutting the emissions of the cement industry presents a significant opportunity to decrease carbon dioxide emissions and save virgin natural resources in the future. In addition to large governmental players, such as the United States, the European countries and China, parties in the value chain of concrete share a corresponding concern about the sustainability of the industry. In the public sector, large cities aim for carbon neutrality by, for example, opting for

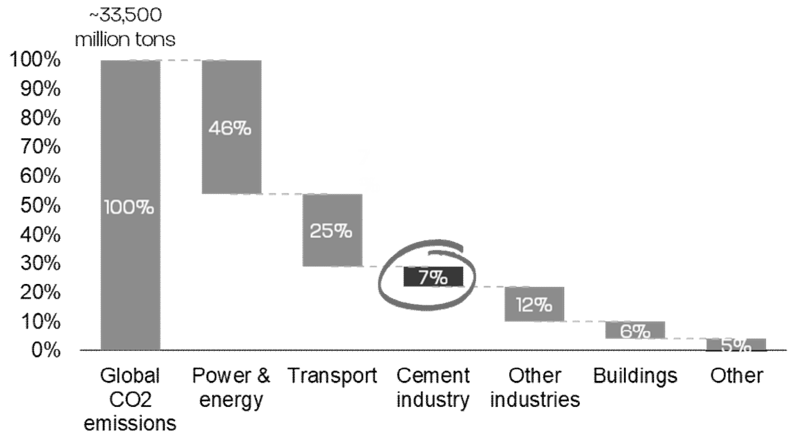
[22] Source: Euromonitor.

[23] Source: European Commission, United Nations, UNFCCC, Statista.

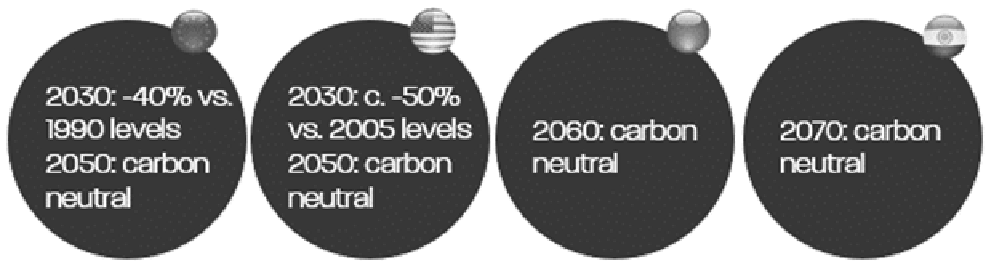
[24] Source: IEA, KPMG's market study.

environmentally friendly building materials. In addition to this, many real estate investors, contractors and producers of concrete and cement are communicating their targets and timelines for achieving carbon neutrality.[25]

Cement's share of global carbon dioxide emissions[26]:



Targets of the United States, China, European countries and India for decreasing emissions[27]:



Total emissions of the above countries correspond to approximately a total of 59 percent[28] of global carbon dioxide emissions.

Standards for cement and concrete products

The European market for cement and concrete products is defined, to a substantial extent, with standards, while in the Asian markets, standards are often specific to a certain country.

European cement standards cover five different regulated cement grades, which are defined in the standard EN 197-1. In addition to this, the cement used in structural applications must comply with the standard EN 197-1. Further, the European markets are defined by common concrete standards (EN 206). At present, the requirements of these standards for structural applications do not cover alternative materials similar to concrete such as geopolymer solutions. However, the requirements for concrete element solutions in standard sizes are less strict. According to Betolar's estimate, various new products based on geopolymers require separate local approvals. Betolar also examines and promotes the future possibility of its customers to obtain permissions to attach CE markings to geopolymer products under the so-called ETA procedure (*European Technical Assessments).* Furthermore, Betolar estimates that, in the future, the standardisation process could possibly be shortened in Europe with the approvals applicable to product groups (for more information on approval of products, see

[25] Source: European Commission, United Nations, IEA and targets published by the companies.

[26] Source: IEA, KPMG's market study.

[27] Source: European Commission, United Nations, White House, COP26 Climate Meeting.

[28] Source: European Commission 2020. Emissions total for: China, the United States, EU 27 as well as United Kingdom and India.

"*Business of Betolar – Business – Regulatory environment*").[29] For the time being, however, bringing various geopolymer products to the market requires going through the national approval processes of different countries.

In the Asian markets, standards for cement and concrete include more country-specific variation than in Europe. Each country has defined its own standards for cement, and due to this, approval for geopolymer solutions and their various application areas needs to be obtained separately in each country. Furthermore, the approval process is expected to be faster in certain Asian countries than in Europe, and according to certain experts, measures for promoting the approval of geopolymers have been implemented, for example, in India[30]. Standards and requirements also vary according to the application area of various cement types. For example, the use of concrete based on geopolymers in load-bearing structures in required to have separate approval in each country, while non-structural applications, such as paving slabs and certain types of tile, may not necessarily require a separate approval in some Asian countries. This is estimated to open opportunities for products based on geopolymer materials to enter into commercial markets in Asia.[31]

European cement standards[32]

The European cement standard EN 197-1 defines the properties of 27 common cement products in five classes named as CEM I-V. The definition of each cement product includes the relative amount of each constituent used in the production of cement in nine strength classes. All cements complying with the standard EN 197-1 are suitable for the production of concrete in accordance with the European concrete standard EN 206-1. The table below describes the cement classes CEM I-V defined in the European standard. In the classes CEM II-V, the products are more environmentally friendly, containing various alternative raw materials in addition to Portland cement. However, wider adoption of these products involves various practical issues, such as their slow curing.

Type	Description
CEM I: Portland cement (OPC)	The most common cement type (up to 98 percent of cement produced globally[33]) produced by grinding cement clinker into fine powder and adding to it a small amount of gypsum (typically 3–5 percent). The produced cement contains over 95 percent cement clinker.
Composite cement	
CEM II: Portland-composite cement	A composite of Portland cement and alternative compounds, such as fly ash, slag or limestone containing a maximum of 35 percent of alternative compounds. The produced composite cement contains 65–94 percent cement clinker and 6–35 percent alternative compounds. Alternative compounds include, for example, blast furnace slag, silica powder, pozzolana, fly ash, burned shale or limestone.
CEM III: Blastfurnace cement	A mixture of Portland cement and blast furnace ash. Three different classes, of which CEM III/A contains the smallest amount and CEM III/C the largest amount of blast furnace ash. The produced cement contains 5–64 percent cement clinker and 36–95 percent alternative compounds. Blast furnace ash is the alternative compound.
CEM IV: Pozzolanic cement	A mixture of Portland cement and alternative compounds, such as silica powder, pozzolana or fly ash. The produced cement contains 45–89 percent cement clinker and 11–55 percent alternative compounds. Alternative compounds include, for example, silica powder, pozzolana, fly ash or their combinations.
CEM V: Composite cement	A mixture of Portland cement, slag and pozzolana. The produced cement contains 20–64 percent cement clinker and 26–80 percent alternative compounds. Alternative compounds can include, for example, blast furnace slag, pozzolana and/or silica fly ash.

Concentration of the cement industry

In Europe, the cement market is dominated by a limited number of players, and their impact may either slow down or speed up the adoption of new building material solutions. Due to the nature of the market, players integrated

[29] Source: European Commission, CEMBUREAU, European Committee for Standardization, KPMG's market study.

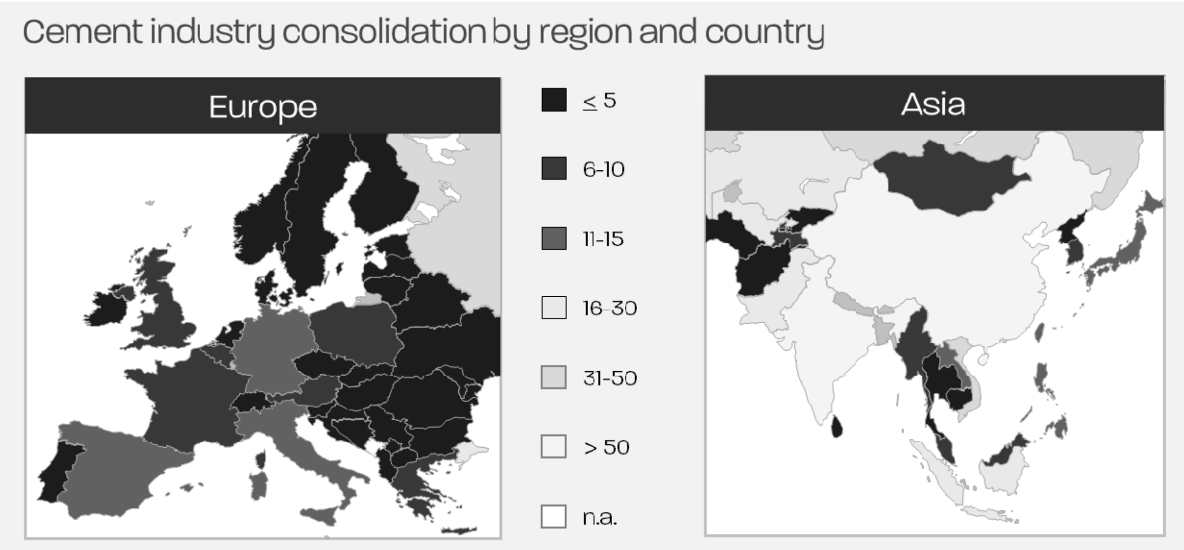
[30] Source: KPMG's market study.

[31] Source: China National Standards, Bureau of Indian Standards, KPMG's market study.

[32] Source: European Commission report: Competitiveness of the European Cement and Lime Sectors.

[33] Source: Chatham House Report: Making Concrete Change.

vertically in the value chain typically have significant negotiation power. The Asian market is significantly more fragmented particularly in China, India and Vietnam. These markets may have several times more players in the cement market as compared to European countries.[34]



Review of certain alternative raw materials for cement clinker production

Betolar's low-carbon alternative binder solutions can utilise raw materials, which can be found widely throughout the world. Sidestreams created in the processes of various industries, such as the energy, steel, paper, pulp and mining industries, can be used as raw materials for alternative binder solutions of cement. Such sidestreams created in industrial processes include, for example, fly ash (class F), slag (GGBFS), limestone powder, clay, natural pozzolanas, bauxite and ash produced from burning rice hulls.

Amongst the industrial sidestreams, fly ash and slag are widely available on the international level. It is estimated that approximately 600–900 million tonnes of fly ash is produced each year, and its consumption is estimated to approximately 300 million tonnes. The production of slag (GGBFS) is estimated to be approximately 480–560 million tonnes per year and its consumption to be approximately 290 million tonnes. However, the production of fly ash may decline as a result of a decreasing use of hard coal as a fuel, and furthermore, the development of steel production methods may decrease the amount of slag (GGBFS) produced. Limestone powder and clay are examples of natural sidestreams widely available throughout the world, and their availability is not expected to change significantly in the future. Natural pozzolana, in turn, is available locally close to regions with volcanic activity. Silica powder produced in the metal industry and bauxite created in the production of aluminium are available globally, and their availability is expected to continue to increase also in the future. Ash from burned rice hulls is available mainly in China, India and the Far East, and no material changes are expected in its availability.[35]

[34] Source: Cemnet, European Commission report: Competitiveness of the European Cement and Lime Sectors, Datis, KPMG's market study.

[35] Source: Chatham House Report: Making Concrete Change, KPMG's market study.

	Fly ash (class F)	Slag (GGBFS)	Limestone filler	Clay	Natural pozzolans	Silica fume	Bauxite	Rice husk
Annual production (million tons)	~600-900	~480-560	Virtually unlimited	Widely available	Good availability	1-2.5	55-74 bn t	22
Annual use (million tons)	~300	~290	~300	~2-3	~75	<1	100-150	n.a.
Price range (EUR per ton)	2.5	<1-93	~2.5	~11	~30-76	250-930	25-150	n.a.
Geographical availability	Global	Global	Global	Global	Near volcanic activity	Global	Global	China, India, far-east
Expected future availability	Coal plants expected to be closed possibly decreasing fly ash production	Industry moving away from coal-fed blast furnaces possibly decreasing slag production	High availability compared to cement demand	Good long-term availability with no changes expected	Good availability locally near volcanic activity	Good availability, slight increase expected	Production of alumina expected to increase possibly bauxite production	Good availability locally with no changes expected

Emission rights and the concrete industry

The prices of European emission rights have increased in recent years, and the increase in the prices is expected to increase production costs of cement products with high emissions and improve the competitiveness of low-carbon alternatives to cement. Europe's trading system for carbon dioxide emissions covers approximately 40 percent of the EU's greenhouse gas emissions, and it is expected that there will be pressure for increasing this due to the limit for greenhouse gas emissions determined by the EU annually. In accordance with the standards defined by the EU, companies are also required to monitor their own greenhouse gas emissions and hold an emission right for each tonne of emissions produced. Due to the scarcity of emission rights and price increases resulting from it, the prices of cement and concrete are expected to increase in the future, urging companies to find more environmentally friendly solutions for their production.[36]

Key factors for future trends in the concrete market

Urbanisation, the circular economy, biodiversity and digitalisation are the most significant trends for the cement market. Urbanisation and ageing infrastructure result in a need for new construction, which in turn drives growth in the demand for concrete. The circular economy and attempts to find more sustainable solutions strongly linked to the increase in the significance of the environment, increasing regulation and targets for cutting emissions create increasing demand for limiting pollution and the amount of waste both generally and in the value chain of concrete. Climate change and biodiversity also play a big part in the transformation of the concrete industry, as they drive increased regulation, a green transformation and a change in the behaviour and values of end customers. Improved transparency enabled by the increase in digitalisation, monitoring of emissions and automation is expected to drive demand for low-emission solutions in the value chain of construction.

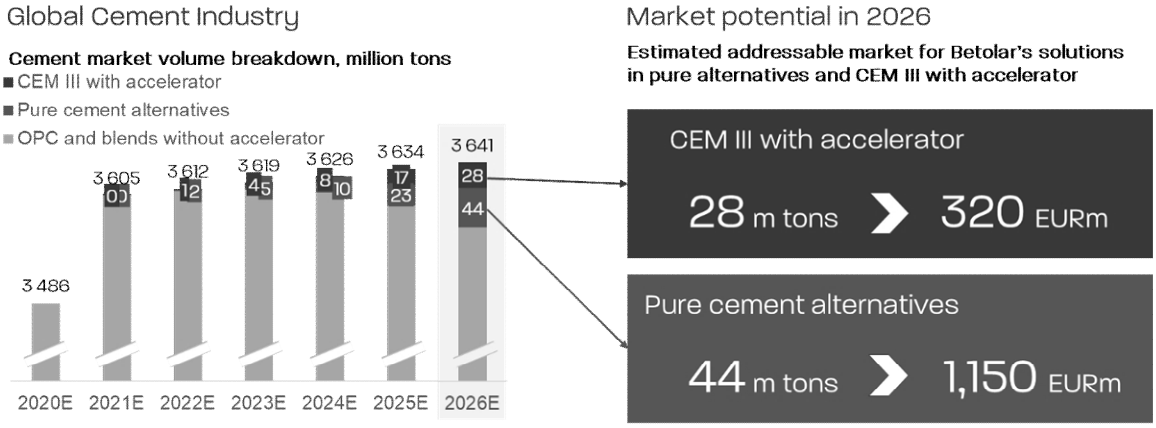
Market for solutions replacing cement

Historically, the global cement industry has mainly comprised original Portland cement (OPC) and other mixtures with a similar structure and production process without the use of accelerators. CEM III solutions[37] and clean alternatives to cement, such as geopolymers, and other solutions containing alkali-activated binders are expected to increase in significance as of 2021. Cement mixture types containing less cement are basically interesting to the market due to their small carbon dioxide emissions, the level of which is lower in CEM III solutions than in, for example, CEM II solutions. The market share of these substitutes for cement is expected to be low during the first years, but is expected to increase to approximately 28 million tonnes by 2026 in the case of CEM III accelerator solutions, corresponding to approximately EUR 320 million, and approximately 44 million tonnes in the case of clean substitutes for cement, corresponding to approximately EUR 1.1 billion.[38]

[36] Source: European Commission, United Nations Climate Change website, KPMG's market study.

[37] CEM III solution refers to the mixture of Portland cement and blast furnace slag.

[38] Source: KPMG's market study, the view of the Company's management.



Factors affecting the demand for alternative solutions for cement

Selected factors impacting the demand for solutions replacing cement are described below[39]:

- Demand for environmentally friendly solutions: Demand for environmentally friendly and sustainable solutions that save virgin natural resources is increasing throughout the value chains of the construction, infrastructure and mining industries.
- Regulation and standards: The majority of concrete products are subject to national or regional standards. At present, clean alternatives to cement have not been approved for structural applications, and it may take a significant amount of time to meet the requirements of these standards. In the view of the Company, the regulation may significantly increase the requirements for paying attention to the carbon footprint of construction and decrease requirements in the approval procedures for alternative low-carbon solutions. For other concrete applications, separate local product approvals must be obtained for geopolymer products, in addition to which Betolar also examines and promotes the future possibility of its customers to obtain permissions to attach CE markings to geopolymer products under the so-called ETA (European Technical Assessments) procedure.
- Sufficient availability and quality of raw materials: The availability of industrial sidestreams with consistent quality for the production alternatives to cement is critical for meeting demand. The global capacity is expected to correspond to the volume of demand, but the availability of sidestreams may vary on a regional level.
- Conservative attitudes and concentrated market in the cement industry: The cement market is conservative and highly concentrated. Large players in the cement industry have a significant amount of negotiating power, limited incentives to renew their business due to, for example, capital tied in expensive plants and limestone mine assets in the traditional production of cement production, and strong incentives to endorse the present standards and regulations. However, interviews of professionals in the cement industry conducted by the Company indicate that the producers of cement would also be willing to adopt cost effective and well-functioning substitutes for cement.
- Competitive pricing: Wider adoption of cement solutions requires competitive pricing.
- Digitalisation and artificial intelligence: Increased monitoring of emissions to improve their transparency to consumers, the authorities and customers may drive growth in demand for solutions with low emissions. More efficient processes and automation may drive the speed of the development of alternative materials and the reliability of processes.

Competitive landscape of cement and concrete production

The competitive landscape of the producers of cement solutions can be divided into two top-level categories: producers of cement, and concrete and companies focusing on solutions based on chemical technology. The producers of cement and concrete can be divided, in turn, into two categories: traditional players and players producing environmentally friendlier solutions. Traditional players produce ordinary cement complying with local

[39] Source: KPMG's market study, the view of the Company's management.

and international standards. These players are expected to face increasing pressure to lower their high emissions from the traditional production process. Players producing environmentally friendlier solutions aim to decrease the use of cement in their solutions as compared to traditional cement, and as a result of this, the carbon footprint of their production process is lower to a certain degree.[40]

Players in the chemical technology segment aim to replace ordinary cement partially or entirely in the production process of cement. These players can be divided into three categories on the basis of their solutions: solutions utilising accelerators, solutions based on geopolymers and solutions using other substitutes for cement. Of these categories, the solutions based on geopolymers have the highest capability to decrease carbon dioxide emissions as compared to cement. However, the variation in the quality and geographical availability of sidestreams has so far prevented wide adoption of solutions based on geopolymers. Due to this, previous solutions have focused on random sidestreams and not succeeded in responding adequately to the requirements of industrial processes for sufficient volumes, suitability, reliability, quality and price.[41]

The table below illustrates the competitive landscape of the production of cement and concrete, as well as the players in the chemical technology:[42]

Company	Cement and concrete producers		Chemical engineering companies		
Material type	Traditional	Eco-friendlier	Selected supplementary cementitious materials (SCM)		
Material	Original Portland cement (OPC)	Cement blends (CEM II-V)	Accelerators[1]	Geopolymers	Other binder systems
Example companies	CEMEX, LafargeHolcim, HeidelbergCement Group, CRH, Buzzi Unicem	Finnsementti (a CRH company), Oíva Sementti, ecocem, CEMEX	BETOLAR	BETOLAR, LafargeHolcim, Hoffmann Green Cement Technologies, BASF, ecocem, CEMEX, WAGNERS	*Other solution providers*
Comments	• Conventional cement that meets local and international standards • Globally many standards require OPC to be used in structural materials • Facing pressure to reduce emissions	• Cement blends as a more eco-friendly alternative to conventional cement • Blends consists of c. 30-90% of OPC	• Chemical accelerators that enhance cement blends (CEM III) attributes e.g. setting time and strength	• Geopolymer binder made from industrial side streams, e.g. slag and fly ash • Reduces CO_2 up to 80% compared to OPC	• Cement alternative using other side streams (not fly as or blast furnace slag) • Chemical activation based on other solutions

[40] Source: KPMG's market study, the view of the Company's management.

[41] Source: KPMG's market study, the view of the Company's management.

[42] Source: KPMG's market study, the view of the Company's management.

BUSINESS OF BETOLAR

General

The Company's business name is Betolar Oyj, and its domicile is Kannonkoski, Finland. The Company's auxiliary business name in the English language is Betolar Plc. The Company is a public limited liability company incorporated in accordance with the laws of the Republic of Finland on 3 January 2017 in Finland, and it is subject to the laws of Republic of Finland. The Company is registered in the trade register (the "**Trade Register**") maintained by the Finnish Patent and Registration Office with the business ID 2800638-3. The Company's address registered in the Trade Register is Mannilantie 9, FI-43300 Kannonkoski, Finland, and its telephone number is +358 40 153 5678. The Company's Legal Entity Identifier ("**LEI**") is 743700TXZL6GQZMVSI98. In accordance with section 3 of Betolar's Articles of Association, the Company's field of business is to develop, produce, market, sell, license and deliver products, software, intellectual property rights, consulting and other services related to concrete products, other building materials or energy technology. The Company may conduct its business directly and through its subsidiaries and associated companies. The Company may also provide administrative and other services to its subsidiaries and associated companies. The Company's financial period is the calendar year.

The address of the Company's website is www.betolar.com. The Offering Circular will be published on the Company's website. However, information presented on the website of the Company or any other website is not part of this Offering Circular, and the prospective investors should not rely on such information in making their decision to invest in securities. However, as an exception to the above, the information incorporated by reference in the Offering Circular (see "*Information incorporated by reference*"), which is available on the Company's website, as well as possible supplements of the Offering Circular, are part of the Offering Circular.

Betolar is a Finnish material technology company in its growth stage with a mission to globally enable the green transformation of various industries, especially in the construction, process and energy industries, by providing solutions to utilise its unique material technology. The Company's Geoprime solution is an alternative for producing sustainable low-carbon concrete and its applications. The solution can convert previously underutilised or unused industrial sidestreams into substitutes for cement used in the production of concrete. Betolar's material and product development innovations utilising artificial intelligence can decrease carbon dioxide emissions on the raw material level significantly, by up to 80 percent[43], as compared to traditional production of concrete based on cement. Side-stream-based materials can comprise up to 95 percent of the products manufactured using the Geoprime solution.[44] Betolar utilises and optimises already existing production processes and industrial sidestreams in its solutions. In line with its strategy, Betolar aims for growth particularly in Europe and Asia at first, and after that, globally.

History

Betolar started its operations in 2016, when the Company focused on the production of small concrete products. Already in the following year, it turned its focus to the research and development of geopolymers. In 2017, the Company also received its first significant financing from Ajanta Oy. In 2018, Betolar filed its first patent applications.

Since 2019, Betolar has validated its concept parallel to its product development. In the same year, Sitra selected Betolar as one of the most interesting companies in the circular economy in Finland. In 2019, the Company was granted its first patent. In 2020, successful pilot phases were implemented in the coating business, and over 300 tonnes of paving stones were produced using Betolar's methods. In addition, Betolar completed a financing round, in which three new venture capitalists, Voima Ventures, Taaleri and Valve Ventures, invested in the Company.

In 2021, Betolar has continued its product development and started commercialisation of its operations, and the Company entered into its first commercial agreement with Ruskon Betoni Oy ("**Ruskon Betoni**") on the production of paving slabs still in the execution phase. In addition, it entered into a partnership agreement with Lujabetoni Oy ("**Lujabetoni**"), which is a significant producer of concrete elements and ready-mix concrete in Finland. Furthermore, Betolar and Kiilto Oy ("**Kiilto**") started their cooperation in the development of low-carbon floor fillers. In addition, Betolar launched a new partnership with sustainable housing firm TARA Machines and

[43] Source: Vahanen Environment, research report dated 20 August 2021. The research report is commissioned by the Company. The decrease in carbon dioxide emissions up to 80 percent refers to the lower carbon dioxide emissions of the raw material for paving stones produced with Betolar's solutions as compared to ordinary paving stones produced from concrete.

[44] Source: Ramboll: CO2 emission calculation and consumption of natural resources for geopolymer products as at 26 September 2019.

Tech Services (”**TARA**”). In November 2021 Betolar concluded a commercial licensing agreement with furniture manufacturer company EcoFurn Finland Oy (“**EcoFurn**”). Furthermore, in November 2021, the Finnish Climate Fund, a state-owned special-assignment company, granted the Company a loan, the purpose of which is to ensure the Company’s opportunity to invest in the development of its digital platform. As at the date of this Offering Circular, the Company has 4 granted patents and several pending patent applications in line with its IPR strategy.

Key strengths

Innovative and flexible solutions for decreasing cement’s carbon dioxide emission

Betolar’s competitiveness is based on its proprietary innovative Geoprime solution based on geopolymer technology, by which Betolar aims to respond to two significant industrial challenges: (1) globally significant carbon dioxide emissions from the production of cement and (2) conversion of industrial sidestreams utilised to a limited extent or not at all to new raw materials.

Construction industry produces around 10 percent of global carbon dioxide emissions per annum.[45] Production of cement is a significant single source of carbon dioxide emissions. Total emissions from cement production account for approximately 7 percent of the global carbon dioxide emissions.[46] On the other hand, various industries produce globally billions of tonnes of industrial sidestreams, which cannot be utilised entirely or in part, and the long-term storage of many of them may involve environmental risks and load. For example, it is estimated that the global energy industry produces 600–900 million tonnes of fly ash[47], the European mining industry 1.2 billion tonnes of mineral waste[48] and the global steel industry 480–560 tonnes of blast furnace slag as sidestreams[49].

Betolar’s Geoprime solution enables the utilisation of wide and diverse sidestream material, and the Company considers this Betolar’s key competitive advantage. The Geoprime solution aims to utilise several different large volume industrial sidestreams previously underutilised or unused for replacing cement on a large scale. At the same time, Betolar’s solution decreases the carbon dioxide emissions from the production of concrete by up to 80 percent as compared to traditional materials based on cement[50]. Side-stream-based materials can comprise up to 95 percent of the products manufactured using the Geoprime solution.[51] Betolar’s solution is targeted to the large global cement market, which Betolar’s management estimates to amount to approximately EUR 200 billion in total and, in the view of the Company’s management, has significant needs for solving the challenges mentioned above. The drivers for changes in Betolar’s target market include, in particular, challenges related to urbanisation, ageing infrastructure, the circular economy, and challenges caused by climate change, the loss of biodiversity and the use of virgin natural resources, which Betolar estimates will have a positive effect on demand for building materials produced with low-carbon solutions.

A key aspect of Betolar’s solution is its flexibility from the perspective of customers, which, in the view of Betolar, supports the attractiveness of Geoprime solutions. With the Geoprime solution, the aim is to produce concrete products using the customer’s existing equipment to a large extent. As production is aimed to take place with the customer’s existing equipment, the transition to Geoprime solutions can be implemented flexibly, quickly, with limited additional investments[52] and with minimal downtime in the customer’s production. After the transition, based on the Company’s pilot projects, it is also possible for the customer to switch between the geopolymer production and the cement-based production almost seamlessly.

In the view of Betolar, the competitiveness of Geoprime solutions is also supported by the price level of the production enabled by them, which is aimed to be set, in cooperation with the European customers, close to traditional cement-based concrete products at the level of end products, and furthermore, the Company aims

[45] Source: IEA.

[46] Source: IEA, KPMG’s market study.

[47] Source: Chatham House Report: Making Concrete Change.

[48] Source: BRGM: Management of mining, quarrying and ore-processing waste in the European Union (2001).

[49] Source: Chatham House Report: Making Concrete Change.

[50] Source: Vahanen Environment, research report dated 20 August 2021. The research report was commissioned by the Company. The decrease in carbon dioxide emissions up to 80 percent refers to the lower carbon dioxide emissions of the raw material for paving stones produced with Betolar’s solutions as compared to ordinary paving stones produced from concrete.

[51] Source: Ramboll: CO2 emission calculation and consumption of natural resources for geopolymer products as at 26 September 2019.

[52] The Company estimates that investments in plant equipment for the deployment of Geoprime solution in an ordinary concrete product factory amount to approximately EUR 30–70 thousand on average.

particularly in Asia to maintain its price competitive advantage, which the Company is estimated to have based on its preliminary market surveys. Betolar also estimates that if the expenses related to carbon dioxide emissions related to the production of cement and priceable value added by ecological products increase in the future, this will improve the price competitiveness of building material technologies with low emissions. The prices of European emission rights have increased in recent years, and the increase in the prices is expected to increase production costs of cement products with high emissions and improve the competitiveness of low-carbon alternatives to cement. In respect of their characteristics, materials produced with the price-optimised Geoprime solutions correspond, according to the Company, to traditional cement-based concrete products. In addition, Betolar's solutions are designed to be adapted to the customer's requirements using material development and production processes utilising automation and artificial intelligence.

Betolar estimates that the factors described above will support the demand for its solutions and their competitiveness in the future, and through this, its potential to generate commercial revenue from customers. Betolar has implemented an IPR strategy, which aims to protect the competitive advantage created by its proprietary Geoprime solution (for more information on Betolar's IPR strategy, see "*Business – Intellectual property rights*"). Furthermore, the Geoprime concept is designed as a smart and continuously evolving building material solution, which in the view of Betolar's management, makes it more difficult for third parties to copy Betolar's solutions, and at the same time, enables continuous added value and new solutions to be offered to Betolar's customers, which increases the attractiveness of creating long-term customer relationships.

Expected ability to offer a first-mover advantage to the customers

Cement based on geopolymers similar to Betolar's Geoprime solution have been researched for a long time, but large-scale commercial utilisation of geopolymers have been prevented by the diversity of various industrial sidestreams. Betolar's solutions can utilise different sidestream materials and production methods, as necessary. As at the date of this Offering Circular, Betolar has tested, for example, blast furnace ash, fly ash, bottom ash, lime filler as well as various other sidestreams to be used as a sidestream material in its solutions. In the view of Betolar, most of its competitors are focused on certain individual applications requiring special characteristics. Due to the high price level, solutions utilising sidestreams in the production of concrete with significant commercial success have not existed in the market.

Prior to Betolar's Geoprime concept, no similar credible, flexible and competitively priced commercial solutions for the utilisation of several different sidestreams have been offered in the construction industry on a significant scale, which, in accordance with the Company's view, is due to, among other things, limited incentives of the cement industry to develop such solutions. In Betolar's view, this creates a favourable competitive position for Betolar's Geoprime concept (for more information on Betolar's Geoprime concept, see "*– Business*" below). Betolar strives to establish Geoprime as a strong brand to create an image of a reliable, high quality, responsible and environmentally friendly product. In the view of the Company, this also supports value creation among its customers. As such, Betolar expects that its solutions can provide its customers with benefits related to decreasing carbon dioxide emissions and a first-mover advantage in the circular economy, such as possibilities to increase brand awareness, emphasise low-carbon characteristics of building materials and biodiversity in their business and increase their market share.

Instead of competition, Betolar aims to profile itself as a cooperation partner of its potential customers producing concrete, and Betolar believes that this will increase the willingness of the potential customers to establish relationships and enter into cooperation agreements with Betolar. Betolar's business is designed to be strongly customer-centric: the solutions are designed to satisfy the customer's individual needs and resources to ensure optimal properties and an optimal price level of the products for the customer. In addition to this, an integral part of Betolar's solutions is the continuous support provided to the customer for the deployment and utilisation of Geoprime solutions.

Strategic partnerships with leading concrete and binder industry companies

As at the date of this Offering Circular, Betolar has entered into strategic partnerships with several leading concrete and binder industry companies, and Betolar plans to enter into similar strategic partnerships strengthening the value chain of low-carbon building materials and ecosystem also in the future. Such partnerships include, for example, the cooperation arrangements with JA-KO Betoni Oy ("**JA-KO Betoni**"), Keliber Oy ("**Keliber**"), Ruskon Betoni, Lujabetoni and Kiilto (for more information on Betolar's cooperation partners, see "*– Business – Customers*" below). A key purpose of the partnerships is to find, develop and productise commercial geopolymer-based product and building material solutions replacing cement. In the partnership arrangements, the other party typically provides its special knowhow related to its field of business (such as technical knowhow and understanding of geopolymer masses and products suitable for the market), arranges piloting and industrial facilities required for product testing in the development phase of the products and strives for its own part to increase the demand for the geopolymer solutions developed together with Betolar in its own customer interface. In the Company's view, the Company is supported in the creation of strategic partnerships by, in particular, the credibility of the solution provided by the Company amongst the potential customers and the customer demand investigated by the Company and its understanding of the value chains in the industries of the potential customers and professional connections to the markets of these industries.

With its strategic partners, Betolar tests and develops its solutions to satisfy the needs of the partners' production infrastructure, collects and analyses data created in the production development by utilising artificial intelligence and develops know-how related to, for example, industrial processes used in the customers' material production, as well as to new industries and geographical target markets and the production conditions in them. In addition, partnerships offer Betolar an opportunity to expand its scientific competence and development of innovations and intellectual property rights. With its strategic partners, Betolar also aims to optimise the characteristics and price of the produced materials, develop its understanding of the customers and strengthen its service offering.

Strategic partnerships are significant for Betolar particularly when it aims to offer its solutions to new industries or geographical target markets. Successful partnerships can also increase the interest of customers from the same potential customer group in Betolar's solutions, which in Betolar's view, may have a positive effect on the demand for Betolar's solutions and accelerate the adoption of carbon neutral solutions.

Continuous development of the Company's solutions with the help of its platform model supported by artificial intelligence

The Company's proprietary Geoprime concept is based on a continuously evolving platform model (*Binder-As-A-Service*), in which the utilisation of artificial intelligence will play a key role in the future. Betolar is developing its artificial intelligence platform to support its product development activities and the production processes of its customers. In product development, the platform's key task is to enable more efficient analysis of data, which supports the development of binders and wider utilisation of sidestreams when creating recipes and improvement of the efficiency of the production processes of the customers in the future (hyperautomation). With the support of its artificial intelligence platform, the Company aims to achieve capabilities to respond faster to customer needs in order to introduce new products in the market and various industries and ensure their suitability for different production methods and conditions. Betolar already supports its research analytics with its artificial intelligence platform. Betolar also aims to develop the capabilities of its artificial intelligence platform by collecting data that can be utilised in product development from its pilot customers and through the strategic partnerships. The artificial intelligence is designed as an integral part of the ecosystems of Betolar's business, and its purpose is also to serve as a digital market place for Betolar's solutions and a meeting point both for producers of concrete products and industrial sidestreams. In November 2021, state-owned special-assignment company, the Finnish Climate Fund, granted the Company a loan, the purpose of which is to ensure the Company's opportunity to invest in the development of its digital platform.

In the view of Betolar, the artificial intelligence platform offers it several potential advantages. The model promotes and accelerates the suitability of Betolar's solutions for new customers, industries and production conditions, which Betolar believes to support the sales of the Geoprime concept and, therefore, also Betolar's ability to create revenue in the future. As the model is aimed at supporting the continuous development of Geoprime solutions, this may make it more difficult to copy the solutions, as the solutions are mainly optimised separately for each customer and use case to match the relevant sidestreams, aggregates, production conditions and other needs of the customers. Betolar believes that the benefits and economies of scale gained from the artificial intelligence platform will increase in line with the increase in the amount data and quality of the data available to it, and as a result of this, Betolar believes that the competitive edge created by the artificial intelligence platform will increase and become more robust over time. Betolar also aims to utilise its artificial intelligence platform in committing its customers and in their production processes, as the customers may continuously gain additional benefits from the Geoprime concept as the solution evolves. In addition, continuous product development assisted by the artificial intelligence may decrease the dependency of Betolar's solutions on individual sidestream materials.

Scalable and asset light business model based on a platform, supported by the solution's flexible commissioning and limited additional investment requirements for the customer

Betolar's business model is designed to be scalable and have light capital expenditure needs. Betolar's business and revenue generation will be based in the future primarily on the licensing of the Geoprime concept and the sales of chemicals used in its solutions, in addition to which Betolar estimates that the significance of its data-based solution will increase in the long term. As the production of concrete products takes place in the facilities of Betolar's customers using their own production equipment, expansion of the business does not require traditional capital expenditures from Betolar aimed to expand production. Instead of significant capital expenditure, Betolar estimates that it will invest mainly in the commercialisation of its business and product development activities in the future. Particularly in the initial phases of the commercialisation of its business, Betolar estimates that its product development investments will mainly focus on the development of the Company's artificial intelligence platform, extensive and in-depth material research and product development related particularly to new sidestream materials, automation of the Company's laboratory operations and capabilities to establish local customer piloting and laboratory test units in new target countries.

In Betolar's view, scaling up the business is supported by the fact that concrete products can be manufactured with Betolar's solutions to a large extent using the existing production equipment and measuring instruments of its customers. Due to this, the transfer of Geoprime solutions does not usually require significant capital expenditure from Betolar's customers in connection with the deployment of the solution, and Betolar believes that this will facilitate the customer's transition to a Geoprime solution. In addition, Betolar's business model enables development and testing of the solutions in the customer's real operating conditions and with existing equipment, and due to this, there is usually no need for building separate piloting plants in connection with the expansion of the business. Furthermore, Betolar has examined possibilities to carry out a part of its product development activities using laboratories of third parties, such as universities and research institutes, and Betolar believes that this can facilitate scaling up its business.

With regard to the Company's key processes, Betolar aims to focus on, in particular, the accumulation of knowhow related to various stages of product development, resourcing and approval procedures applicable to its products in Betolar's geographical key markets in Europe and Asia. Betolar has striven to identify the differences between the key features of the markets, and it aims to place further efforts on its market-entry strategies. As at the date of this Offering Circular, the Company has several pilot customers in Asia and has identified over 450 potential customers in Europe. The Company is also supporting its scaling-up process with preparative activities, and it aims to continue to focus on them in connection with the expansion of its business. Such preparations include optimisation of logistics and sourcing, expansion of research and product development capabilities, marketing and brand building, selection of sales channels, resourcing of technical support and sales, selection of international cooperation partners for supporting regulatory procedures related to the products, finalisation of model agreements, development of the Geoprime brand and preparation of instructions for the customers.

Strong and experienced management

Betolar has a strong and experienced Management Team including professionals in the construction, material technology and international business. The diverse backgrounds of the members of Betolar's management both in the building material industry and outside it supports the utilisation of best practices at Betolar. In the Company's view, the understanding of the members of Betolar's management of the industrial processes and needs of industrial players, as well as their connections to companies and other players in the industries of the potential customers improve, among others, Betolar's ability to respond to the needs of its potential customers particularly through pricing and an understanding of the production requirements and the value chain. In order to strengthen its capabilities to pursue international growth and commercialisation, Betolar has also strengthened its Board of Directors with experienced professionals in technology and commercial activities. For more information on the members of Betolar's Board of Directors and Management Team and their background and experience, see "*Betolar's Corporate Governance – Betolar's Management*".

Strategy

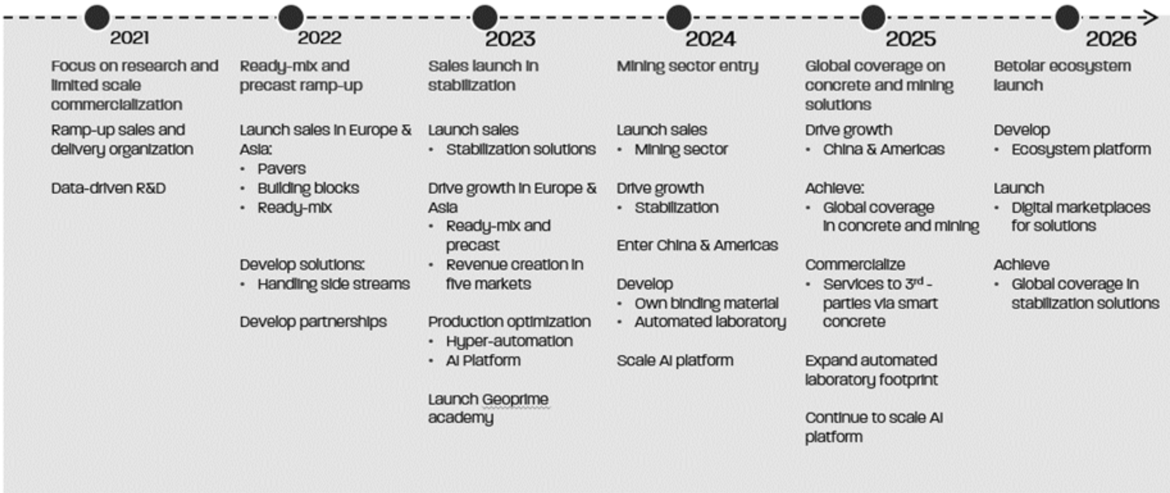
General

Betolar's strategy involves enabling a green transformation and transition in various industries, particularly in the construction, processing and energy industries. The Company focuses particularly on the following topics when pursuing its strategic targets:

- **Launching international operations and generating revenue with Betolar's solutions.** In its strategy, Betolar focuses on the commercialisation of its Geoprime concept and launching its international operations through customer pilots, partnerships and industrial scale-up. Betolar also continues to develop its Geoprime concept particularly through its development activities related to the binder solutions, artificial intelligence platform and the gathering of data available to the platform and the service offering included in the Geoprime concept. Furthermore, the Company aims to invest in the deployment of the Geoprime concept in the customer interface, launching sales and marketing activities in Europe and Asia and promoting various product development paths through various strategic partnerships. In the initial phase, the Company offers its solutions to the producers of ready-mix concrete and concrete products, as well as executes pilot projects in the mining and ground engineering sectors. In addition, Betolar sees potential for offering its Geoprime solutions to the process and energy, and construction industry in, for example, housing construction projects.
- **Building a data-driven business ecosystem.** Betolar aims to create a business ecosystem around its business model based on data accumulated from the geopolymer technology, in which Betolar's artificial intelligence platform plays a key role. The artificial intelligence platform is designed to support Betolar's product development and business, and in the future, it is planned to enable also streamlining of customers' production processes through hyperautomation. Hyperautomation aims to combine benefits gained from artificial intelligence with industrial automation and scale-up of material development. In the long term, artificial intelligence enables, accelerates and ultimately automates formulation of the correct binder solutions for various aggregates, and it aims to optimise the production of concrete products and their properties (such as price, porosity, strength and carbon dioxide emissions) in accordance with the customer's needs. In addition, the artificial intelligence platform is aimed to be integrated as a part of Betolar's business ecosystem, which aims at connecting various parties producing concrete products and generating sidestreams. Betolar also plans to combine its training platform that supports the use of its Geoprime concept with its business ecosystem in the future. In the future, Betolar also aims to provide so called smart solutions for the end products produced with the Geoprime technology, which can provide, in addition to the production process data and raw material analysis, data relating to, for example, the condition and properties of the end product.
- **Ensuring access to sufficient industrial sidestreams.** Betolar's solution is designed to be suitable for several different industrial sidestreams with varying qualities, and in the future, Betolar aims to further develop the suitability of its solution for new alternative sidestreams. In addition, Betolar aims to promote and develop the suitability of various sidestreams by working in close cooperation with the producers of sidestreams and also contributing to the processing and modification of the sidestreams in connection with the production processes. In the long-term, Betolar will also aim to create competitive advantage by developing a side-stream-independent binder solution that can be used to supplement availability of side-stream-based binder materials in the manufacture of building materials in the future. Furthermore, Betolar aims to develop its own activator and additive solution to be used in connection with its Geoprime solution in the future.

Key milestones for Betolar's growth targets

As a part of its growth strategy, Betolar has defined milestones for 2021–2026. The milestones are indicative, and their target schedule and details may change in connection with the development of the Company's business. Therefore, various delays in the implementation of one interim phase may lead to delays in the following interim phases in whole or in part. While preparing its strategy, Betolar also makes certain assumptions on factors, such as customer demand, competition, availability and pricing of the industrial sidestreams, and development of competing solutions especially in the cement industry, demand for and development of low-carbon building materials including the demand of applicable production technologies, as well as price level and potential cost savings generated by materials manufactured by Geoprime technology for customers.



In 2021, Betolar is focusing on data-driven research and development activities supporting its Geoprime solution, material development and commercialisation of its concept with strategic customers on a limited scale. Betolar also aims to launch its commercial sales and delivery organisation. The Company's main target for 2022 is to increase sales and marketing of solutions targeted at the producers of ready-mix concrete and precast concrete products in Europe and Asia. In line with its strategy, the Company aims to further develop its solutions for processing sidestreams and work in close cooperation with its strategic partners. In 2023, the Company plans to start the sales of its soil stabilization solutions and continue its growth in its solutions designed for the producers of ready-mix and precast concrete products in Europe and Asia. In 2023, the Company also aims to increase its efforts for the optimisation of its customers' production with artificial intelligence and the censoring and automation of the production, as well as launch its training platform Geoprime Academy, which is designed to support its solutions. In 2024, the Company plans to expand the offering of its solutions to the mining industry and increase the sales of its soil stabilization solutions. Furthermore, the Company aims to start offering its solutions in China and the Americas, invest in the development of its own binder solution, which is produced from raw material sources other than industrial sidestreams, and in the automation of its laboratories, as well as scale up its artificial intelligence platform. In 2025, the Company aims to reach a global level in offering its solutions targeted to the concrete and mining industries, as well as increase the sales of its solutions in China and the Americas. Furthermore, the Company aims to commercialise smart services related to concrete solutions to third parties. The Company aims to improve the geographical coverage of its automated laboratories and continue to scale up its artificial intelligence platform. In 2026, Betolar aims to launch its ecosystem platform and the digital market place for its solutions, and in addition to this, Betolar's target is to reach global coverage in the sales of its soil stabilization solutions. The Company estimates that, in the medium term, a significant share of the Company's revenue will be generated from precast applications, which are offered in particular to factories manufacturing concrete products in addition to which applications for ready-mix concrete and soil stabilization are expected to generate a part of the revenue. Applications for the mining industry are expected to generate revenue in the medium term, and the Company expects that their significance will increase in the long term.

Targeted growth markets

In the short and medium term, Betolar aims to launch commercial business operations and grow in Europe (EMEA) and Asia (APAC), which represent approximately 90 percent of global cement production. The Company sees revenue potential in both markets, and Asia is expected to account for a larger share of revenue in the medium term. The growth strategy is aimed to be executed in both regions through in-house sales organisations.

In Europe (which accounts for approximately 10 percent of global cement production)[53], Betolar targets for launch of commercial business operations and growth particularly in the Nordics and Western Europe. As at the date of this Offering Circular, Betolar is targeting its sales activities to Finland, Sweden, Denmark, Norway, Germany and Belgium, and within these regions, it has conducted a market survey, in which it has identified over 200 potential customers, contacted over 100 of them and qualified approximately 20. So far, Betolar has started a process for demonstrating the feasibility of its solutions for qualified customers. Betolar has designed a solution on an industrial scale for more than 10 of these customers. With regard to dry concrete products, the Company's sales

[53] Source: CEMBUREAU.

process covers a total of more than 100 target companies. The Company aims to have at least 10 customers in the production stage by the end of 2023 in Central Europe. Betolar has initiated new market surveys in addition to which, in the future, it aims to integrate already identified customers deeper into the customer process. In the Company's view, the demand for environmentally sustainable building materials, particularly in Central Europe, may enable a price premium for Geoprime products as compared to traditional solutions based on cement. The Company estimates that in Europe, concrete products produced with the Geoprime technology are slightly (approximately 5 percent) more expensive on the end product level, mainly due to the higher prices of the materials (approximately 18 percent) used in the production. The production and logistics costs mainly correspond to traditional production based on cement, which the Company estimates to decrease the difference between the total costs of the products to approximately 9 percent. When a fixed margin is to be added on top of the overall cost, according to the Company's estimate, that will reduce the price difference of Geoprime product compared to the traditional cement-based solutions to approximately 5 percent mentioned above at the end product level. The increase in the prices of European emission rights is expected to increase production costs of cement products with high emissions and improve the competitiveness of low-carbon alternatives to cement.

In Asia (which accounts for approximately four-fifths of global cement production), the Company initially aims for launch of commercial business operations and growth in India, Vietnam and Indonesia, and in addition to this, the Company considers offering its solutions in Thailand and the Philippines as well. In the first phase of the growth strategy for Asia (which is aimed to be completed during 2022), the Company aims to ensure the attractiveness of the market for its Geoprime solution and acquire its first reference customers. In the second phase of the strategy (onwards from 2023), the Company aims to increase the sales of its solutions in South East Asia, and in the third phase (onwards from 2024) to also start to offer its solutions in the Chinese market. In India, Vietnam and Indonesia, the Company has conducted a market survey, in which it has identified approximately 75 potential customers, contacted approximately 35 of them and qualified approximately 21. Betolar has designed an industrial-scale solution for two of these customers. Examples of Betolar's ongoing projects in the Asian markets include a project related to manufacturing building blocks with Trung Hieu, a producer of building materials in Vietnam, as well as a partnership with sustainable housing firm TARA Machines and Tech Services in India. Based on the Company's preliminary market surveys, unlike in Europe, Betolar's solutions may offer to the producers of concrete products a cost advantage of approximately 5–15 percent in Asian markets as compared to concrete based on cement. This cost advantage is mainly based on the lower prices in Asia for chemical additives and binders, such as blast furnace slag and fly ash, and in addition to this, the costs are aimed to be minimised in connection with the utilisation of Betolar's solutions by acquiring sidestream materials used in the production locally from a source near to the production site.

Operational and financial targets

The Board of Directors of the Company has set the following operational and financial targets in connection with the FN Listing. The operational and financial targets are forward-looking statements and are not guarantees of future financial performance. Betolar is a loss-making growth company at present, and its actual results could differ materially and significantly from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*Forward-looking Statements*" and "*Risk Factors*". All operational and financial targets presented in this Offering Circular are solely targets and they do not constitute, and should not be treated as, forecasts or estimates of Betolar's financial performance in the future.

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):

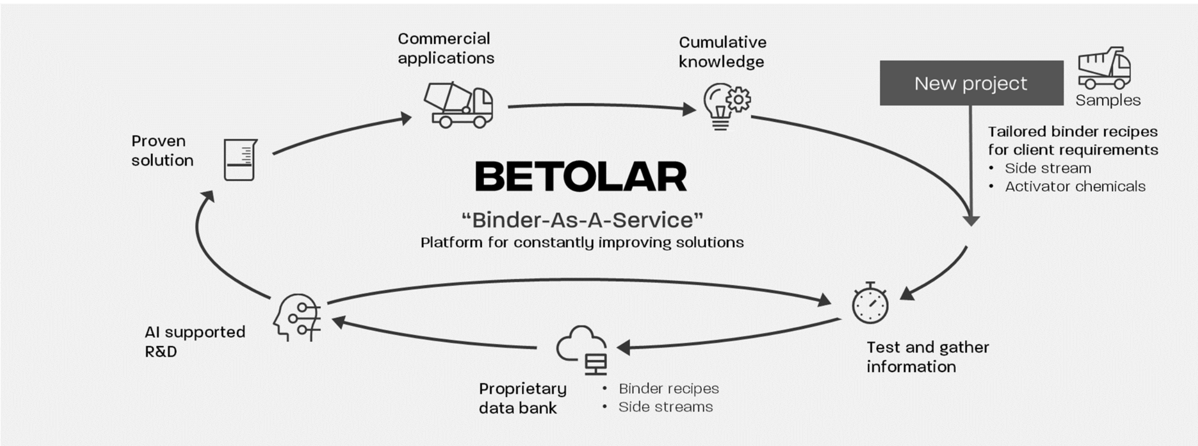
- Product development expenses of approximately 5 percent of the revenue targeted by the Company;
- Recognition of the Geoprime brand as a leading environmentally sustainable product within the building materials industry;
- Achieving a decrease of 150 million tonnes in cumulative carbon dioxide emissions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

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

Betolar aims to offer its customers its Geoprime concept based on licencing agreements, including the recipe for low-carbon building materials and enabling production of the material, as well as production support and optimisation parameters, quality assurance and aftersales support provided as continuous services. Betolar is also developing its AI platform, and it aims to offer its customers continuously evolving services based on the more efficient research and product development activities resulting from the platform. The Company collects and analyses data to increase the efficiency of its product development activities, to improve the production processes of its customers and to create added value to the end users of the products. The image below illustrates services covered by the platform targeted by Betolar:



Geoprime technology

Utilisation of industrial sidestreams

Concrete is traditionally produced by mixing aggregates, such as chippings, gravel and sand filler, with cement and water. Cement serves as a binder, which binds the aggregates together and when mixed with water, hardens into durable concrete. The Geoprime technology enables the production of binders substituting cement from industrial sidestreams, or waste materials, which are generated as a side product in another industrial production process. Such sidestreams include, among others, slag in the steel industry, such as blast furnace slag, fly and bottom ash originating from hard coal, bioash in the energy sector, green liquor in the forest industry and tailings. For more information on the availability of sidestreams, see "*Market and Industry Overview – Review of certain alternative raw materials for cement clinker production*".

During the last four years, Betolar has investigated and analysed over 400 different industrial sidestreams in its product development phase. Various sidestreams differ significantly in terms of their quality and properties, and due to this, the requirements set for the end product must always be taken into account when assessing the possibilities to utilise different sidestreams. So far, the development of Betolar's Geoprime technology has advanced to the highest degree in the use of blast furnace slag as a substitute for cement in the production of concrete. The significant possibilities to utilise blast furnace slag result from, among other things, its consistent quality, the classification of the sidestreams with, for example, a CE marking, the existing global distribution network for blast furnace slag and the long experience in the concrete industry of using blast furnace slag as a component of concrete products. However, the Company also has evidence of the utilisation of other sidestreams, such as fly ash, bottom ash and lime filler, and the Company also aims to identify and develop possibilities to utilise other solutions than slag in industrial production.

Production of concrete with Geoprime technology

Geoprime technology enables the production of environmentally friendly building materials, geopolymers, from production sidestreams in various industries[54]. The purpose of geopolymers in Geoprime technology is to work as the binder in the production of hardening material similar to concrete together with the aggregates. The applications of geopolymers include all building materials which are produced using concrete at present. Due to their adaptability, geopolymers can also be used in demanding applications in which the properties of traditional cement are not sufficient. The advantages of geopolymers compared to concrete based on cement include, for example, resistance to a wider range of temperatures and higher resistance to chemicals. It is also possible to bind difficult contaminants in the geopolymer's structure. Geopolymers include a wide group of different compounds, and their composition and properties can be adjusted by modifying the production conditions. With the support of its product development based on artificial intelligence, Betolar has acquired wide knowledge of the properties it wants to offer its customers with Geoprime technology.

The aggregate used in concrete produced with Geoprime technology can be traditional stone material, such as chippings, gravel or sand filler, or it can be substituted with industrial sidestreams. Correspondingly, in concrete produced with Geoprime technology the cement used as a binder is substituted with a component based on sidestreams. Due to the wide-ranging properties of sidestreams, the recipes developed by Betolar play a key role in the possibilities to utilise various sidestreams. When suitable activators chosen based on the Geoprime solution and the production requirements and conditions (all included in the recipe developed by Betolar for each product) are added to the binder, the constituents harden in the specific conditions into geopolymers, which can be used to replace concrete based on cement. With Betolar's recipe, the desired ratios of elements, reactivity and hardening properties are determined in controlled conditions to form a functioning solution. In addition, recipes are used for adjusting the desired workability properties.

As a part of its Geoprime solution, Betolar also acquires the chemicals used in each recipe and arrange their delivery to the customer. The mixing ratios of the chemicals are the Company's special competence area, and they vary according to the sidestream, aggregates and equipment used and the after-treatment conditions. The chemicals

[54] Geopolymers refer to inorganic polymers, or compounds with large molecules, created in, for example, waste material from the steel and mineral industry containing silica and aluminium in certain alkaline conditions with high pH. The difference between traditional cement (so called Portland cement) and geopolymers lies particularly in their binder structures. The binder structures of geopolymers are typically stronger that the binder structures formed by Portland cement, as the binder structures of Portland cement resemble ribbons, while geopolymers have netlike binder structures, in which the elements are connected to a higher number of other elements at the same time, which is a key factor impacting the strength of the binder structure.

used in the recipes are primarily generally available in the market and widely in use in other industries, and they are acquired directly from the producers, wholesalers and resellers located as close to the customer as possible and the availability of which is generally good. The transportation of the sidestream materials used in the solutions and other logistics are mainly handled by the seller of the sidestream or by an existing distribution channel, but Betolar may also support the customer in sourcing the sidestreams, if necessary, through a subcontractor or as part of a jointly developed operating model.

A key factor in Geoprime technology is that it enables a cost-efficient transition to lower carbon solutions. Betolar aims to offer its Geoprime solutions as part of present technologies in a way that they can be integrated into existing production facilities without large modification costs. The costs incurred to customers producing concrete from the transition to a Geoprime solution relate primarily to the acquisition or upgrade of chemical tanks and dosing pump units needed for storing activators. The customer's existing silos can be used for storing sidestreams used as aggregates or binders. As a part of its Geoprime concept, Betolar also expects to offer its customers, in addition to the recipes needed for replacing cement and sourcing of the chemicals, professional services related to optimising and increasing the customer's production, product development and training.

<u>*Examples of Geoprime products*</u>

Solutions developed with the help of Geoprime technology can be used in, for example, infrastructure construction, precast concrete products, ready-mix concrete, pillar and ground stabilisation solutions of soil stabilisation as well as mining industry to replace the use of cement in mines as well utilising mine's sidestreams in replacing virgin mineral aggregate. All Geoprime products can be optimised in accordance with the requirements set for the application, and their application areas include solutions using concrete based on cement at present. Betolar's solutions can be used particularly in, for example, dry pressed products, such as paving slabs, paving stones, building blocks, kerb stones, roof tiles, wall stones, concrete pipes and other infrastructure products (such as pedestals and Jersey barrier) and other non-load-bearing structures. In the coming years, the Company believes that the products will be widely suitable for masonry products, wet cast products and ready-mix concrete as well.

The properties of concrete produced with Geoprime technology can be adjusted in a corresponding way as with traditional concrete, and Geoprime products are comparable to concrete based on cement in terms of their hardening time, production costs and strength, while Geoprime products result in a significant decrease in carbon dioxide emissions. For example, the carbon dioxide emissions of Geoprime products, in which cement is substituted entirely with a solution based on sidestreams, can be up to 80 percent smaller on the raw material level as compared to corresponding traditional concrete products, and utilisation of Geoprime technology in CEM III products[55], which contain less cement than traditional concrete products and which Betolar also offers to its customers, may decrease their carbon dioxide emissions by up to 44 percent.[56]

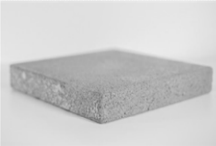
Betolar has validated its commercial concept in, for example, the production of paving slabs in cooperation with Ruskon Betoni. The slabs are produced using existing production lines, moulds and aggregates, while cement is substituted with blast furnace slag or fly ash. With respect to the technical validation of the concept, Betolar has, together with its cooperation partners, developed solutions for ready-mix concrete, which is one of the largest application areas of concrete in terms of volume, and various concrete products based on sidestreams of the mining industry, such as the bases for loading stands or pedestals. For more information on the partners, see "– *Customers*". Betolar has also tested successfully, for example, the comparability of geopolymer piles produced using Geoprime technology with solutions based on cement and developed a geopolymer aggregate from green liquor, produced as a sidestream in the pulp industry and not utilised previously, which can be used as a substitute for virgin stone materials in, for example, road structures.

Each new product developed with Geoprime technology is required to comply with the requirements set for the relevant application and purpose of use, which vary according to the standards applied in the country or region where the product is produced. For more information on compliance, see "– *Regulatory environment*". The table

[55] CEM III cement refers to a product which contains 30 percent traditional cement and 70 percent sidestream-based material, such as blast furnace slag.

[56] Source: Vahanen Environment, research report dated 20 August 2021. The research report was commissioned by the Company. The decrease in carbon dioxide emissions by up to 80 percent refers to the lower carbon dioxide emissions of the raw material for paving stones produced with Betolar's solutions as compared to ordinary paving stones produced from concrete. The decrease of up to 44 percent in carbon dioxide emissions refers to the lower carbon dioxide emissions of the product produced using Betolar's CEM III solution as compared to a product produced from general ready-mix concrete.

below illustrates, by way of example, the compliance of certain products produced with Geoprime technology with the applicable European and Finnish standards:

Selected products	Product Standard (European)	Standard	Compressive strength	Result
	**Slab** (EN 1339)	≥ 5 Mpa (28d) Flexural strength	>35 MPa (28d)	PASSED
	**Paving Block** (EN 1338)	≥ 3.6 Mpa (28d) Tensile strength	>35 MPa (28d)	PASSED

Test	Standard (FIN)	Result
Abrasion	18.000mm^3 /5.000mm^2	PASSED
Density	2.2-2.3 t/m^3	**Comparable to traditional products**
Freeze thaw durability	1kg/m2	PASSED

Business model

The Company's planned revenue model is based on licensing the Geoprime concept and sourcing and selling chemicals used as a part of Geoprime technology. The Company expects that its business will generate revenue from continuous licencing fees paid by entities operating in various industries for Geoprime solutions acquired by them, as well as from the reselling prices of chemicals linked to the licensing fees or charged separately. Betolar offers the chemicals to be used in its solutions as a part of the Geoprime concept for its customers.

Once the Geoprime concept has become widely licenced, Betolar aims to offer a branded, constantly improving material technology expert service under the uniform Geoprime concept (so called *Binder-As-A-Service*). As a part of its Geoprime concept, Betolar offers its customers professional services when they start replacing cement in their projects. The professional services would include support provided for production processes, research and product development, certification of products, productisation, sourcing of binders and training related to the products. As a part of the continuous development of Geoprime technology, Betolar analyses and develops recipes, chemical activators and components, optimal utilisation of sidestreams and production processes by itself. The Company also aims to support the customers in their sales and marketing processes, market entries and identifying various parts of the value chain. The customers may also utilise the Geoprime brand and opportunities to differentiate with arguments emphasising environmental benefits based on research.

An important part of the execution of the Company's business model and strategy is the development of its material technology platform based on artificial intelligence and its integration into the Company's offering. The purpose of Betolar's artificial intelligence platform is to accelerate Betolar's product development activities as well as assist companies utilising Geoprime material solutions in various industries to optimise the management of their production and processes. The platform also aims to bring together industrial players, including the producers of sidestreams, the end users of building materials produced using the Geoprime technology and the scientific community, all of which can utilise Betolar's solutions and knowhow.

At present, the Company is moving to the commercialisation phase of its business. The Company expects that in the future, it would take approximately 4–7 months from the first contact to the deployment of an individual customised solution, depending on, for example, the availability of the sidestreams and the customer's existing production capabilities. The Company's commercialisation process for an individual solution starts with an investigation of the cooperation partner's or customer's existing production capabilities, cost structure and possibilities to use local sidestreams. After this, Betolar develops a recipe customised for the relevant application with the required laboratory tests on aggregates and sidestreams and optimises the recipe, taking into account, among other things, the geographical availability of the sidestreams and required chemicals. After the recipe is developed, the solution is piloted in plant conditions together with the customer, and subsequently the solution is optimised further as needed and adapted on the basis of received feedback and analysis. Betolar performs a factory test with each customer, in which the quality of the products is verified together with the customer and third-party laboratories. The producers of the products are responsible for obtaining approvals required for their products, but as a part of the Geoprime concept, Betolar assists its customer in applying for the required approvals. When the product has been validated and it has passed the required product-specific tests, Betolar agrees with the customer on the product's licensing according to the terms and conditions agreed earlier in the process, and after this, the aim is to start the commercial production of the product.

Betolar expects that, in the future, its customers will include particularly manufacturers of precast products, such as construction elements, paving stones and slabs, building blocks and pedestals, ready-mix concrete products, such as surface and floor materials, producers of other structural materials and contractors operating in the mining industry. For example, the Company has also developed solutions for the paper industry where green liquor waste is transformed into fraction substituting for natural aggregates for infrastructure construction. In the future, Betolar aims to enter into long-term licensing agreements with its customers also covering the supply of chemicals. The Company expects that in addition to the initial charge, licencing fees will be linked to the production volumes of the customers under the licensing agreements.

Customers

As at the date of this Offering Circular, Betolar's customer base in its main business areas consists of pilot customers and cooperation partners. Potential customer groups are especially paving manufacturers, building block manufacturers, element manufacturers for housing and infrastructure construction, ready-mix concrete manufacturers, stabilisation pillars and bales manufacturers, manufacturers of stabilisation masses, mining business operators as well as contractors of mining industry. The size of each customer varies according to the product area, but individual customers may be significant in all product areas. In many cases, the customers operate in several customer groups and produce, for example, ready-mix concrete, elements, paving slabs, infrastructure products and roof tiles. In the case of ready-mix concrete and precast products and elements, the size of customers varies more and potential customers may also be smaller. In the case of the mining and stabilisation solutions, individual customers are clearly larger.

The piloting of solutions together with the customer is a part of Betolar's sales process, and 'pilot customers' refers to a plant piloting phase possibly leading to a commercial agreement. The Company estimates that the pilot phase takes 3–4 months, and pilot customers may lead to a commercial agreement either during the sales process or at a later stage. Betolar estimates that, in the future, the laboratory testing phase that precedes piloting can be skipped in several cases which could potentially expedite the process with two months. The costs of piloting vary according to the geographical location of the customer, and the Company estimates that the expenses incurred from a plant piloting phase are approximately EUR 5,000–15,000. As at 30 September 2021, the Company had five new pilot customers, and in addition to this, the Company has several projects which are advancing to the pilot phase.

In addition to pilot customers, Betolar has entered into wider cooperation and development agreements with its cooperation partners. Some of these cooperation partners and projects executed with them are described below. Betolar has, in special cases and in connection with cooperation agreements, concluded, and estimates that it will conclude in the future, exclusive rights limited by region and time concerning certain product applications specified in the agreements granted to contractual counterparties.

In September 2021, Betolar started to cooperate with Kiilto on the development of low-carbon floor fillers. The parties aim to substitute cement used as a binder in floor fillers with a solution based on sidestreams. The target of the cooperation is to decrease the carbon dioxide emissions of construction in Finland, as well as in Northern and Eastern Europe. The parties also aim to utilise research data accumulated in product development activities to develop the environmental friendliness of Kiilto's products that use cement as the binder. Betolar is also interested in demanding product groups with fine chemicals, as no other low-carbon solutions like Geoprime have been previously utilised in fillers. The utilisation of Geoprime solution does not require Kiilto to deploy new production lines, and Kiilto aims to start test production of low-carbon products already in the autumn of 2021. In addition, Betolar aims to offer solutions developed with Kiilto to other producers of filling solutions in other geographical regions.

In September 2021, Betolar and Lujabetoni announced that they will together develop an underlying technology for low-carbon concrete products. The development activities of the parties are aimed to accelerate the development of the strength of low-carbon concrete produced using CEM III cement containing blast furnace slag with a so-called Geoprime Hybrid solution. Due to the natural properties of the blast furnace slag, early strength is gained at a slower rate than with traditional technologies, which poses a challenge for the entire construction process. The new solution is based on additives, which act as an accelerator in the concrete's strengthening process. The additive technology developed by Betolar can induce concrete to gain early strength more efficiently. Lujabetoni will carry out plant tests for the new technology of CEM III cement products, adding its concrete expertise to the cooperation. The target of the cooperation is to produce technical solutions that enable the introduction of new kinds of low-carbon building materials in the market in the near future.

In September 2021, Betolar and JA-KO Betoni announced that they will assist Keliber, which is preparing a lithium mine in Kaustinen, Finland, in utilising massive sidestreams typically created in the mining industry. The aim is, in accordance with the tripartite agreement between the companies, to us tailings generated as a sidestream in the mineral processing of Keliber and the analcime sand generated at a later stage in the production of lithium as a binder in the production of concrete in JA-KO Betoni's plant in Kokkola, Finland. Geoprime solution developed by Betolar will substitute the cement used in the production of concrete with the blast furnace slag generated as a sidestream of the steel industry in Raahe. The low-carbon concrete can be utilised, for example, in the structures of Keliber's mine.

In September 2021, Betolar and IBF, a Danish producer of concrete, started their cooperation to introduce low-carbon concrete products in the market, where the product is meant produced in accordance with Geoprime concept. Betolar and IBF have implemented a test programme on an industrial scale to ensure the strength and durability of concrete products. The test programme covers product groups of paving slabs and roof tiles. There is wide demand for both product groups in Europe. Geoprime solution is also suitable for the production of other dry-pressed products in the concrete industry. They include various pipes and products used in the infrastructure construction. IBF produces almost all the different concrete industry products, including ready-mix concrete and concrete elements. The industrial production of low-carbon concrete products is scheduled to start soon primarily in the Danish markets. IBF aims to introduce products with a lower carbon footprint to the market already in 2022. The parties plan to expand the testing to other product groups as well, such as ready-mix concrete products.

In March 2021, Betolar launched of a new partnership with an Indian sustainable housing firm TARA. The goal is to enable various building solutions to be used for sustainable promotion of urbanization. Betolar and TARA have worked together for over two years, combining synergies to contribute to affordable housing in India. The Company expects leveraging of TARA's sustainability and local expertise, combined with Betolar's innovative approach, to help the Company in providing sustainable cement-free alternatives to the Indian market.

Research and development

Betolar's offering of solutions is strongly based on the research and analysis of various industrial sidestreams and continuous development of Geoprime recipes and production methods for low-carbon building materials. These activities are carried out in Betolar's product development unit in Kannonkoski, Finland, and in addition to this, Betolar conducts product development activities in Espoo in the premises of Aalto University. Betolar's experts conduct research and development activities that relate to material technology and chemical analysis, as well as to chemical and physical properties. The tasks include, for example, planning and testing of recipes, designing internal and outsourced test programmes, analysis of test results, evaluation and utilisation of scientific research and providing guidance to the laboratory personnel.

Betolar also plans to establish new product development units in the future in connection with the expansion of its national and international business. Furthermore, the Company strives to build its partnership network and find strategic and global partners, which can help the Company to offer laboratory and research services to its customers globally. The Company also aims to invest in automating its existing and future laboratories as well as the further development of laboratory automation to increase the efficiency of its testing process and limit the possibility of human error.

Betolar's solutions are based on strong scientific research in material technology and artificial intelligence. Betolar continuously investigates new sidestreams throughout the world to find the best recipes and collect data for finding the best building material solutions. As part of the research and analysis of the sidestreams, Betolar has accumulated understanding of and information on the properties of various sidestreams including their chemical composition, characteristics and impurities. When assessing the suitability of sidestreams as binders, Betolar tests, among other things, the initial and final strength, density, workability, solubility and resistance to heat, frost, salt and chemicals. Based on this understanding, Betolar can also acquire by itself and with the help of external players surveys on the availability and quality of various sidestreams. In connection with its product development, Betolar also accumulates information from testing of the end products, which enables the Company to analyse and optimise its recipes in relation to the demands set for the products. Such tests relate to, for example, frost resistance, sulphate resistance and carbonisation.

Betolar's experts are also developing a platform based on artificial intelligence for utilising the collected data, which the Company expects to support the provision of continuously evolving services to the customers. The Company continuously collects and analyses data created in product development to increase the efficiency of its development activities further and improve the production processes of its customers. So far, the Company has developed its artificial intelligence platform by feeding into it various recipes and test results related to them, and on the basis of this, the platform can already analyse and visualise test results and enable the testing of simulated recipes within the limits of the amount and quality of the data from the tests. In the long-term, the Company's vision is to achieve a model enabling forecasting using an algorithm, which would widely take into account all key parameters relating to the product (such as the materials used, requirements set for the product and its application and minimising pre-processing) and produces an optimised recipe on the basis of the collected data, ensuring that the solution based on it is competitive as regards to carbon dioxide emissions, price and quality.

Sales and marketing

In its marketing, Betolar utilises subcontracted marketing experts for preparing a preliminary market review. After preliminary contacts, the Company's own sales organisation starts a feasibility study for optimising the recipes and negotiating on starting pilot projects with the target customers. Sales and marketing are targeted to corporate customers throughout Europe and Asia. The Company also aims to become a leading expert in construction using cement-free concrete through influencer communication, professional networks and strategic marketing.

As at the moment of this Offering Circular, the ongoing COVID-19 pandemic has had certain effects on Betolar's marketing process. Travel restrictions, especially in Asia, have made it more difficult to launch pilot projects which are crucial for the marketing of Betolar's solutions and led to their postponement, as well as delayed the delivery of aggregates used in product development work to Betolar's product development unit in Finland.

Organisational structure

Personnel

During the nine months ended 30 September 2021, the number of Betolar's personnel was 38 calculated as full-time employees. Betolar employs particularly researchers specialising in geopolymer technology, building material technology, artificial intelligence and data science, as well as professionals specialising in the management of products and services, management of customer delivery projects and sales. In addition, the Company also utilises external consultants particularly in the development of sales, standardisation of products and services related to artificial intelligence. Furthermore, the Company also strives actively to find and recruit international talents to expand its network of professionals also outside Finland. As the moment of this Offering Circular, travel restrictions imposed as a result of the ongoing COVID-19 pandemic have made it significantly more difficult to recruit new employees abroad. The Company aims to increase its personnel significantly in the future, and according to its business plan, approximately 250 new employees are needed by 2025 particularly in product development and the development of the artificial intelligence platform and business model, as well as in sales and marketing.

Group structure

As at the date of this Offering Circular, the Group comprises its parent company Betolar Plc and its six fully owned Finnish 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 comprises Betolar India Private Limited, a subsidiary registered in India owned by Betolar's direct subsidiaries Betolar Chemicals Oy (shareholding of over 99 percent) and Betolar Green Building Technologies Oy (shareholding of under 1 percent). The parent company Betolar Plc develops technological solutions and owns the Company's IPR portfolio. Betolar Chemicals Oy is responsible for the procurement of chemical additives used in the development of cement-free recipes and selling them to the customers. As at the date of this Offering Circular, Betolar's business is mainly conducted by the Group's parent company and Betolar Chemicals Oy, and the Company is planning the merger of other subsidiaries registered in Finland into the Group's parent company.

Regulatory environment

The Company does not conduct any business requiring environmental permits. When selecting its cooperation partners at present and also when acquiring customers in the future, the Company requires these parties to comply with statutory requirements and legislation applied to their operations, including acquisition and management of necessary permits.

Products produced using Betolar's Geoprime technology are required to comply with requirements set for the relevant application and purpose of use of each product or product group, which vary according to standards applied in the country or region where the products are produced. As a main rule, Betolar's customer is responsible for acquiring approvals for the product as its manufacturer, but as a part of its Geoprime concept, Betolar supports its customer in different phases of the process. At present, geopolymer products are not subject to specific standards, but product standards for corresponding concrete products (for example, EN 1338, EN 1339, EN 1340) can be used for demonstrating the compliance with the requirements. Geoprime products have been researched extensively in various certified laboratories with testing methods corresponding to the concrete standards, and the results have been compared to the requirements of the standards for similar concrete products. The characteristics required from corresponding concrete products, such as strength and frost resistance, have already been achieved in several uses. Passing tests allows for the application and obtaining of the above-mentioned product approval.

In Europe, construction products are, as a main rule, subject to EU regulation, such as the regulation on construction products ((EU) No 305/2011). The regulation on construction products is applied to construction products which are covered by a harmonised product standard or for which the producer has conducted a European Technical Assessment (ETA) and to which the manufacturer may attach a CE marking in which the studied characteristics of the product are reported. Geopolymer products are not included in the scope of application of any harmonised product standard, and due to this, it is not possible to attach a CE marking to Geoprime products at present. The reason for this is that the product standards for concrete products in effect at present have been prepared for cement-based concrete and concrete products, due to which cement-free geopolymer products fall outside their scope of application. However, Betolar examines and promotes the future possibility of its customers to obtain permissions to attach CE markings to geopolymer products under the ETA procedure. However, a national approval can be obtained for products in accordance with the approval procedures applied in each country. For example, in Finland, a product certification for paving stones and slabs and kerb stones produced with Geoprime technology can be applied for under the product group guide prepared by Kiwa Inspecta. A producer that is granted the product certificate is entitled to use the FI marking on its products. The FI marking is Kiwa Inspecta's certification marking, which has a strong position in Finland in demonstrating validation by a third party and thus confidence in the product's high quality. For example, in the Netherlands, it is also possible to obtain certificates through a national approval procedure for geopolymer products and products using recycled materials to a wide extent. While national approval for a product may not necessarily have official status in other countries, a third-party product certification or other completed procedure received in one country, such as in Finland, may, in the Company's view, facilitate approval procedures applied in other countries to demonstrate that the products have already been produced on an industrial scale, their characteristics have been investigated and they satisfy the requirements for similar concrete products. In Asia, requirements applied to concrete vary significantly between countries (for more information on standards, see "*Market and Industry Overview – Standards for cement and concrete products*").

When Betolar develops its material technology solutions and offers services related to them, it must also take into account many laws and regulations enacted on the European and national level (such as in Finland and the Asian countries in which the Company operates) relating particularly to construction, including building regulations, health and safety, such as technical requirements related to the healthiness and safety of buildings, and the environment, such as regulations on energy efficiency. Furthermore, the Company expects that it is required to obtain permits related to the procurement and/or sale of chemicals needed by it (for example, based on the so-called REACH regulation[57] in EU). Betolar ensures the compliance of its operations with legislation in effect and guidelines issued by the authorities using external experts and/or consulting services ordered or provided by its customers, as necessary.

In addition, new regulatory initiatives have an effect on Betolar's operating environment both globally and on a national level. One example of key initiatives impacting Betolar's operating environment is the European Green Deal, in which the target of the EU's new growth strategy is to reach climate neutrality by 2050 with investments of EUR 1,000 billion. Activities included in the new growth strategy include, for example, renovation of buildings to minimise their energy consumption. In addition, the EU's classification system for sustainable financing, the EU Taxonomy, establishes a new framework for the classification of green investments, and its purpose is to direct capital flows towards sustainable investments.

[57] Regulation 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals.

Intellectual property rights

Betolar's solutions and business model are based on the utilisation of its proprietary technologies and solutions. Betolar has invested in research and product development to develop its Geoprime technology and low-carbon solutions for building materials to be used in the construction industry on an industrial scale. For protecting its business concept, the Company has prepared both an IPR strategy and a strong IPR portfolio comprising patents, trade secrets, knowhow, copyrights, trademarks and domain names. In the view of the Company, the protection provided by its intellectual property rights provide the Company with a competitive edge by preventing competitors from replicating its technology, service offering and knowhow.

The Company considers the protection of its intellectual property rights as a strategic priority, and it actively strives to protect its innovations and technology platform. The Company has systematically aimed to ensure the ownership and protection of its intellectual property rights. The Company actively safeguards its trade secrets and other intellectual property rights. Furthermore, the Company has 4 granted patents (all in Finland) and 9 pending patent families. The Company has patents in the following key areas: data collection and management interface, recipes, special methods and devices and battery technology. Betolar has patent applications pending in Finland, Europe (concerning European Patents), Australia, India and the United States. In addition, the Company has several international patent applications pending.

The Company has trademarks registered in Finland and internationally, as well as pending applications for trademarks, including "BETOLAR" and "GEOPRIME". The Company aims to continue the registration of trademarks to the extent it considers beneficial for its competitive position by providing, for example, protection for the Company's trademarks against misuse and breaches.

Insurance

Betolar has several insurances, such as general liability insurance and combination insurance that includes property insurance and corporate insurance. In addition, Betolar has other insurances relating to, for example, accidents, vehicles and personnel. Betolar's insurance coverage is subject to maximum amounts and deductibles defined in its insurance policies. The insurance policies contain ordinary restrictions. In the view of Betolar, the coverage of Betolar's insurances corresponds to the practices of its industry and markets. Betolar reviews the adequacy of its insurance coverage regularly and updates the coverage as needed.

Investments

Betolar has invested, and expects to continue to invest in the near future, mainly in its product development activities, the commercialisation of its business and sales and marketing. Particularly in the early phases of the commercialisation of the business, Betolar estimates that its investments in product development will focus on the development of the Company's artificial intelligence platform, an increase of the Company's personnel in material development, the automation of the laboratory activities and capabilities to establish local laboratory test units in targeted countries. Betolar's business model is designed to enable light working capital and investment needs. As Betolar's business and revenue generation will mainly focus in the future on licensing of the Geoprime concept and the sales of chemical additives used in the solution, the expansion of the business will not require capital expenditure from Betolar to make traditional investments in property, plant and equipment needed for expanding production. As the date of this Offering Circular, there is an implementation process of customer relationship management system in progress in the Company, of the budget of which is preliminarily approximately EUR 25 thousand.

Key factors impacting the business and results of operations

Betolar's revenue model

As at the date of this Offering Circular, Betolar does not have significant commercial revenue from its customers. The revenue model planned by Betolar is based on license fees charged for the Geoprime concept relating to the piloting, licensing, continuous support for development of materials and technology and professional services, as well as revenue from the sales of chemical additives used in Geoprime solutions. Betolar aims to achieve a commercially attractive gross margin in its business through commercially feasible pricing. Betolar aims for long-term licensing agreements with its customers, including agreements on the purchase of additives. In the planned revenue model, the purchases of chemicals will generate invoicing and revenue for the Company from mediumsized customers up to a certain expected annual amount. The aim is to include licensing fees in the margin of chemical sales or charge them separately from the customer, and in the latter case, chemicals are sold to the customer with a certain lower margin. At present, Betolar estimates that the pricing of its solutions as regards to, among other things, the pricing model used for each customer, will vary to a certain extent geographically between Europe and Asia. The amount of Betolar's revenue is mainly impacted by the number of Betolar's commercial customers, the volume of each customer and pricing, in which the licence fee is aimed to be linked to the customer's production volume and a certain margin is charged for the sold chemicals. In addition to the licence fees and purchase prices of the chemical additives, the customer carries the expenses for aggregates and sidestream materials.

In total, the Company has identified over 250 potential customers in its target areas suitable for its current solutions in Europe and Asia. The Company estimates that the typical indicative volume produced using Geoprime solutions is between 50 and 350 thousand tonnes, meaning approximately 20–150 thousand cubic meters of concrete. According to the Company's estimate, licensing revenue and the margin of chemical sales will initially be distributed quite evenly. In addition, the Company estimates that the value of the Company's Geoprime concept can be increased through the development of the Company's artificial intelligence platform and services, and therefore the Company expects the sales of licenses to make up an increasing share of cash flows in the future.

Cost structure

During the period covered by the historical financial information presented in this Offering Circular, the most significant items of Betolar's cost structure have been personnel costs, other operating expenses and depreciation, amortisation and impairment. The personnel costs include salaries and wages paid to the employees and expenses related to them. The number of the Company's personnel was 14 at the end of 2020, and the average number of personnel was 12 in 2020. The Company's other operating expenses mainly relate to the business premises, IT, marketing, consulting services, travelling, voluntary personnel expenses, and expenses relating to other costs. Depreciation, amortisation and impairment mainly comprise amortisation of capitalised development expenditures. Expenses incurring from purchasing materials and services include costs incurring from purchases of materials (mainly chemicals) and consumables. In addition, in 2021 the financial expenses include purchases of external services mainly related to the acquisition of future financing. Betolar expects that its cost structure will increase in the future as a result of a higher number of personnel, new countries, external services, sales and marketing, development of the administration and development of the artificial intelligence platform. As the Company has generated losses during its operating history, the accrued losses may possibly be utilised in taxation in the future.

Recent events in Betolar's operations

During the financial year 2021 the Company has invested in product development, customer piloting and recruitment. The consolidated loss for the nine months ended 30 September 2021 was EUR 2,585 thousand (EUR 877 thousand for the nine months ended 30 September 2020). Increase in other operating expenses was mainly due to the increase in product development activities and number of customer pilots, enhancing the Company's administration as well as development of financial administration and systems. In addition, the Company is in process of implementing a customer relationship management system. The Company has also invested in the development of its AI platform. The financing expenses for financial year 2021 are mainly connected to the significant investments in acquiring future financing by the Company. Consolidated investments relating to the capitalised development expenditures during the financial year 2021 were in total EUR 1,018 thousand by the end of September 2021.

During the financial year 2021, the Company has received a loan of EUR 360 thousand for its research and development activities from Business Finland. Loan period is seven years, of which first three years are grace period. Investments related to the project were in total EUR 561 thousand by 30 September 2021. Investments are related to personnel costs as well as product development services. The financing is related to the disruptions caused by the COVID-19 pandemic for companies seeking for international growth.

In the autumn of 2021, the Company has registered a subsidiary in India. Betolar aims to hire a country manager in India. The Company will start building a technical specialist organisation in Vietnam. The activities are connected to commencing business operations in Asia.

The Company has continued customer piloting with existing potential customers and is planning several pilotings in Europe and Asia with new customers. Betolar has concluded cooperation agreements with Kiilto, Keliber, JA-KO Betoni, IBF and TARA and has continued operations in accordance with cooperation agreements with Rusko Betoni and Lujabetoni. For more information on the Company's partnerships, see"– *Business – Customers*". In November 2021, Betolar concluded a commercial licensing agreement with furniture manufacturer company EcoFurn.

Financing of Betolar's business

Betolar has financed its operations mainly with equity financing, of which, by the date of this Offering Circular, the Company has collected for an aggregate of approximately EUR 4,962 thousand during the year 2021. During the second quarter of 2021, the Company has executed a share issue of EUR 3,032 thousand and during the third quarter of 2021, a share issue of EUR 1,950 thousand to ensure solvency and ability to operate for the ongoing and following financial periods. In addition, Betolar executed a directed share issue totaling for EUR 121 thousand for its personnel in October 2021, the purpose of which was to act as an incentive and engagement for the Company's personnel as well as to strengthen the Company's financial position in a short-term.

In addition to this, the Company has a bank account with a credit limit of EUR 250 thousand guaranteed by Finnvera plc, against which Betolar has granted business mortgages of EUR 150 thousand in total as collateral. Betolar has also financed its operations with various government grants. These grants comprise grants related to the COVID-19 pandemic and grants from the Finnpartnership programme. In addition, the Company received, during the financial period for 2021, a loan of EUR 360 thousand from Business Finland for its research and development activities, of which is related to the disruptions caused by the COVID-19 pandemic for companies seeking international growth. The loan period is seven years with a grace period of three years. In certain circumstances, Business Finland is entitled to accelerate the loan in part or entirely with immediate effect.

On 24 November 2021, the Finnish Climate Fund, a state-owned special-assignment company, granted the Company a capital loan of EUR 7.0 million in total. The purpose of the loan is to ensure the Company's opportunity to invest in the development of its digital platform. Directing the loan of the Finnish Climate Fund to building the digital platform and the follow-up of its commercialization is aimed at contributing to the Company's ability to assign adequate resources to the development of the digital platform and to the commercialization of the platform as a result the development work. The loan will be paid to the Company in three installments as the Company's program development advances according to plan preliminarily between years 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 tied to the Company's credit rating[58] and is reviewed annually as of 30 June 2023. The interest will be capitalized annually. The loan is due for repayment in one instalment on 1 January 2029. The loan terms include certain restrictions to the use of the loan capital. The loan cannot be used to repay the Company's current financing prematurely or in deviation of a payment plan. In addition, the Company has undertaken to comply with the code of conduct of the Finnish Climate Fund and to use the loan capital in accordance with the purpose of use defined in the agreement, and any breach of these obligations grants the Finnish Climate Fund the right to stop the payment of the remaining loan installments and demand the immediate repayment of the loan and any interest accrued. In the loan agreement concluded with the Finnish Climate Fund, the Company has also agreed to refrain from distributing dividends and other proceeds if the loan capital and any interest accrued has not been paid in full to the Finnish Climate Fund. In addition, the Finnish Climate Fund has the right to demand for an immediate loan repayment should it become evident, that the emission reductions achieved by the Company's solution will fall below the target level per ton set in the agreement by 20 percent. The deterioration of the Company's credit rating may also, in certain situations, result in the outstanding loan instalments being withheld.

During the last quarter of 2021, Betolar entered into an agreement regarding a convertible loan in the form of a subordinated loan with a total loan of EUR 4.5 million with six investors (Janne Larma, Kari Stadigh, Taaleri Investments Ltd, Voima Ventures Fund II LP, Ari Salmivuori, Nidoco AB), under the terms of which the creditors have the right to convert the loan together with accrued interest into Shares upon the completion of the Offering and the FN Listing. The financing arrangement was carried out to strengthen the Company's working capital. The annual interest for the subordinated loan is 10 percent. The loan including the accrued interest shall be converted so that the receivables of the creditors shall be used to set off the subscription price of the Conversion Shares

[58] Rating Alfa credit rating of Suomen Asiakastieto Oy. As at the date of this Offering Circular, Betolar's credit rating is A+. Suomen Asiakastieto Oy is not a credit rating agency registered in accordance with the Regulation (EC) 1060/2009 of the European Parliament and of the Council.

issued in the Share Conversion upon the completion of the FN Listing. The subscription price per share used in the Share Conversion shall be 80 percent of the Subscription Price per share payable in the Offering.

Betolar's strategy and business are meant to be financed with the proceeds from the Offering, (see "*Background of the Offering and Use of Proceeds – Use of proceeds*"). In addition to this, Betolar may acquire more equity and/or debt financing for the execution of its business plan in the future. Additional financing may be acquired by, for example, executing new share issues, acquiring loans from commercial banks or issuing bonds. Betolar is also investigating possibilities to obtain grants for investments from the EU or on the national level. The Company reviews its financing structure continuously, and after the Offering, it will also re-evaluate the appropriateness of its financing structure to meet the working capital needs for ensuring undisrupted continuity of its business and executing the Company's strategy for future growth. Betolar assumes for the proceeds to be raised in the Offering to be adequate to finance the planned uses of proceeds until the Company is capable to finance its business with internal financing. However, the Company may need additional financing, for example, in connection of a possible acquisition, or if its strategy does not materialize as planned.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth Betolar's capitalization and indebtedness as at 30 September 2021 (i) based on Betolar's unaudited consolidated interim financial information for the nine months ended 30 September 2021 and (ii) as adjusted by the net proceeds of EUR 27 million from the Offering, the increase of share capital in connection with the transformation of the company form into a public limited liability company, the proceeds from the personnel offering carried out by the Company prior to the Offering as well as the proceeds from the conversion loan raised during October – November 2021 and the conversion into Shares of the Company in connection with the Offering. The table shall be read with notice of the fact that there is uncertainty as to the materialization of the Offering.

This table should be read together with the following sections of this Offering Circular: "*Selected Financial Information*" and "*Business of Betolar*", including "*Business of Betolar – Financing of Betolar's business*" as well as the Betolar's audited set of consolidated financial statements which includes the consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019 and the unaudited consolidated interim financial information for the nine months ended 30 September 2021, incorporated by reference to this Offering Circular.

(EUR in thousands)	**As at 30 September 2021 Actual (unaudited)**	**As at 30 September 2021 Adjusted (unaudited)**
Capitalisation		
Current interest-bearing liabilities		
Guaranteed / secured	0	0
Unguaranteed / unsecured	5	5
Total	**5**	**5**
Non-current interest-bearing liabilities		
Guaranteed / secured	0	0
Unguaranteed / unsecured	372	372
Total	**372**	**372**
Total interest-bearing liabilities	377	377
Equity		
Share capital	3	80[2]
Reserve for invested unrestricted equity	8,702	43,300[1,2,3,4]
Retained earnings (losses)	-2,313	-2,313
Result for the financial year	-2,585	-5,335[4,5]
Total	**3,807**	**35,732**
Total equity and interest-bearing liabilities	4,184	36,109
Net indebtedness		
Liquidity (A)		
Cash and cash equivalents	2,892	34,679[1,3,4,5]
Total	2,892	34,679
Current interest-bearing liabilities (B)		
Current portion of non-current interest-bearing liabilities	5	5
Total	**5**	**5**
Net current indebtedness (C = B–A)	-2,887	-34,674
Non-current interest-bearing liabilities (D)		
Loans from financial institutions	372	372
Total	**372**	**372**
Net indebtedness (C + D)	-2 515	-34,302

[1]The Company aims to raise gross proceeds of approximately EUR 30 million in the Offering (assuming that the Offering is subscribed for in full). Gross proceeds will improve the Company's capital structure by increasing the reserve for invested unrestricted equity and cash and cash equivalents by equivalent amount.
[2]The increase of EUR 77.5 thousand in the Company's share capital from reserve for invested unrestricted equity, of which the shareholders made a unanimous decision on 2 November 2021, has been adjusted to increase the amount of share capital and to reduce the amount of reserve for invested unrestricted equity.
[3]In October 2021, the Company carried out a personnel offering, in which the raised gross proceeds of EUR 121 thousand in total have been adjusted to increase the amount of reserve for invested unrestricted equity and cash and cash equivalents by corresponding amount.
[4]During the final quarter of 2021, the Company entered into an agreement regarding a convertible capital loan with a total of EUR 4.5 million with six investors, under the terms of which the creditors have the right to convert the loan and any accrued interest into Shares upon the completion of the Offering and the FN Listing. The withdrawal of the convertible loan and the effects of the conversion into Shares upon the completion of the FN Listing have been adjusted to increase the reserve for invested unrestricted equity and cash and cash equivalents by equivalent amount. By the time of the conversion, the estimated accrued interest of EUR 55 thousand has been adjusted to increase the reserve for invested unrestricted equity and recognized as an expense for the result of the financial year. For more information on convertible loan, see above "*Business of Betolar – Financing of Betolar's business*").
[5]Estimated expenses in connection with the Offering and the FN Listing are aggregate of EUR 3,055 thousand, of which EUR 360 thousand has incurred and recognized as an expense for the nine months ended 30 September 2021. Profit for the period has been adjusted by estimated expenses of EUR 2,695 thousand related to the Offering and the FN Listing that will incur and be recognized as an expense after the nine months ended 30 September 2021. Cash and cash equivalents have been adjusted by unpaid listing expenses of EUR 2,834 thousand. Adjustment of the cash and cash equivalents include listing expenses of EUR 138 thousand placed in the account payables and accrued expenses as of 30 September 2021.
With regard to the adjustments in paragraphs 1 and 5 above for the cash and cash equivalents, it should be noted that the amount of adjusted cash and cash equivalents does not reflect the actual cash and cash equivalents of the Company.

Information on Betolar's certain off-balance sheet liabilities have been presented in the audited set of consolidated financial statements which includes consolidated financial statements for the financial years ended 31 December 2020 and 2019 incorporated in this Offering Circular by reference under "*Securities provided, contingent liabilities and other commitments*" and in the notes to the unaudited consolidated interim financial information for the nine months ended 30 September 2021 under "*Off-Balance Sheet Liabilities*".

Apart from the increase in share capital, convertible loan and personnel offering presented above, there have not been any material changes in the Company's capitalization and indebtedness since 30 September 2021.

Working Capital Statement

According to the estimate by the Company's management, the Company's working capital is sufficient to cover the Company's current needs for the following 12 months as of the date of this Offering Circular.

RISK FACTORS

Investing in Betolar involves risks, which may be significant. Below are described the risks relating to the Offering, as well as the risks relating to Betolar and its business and Shares. Many of the risks related to Betolar and its business operations are inherent to its business and are typical in its industry. Potential investors should carefully review the information contained in this Offering Circular and, in particular, the risk factors described below.

Each of the risks presented may have a material impact on Betolar's business, results of operations and financial position, and they may together or individually result in Betolar failing to achieve its financial targets. Should these risks lead to a decline in the market price of the Shares, investors who have invested in them could lose part or all of their investment. The description of risk factors below is based on information available and estimates made on the date of this Offering Circular and, therefore, is not necessarily exhaustive. As a part of the assessment of the risk factors, Betolar has considered the probability of the realization of the possible risks. Potential events that may or may not materialize are presented in the risk factors. Due to the uncertainty characteristic for these potential courses of events, Betolar is unable to present an exact estimate on the probability of such events materializing or failing to materialize for all the risks.

The risks presented herein have been divided into seven categories based on their nature. These categories are:

- *A. Risks related to the operating environment;*
- *B. Risks related to Betolar's business;*
- *C. Risks related to intellectual property rights and IT systems;*
- *D. Legal and regulatory risks;*
- *E. Risks related to financing and financial position;*
- *F. Risks related to Betolar's Shares; and*
- *G. Risks related to the FN Listing and the Offering.*

Within each category, the risk estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization. The order of presentation of the categories does not represent any evaluation of the materiality of the risks within that category, when compared to risks in another category.

In addition to the risks and uncertainties described herein, risks and uncertainties that are currently unknown or considered immaterial may have a material adverse effect on Betolar's business or on the market price of the Shares.

A. Risks related to the operating environment

1. Unfavourable economic development and conditions in the industries to which Betolar offers its solutions may have an effect on Betolar's business through, for example, weaker demand or financial challenges faced by Betolar's customers and business partners, resulting in slower commercial cooperation.

Betolar is a Finnish growth company focusing on building material technology, that has developed a method with which certain industrial waste and sidestreams can be converted into low-carbon building material. In accordance with its strategy, Betolar aims for growth particularly in Europe and Asia, and Betolar's targets for generating revenue are based on offering sustainable building material solutions to various industries in these regions. Demand for Betolar's solutions depends on general economic conditions in, for example, the construction, mining, energy and process industries, the demand of which is impacted by several macroeconomic factors. Unfavourable changes in the industries in which Betolar operates may result from, for example, a low investment level and weaker confidence among companies and consumers, which may lead to weaker private or public spending, development of employment and availability of financing, as well as a higher interest rate level, inflation, increased public indebtedness or unfavourable fluctuation of foreign currency exchange rates. Deterioration of the economic situation or lower demand among the end users of building materials may also weaken the demand for Betolar's solutions.

Industries relevant to Betolar are usually dependent on the confidence of companies in the general economic trends as well as the confidence of consumers in their own finances. For example, a higher unemployment rate, changes in taxation, cost cuts in the public sector and higher interest rates may have an adverse effect on various industries and as such, the demand for building materials, which may reflect on the demand for Betolar's solutions. Weaker public finances may also have an effect on such volume of investments in public buildings and infrastructure for which Betolar could offer its solutions.

A decrease in the demand for Betolar's solutions would lead to a decrease in sales, lower production volumes of the customers or slower adoption of new solutions, and prevent Betolar from generating revenue in line with its targets, and Betolar may fail to adapt its costs to match weaker demand. This could in turn have a negative effect on the profitability of Betolar's business. Furthermore, fast changes in market conditions may hinder the planning of Betolar's business and the preparation of forecasts. In addition, if Betolar is forced to lay off its employees to adapt its costs, this may weaken Betolar's ability to provide its solutions. Unfavourable developments in the macroeconomic conditions may also weaken Betolar's ability to obtain additional financing. Furthermore, Betolar may fail to adapt to a prolonged financial downturn. As such, the unfavourable development of macroeconomic factors may have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

2. If Betolar fails to compete successfully with its Geoprime technology against existing or new methods, this may have an adverse effect on Betolar's business and future prospects.

Betolar has developed an innovative building material technology called Geoprime, which is based on geopolymer technology. With Geoprime technology, certain industrial sidestreams can be used to manufacture an alternative binder used in the production of concrete. Geoprime technology utilises sidestreams from, among other things, the energy, steel, paper and pulp, as well as mining industries, and it can be used to produce completely concrete-free products with, according to the Company, a durability and load-bearing capacity corresponding to traditional concrete products made with concrete but with a carbon footprint[59] up to 80 percent lower at the raw material level.[60]

Geoprime technology has not yet been broadly accepted by users and it does not have a commercial history and its commercial success cannot be estimated with certainty. If Betolar's Geoprime technology is unable to compete successfully with existing building material technologies, for example, in terms of quality or production costs and/or if other developers of building material technologies increase their competitive pressure, Betolar may not necessarily ever be able to compete successfully with its existing and future competitors. Betolar may also face competition from new players because the technologies related to building materials develop rapidly. Competition may emerge also from changes in the supply and demand of ecological materials competing with concrete, such as wood. Furthermore, certain competitors may benefit from their significantly larger resources and they may with larger investments aim to develop competing technologies with Betolar's solutions. If competitors develop a new, more rapidly scalable competing solution with better properties that leads to considerable interest and demand, the competitors could achieve a significant advantage against Betolar. In that case, Betolar may not necessarily be able to fully utilise the market trend emphasizing low emissions and it could lose its profit-making potential in full.

According to the Company's view, competition is based, among other things, on how well the offered solution can be used taking into account the standards set for building materials and can be applied to the current industrial processes, the quality of the manufactured building materials and other features, brand awareness, price, customer service and marketing readiness. There can be no certainty of achieving or maintaining Betolar's competitive advantages, and Betolar may not necessarily succeed in competing with these competitive advantages in the future. In addition, the actions of the traditional concrete and cement industry and regulatory pressure to defend traditional standards and old solutions may have an adverse effect on Betolar's commercial success.

Betolar's competitiveness depends on its ability to gain acceptance for Geoprime among its customers and its ability to develop its solutions together with its customers, as well as on the scaling up of the customers' production. In addition, in order to remain competitive, the Company must continuously develop its Geoprime

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[59] Measured by GWP. GWP, or Global Warming Potential, is the heat absorbed by any greenhouse gas in the atmosphere, as a multiple of the heat that would be absorbed by the same mass of carbon dioxide.

[60] Source: Vahanen Environment study report dated 20 August 2021. The study report is commissioned by the Company. A reduction of up to 80 percent in carbon dioxide emissions refers to the lower carbon dioxide emissions from the raw materials used in paving stones manufactured with Betolar's solution compared to general paving stones made of concrete.

recipes, AI platform as well as the offer expert services offered by it. The suitability of Betolar's solutions is also partially dependent on the production capabilities and speed of customers as well as their ability to adopt new technologies, and Betolar's solutions may not, from their perspective, be competitive. In addition, the scalability and competitiveness of Geoprime concept are influenced by many factors beyond the Betolar's control, such as environmental conditions.

Due to the reasons stated above, there can be no certainty that the investments made to increase the Company's competitiveness will produce the expected results. Furthermore, Betolar may not necessarily be able to continue developing building material solutions and thus competing profitably. Competitors may also succeed in copying Betolar's technology or developing it more cost-effectively than Betolar. These factors could have an adverse effect on Betolar's competitive position, as well as on its ability to generate profitable revenue. Any of these risks could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

3. Development of demand for building material technologies based on the circular economy and utilisation and pricing of industrial sidestreams are subject to uncertainties, which may have a material adverse impact on Betolar's ability to commercialise the know-how accrued by it.

The development of building material technologies based on the circular economy is subject to uncertainties especially with regard to whether parties operating in industrial sectors are willing and obliged through regulation to use materials that replace traditionally used cement, such as materials produced using Geoprime technology. It is possible that the building materials manufactured using Geoprime technology do not meet the standards set for them, that the users of building materials suspect the quality of the new building materials, or that the users do not see them as a durable alternative. If the use of Geoprime technology does not grow in the manner expected by Betolar, this could have an adverse effect on Betolar's opportunities to commercialise the know-how. Limited experience in large-scale operations combined with the uncertainty over the development of building material technologies as well as other factors beyond Betolar's control could also weaken its ability to forecast its financial results. On the other hand, the demand for the Company's solutions could grow rapidly as they become commercially available, which could in turn place considerable pressures on Betolar's management, sales personnel and product development activities as well as its financial resources. If Betolar is unable to respond to growth in demand, competitors may fill in the shortfall, which could lead to the loss customer relationships and thus to an increase in the competitors' market share at Betolar's expense.

In addition, the development of Betolar's Geoprime technology is currently the most developed in the utilisation of blast furnace slag as a replacement of cement. If Betolar is unable to develop Geoprime technology so as to also utilise other sidestreams at a similar scale, the insufficient availability or high price of blast furnace slag, especially in Europe, will slow down the growth of Betolar's business.

If the trend in the demand for building material technologies based on the circular economy diverges from Betolar's expectations or if Geoprime technology cannot be applied widely to other industrial sidestreams than to the utilisation of blast furnace slag, this could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

4. Global epidemics or pandemics may have a material adverse effect on Betolar's business through, among other things, general economic conditions, a weaker availability of financing and a decrease in the financial activity of the customers.

A global epidemic or pandemic, such as the COVID-19 pandemic ongoing as at the date of this Offering Circular, may impact Betolar's business both directly and indirectly. Epidemics and pandemics can significantly affect the global economy and financial markets and, if prolonged, could lead to global recession. The uncertainty in the global economy and global financial markets may in turn weaken the confidence of businesses and consumers which could reduce economic activity by leading to a reduction or delay in investments and affect the demand of Betolar's solutions. In addition, epidemics and pandemics may have a material effect on the availability of financing for Betolar, its customers and its partners. The COVID-19 pandemic has affected Betolar's marketing processes, in particular. Travel restrictions, especially in Asia, have made it more difficult to launch pilot projects which are crucial for the marketing of Betolar's solutions and led to their postponement, as well as delayed the delivery of aggregates used in product development work to Betolar's product development unit in Finland. In addition, travel restrictions have significantly impeded the recruitment of new personnel abroad. Should the COVID-19 pandemic become prolonged and travel restrictions be extended as a result, this could lead to slower-than-expected sales growth for Betolar as a result of new postponements of pilot projects and to slower recruitment of the necessary employees.

Should epidemic or pandemic become prolonged, the weakening of the financial position of Betolar's customers could lead to lower demand for Betolar's solutions and slower-than-expected sales growth, which in turn could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

5. Fluctuation of prices and disruptions in the availability of sidestream materials and chemical additives used for the production of building materials with Geoprime technology, as well as in the logistics services used by Betolar may have an adverse effect on the profitability of Betolar's business.

In the concrete manufactured using Geoprime technology, cement is replaced as a binder by a sidestream-based component, such blast furnace slag or fly ash. When appropriate activators are added to the binder in accordance with the Geoprime concept's manufacturing and conditions requirements for each product in accordance with the recipes planned by Betolar, the ingredients are consolidated in certain conditions into geopolymers that can be used as a replacement for cement-based concrete. In addition, Betolar's business model is based on the Company procuring, if necessary, the chemicals needed in each recipe and delivering them to the customer.

As at the date of this Offering Circular, Betolar does not hedge against fluctuations in the prices of the raw materials used in Geoprime materials. Therefore, Betolar's profitability is sensitive to price fluctuations of the chemicals needed for Geoprime recipes. Factors influencing the prices of the chemical used in Geoprime recipes include the production capacity and stock levels of suppliers, exports and demand from other users. In addition, Betolar's profitability may be influenced by price fluctuations of the logistics services it uses. Betolar may have a limited ability to influence the timing or extent of fluctuations in the prices it pays for chemical or its logistics services, and Betolar may not necessarily be able to raise its own prices to reflect the price rises. Betolar's ability to shift an increase to its prices is dependent on its customer agreements and on market conditions, among other factors. If Betolar is unable to shift an increase in costs to its customers in a timely manner or at all, it could have a material adverse effect on the profitability of Betolar. In addition, raising prices may have an adverse effect on the price competitiveness and attractiveness of Betolar's solutions relative to similar cement-based building material solutions.

Even though Betolar does not procure the sidestream materials used in Geoprime solutions, any fluctuations in their prices and availability could have an indirect impact on the profitability of Betolar through Betolar's customers. The prices and availability of the sidestream materials are influenced by many factors beyond Betolar's and its customers' control, such as industrial production capacity, disruptions in infrastructure, regulation, export restrictions, the amount of import tariffs, demand from other users, and foreign exchange rates. For example, the imposition of taxes on sidestream materials or the enactment of regulations banning sidestream materials could lead to a significant rise in the prices and to Betolar's customers being forced to find alternative sidestreams to be used in their production. Therefore, an increase in the prices of sidestream materials or disruptions in the availability of them could have an adverse effect on the business of Betolar's customers, which could also materially impact the attractiveness and price competitiveness of Betolar's solutions relative to cement-based building material solutions from Betolar's customers' perspective.

If Betolar is unable to respond to increases in the prices of chemicals or logistics services by raising its own prices or otherwise, or if the prices of sidestream materials used in Geoprime solutions increase or there are disruptions in their availability, this could have a material adverse effect on Betolar's revenue and/or profitability.

B. Risks related to Betolar's business

1. Betolar is a growth company and it may not reach its growth targets.

Betolar is a growth company, that aims to commercialise its Geoprime concept internationally, expand its business and, consequently, generate revenue based on the licencing of its concept and the sale of chemical additives utilised in its solution. However, the risks involved in the Betolar's business are significantly bigger than those in established companies. Betolar has generated a loss in every financial period since it was founded and it expects its business to remain loss-making until a sufficient commercial market is created for Geoprime solution. The Company's growth is based on assumptions concerning success in customer pilots and a certain timetable under which Betolar assumes its customers will reach a certain end product volume in the production and there are no assurances that the Company will ever be able to generate significant sales profitably or at all. Betolar is at the initial stage of commercialisation in its business model, and its current customer base mainly consists of pilot customers and partners. Betolar does not therefore currently have any commercial revenue from customers at an industrial scale, and if it is unable to turn its pilot customer relationships into commercial ones, it may be forced to raise significant additional financing or to wind down its operations.

As Betolar has a short operational and financial history, the production and monitoring processes related to Betolar's business and product development operations are being further developed. For this reason, Betolar may find it difficult to assess the performance of its business and model potential future growth. Betolar may therefore face difficulties in the deployment of technology and in forecasting and managing growth, which could limit its ability to achieve the commercial and financial targets set by it. Such difficulties could relate to the following, among other things:

- failing to meet the targets set for Betolar's product development;
- delays, disruptions or cost overruns when Betolar's business and product development unit are expanded or new product development units are established;
- failure to manage and meet growing demand for Betolar's solutions;
- operational disruptions due to technical problems and delays by the customers or other errors, especially in relation to the AI platform Betolar uses in its product development operations;
- factors relating to the launch and expansion of commercial business operations, such as delays and other challenges emerging in customer acquisition and in the development of the business organisation, or unexpected needs to invest in customer support, for example; or
- difficulties in obtaining sufficient financing.

The success of Betolar is partially dependent on its ability to manage the start-up and expansion of commercial operations, as well as on its ability to continue developing its operating activities. Betolar is at the initial stage of developing its building material solutions and commercialising its business model, and it therefore has limited experience in operations at the targeted scale. Betolar must deploy and develop an infrastructure that supports operating activities, financial administration, management, sales, marketing and human resources management as well as continuously invest in developing and commercialising Geoprime technology, developing its own technological capabilities and the AI platform used in product development activities. The continuous growth may significantly strain Betolar's financial resources and personnel as Betolar invests in product development, hires employees, increases its efforts in marketing, investigates possibilities to expand its operations into new target countries and establishes new product development units there as well as concludes new partner agreements. Also, Betolar may not necessarily be able to continue to develop its infrastructure and Geoprime technology due to, for example, the fact that cash flow necessary to cover investments is not achieved, or there is only a limited amount of financing available.

Failure in managing growth and meeting customer expectations could lead to the targets set for sales and profitability not being reached or the possible loss of gained market share. If Betolar fails to manage its growth effectively or to grow at all in the future, this could have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

2. *Betolar may not be able to successfully implement its strategy or its strategy may prove to be misaligned in relation to market conditions or changes in the industry.*

Betolar manages its business operations in line with its strategy, for more details see "*Business of Betolar – Strategy*". As part of its strategy, Betolar aims to commercialise its Geoprime concept internationally, expand its business and, consequently, generate revenue based on the licencing of its concept and the sale of chemical additives utilised in its solution, as well as to create an AI-supported business ecosystem around the Geoprime concept. However, a number of factors could prevent Betolar's strategy from being met in full or in a prompt manner, restrict Betolar from pursuing new business opportunities, or achieving its key strategic initiatives. There can be no assurance that the business strategy chosen by Betolar will be competitive in the short or long term or that Betolar will be able to execute its strategy successfully. Should Betolar's strategy and business model prove to be uncompetitive or unfeasible, Betolar may be forced to shift its strategy and business model away from its current scalable business model. Such a shift to a new strategy and business model could result in unforeseen expenses and slow down the Company's growth, leading to a change in financial targets for the Company.

When preparing its strategy, Betolar makes certain assumptions concerning factors, many of which are fully or partially beyond Betolar's control. Such factors include customer demand, competition, the availability and pricing of industrial sidestreams and the development of competing solutions particularly in the cement industry, demand for and development of low-carbon building materials and production technologies applicable to them as well as the price level, and the potential cost savings created for the customers by the materials produced using Geoprime technology. If actual results vary significantly from Betolar's assumptions, this could have a material adverse effect on the successful implementation of Betolar's strategy. In particular, the uncertainty related to the development of COVID-19 pandemic has disrupted and may in the future disrupt the realization of Betolar's strategy.

There can be no assurance that Betolar will succeed in the implementation of its strategy or that its strategy would in all situations prove to be appropriate due to e.g. prevailing trends or changes in them. Betolar may not necessarily detect market trends successfully or respond to them with sufficient measures. Even if the strategy was competitive, the measures required by it and the measures undertaken by Betolar's management and employees may be misaligned. Betolar's management may not be able to implement the strategy due to e.g. insufficient resources, changes in the trends affecting markets and demand, or insufficient ability to communicate strategic objectives to employees and translate these into concrete operational actions. Any of these factors may require Betolar to change its strategy on short notice, which could result in management attention being diverted from more operational matters, resulting in significant costs or adverse developments in the relationship between the management and employees.

Any of these factors, if materialised, could result in misallocation of resources, setting targets misaligned with prevailing or changing market developments, or a loss of possibly gained market share, which in turn may prevent Betolar from generating significant revenue in line with its targets or at all. A such, the materialisation of any of these factors may have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

3. ***Betolar's Geoprime technology and solutions based on it are still in the development phase, and the Company may fail to implement planned product development or reach its targets set for the product development activities.***

Betolar has significantly invested in its product development activities, and plans to continue to do so in the future. Generating revenue from customers, making Betolar's business profitable and future prospects are highly dependent on the Company's ability to successfully continue to develop Geoprime technology and to create a market for its solutions. In order to succeed in widely offering its solutions, the Company must undergo several interim phases. Such interim phases are, among others, success in material technology studies, further developing of the Company's AI platform, obtaining the necessary official permits in the countries where the products manufactured with the solutions will be sold, finding suitable customers, concluding cooperation agreements concerning commercialisation, logistics and other aspects, and successfully marketing the solutions. The Company intends to use the funds raised in the Offering to a significant extent in research and development work on Geoprime technology. The Company expects significant expenses to arise in the coming years from the research and development work and the subsequent interim phases, and Betolar assumes that these expenses will have a material adverse effect on the Company's results.

Research and development work may be delayed or interrupted for various reasons, for example if the research indicates that there are quality defects or safety risks in the building materials produced with Geoprime technology, or if research is considered insufficient to prove necessary results. There can also be no certainty that research and development work can be conducted successfully or that studies will prove the necessary feasibility or efficiency of Geoprime solutions, in which case the purpose of use of the building materials produced with the solutions may have to be limited.

In addition, even though Betolar's solutions have currently been proven in controlled environments, the offering of the solutions on an industrial and international scale involves certain risks. Risks could be caused by, for example, fluctuation in the quality of sidestream materials: even though a solution has been developed in a laboratory or in cooperation with a Betolar customer, the material used in production could be more uneven in quality than the material used during the solution's development stage. Similarly, the lack of data and testing data collected and measured on Betolar's products over the long term in a real environment or in nature, could also pose risks to the feasibility of Betolar's solutions. In addition, an industrial production process always involves the risk of human error, which is beyond Betolar's control.

If Geoprime technology and the building materials produced with it do not meet the expectations, this would have a material adverse effect on Betolar's ability to create revenue, which would most likely also lead to a partial or full loss of the financial benefits that Betolar aims for with the investments it has made in its product development activities. Similarly, Betolar may not necessarily be able to cover the investments it makes in pilot projects and other product development projects if such a project does not lead to a favourable outcome for Betolar, such as a commercial customer relationship. Such failures, disturbances, delays or uncertainties, if materialized, could have a material adverse effect on Betolar's business, results of operations, financial position or future prospects.

4. ***Betolar's future success depends on the continuing efforts of its key employees and the Company's ability to attract and retain highly skilled personnel and member of the management.***

Betolar's success is based on its ability to identify, attract and retain qualified employees, such as researchers and professionals with relevant competence particularly in geopolymer technology and building material technology as well as artificial intelligence, data science, product and service management, the industries of Betolar's customers and the management and sales of customer delivery projects. Betolar's strategy requires a significant increase in employees among material development and AI platform product development personnel as well as in the customer interface, sales and marketing in Finland and internationally, and there is a risk that the Company will fail in recruiting and attracting the necessary skilled employees or underestimates its need for resources.

Although Betolar has for the time being managed to recruit a sufficient number of personnel for its needs, it may not necessarily manage to recruit the employees needed to maintain or expand its business, and its present employees may be targeted by recruitment companies working for competitors. If Betolar fails to attract, or retain skilled employees to meet needs, this could damage Betolar's business and growth prospects. For instance, the travel restrictions imposed due to the COVID-19 pandemic have significantly impeded the recruitment of new employees abroad, and should the COVID-19 pandemic and travel restrictions become prolonged, this could lead to slower recruitment.

If an executive of Betolar or one of its key personnel or several employees simultaneously decide to leave the Company, this could lead to the loss of accrued know-how concerning Betolar's business or Geoprime technology. The loss of competence, in turn, could lead to a drop in the productivity of Betolar and weaken its capabilities to develop its building material solutions. Betolar's competitive edge is largely based on the know-how of its management and key personnel in the Company's and its customers' sectors, and therefore a decision of an executive or key personnel to move to competing companies once the non-competition clauses in their agreements expire could also lead to the transfer of accrued know-how to competitors, which could weaken Betolar's competitive advantage. Even if Betolar's key persons or executives do not move to competitors, the loss of a significant number of personnel would lead to a shortage of employees, particularly in product development. This could have an adverse effect on Betolar's product development activity or the ability to meet customer demands in a timely manner.

Any such factor, if realised, could have a material adverse effect on Betolar's ability to commercialise and utilise know-how of its management and key persons and weaken Betolar's competitive position, which could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

5. ***Betolar's business is particularly dependent on certain first-stage pilot customers and cooperation partners, as well as on trends impacting them and Betolar's other potential customers.***

Customers that are important to Betolar are the manufacturers of factory-manufactured concrete products such as building elements, paving stones and paving slabs, and blocks and plinths, the manufacturers of cast-in-situ concrete products such as surface casting and floor masses and other structural masses and companies operating in the mining industry. Betolar is dependent on a limited number of pilot customers and cooperation partners operating in the building materials industry as well as, to a certain extent, on their end customers operating in the construction sector. As at the date of this Offering Circular, Betolar's customer base in its main business areas consists of pilot customers, in addition to which Betolar has concluded more extensive cooperation agreements with certain partners.

The Company has not concluded long-term commercial agreements as at the date of this Offering Circular. The loss of any pilot customers or partners could, in itself, thus lead to the loss of significant business opportunities with the party in question or potential customers operating in the same industry. In addition, a failure in satisfying the requirements of the pilot customers or partners could lead to Betolar not receiving sufficient references for winning new customer relationships. This could materially damage Betolar's reputation and weaken its attractiveness as a business partner, which could have a material negative effect on Betolar's ability to generate revenue. In addition, the prevailing trends in the industries of Betolar's customers could in fact create demand for different solutions than those provided by Betolar. This could force Betolar to tailor its service offering and recruit and train personnel with the necessary competence, which could increase Betolar's costs and weaken its profitability. Betolar has, in special cases and in connection with cooperation agreements, also granted, and estimates that it will grant in the future, to contractual counterparties exclusive rights limited by region and time concerning certain product applications specified in the agreements. These exclusive arrangements essentially increase Betolar's dependence on the contractual counterparty in question during their validity.

In addition, the demand for building materials among Betolar's pilot customers and partners and potential customers is dependent on the number and quality of building projects carried out by the customer base in their own construction markets, especially construction companies. The construction market is particularly cycle-sensitive in nature. An increase in unemployment, changes in taxation, public sector cuts at the national or regional level, a rise in mortgage interest rates, possible restrictions by financial institutions on construction-period loans and difficulties in obtaining mortgages could have an adverse effect on the number of construction projects and thus indirectly on demand for Betolar's solutions. In addition, consolidation in the construction, concrete and cement production sectors and the concentration of demand could impact Betolar's position. If the sectors are consolidated among a limited number of large customers, Betolar may only have limited negotiating and pricing power as a result of scarce price competition on the buyer side compared to sectors in which there are more companies competing with one another.

If any of these factors should materialise, it could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

6. *Mistakes and delays in the operations of Betolar's subcontractors and suppliers of materials may have a material adverse effect on Betolar's reputation, results of operations and financial position.*

Betolar works in cooperation with its subcontractors and suppliers of materials. Betolar's subcontracting and procurement of materials are mainly concentrated in research, the procurement and manufacture of the chemical additives used in Geoprime recipes, the logistics services related to the delivery of Betolar's solutions, and customer acquisition. Betolar may, however, fail in its assessment and selection of business partners. It is possible that subcontractors will not meet timetables or that their operations do not meet the cost level or quality expected by Betolar. Betolar's subcontractors could also cease to provide their products or services to Betolar due to delivery problems or their unwillingness, or they could raise their prices significantly. Delays or the termination of contracts, or the subcontractors' inability to deliver products or services at acceptable prices, could also lead to disputes where a customer demands compensation for the damage caused by Betolar. A subcontractor may in certain cases become financially unable to compensate for the errors it has made, in which case Betolar may be liable for the damage without being able to seek compensation from the subcontractor. In some situations, Betolar may also be liable for the errors of its subcontractors even if Betolar had fulfilled all of its obligations concerning the supervision of its subcontractors. As a result, Betolar may be presented with claims for damages for errors or deficiencies in the quality of its solutions. In addition, the actions or negligence of the subcontractors could damage Betolar's reputation. Therefore, deficiencies and delays in the actions of Betolar's subcontractors could have a material adverse effect on Betolar's reputation, business, financial position, results of operations and future prospects.

7. *Disruptions in Betolar's product development units, utilisation of sidestreams and the ramp-up of operations to an industrial scale may have an adverse effect on Betolar's business.*

The offering of Betolar's solutions is strongly based on the continuous development of Geoprime recipes and low-carbon building material production methods. These activities are carried out in Betolar's product development unit located in Kannonkoski, in addition to which Betolar has product development operations in the premises of Aalto University in Espoo. Betolar also plans to establish new product development units in the future in connection with the expansion of its domestic and international operations.

Betolar's business is materially dependent on the undisrupted operation of its product development units, especially due to the limited number of product development units and limited opportunities to find replacement premises suitable for product development activities on a short notice. If Betolar's product development unit in Kannonkoski or its other future product development units are damaged, for example, in a fire or if operations in a product development unit are disrupted or prevented for another unforeseen reason, Betolar's ability to continue its product development activities and to offer its solutions to customers would be significantly hampered and its business operations would be interrupted at least partially. Similarly, the capability of the product development units to apply various industrial sidestreams and their understanding of the customers' production environments or processes could vary as the Company grows and expands, which increases the likelihood of failure and could thus have an adverse impact on Betolar's business. Any disruption in the continuity of operations that are essential for the business could have a material adverse effect on Betolar's financial position, results of operations and future prospects.

8. Failure in the development of international operations or specific customer projects may have a material adverse effect on Betolar's reputation and financial position.

The internationalization of the business and the offering of solutions based on Geoprime technology to customers in Europe and Asia form an essential part of Betolar's strategy. However, insufficient knowledge of foreign culture and legislation, language barriers or difficulties in monitoring and measuring international business operations could lead to unexpected costs, delays or a failure in the international expansion of Betolar's business, which could weaken Betolar's profitability significantly. The start-up of business operations in a new target country could demand significant resources, including the management's time. In addition, Betolar could become subject to numerous and sometimes conflicting laws, rules, practices or discretionary decisions of the authorities. A failure to comply with laws and other requirements could expose Betolar to fines and/or criminal or financial consequences, result in negative publicity, damage Betolar's reputation, restrict Betolar's business or lead to claims based on Betolar neglecting its contractual obligations.

International operations also expose Betolar to other risks, such as unfavourable political changes, trade wars, import and export tariffs, unexpected changes in legislation, inconsistent application of existing laws and regulations, ambiguous regulatory systems and tax systems, and different business cultures, methods and practices. Agreements concluded with foreign customers could also expose Betolar to longer payment periods, difficulties in ensuring payment and, thus, a higher risk of credit losses. In addition, international restrictions on the transportation of materials (e.g. restrictions on the export of sand in certain Asian countries) could impede Betolar's product development activities if its product development units are denied the necessary access to the materials used in the production of building materials.

A failure in the internationalization of the business and in international operations could therefore have a material adverse effect on Betolar's reputation, business, financial position, results of operations and future prospects.

9. Should Betolar incur damages or losses not covered by its insurance policies or exceeding its insurance coverage, this may have a material adverse effect on Betolar's results of operations and financial position.

Betolar is dependent on the maintenance of sufficient insurance cover at a reasonable cost. Betolar has several insurance policies, including general liability insurance, as well as a combined insurance including property insurance and business insurance. In addition, Betolar has other insurance policies relating to, among other things, accidents and vehicles, as well as insurance for the personnel. In connection with the expansion of business targeted by the Company, also various risk of damages grows, in which case, Betolar's insurance cover may not suffice to cover all risks that may emerge in Betolar's business. Betolar may also not be able to renew its insurance cover to meet the requirements of its expanded business on terms and conditions or costs favourable to Betolar. In addition, Betolar's insurance does not cover certain types of losses because they either cannot be considered insurable or they are excluded from the applicable insurance contracts. Such losses may include indirect damage, liability to third parties, damage caused by subcontractors or individual claims where an insured event occurs as a result of deliberate action or gross negligence. Betolar's insurance contracts also include deductibles and certain limitations on the maximum amount of the insurance indemnity. Moreover, there is no insurance available against reputational damage. As a result, there is a risk that an insurance claim based on Betolar's insurance contracts will not be paid in full or on time, that insurance cover is not comprehensive in certain respects or that Betolar's insurance premiums will rise significantly. If Betolar incurs damage or loss not covered by its insurance policies or exceeding its insurance cover, this could have a material adverse effect on Betolar's business, financial position and results of operations.

10. Processes for internal control and risk management involve risks, which may have an adverse effect on Betolar's business.

Betolar is a company at the beginning of its commercialisation phase and therefore constantly develops and deploys internal control and risk management processes. Processes aim to ensure that Betolar complies with laws and regulations appropriately, that the goals of Betolar's business, strategy, practices and financial reporting are met and that the risks affecting Betolar's business are identified and assessed and monitored appropriately. The internal control and risk management processes, however, may fail in their development stage or in connection with the development or deployment of Betolar's other operating processes. Such a failure could lead to Betolar being unable to react to damaging practices quickly and effectively enough, which increases the risk of errors and damage. Risks may materialise in many ways, including as an interruption to the business, weak performance, faults and disturbances in the functioning of IT systems, deficiencies in the operations of business partners, breaches of applicable laws and regulations and human error. Internal control systems unavoidably include deficiencies, including human error, which is why it is possible that they can be circumvented deliberately or they could become insufficient as a result of changing circumstances. As a result, internal control systems may not necessarily adequately identify all risks or appropriately assess the potential impacts of such risks. Due to this, Betolar could face financial losses or its reputation could be damaged, which in turn could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

C. Risks related to intellectual property rights and IT systems

1. Betolar's ability to generate profit and revenue from licencing its solutions involves risks and uncertainties, such as Betolar's ability to create sources of revenue relating to its intellectual property rights, to maintain future revenue and to safeguard its intellectual property rights.

Betolar has made significant investments in its product development in order to develop Geoprime technology and low-carbon building materials solutions to be used in the construction sector. As a result, Betolar possesses a strong IPR portfolio consisting of patents, business secrets and know-how, copyrights, trademarks and web domains on which Betolar's solutions and future income are dependent. The strength of Betolar's IPR portfolio is dependent on its ability to develop relevant building material solutions for various industrial sectors through its product development activities and to protect its intellectual property rights. If the solutions do not become attractive to potential customers, the value of Betolar's IPR portfolio may decline, which in turn would have a material adverse effect on the usability of the portfolio for accruing the targeted revenue. Although Betolar aims to protect its investments in technology, there are no assurances that intellectual property rights such as patents or protection for business secrets will be granted in the future for Betolar or that the granted intellectual property rights are sufficient for protecting Betolar's innovations and maintaining the value of the IPR portfolio. Third parties may aim to copy Betolar's solutions, violate Betolar's intellectual property rights, fail to procure appropriate licences from Betolar or aim to pay smaller licensing fees than what is reasonable. As a result, Betolar may not necessarily be able to generate significant revenue by its intellectual property rights at all or to create new sources of revenue with them. In addition, it is possible that in certain situations Betolar's licensing income may be tied to the customer's production volumes, when the customer's weakened financial activities would have a direct impact on the amount of licensing income received by Betolar.

The revenue and result targeted by Betolar are largely dependent on the licensing of the technology it has developed. Betolar's ability to commercialise and protect its intellectual property rights may be dependent on regulatory and other developments in many jurisdictions with respect to the protection afforded to technological innovations and the licensing compensation trends and the enforcement of regulation. Betolar's patents and other intellectual property rights could be disputed, revoked or circumvented, and any intellectual property rights granted to Betolar may not necessarily lead to the competitive edge aimed for. The protection provided by intellectual property rights may also vary by region. The authorities in different countries have increasingly paid attention to patent commercialisation practices and may aim to influence the terms and conditions under which licensing agreements may be entered into, which could have an adverse effect on Betolar's ability to control and protect the technology and know-how it has developed. Such terms and conditions could be specific to each country or region, but the authorities may also aim to expand their geographical application, which could have an adverse effect on Betolar's ability to commercialise its patent portfolio.

Betolar is constantly seeking opportunities to expand its operations into new sectors and markets, especially in Europe and Asia. However, potential customers operating in new sectors and markets may not necessarily be used to paying IPR licensing fees, which could have an adverse effect on the efforts to expand Betolar's business.

Moving into new sectors could also result in court cases, and for example an entry into a fragmented market could impact the profitability of Betolar's business.

If Betolar is unable to create significant sources of revenue related to intellectual property rights, maintain the generated revenue in the future or protect its intellectual property rights, this could have a material adverse effect on Betolar's revenue, financial position, results of operations and future prospects.

2. In order to protect its intellectual property rights against infringement by third parties, Betolar may be required to rely on legal measures with an uncertain outcome.

Betolar's business and revenue model is based on the licensing of Geoprime concept developed by it, due to which Betolar's business and prospects are particularly dependent on its ability to protect its IPRs subject to licensing. Betolar may be forced to undertake legal measures in order to protect its intellectual property rights from infringement by third parties. Such legal measures may include court cases and arbitration proceedings which are often used for enforcing patents and other intellectual property rights or confirming licensing fees. Betolar has not so far had to resort to such legal measures to protect its IPR portfolio from infringement by third parties, but it may be forced to do so in the future. There can be no certainty of the outcome or timetable of legal and arbitration proceedings.

Regardless of whether their outcome is positive, legal and arbitration proceedings are often expensive and time-consuming for Betolar, take up the resources of management and experts away from the development of the business and may have a negative effect on Betolar's reputation. In addition, failure in protecting any intellectual property right could lead to a partial or full loss of the benefits expected from investments made in product development. Any of the aforementioned risks, if materialized, could therefore have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

3. Betolar's business model is based on the utilisation of technologies developed by it. If Betolar is claimed to have breached intellectual property rights of third parties, this may have a material adverse effect on Betolar's business.

The solutions offered by Betolar and its business model are based on the utilisation of the technologies and solutions it has developed. However, the holders of patents and other intellectual property rights that are potentially relevant to the technologies used in Betolar's business could be unknown to Betolar. The risk of existing patents owned by third parties grows as Betolar's expands its business and aims to acquire patent protection for new inventions. Therefore, Betolar and its customers may be subjected to justified or unjustified claims that they are breaching third-party intellectual property rights in their business. Possible restrictions on the offering of Betolar's solutions that are due to alleged breaches of third-party intellectual property rights could, regardless of the factuality of the claims, lead to material losses of income, expensive legal proceedings, compensation for damages and other compensation, the distraction of the key personnel from running the business and delays in the delivery of the solutions.

In addition, third parties and, for example, competitors may also initiate legal proceedings for annulling Betolar's intellectual property rights or challenging its licensing practices or hampering its business otherwise. The outcome of legal proceedings and proceedings by the authorities are often difficult to foresee, as a result of which Betolar's competitive position and ability to generate revenue with its intellectual property rights could occasionally be dependent on favourable decisions by courts of law or the authorities. For example, as a consequence of the revocation or annulment of a patent, the patented technology developed by Betolar would lose its protection, and Betolar would also be unable to utilise its patent in full in its business operations or product development. Furthermore, despite the potential granting of patent protection, patents do not offer global protection for Betolar's innovations, due to which there can be no assurance that third parties will not attempt to benefit from Betolar's patented innovations in countries not covered by the patent protection.

As a result of these factors, claims of breaches of third-party intellectual property rights could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

4. If Betolar is unable to safeguard its trade secrets, its competitive advantage could be eroded.

The Company has built an IPR strategy to protect its business model based on licensing of Geoprime concept where the protection of trade secrets plays an essential role. Betolar is a knowledge-intensive organisation, and a large part of Betolar's competitive advantage is based on the knowledge the Board of Directors, the management team and key personnel have of Betolar's and its customers' operations and industry. As such, Betolar is dependent on being able to safeguard its trade secrets and know-how related to its operations, which are not covered by patents or other intellectual property rights capable of being registered. This applies to, in particular, the know-how and expertise of the Company's management and key personnel in building material technology, Geoprime receipts and their development.

Betolar limits access to competitively sensitive confidential information on a need-to-know basis and has included confidentiality, non-competition and non-solicitation clauses in agreements with its management and key personnel. However, Betolar may fail to maintain trade secrets and other confidential information or fail to protect such information using legal remedies, or that such information could become known in another way because of circumstances beyond Betolar's control. There can be no assurance that employees, consultants, advisors, business partners or customers with access to trade secrets and other confidential information would not seek to disseminate or otherwise use this information in a manner that could damage Betolar's competitive advantage by providing competitors with access to Betolar's proprietary information.

If Betolar fails to secure the confidentiality of its trade secrets, or if such information is disseminated without Betolar's approval, this could have a material adverse effect on Betolar's competitive position. Access by competitors to such information would also mean that Betolar's substantial investments in its product development may not result in the revenues and profits which have been projected to cover the expenditure, and failure to protect know-how relating to Geoprime technology may result in losing commercial licensing opportunities. The materialisation of any of these events could have a material adverse effect on Betolar's business, financial condition, results of operations or future prospects.

5. ***Betolar may fail in building its brand to improve awareness and acceptance of its solutions and increase their demand.***

Maintaining the reputation of the Betolar brand and the value associated with it is a key factor for the success of Betolar's business, and should customers lose confidence in the quality of Betolar's solutions, this could have an adverse effect on Betolar. Betolar may not necessarily achieve the expected benefits and growth opportunities from its investments in marketing, which include particularly investments in B2B marketing, marketing on social media and other digital marketing, if Betolar is unable to execute its marketing successfully.

In addition, negative publicity concerning the sustainability of Betolar's operations or the solutions it offers as well as official decisions impacting the calculated emissions values of sidestreams could lead to the loss of existing or potential customers that require high quality and sustainability. Such negative publicity could particularly concern the quality, feasibility, environmental friendliness or competitiveness of building materials manufactured with Betolar's solutions and Geoprime technology. In addition, Betolar could receive negative publicity concerning its responsibility in environmental, social and governance issues if Betolar's operations are alleged, either for a well-founded reason or without grounds, to be in breach of appropriate practices in these matters. Insufficient or unfavourable publicity concerning Betolar or its solutions or brand could therefore have a material adverse effect on Betolar's ability to acquire customer relationships that generate revenue and on Betolar's public image, and they may limit Betolar's ability to take advantage of business opportunities and expand its business. If any of these risks should materialise, it could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

6. ***Malfunctions, disruptions, failures or cyber security breaches affecting Betolar's IT systems may result in significant disruptions in Betolar's business, which may have a material adverse effect on the continuity of Betolar's services and on its professional reputation, and they may result in unexpected expenses.***

Betolar's business is dependent on functioning IT infrastructure and uninterrupted access to IT tools and systems. Betolar uses cloud service, an AI platform that assists in its product development and in the optimisation of Geoprime recipes and is used to manage data accumulated in product development activities, as well as using other IT tools. However, IT systems are sensitive to disturbances, and interruptions may disrupt Betolar's business processes. Disturbances could be due to computer viruses, power cuts, human error, sabotage, weather conditions, natural phenomena or problems caused by defective maintenance. In addition, attacks on IT systems, errors and damage to IT systems, operational disturbances, deficient deliveries by Betolar's IT suppliers, as well as errors and delays in implementations of new IT systems could have an adverse effect on Betolar's IT infrastructure. Operational disturbances and cybersecurity breaches could lead to the loss, theft, misuse or destruction of data, the damaging of devices or systems, or to the loss of internal IT systems by Betolar or its customers, as well as prevent support, management and development of services. Such events could also expose Betolar or its customers or other contractual parties to potential liability for damage, legal proceedings or official actions, as well as lead to the loss of customers or business opportunities or other financial losses. Business disruptions, attacks on IT systems or prolonged outages in Betolar's IT systems could weaken confidence in Betolar or damage its reputation. In addition, the maintenance of functioning IT infrastructure could be expensive, which may weaken the profitability of Betolar.

In certain cases, Betolar's business also includes the processing of the sensitive and confidential data of its partners, in particular. The data systems of Betolar or companies cooperating with it could be prone to data security breaches, hacking, computer viruses, loss of data, automation or human errors, and other similar events. The disclosure of confidential data could damage Betolar's reputation and result in costs for Betolar.

The effects of system malfunctions could quickly spread, causing damage to all of the Company's systems, which could severely disrupt Betolar's business processes and product development activities and lead to significant financial losses. The disturbances, affecting Betolar's IT systems could delay the delivery of solutions, weaken productivity and force Betolar to allocate resources to fixing systems and preparing for disturbances, which could reduce the amount of resources available for other projects. If any of the factors described above should materialise, it could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

D. Legal and regulatory risks

1. ***Should Betolar fail to comply with legislation and regulations as well as the standards set for building materials manufactured with its solutions together with the customer, this may have an adverse effect on its business.***

The building materials produced with Betolar's solutions must constantly fulfil various quality standards set for building materials (and especially for concrete products), which diverge from one another in Betolar's areas of operation in Europe and Asia. Various national and supranational regulations and standards are applied to building materials, concerning, among other things, the strength, durability, consistent quality, stability, user safety and healthiness of the products and the sustainable use of natural resources. In addition to the fact that Betolar's solutions must meet the standards for the products manufactured with them in Betolar's current business and product areas, compliance with standards must always be evaluated when Betolar aims to offer its solutions in new business and product areas. In addition, the Company estimates that it will need permits for the procurement and/or sale of chemicals in its operating areas in the future (under e.g. so-called REACH regulation[61] in the EU).

Complying with applicable laws and regulations, especially with respect to regulations governing building materials, monitoring and reacting to changes in them may force Betolar to make additional investments in a quality control system, administrative supervision functions and operational management, and the costs associated with this could impact the profitability of Betolar's business. Delays in the implementation of such measures could lead to a failure to comply with applicable laws and regulations. This could have serious consequences for Betolar's business, including potential sanctions under criminal and civil law as well as administrative sanctions, prohibitions, recalls of products using Betolar's solutions and negative publicity. In addition, if Betolar begins to offer its solutions in new business and product areas, those products must comply with the applicable standards. While, in principle, the customer of Betolar as the manufacturer of the product is responsible for obtaining product approvals, ensuring that building materials comply with standards and obtaining the necessary approvals and other permits could slow down the introduction of products to the market and the expansion of Betolar's business. Ensuring compliance with standards can also result in additional costs for Betolar, and there are no assurances that Betolar or its customers will be able to comply with applicable standards in the future. The industrial standards regulating the permitted content of various substances (particularly chemicals and heavy metals) in building materials could become more stringent, leading to the permitted content being exceeded in some of the building materials manufactured using Geoprime technology. Ensuring compliance with standards may require significant changes to the solutions by Betolar and cause additional costs for Betolar, and if Betolar is unable to adapt its

[61] Regulation No 1907/2006 of the European parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

solutions to the standards, this could have a material adverse effect on Betolar's ability to offer solutions to its customers and, thus, on Betolar's revenue and future prospects.

If Betolar's quality control system would not be able to ensure the quality and functionality of Geoprime recipes in the manner stipulated by regulations or Betolar's customers, this could lead to damage to Betolar's reputation and contractual liabilities, among other things. Damage to reputation, in turn, could have a material adverse effect on the demand for Betolar's solutions and on the possibility of converting pilot customers into business customers. In addition, contractual claims could lead to protracted court cases, other legal proceedings and to unforeseen financial compensation liabilities or sanctions. Even if Betolar is cleared of all allegations, administrative proceedings or court cases to confirm the compliance of Betolar's operations could result in significant legal fees and tie up the management's resources. On the other hand, the lack of relevant regulations or delays in the timetable for their preparation or enactment could make it more difficult to plan and adapt operations to regulatory requirements. In addition, inappropriate, deficiently prepared or ineffectively enacted regulations could enable the operations of competitors using less environmentally friendly building material technologies to continue or expand at lower costs compared to Betolar which could weaken Betolar's ability to implement sustainable practices profitably. Should any of these risks materialize, it could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

2. Betolar may be subjected to complaints and legal claims, which may damage its brand and reputation and divert the management's resources.

As at the date of this Offering Circular, Betolar is not a party to legal proceedings that concern complaints or other legal claims presented to it. However, there can be no assurance that Betolar will not become subject to such complaints or claims in the future. Betolar's customers require for continuous high-quality from Betolar's solutions so that the building materials manufactured with the solutions are applicable for their purpose of use. In addition, Betolar must be able to deliver its solutions and related services to its customers in a timely manner in order for the customer's production not being disturbed. In addition, Betolar must continuously be able, for example, to assure its employees' safety when conducting work assignments. Betolar's customers, employees or other third parties could in the future present it with complaints or file claims against it on the basis of alleged accidents, concerns about health, safety or activities, damage or negligence. Dispute resolution and court proceedings involve costs and require the management's resources and attention. In addition, if Betolar is deemed to be liable for errors in products or services, for example, then this could lead to unexpected fines, payments or compensation for damage, which could have a material adverse effect on Betolar's business, results of operations, financial position or future prospects. Even if such complaints or claims can be resolved without direct adverse financial consequences, they could have a material adverse effect on Betolar's and reputation, and they could also divert its resources away from the development of the business and other applications. Any claim could lead to an increase in costs and divert the management's attention and resources away from operational and strategic matters and, consequently, from the development of the business, and thus if any of these factors is realised, it could have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

3. Betolar may fail to meet requirements related to data security and data protection, which may result in financial sanctions and damage Betolar's reputation.

In the course of its operations, Betolar processes the personal data of its employees, partners and customers, among others. The processing of personal data is subject to extensive data protection laws and regulations which were put in place to protect people's privacy, and these also place requirements on Betolar's activities. The General Data Protection Regulation of the European Parliament and of the Council ((EU) 2016/679, the "**GDPR**") entered into force in the EU on 25 May 2018. The GDPR alters the previous data security framework in the EU, strengthens the rights of the individual, places stricter requirements on companies processing personal data and enables much more severe penalties, such as an administrative fine of a maximum of EUR 20 million or 4 percent of the entity's global annual revenue. The Company is at the beginning of the commercialisation phase of its business and is continuously developing its organization and course of action, and in connection of the targeted expansion of business, the amount of personal data to be dealt by Betolar is expected to grow due the increasing number of employees and customers. Thus, Betolar must dedicate resources to compliance with the GDPR and other legislation governing the processing of personal data and it may incur additional expenses in the future in order to deploy systems, IT controls and routines and support compliance with data protection regulations. Lawmakers, the media and investors have also paid a lot of attention to the enforcement of the GDPR. A violation of the GDPR or other legislation governing the processing of personal data could lead to Betolar being forced to pay compensation for damages to third parties as well as significant fines, or it could otherwise damage Betolar's reputation. Furthermore, if Betolar is unable to comply with data protection legislation or related obligations based on customer agreements, this could lead to contractual claims that may include claims for damages based on fines imposed on a customer if the fines are alleged to be a result of a breach of contract by Betolar. Any failure in complying with requirements concerning data security and data protection could therefore have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

E. Risks related to financing and financial position

1. Betolar is a growth company, and it has recorded an operating loss throughout its operating history and may never generate significant revenue from its customers or achieve or maintain profitability in the future.

Betolar has generated a loss in every financial period since it was founded in 2016, and its result for the financial year was loss EUR 1,385 thousand for the financial year ended 31 December 2020 and EUR 2,585 thousand for the nine months ended 30 September 2021. The losses can mostly be attributed to the fact that, as at the date of this Offering Circular, Betolar did not yet have significant commercial customer revenue and had not yet concluded any commercial customer contracts in its main business areas, as well as to Betolar's investments in research and development activities and in the commercialisation and development of its business, in the recruitment of personnel, in business premises and in marketing.

Achieving significant revenue from customers and profitable business operations is dependent on Betolar's ability to develop and maintain its existing and potential business, develop Geoprime technology and grow demand for the solutions it offers, and consequently to succeed in achieving customer production on an industrial scale. The stages necessary for this include large-scale investments in product development and the commercialisation of Geoprime concept, continuing to increase capacity, exploring expansion opportunities through the expansion of the existing product development units or the establishment of new product development units, negotiating new contracts with potential customers and increasing marketing and sales efforts in order to increase awareness of Betolar's solutions and to acquire customers.

These measures and the additional operational costs related to them may be larger than expected, and there are no guarantees that Betolar will be able to generate significant revenue that compensate the increase in costs, or at all. Betolar's ability to conclude commercial customer contracts and generate revenue and the timing of these are not certain, and furthermore, an increase in revenue does not in itself guarantee the profitability of Betolar's business. Potential growth in revenue may also slow down or the achieved growth may decline for various reasons, such as due to lower demand for Betolar's solutions, increased competition, failure in taking advantage of growth opportunities or a slowdown in the growth or a decrease in the size of Betolar's overall market. Continuous or growing losses and/or higher costs or lower revenue than expected could weaken the profitability of Betolar's business, which, if realised, could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

2. Betolar is dependent on external financing for implementing, for example, significant growth investments, and it may fail to acquire additional financing with competitive terms, or at all.

Betolar is currently dependent on external financing, which it has acquired in the form of equity financing, for example. Although Betolar expects the proceeds received from the Offering to suffice to finance its strategy, the Company may need external financing in the future if it, for example, carries out significant growth investments. In the long term, Betolar may also be dependent on external financing in the raising of working capital. However, Betolar may not necessarily be able to procure the financing it needs, or it may be forced to obtain financing at a higher cost than previously. Many factors may affect the availability of financing, including the situation in the financial markets, the general availability of credit, uncertainties related to the profitability of Betolar's business, and creditworthiness. The availability of financing may also be materially impacted by uncertainty in the global financial markets. In addition, the possible covenants included in the Company's future financing agreement and compliance with them may adversely affect the availability of external financing.

The conditions in the financial markets may be influenced by various factors, such as unfavourable macroeconomic developments, sovereign debt crises and an unstable political environment. Future periods of uncertainty, such as an increase in volatility, disturbances or long-term negative performance in the financial markets, could limit the availability of capital for Betolar and lead to, for example, a deterioration in Betolar's solvency. Weaker solvency could, in turn, make it more difficult for the Company to obtain financing at reasonable cost, or at all. The inability to obtain financing at reasonable cost or at all could impact Betolar's ability to finance the operating expenses and investments needed for executing future growth projects. Any difficulties in obtaining additional financing could therefore have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

3. The terms and conditions of Betolar's financing agreements, such as financial covenants, may restrict its operational and financial flexibility, and a breach of these terms and conditions may result in increased costs or even default.

Based on Betolar's balance sheet as at 30 September 2021, the Company had loans from financial institutions amounting to EUR 377 thousand, consisting mostly of a loan for research and development purposes granted by Business Finland, the Finnish government organisation for innovation funding. In addition, on 24 November 2021, the Finnish Climate Fund, a state-owned special-assignment company, granted the Company a capital loan of EUR 7.0 million in total. As at the date of this Offering Circular, the terms and conditions of the loan agreement with Business Finland include a provision that entitles the State Treasury to demand immediate repayment of the loan without notice if, for example, the loan has not been used for the purpose stated on the agreement or if the requirements concerning the use of the loan under which the loan was granted have changed materially, or if the Finnish Government decides to amend the interest, amortization or other terms of the loan and Betolar does not commit to complying with the amended terms without delay, or if Betolar otherwise fails to comply with the terms and conditions of the loan. The covenants in the financing agreements may also limit the flexibility of Betolar's business and financing in the future, which could weaken Betolar's ability to seek new business opportunities. Furthermore, there can be no assurance that Betolar will be able to fulfil the financial or other covenants related to its loan arrangements in the future. The loan terms of the capital loan granted by the Finnish Climate Fund also include certain restrictions to the use of the loan capital. The loan cannot be used to repay the Company's current financing prematurely or in deviation of a payment plan. In addition, the Company has undertaken to comply with the code of conduct of the Finnish Climate Fund and to use the loan capital in accordance with the purpose of use defined in the agreement, and any breach of these obligations grants the Finnish Climate Fund the right to stop the payment of the remaining loan installments and demand the immediate repayment of the loan and any interest accrued. In the loan agreement concluded with the Finnish Climate Fund, the Company has also agreed to refrain from distributing dividends and other proceeds if the loan capital and any interest accrued has not been paid in full to the Finnish Climate Fund. In addition, the Finnish Climate Fund has the right to demand for an immediate loan repayment should it become evident, that the emission reductions achieved by the Company's solution will fall below the target level per ton set in the agreement by 20 percent.

Covenants and other restricting terms incorporated in financial agreements may also restrict Betolar's future flexibility in business and financing, which may impair Betolar's ability to pursue new business opportunities. Also, there can be no guarantee that Betolar will be able to meet the financial or other covenants incorporated in its loan arrangements in the future. A breach of any covenants could entitle the finance provider to demand accelerated or immediate repayment of the loans. A breach of the covenants would weaken the availability of financing and burden Betolar's solvency and capital structure. Such events could also prevent Betolar from maintaining the leverage ratio it is targeting, weaken its ability to carry out the investments needed for maintaining and developing its business and, ultimately, lead to financial difficulties or insolvency. If any of the risks described above should materialise, it could have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

4. Betolar's actual tax assets or liabilities may differ materially from estimates or expectations, and weak earnings development may prevent Betolar from utilising its accumulated losses in future financial periods.

Betolar's income tax expenses are based upon its interpretation of applicable tax legislation at the time when the expenses are incurred. Betolar has not been subjected to any tax audit during the course of its operations, and there can be no assurance that tax authorities would not conduct audits and claim that Betolar's confirmed losses are smaller than those booked by Betolar. Betolar may also be unable to utilise accumulated tax assets as planned.

Betolar Plc and its Finnish subsidiaries have a total of EUR 2,312 thousand confirmed losses in taxation for the years 2017–2020. Tax losses currently unused will expire between 2027–2030, and it is possible that Betolar may not be able to use these losses in future taxation. The Tax Administration has, on 25 November 2021, granted a special permission for Betolar Plc and its subsidiaries Betolar Chemicals Oy, Betolar Element Oy and Betolar Green Building Technologies Oy to deduct the confirmed losses totaling for EUR 2,307 thousand for the tax years 2016–2020, as well as any losses, the amount of which has been estimated to total for EUR 3,600 thousand in the application, to be confirmed for the tax year 2021. The Tax Recipients' Legal Services Unit has the right to oppose the granted special permit for 60 days from the date of granting the special permit. Therefore, it is possible that Betolar and its subsidiaries may not be able to use the aforementioned losses in taxation in the future. In addition, accrued losses can be used only if Betolar and/or its subsidiaries generate future taxable income covering the losses. The ability of Betolar and/or its subsidiaries to generate taxable income is dependent on Betolar's own actions, as well as on the general economic, competitive, financial, legislative and other factors that are beyond Betolar's control. If Betolar does not generate enough profits in the future to be able to use the accumulated losses fully or in part, this could have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

Betolar's tax liabilities may vary due to changes in tax laws, treaties or regulations or the interpretation of their content or enforcement thereof. Such changes may also in certain cases be implemented with retrospective effect. If applicable laws, treaties or regulations change, or if Betolar's interpretation of the tax laws proves to be different from the interpretation of the same tax laws by tax authorities, this could result in additional tax liabilities, and even tax increases. Even if any disputes with tax authorities would result in rulings in favour of Betolar, such processes are likely to result in significant costs, and may require Betolar's management to divert their attention away from operational and strategic matters. Any additional taxes or governmental processes differing from Betolar's expectations may lead to significant costs and thus reduce Betolar's profit and profitability, which could have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

5. Betolar is exposed to liquidity risks.

Betolar's ability to make payments on and to refinance its debt, as well as to fund working capital and capital expenditures, will depend on its future results of operations and ability to generate sufficient cash flows. Although Betolar has sufficient funding for its current purposes, there can be no guarantee that Betolar will in the future have sufficient amounts available at its disposal or be able to generate sufficient amounts of revenues to meet the claims of creditors. Betolar's ability to make scheduled payments under its repayment schedules will depend on, among other things, its future results of operations and ability to refinance its debt, if necessary. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond Betolar's control. There can be no assurance that Betolar's cash flow from business operation activities is sufficient for servicing its debts, funding its working capital, capital expenditures or lease obligations, or implementing its future expansion plans. If Betolar's future cash flows from operations and other capital resources are insufficient for settling its payment obligations as they fall due or funding its liquidity needs, Betolar may not be able to meet its financial obligations as they fall due. This may require Betolar to acquire new financing or renegotiate the terms and conditions of its financing, which may lead to an increase in the finance costs. Further, as at the date of this Offering Circular, Finnvera, a company for special finance owned by the State of Finland, has issued a guarantee for Betolar's bank account with a credit facility, and against this, Betolar has pledged to Finnvera as collateral business mortgages of EUR 150,000, which assign pledging right to Betolar's assets that can be mortgaged. Due to this, if Betolar faces issues with its liquidity, it may result in the realisation of its movable assets, such as machinery and equipment, cash assets and intellectual property rights, which may have a material adverse effect on Betolar's business. In addition, in the loan agreement concluded with the Finnish Climate Fund, the Company has also agreed to refrain from distributing dividends and other funds if the loan capital and any interest accrued has not been paid in full to the Finnish Climate Fund. Therefore, if the Company is unable to repay the loan and its interests in accordance with its payment scheme, it is also unable to distribute funds to its shareholders. In addition, the interest of the loan is tied to the Company's credit rating[62] and deterioration of the Company's financial position and solvency may therefore lead to an increase in the interest payable on the loan, or, in certain situations, result in the outstanding loan instalments being withheld. If Betolar cannot adequately secure its financing or liquidity, this may ultimately result in insolvency and as a result of this, corporate reorganisation and liquidation proceedings, which may result in the investors losing the capital they have invested in Betolar in part or entirely. All these factors, if they materialise, may have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

6. Betolar is exposed to credit and counterparty risks.

Even if Betolar is able to meet its own obligations, Betolar is exposed to counterparty risks if its own contractual counterparties are unable to fulfil their obligations based on agreements. It is possible that Betolar's customers or business partners (such as subcontractors used by Betolar) are unable to fulfil their obligations or liabilities towards

[62] Rating Alfa credit rating of Suomen Asiakastieto Oy. As at the date of this Offering Circular, Betolar's credit rating is A+. Suomen Asiakastieto Oy is not a credit rating agency registered in accordance with the Regulation (EC) 1060/2009 of the European Parliament and of the Council.

Betolar in the manner or within the timeframe that has been agreed. Although Betolar may be entitled to receive liquidated damages to compensate for delays or other breaches of contract, there can be no assurance that parties to the agreements would compensate Betolar in full. Should parties to the agreements dispute Betolar's claims for damages or be unable to compensate for damages due to their liquidity problems or insolvency, this could result in significant legal costs in the form of protracted negotiations, arbitration, litigation or other processes where Betolar would be required to assert its right to compensation in insolvency proceedings. There can be no assurance that any such proceedings would result in Betolar being able to secure full compensation or any compensation at all.

Betolar strives to manage its counterparty and credit risk by carefully selecting its contractual parties. However, there can be no assurances that Betolar will succeed in managing the risks related to its contractual counterparties. Should one or more significant contractual party face payment difficulties or bankruptcy, this may have a negative effect on Betolar's financial position, which could have an adverse effect on its ability to maintain and develop its current operations and carry out the required investments. All of these factors, if materialised, could have a material adverse effect on Betolar's business, financial position, results of operations and future prospects.

7. Betolar is exposed to fluctuations in interest rates.

The interest rate of the loan granted by Business Finland to Betolar (EUR 360 thousand on the balance sheet as of 30 September 2021) for research and development activities is linked to the base rate affirmed by the Ministry of Finance in each June and December with effect for the next half calendar year. The base rate is the average of 12-month Euribor rates published during three calendar months prior to the affirmation of the base rate, and as such, the interest paid by Betolar fluctuates along with the Euribor rate. Further, in some phases of the expansion of its business, Betolar may also finance its business and its expansion with other debt financing, which would expose it to the interest rate risk. Unfavourable development of macroeconomic conditions and changes in the financial markets may have an effect on general liquidity and the demand for financing in the debt financing markets. While interest rates have remained on a low level both globally and in Europe due to the low reference rates of the central banks and their targeted liquidity operations and extensive stimulus measures, there is an increasing amount of speculation in the market on a possible rise in inflation, which may require an increase in interest rates, which would impact the price and availability of financing in the future.

An increase in interest rates may also result in an increase in Betolar's interest expenses, which may result in an increased proportion of operating profit being directed towards interest payments, putting pressure on Betolar's profitability. Even if fluctuations in interest rates do not immediately increase Betolar's cost of capital, they may make it more difficult or more expensive for Betolar to refinance its existing debt or to acquire sufficient capital if Betolar aims to finance its possible growth investments. As the successful execution of Betolar's strategy is dependent on its ability to maintain its cost of capital at a reasonable level and on its ability to finance future growth projects, any fluctuations in interest rates resulting in increased capital costs, decreased availability of financing or more unfavourable terms for financing could have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

8. Fluctuations in foreign currency exchange rates could have an adverse effect on Betolar's results.

In line with its strategy, Betolar also seeks international growth particularly in Europe and Asia. While Betolar does not trade in currencies other than the euro as at the date of this Offering Circular, an increase in international operations exposes Betolar to certain risks related to unfavourable changes in the foreign currency exchange rates. Fluctuations in foreign currency exchange rates impact on Betolar's results of operations when its purchases or sales are conducted in different currencies.

Unfavourable changes in the foreign currency exchange rates may have an adverse effect on Betolar's revenue and profitability, even if sales volumes develop favourably for the Company and Betolar does not increase the volume of its purchases. At present, Betolar has no currency hedging arrangements in place which could prevent or limit the effect of volatility in foreign currency exchange rates. Any factors resulting in or affecting significant currency fluctuations may, individually or collectively, result in increased costs or decreased potential revenues for Betolar's operations, which may consequently have a material adverse effect on Betolar's business, financial position, results of operations or future prospects.

9. *Possible impairment of capitalised development expenditure may have a material adverse effect on Betolar's financial position and results.*

Betolar's balance sheet as at 30 September 2021 included capitalised development expenditures of EUR 1,500 thousand. In addition, Betolar will continue to invest significantly in its product development in the future, which may lead to an increase in the amount of development expenditures capitalised in the balance sheet. Betolar capitalises its development expenditures in intangible assets in its balance sheet if they are expected to generate income over several financial years. Capitalised development expenditures are amortised using the straight-line method over their useful life of 5 years. In addition, the Company estimates on the last day of each reporting period if there are indications of any impairment in the value of the capitalised development expenditures. Estimates on the development expenditures capitalised in the balance sheet involve uncertainties and it is possible that income expected from development projects may fluctuate if circumstances change. The value of development expenditures capitalised in the balance sheet may decline if the financial benefits expected from them change. If the income expected from development expenditures capitalised in the balance sheet falls below the amount of capitalised development expenditures, the value of capitalised development expenditures is adjusted to correspond to the expected income through profit and loss.

Should Betolar recognise a significant impairment in its capitalised development expenditures in the future, such an impairment loss would be recognised as an expense in the income statement, and depending on the amount of the impairment loss, this may have a material adverse effect on Betolar's business, financial position, results of operations or future prospects, as well as on the value of the Offer Shares.

F. Risks related to Betolar's Shares

1. *The market price and liquidity of Betolar's shares may fluctuate significantly.*

Prior to the FN Listing, the Shares have not been subject to trading on any regulated market or multilateral trading facility. Betolar intends to submit a listing application with Nasdaq Helsinki to list the Shares on the multilateral Nasdaq First North marketplace maintained by Nasdaq Helsinki. However, there are no guarantees that an active market will emerge or can be maintained for the Shares after the FN Listing. The future liquidity of the Shares is also uncertain. Due to the nature of First North, shares in companies listed on First North are generally subject to larger risks as compared to shares traded on the main list of Nasdaq Helsinki, and they usually have less liquidity and weaker possibilities for selling. The price of shares listed on First North may also fluctuate more than the price of shares traded on the main list of Nasdaq Helsinki. In addition, Shares are not subject to trading on any regulated market or multilateral trading facility during the subscription period, and the Offer Shares subscribed for in the Offering cannot be sold until the subscription period ends and the Offer Shares have been credited to the book-entry accounts of the subscribers.

After the FN Listing, the market price of Betolar's Shares may fluctuate significantly. The market price may fluctuate due to the market's perception of the Shares or as a response to various other factors and events, such as public discussion and news relating to Betolar's field of business, planned and implemented changes in the legislation applied to Betolar's operations or changes in Betolar's results of operations or the development of its business. The prices and trading volumes of shares may fluctuate from time to time, and this may impact the prices of securities without any connection to the performance or prospects of Betolar. A general decline in stock markets or decline in the prices of securities comparable to shares may have a material adverse effect on the demand and liquidity of Betolar's Shares. Moreover, the prices of shares offered publicly for the first time have been subject to considerable price fluctuations for a period of time, which may not have corresponded to the business or financial success of the particular company issuing such shares. Unusual events and general economic conditions in Europe may also have a general effect on the equity markets. These factors are mainly beyond Betolar's control, and it cannot forecast or estimate possible fluctuation of prices.

It is also possible that Betolar's growth, profitability, results and future prospects will fall short of equity analysts' and investors' expectations. Any of these factors, as well as several other factors, may lead to the market price of Betolar's shares falling below the Subscription Price. In addition, certain shareholders of the Company and the creditors of the convertible loan have committed to a lock-up requirement terminating 180 days after the FN Listing (see "*Terms and Conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*"). However, it cannot be excluded that these shareholders may aim to exit from Betolar after the lock-up period expires. Should the shareholders decide to sell Betolar's Shares in significant amounts or if there is a perception in the market that they might sell Betolar's Shares in significant amounts, such significant sales or perceptions may have a material adverse effect on the market price of the Shares.

Should the FN Listing take place, the Shares may not necessarily have been transferred in all parts to the investors' book-entry accounts when trading commences on First North on or about 10 December 2021. It may be difficult or impossible for the investors to trade Shares before they are transferred to their book-entry accounts, which may have an adverse effect on the liquidity of the Shares and, consequently, on the market price of the Shares.

2. There are no assurances of the distribution of dividends or capital repayment to the shareholders in the future.

Betolar has not distributed any dividends during its operating history. Furthermore, the Company does not expect to distribute dividends in the short or medium term.

There can be no assurance that Betolar will distribute dividends or make capital repayments in the future on the Shares it has issued. The payment of dividends or repayment of capital and their amounts are at the discretion of Betolar's Board of Directors and, ultimately, dependent on a resolution of a general meeting of Betolar, as well as on cash assets, profit for previous financial periods, estimated financing needs, Betolar's results and financial position, potential terms and conditions of loan agreements binding Betolar, provisions of the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**") and other related factors, such as the impact of development expenditures capitalised in the balance sheet on the amount of distributable funds. In the loan agreement conluded with the Finnish Climate Fund, the Company has also agreed to refrain from distributing dividends and other funds if the loan capital and any interest accrued has not been paid in full to the Finnish Climate Fund. See "*Dividends and dividend policy*" and "*Share Information – Shareholders' Rights – Dividend and Distribution of Other Unrestricted Equity*".

3. The interests of Betolar's major shareholders may not be aligned with the interests of other shareholders, and a major shareholder may sell a significant part of its shareholding, which may have a negative effect on the price of Betolar's shares.

As at the date of this Offering Circular, Juha Leppänen, Ajanta Innovations Oy and Nidoco AB are the largest shareholders in Betolar with holdings of approximately 13.15, 13.13 and 9.97 percent, respectively, of Betolar's Shares and votes. Should the Offering and the conversion of the Company's convertible loan into Shares in connection with it, as well as issuing Shares pursuant to option rights, be executed as planned, Mr. Leppänen, Ajanta Innovations Oy and Nidoco AB will hold, respectively, approximately 8.59, 8.58 and 11.14 percent (8.25, 8.23 and 10.69 assuming that the Optional Shares are subscribed for in full) of Betolar's Shares and votes immediately after the Offering (the number of Offer Shares in calculated assuming that the Optional Shares are subscribed for in full and that the Cornerstone Investors' allocations are materialised in accordance with the undertakings). As such, Mr. Leppänen, Ajanta Innovations Oy and Nidoco AB will still hold a significant proportion of shares and votes in Betolar after the Offering, and due to this it is possible that Mr. Leppänen, Ajanta Innovations Oy and Nidoco AB would (if they decide act together) have, depending on the number of participants in the general meeting of shareholders, control over resolutions to be made in the general meetings of shareholders, such as the adoption of financial statements, distribution of dividends, capital increases and election and dismissal of the members of Betolar's Board of Directors. The interests of Betolar's largest shareholders may not always be aligned with the interests of other shareholders.

Certain significant shareholders of the Company are subject to a lock-up obligation after the Offering (see "*Terms and Conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*"). However, it cannot be excluded that these shareholders would aim to exit from Betolar after the lock-up period expires. Should the significant shareholders of the Company decide to sell Betolar's Shares in significant amounts in the future or there is a perception in the market that the significant shareholders might sell Betolar's Shares in significant amounts, such significant sales or perceptions may have a material adverse effect on the market price of the Shares.

4. Certain foreign shareholders may not be able to exercise their subscription rights.

According to Finnish legislation, shareholders have certain pre-emptive subscription rights pro rata their shareholdings, when Betolar issues new Shares or securities entitling to subscribe for new Shares. Certain shareholders in Betolar who reside or will reside or whose registered address is in certain countries outside Finland, such as the United States, may not necessarily be able to exercise their pre-emptive subscription rights in possible future share issues, unless the Shares have been registered according to the securities legislation in effect in the relevant country or in another corresponding way or an exception from registration or other similar requirements are available based on applicable legislation. This may dilute the shareholding of such shareholders in Betolar. Furthermore, if the number of such shareholders who cannot exercise their subscription rights is large and their subscription rights are sold on the market, this may have an adverse effect on the price of the subscription rights. In addition, the legislation of the relevant country may limit the right of a foreign shareholder to receive information on share issues and other important transactions. For more information on shareholders' rights, see "*Share Information – Shareholders' Rights*".

5. Investors with a different reference currency than the euro are exposed to certain foreign exchange risks when investing in the Shares.

The Shares are priced and traded on First North in euros. Possible dividends on the Shares are also paid in euros. Due to this, fluctuations in the value of the euro affect the value of possible dividends and other distributions of unrestricted equity, such as capital repayment, if the investor's reference or main currency differs from the euro. In addition, the market price of the Shares in other currencies than the euro fluctuates in part due to changes in exchange rates. This can affect the value of the Shares and possible dividends paid on the Shares if the investor's main currency is not the euro. In addition, exchanging euros into another currency may incur additional transaction costs for such investors.

G. Risks related to the FN Listing and the Offering

1. As a consequence of the FN Listing, Betolar will face additional costs as well as new obligations regarding operating as a listed company.

Betolar will submit a listing application to Nasdaq Helsinki to admit the Shares to trading on the multilateral Nasdaq First North marketplace maintained by Nasdaq Helsinki. In addition to non-recurring costs, the FN Listing will result in additional administration costs for Betolar. As a result of the FN Listing, Betolar must comply with statutory requirements applied to companies whose shares have been admitted to public trading on First North. The governance, planning, reporting, disclosure and monitoring systems required from a listed company are more extensive than those required from private limited liability companies. Betolar must allocate the management's and personnel's resources to these operations and ensure the financial requirements for complying with the regulations and guidelines. Any resulting prospective increased costs or reduced ability to commit resources to Betolar's operations may have a material adverse effect on the management and development of the business.

Betolar has striven to prepare for listing and compliance with the obligations placed on listed companies. Nevertheless, it is possible that Betolar will be unable to fulfil all of its obligations that are required from a listed company, due to which Nasdaq Helsinki may not accept Betolar's listing application, or that after the FN Listing, Betolar may fail to comply with the current regulations or future amendments. The increased costs resulting from compliance with the regulations and instructions as well as prospective negligence resulting in fines and other payments may have a material adverse effect on Betolar's business, financial position and results of operations.

2. Companies listed on First North are not subject to the same securities market regulation as companies admitted to trading on a regulated market.

First North is a multilateral trading facility maintained by Nasdaq Helsinki. First North companies are not subject to the same rules as on a regulated market. First North companies follow rules with lower standards adapted for small growth companies. In addition, all of the requirements of the Securities Markets Act concerning regulated markets, for example provisions concerning notifications of major shareholdings and mandatory bids do not apply to securities admitted to trading on First North. It is therefore possible that, for example, one shareholder could achieve actual control over the decisions made at general meetings without the information of increased shareholding being disclosed and without an obligation to make a mandatory bid to the other shareholders of Betolar. Due to these or other differences in regulation, First North companies and the rights and obligations of their shareholders differ from the rights and obligations of the companies on regulated markets and their shareholders. Investing in First North companies may, therefore, involve larger risks than investing in companies on regulated markets.

3. Subscriptions cannot be cancelled, and the subscription may also be rejected or approved only in part.

Subscriptions made in the Offering are binding and cannot be cancelled or changed, notwithstanding the exception specified in the terms and conditions of the Offering, once a subscription has been made. For more information on the binding subscriptions and cancellation of subscription commitments, see "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Cancellation of Commitments*". On the other hand, if the subscription commitment is rejected or approved only in part, the excess part of the payment will be returned to the person who has submitted the subscription commitment in accordance with the timetable set out in the terms and conditions of the Offering. This may restrict the investors possibilities to allocate funds to alternative investments until the return of funds has been carried out in accordance with the terms and conditions.

4. The ownership of a shareholder not participating in the Offering or in any future share issues will be diluted.

The relative holding and voting rights in Betolar of shareholders who decide not to subscribe for Shares in the Offering or are unable to fully subscribe for Shares due to the laws and regulations in force in their country of residence or domicile, will be diluted accordingly, and the original shares held by such shareholders will represent a smaller percentage, in the same proportion, of the increased number of total Shares issued by Betolar. In addition, in accordance with the terms and conditions of the Company's convertible loan of EUR 4.5 million, the capital and the accrued interest will be converted into Shares upon the completion of the Offering and the FN Listing. Based on the subscription price, these bondholders would receive a total of 991,923 Shares. The issue of these Shares would correspondingly dilute the other shareholders' shareholding. Correspondingly, any future share issues of Betolar would dilute the relative holding in Betolar of shareholders who decide not to participate in such future share issues.

5. Betolar's FN Listing may not necessarily succeed or it might be delayed.

Betolar's management estimates that, as at the date of this Offering Circular, Betolar fulfils the criteria set forth for a company applying for listing. However, there can be no assurance that the listing of Betolar's shares on First North will be executed in the manner Betolar has planned, or at all. A failure to carry out the FN Listing may result from execution problems, authority decisions, additional requirements set by Nasdaq Helsinki or for another reason that Betolar was unable to foresee based on the information available to Betolar at the date of this Offering Circular, or which it has no control over. If the FN Listing is delayed due to for example Nasdaq Helsinki not accepting Betolar's listing application, this could result in significant additional costs and an additional administrative burden for Betolar, which may have a material adverse effect on Betolar's business, results of operations and financial position, as well as on the development of its shareholder value.

6. The requirements for completing the Offering might not materialise.

The Placing Agreement (as defined below) concerning the Offering includes certain usual terms and conditions concerning such aspects as the accuracy and correctness of certain contractual representations and warranties given by Betolar. If one or more of the terms and conditions of the Placing Agreement are breached, or if the Placing Agreement is not entered into or is terminated, the Offering will not be executed as a result. For more information on the Placing Agreement, see "*Plan of Distribution*".

Regardless of the subscriptions given by the Cornerstone Investors (for more information, see "*Terms and Conditions of the Offering – Special Terms and Conditions of the Institutional Offering – Subscription Undertakings*", it is also possible that Betolar will not be able to raise gross proceeds aggregate of at least EUR 30 million in the Offering. In that case, the conditions for the Offering will not be met, and the Offering will not be completed. For more information on the requirements of the FN Listing, see "*Terms and Conditions of the Offering – General Terms and Conditions of the Offering – Conditional execution and publishing of the Offering*".

SHARE INFORMATION

General

The Company has one share class, whose ISIN code is FI4000512587, and each Share entitles to one vote in the Company's General Meeting. The Shares have been issued under the Finnish law, and they have been registered in the book-entry system maintained by Euroclear Finland Oy ("**Euroclear Finland**"). The Shares, including the Offer Shares, do not have a nominal value, and they are denominated in euro. All Shares in Betolar carry equal rights to dividends and other distributions of the Company's assets (including distribution of assets of the Company in the event of liquidation).

The registered share capital of the Company is the date of this Offering Circular is EUR 80,000 and the Company has 12,191,899 fully paid Shares. Betolar's Articles of Association does not include provisions on maximum or minimum capital.

Resolutions regarding the Offering and FN Listing

Betolar's unanimous shareholders have on 2 November 2021 decided to authorise the Company's Board of Directors to resolve on the issuance of a maximum of 20,000,000 New Shares in order to carry out the FN Listing. In addition, the shareholders authorized the Board of Directors of the Company to acquire a maximum of 5,000,000 Shares, which includes the purchase of Shares from the Stabilizing Manager in connection with carrying out any stabilization measures. Based on the authorisations, the Company's Board of Directors is expected on 9 December 2021 to resolve to preliminarily issue New Shares in the Offering. The New Shares will be offered in deviance from the shareholder' pre-emptive subscription right in order to execute the FN Listing of the Shares.

If the Board of Directors decides to execute the FN Listing, the Board of Directors will resolve on the Offering on the basis of the authorizations, and the resolutions will be implemented and registered in the Trade Register before the registration of the New Shares and implementation in the FN Listing.

The Board of Directors of Betolar has decided on 25 November 2021 that the Company will apply for the listing of the Shares for public trading on First North marketplace. Public trading in the Shares on is expected to commence on First North on or about 10 December 2021 under the trading code "BETOLAR" and ISIN Code FI4000512587.

Shareholders' Rights

Pre-emptive Subscription Rights

Under the Finnish Companies Act, existing shareholders have pre-emptive right to subscribe for new Shares of the Company. A resolution to issue new Shares waiving pre-emptive rights as well as a resolution to grant option rights and other special rights entitling to the Company's Shares requires at least two-thirds of all votes cast and Shares represented at a General Meeting of Shareholders. In addition, such resolution requires that there is a weighty financial reason for the Company to do so. According to the Finnish Companies Act, a resolution on a share issue without payment waiving the shareholders' pre-emptive rights requires that there is an especially weighty reason for the Company and in regard to the interests of all shareholders in the Company.

Certain shareholders who reside or whose registered address is outside Finland, including "U.S. Persons" (as defined in Regulation S of the U.S. Securities Act), may not necessarily be able to exercise their pre-emptive subscription rights unless the Shares have been registered according to the securities legislation in effect in the relevant country or an exception from registration or other similar requirements is available.

General Meeting of Shareholders

Under the Finnish Companies Act, shareholders exercise their power to decide on corporate matters at General Meetings. According to the Company's Articles of Association, the Annual General Meeting shall be held annually within six months from the end of the financial year. The Annual General Meeting shall decide, among others, upon the approval of the financial statements, auditor's report, distribution of dividend and elections of members of the Board of Directors and the auditor and their remuneration. The Annual General Meeting decides also upon discharge of the Board of Directors and of the CEO from liability. Extraordinary General Meetings in respect of specific matters must be held when considered necessary by the Board of Directors, or when requested in writing by the auditor of the Company or by shareholders of the Company holding at least 10 percent of all the Shares of the Company.

According to the Finnish Companies Act and the Company's Articles of Association, the notice convening a General Meeting of Shareholders shall be delivered to the shareholders no more than three months and no less than one week before the record date of the General Meeting of Shareholders. The notice shall be delivered to the shareholders with a notification published in the Company's website. To be entitled to attend the General Meeting of Shareholders, the shareholder shall notify his/her attendance to the Company at the latest by the date mentioned in the notice convening the meeting, which date may be no more than ten days before the General Meeting of Shareholders.

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder must be registered, in accordance with the Act on the Book-entry System and Clearing Operations, in the shareholders' register maintained by Euroclear Finland no later than eight business days prior to the relevant General Meeting of Shareholders (the record date of the General Meeting of Shareholders). A beneficial owner wishing to attend and vote at the General Meeting of Shareholders should seek a temporary registration in the shareholders' register. The notification of temporary registration should be made at the latest on the date mentioned in the notice to the General Meeting of Shareholders, which shall according to the Finnish Companies Act be after the record date of the General Meeting of Shareholders, and such notification is considered a notice of participation in the General Meeting of Shareholders. If the shareholder is participating in the General Meeting of Shareholders through several authorised representatives, the shareholder shall in connection with the notification notify the shares on the basis of which each authorised representative represents the shareholder.

Except for certain exceptions stipulated in the Finnish Companies Act, there are no quorum requirements for General Meetings of Shareholders.

Voting Rights

A shareholder may attend and vote at a General Meeting of Shareholders in person or through an authorised representative. Each share in the Company entitles its holder to one vote at a General Meeting of Shareholders. If the shareholder's shares are recorded on more than one book-entry account, the shareholder has the right to use a different authorised representative for each book-entry account. The shareholder may also vote differently with a part of his owned votes. In order to attend and vote at a General Meeting of Shareholders, a shareholder must be registered in the shareholders' register maintained by Euroclear Finland.

At the General Meeting of Shareholders, most resolutions are passed by a simple majority of the votes cast. However, certain resolutions, such as amending the Articles of Association, waiving shareholders' pre-emptive right to subscribe for shares in a new issue and resolutions on a merger, a demerger or dissolution of the Company require at least a two-thirds majority of the votes cast and the shares represented at the meeting.

Dividend and Distribution of Other Unrestricted Equity

A General Meeting of Shareholders decides on the payment of dividend and other distribution of funds by the majority of the votes cast. All Shares of the Company carry equal rights to dividends and other distributions by the Company. In accordance with prevailing practice in Finland, dividends on shares of a Finnish company are generally only paid annually and only after shareholder approval of the Company's financial statements and of the amount of the dividend proposed by the Board of Directors. However, under the Finnish Companies Act the General Meeting of Shareholders may also authorize the Board of Directors to resolve upon payment of dividends.

Under the Finnish Companies Act, shareholders' equity is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value funds and the revaluation fund as well as any possible reserve fund and share premium fund formed subject to the old Finnish Companies Act effective prior to 1 September 2006. The other equity reserves are included in unrestricted equity. Accordingly, unrestricted equity includes the profit for the preceding financial year, retained earnings from previous financial years and the Company's other unrestricted equity, including the funds in the invested unrestricted equity fund, less the reported losses and the amount that the Articles of Association of the Company require to be left undistributed, and certain other undistributable funds.

The Finnish Companies Act emphasizes the maintenance of the company's solvency in connection with the distribution of funds and, consequently, no funds may be distributed if, when making the decision on the distribution, the persons knew or should have known that the Company was insolvent or that it would become insolvent due to the distribution of the funds.

Under the Finnish Companies Act, the amount of dividend may not exceed the amount proposed or accepted by the Board of Directors. However, shareholders holding no less than 10 percent of all the shares may request at the Annual General Meeting that the amount distributed as dividend shall be at least one-half of the company's profit for the last preceding financial year, less the amount that the Articles of Association of the company may require to be left undistributed and any dividends previously distributed in respect of the financial year in question. However, the dividend so paid may neither exceed the amount distributable without the creditors' consent nor 8 percent of the total shareholders' equity of the parent company.

Dividends and other distributable funds can be distributed for a certain financial year after the General Meeting of Shareholders has adopted the financial statements for the year in question and resolved on the amount of dividends or other distribution of unrestricted funds on the basis of the proposal prepared by the Board of Directors. Pursuant to the Finnish Companies Act, payment of dividends or other distribution of unrestricted equity can be also based on other financial statements than the adopted financial statements for the latest financial year, provided that the General Meeting of Shareholders has adopted the financial statements in question. Significant changes in the Company's financial position that have occurred after the financial statements were prepared must be considered when deciding on the distribution of profits.

Under the Finnish Companies Act, dividends and other distributions are paid to shareholders or their nominees entered in the shareholders' register on the relevant record date. Such register is maintained by Euroclear Finland through the account operators. No dividends are payable to shareholders not entered in the shareholders' register.

The right to dividends is forfeited three years from when they are payable according to the decision on the dividend.

Distribution of other unrestricted equity is effected essentially in the same way as described above regarding the distribution of dividend.

For information on the taxation of dividends, see "*Taxation*".

Redemption Obligations and Rights

According to the Finnish Companies Act, a shareholder holding more than 90 percent of all shares and voting rights attached to shares in a company is entitled to redeem for a fair value all remaining shares held by other shareholders (redemption right). Similarly, shareholders whose shares may be redeemed as described above, are entitled to require the majority shareholder to redeem their shares (redemption obligation of the majority shareholder).

As at the date of this Offering Circular, the Company's Articles of Association include a redemption and a consent clause. The Company's unanimous shareholders have decided on 2 November 2021 to remove these clauses from the Articles of Association. The removal of these clauses will not be notified to the Finnish Trade Register until the registration notification of the Offer Shares issued in the Offering, or immediately before it.

Transfer of Shares

When the shares are sold through the book-entry system, the shares are transferred as a bank transfer from the seller's book-entry account to the buyer's book-entry account. For the purpose of the sales, allocation data is entered in the Infinity 2 clearing system of Euroclear Finland and, if necessary, a reservation regarding the book-entries is entered in the book-entry account. The purchase is marked as a pre-sale until it has been cleared and the shares have been paid, after which the buyer is automatically entered in the Company's shareholders' register. If the shares are nominee registered and the shares of both seller and buyer are held in the same custodial nominee accounts, the sale of shares does not cause any notes on the book-entry system unless the nominee registration custodian is changed or the shares will not be transferred from the custodial nominee account as a result of the sale.

The terms and conditions of the Offering include lock-up clauses regarding the Company, Betolar's Board of Directors, management team, certain other shareholders as well as holders of the convertible loan. For more information on the lock-ups, see "*Plan of Distribution – Lock-up*" and "*Terms and Conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*".

Exchange Control

Foreign people can acquire shares of a Finnish company without any specific exchange control authorisation. Foreign people can also receive dividend without any specific exchange control authorisation, but the company distributing the dividend must deduct the tax-at-source from the assets transferred outside Finland, unless otherwise stated in an applicable tax treaty. Foreign people who have acquired shares of a Finnish company may receive shares in connection with a capitalization or participate in a rights issue without any specific exchange control authorisation. Foreign people may sell their shares in a Finnish company in Finland and the assets acquired in connection with such sale can be transferred outside Finland in any convertible currency. There are no exchange control rules in Finland which would restrict the selling of shares of a Finnish company to another foreign person.

FIRST NORTH AND THE FINNISH SECURITIES MARKET

The following summary is a general description of the First North marketplace and the Finnish securities market and it is based on the laws in force in Finland on the date of this Offering Circular. The following summary is not exhaustive.

General

The securities market in Finland is supervised by the FIN-FSA. The primary laws governing securities markets are the Finnish Securities Market Act (746/2012, as amended), which contains provisions in respect of, among others, company and shareholder disclosure obligations, prospectus requirements and public tender offers, the Prospectus Regulation ((EU) 2017/1129), containing regulation relating to, among others, on the duty to prepare a prospectus and its contents, as well as the Market Abuse Regulation (EU) No 596/2014 containing regulation relating to, among others, disclosure of inside information and the obligation of the issuer's management to notify transactions. The regulation governing admission of securities and other financial instruments to public trading and trading in listed financial instruments is compiled under the Act on Trading in Financial Instruments (1070/2017, as amended). The role of the FIN-FSA is to monitor compliance with these provisions. The FIN-FSA may issue further detailed regulation based on delegation of authority under the Finnish Securities Market Act and other laws that entitle it to do so.

The requirements under the Finnish Securities Market Act on regulated markets, such as flagging requirements, do not apply to securities subject to multilateral trading on First North. However, certain provisions of the Finnish Securities Market Act are also applied to securities subject to multilateral trading, such as provisions relating to market abuse and certain rules on public tender offers. Furthermore, rules of the Nasdaq First North Growth Market Rulebook set obligations on companies subject to public trading on First North.

The Finnish Securities Market Act and the Market Abuse Regulation specify minimum disclosure requirements for companies applying to have their shares listed on the First North marketplace maintained by Nasdaq Helsinki, or whose securities are otherwise publicly traded or who offer their securities to the public. Insider information must be made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public. A company listed to the First North marketplace is under an obligation to regularly publish financial information on the company as well as to inform the markets of any matters concerning the company which, if made public, would be likely to have a significant effect on the price of the financial instruments of the issuer. The Nasdaq First North Growth Market Rulebook also contains an obligation to disclose regularly financial information of the company and other regulations on continuous disclosure requirements, the content of which is stipulated in the Nasdaq First North Growth Market Rulebook. Disclosed information must also be kept available to the public.

Furthermore, the Finnish Securities Market Act contains certain provisions on public tender offers of securities listed on First North. These provisions govern, among others, procedures to be complied with in connection with arranging a public tender offer as well as the offer consideration and disclosure obligations in connection with the public tender offer. Anyone who publicly offers to buy shares admitted to trading on First North may not place the holders of the securities subject to the public tender offer in an unequal position. The offeror shall give the holders of the securities of the offeree company essential and adequate information on the basis of which the holders of the securities may make an informed assessment of the bid. The takeover bid shall be disclosed as well as notified to the holders of the securities, First North and the FIN-FSA. The offeror shall ensure that it can fulfil in full any cash consideration. The provisions of the Finnish Securities Market Act concerning raising and refunding the bid shall be applied to the offeror. Provisions of the Finnish Companies Act related to the redemption of minority shares are applied also to shares listed for trading on First North. For more information on the provisions of the Finnish Companies Act related to the redemption of minority shares, see "*Share Information – Shareholders' Rights – Redemption Obligation and Rights*".

The Finnish Penal Code (39/1889, as amended), contains provisions relating to breach of disclosure requirements, the misuse of inside information, unauthorized disclosure of inside information and market manipulation. Acts described in such provisions have been criminalized. Pursuant to the Market Abuse Regulation, the Finnish Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions for breach of provisions relating to, among others, disclosure requirements, misuse of inside information, market manipulation and the obligation of an issuer's management to notify transactions, with the exception of situations where preliminary investigation, consideration of charges or a pending criminal case in a court of law against the party in breach of such regulations is ongoing in relation to the same offence, or where the party has received a non-appealable sentence for the same act. The FIN-FSA can, for example, issue a public warning, prohibit the person involved to trade securities or impose administrative fines or penalty payments.

Trading and Settlement on First North

First North is a Nordic alternative marketplace for trading in shares. First North is maintained by Nasdaq Helsinki. The currency for trading in, and clearing of, securities on First North is the euro. All price information is produced and published only in euro. Trading on the First North marketplace takes place in the INET Nordic trading system. The main trading sessions are pre-trading, trading and post-trading. Trades are normally cleared in Euroclear Finland's automated clearing and settlement system (Infinity2) on the second banking day after the trade date (T+2) unless otherwise agreed by the parties.

The Finnish Book-Entry Securities System

General

In Finland, as the central securities depository maintaining the book-entry system is, as at the date of this Offering Circular, Euroclear Finland. Euroclear Finland maintains a book-entry securities register for both equity and debt securities.

Euroclear Finland maintains a company-specific shareholder registers of the shareholders of companies on behalf of issuers. According to the Regulation (EU) No 909/2014, Central Securities Depositories are not obliged to offer shareholders book-entry accounts free of charge and sponsored by issuers, but a Central Securities Depository may offer such accounts based on a voluntary business decision. The account operators, which consist of, among others, banks, investment services companies and other institutions licensed to act as clearing parties by the Central Securities Depository, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Registration

Shareholders of all companies entered into the book-entry securities system must establish a book-entry account with an account operator or register its securities through nominee registration in order to effect share entries. A Finnish shareholder may not hold his or her shares through a nominee-registered account in the Finnish book-entry system. For shareholders who have not transferred their shares into book-entries, a joint book-entry account shall be opened with Euroclear Finland and the issuer is entered as the account holder. All transactions in securities registered with the book-entry securities system are executed as computerized book-entry transfers.

Each book-entry account must give the particulars of the account holder and other holders of rights to the book-entries in the account or of the custodial account holder who manages the assets in the nominee-registered account, as well as information on the account operator for the account.

Each account operator is liable for possible errors and omissions in the book-entry registers maintained by it and for any breach of data protection.

Custody of Securities and Nominee Registration

According to the Finnish laws, a non-Finnish shareholder may appoint an account operator (or certain non-Finnish organizations approved by Euroclear Finland) to act as a custodial nominee account holder on its behalf. In some cases, nominee-registration of Finnish shareholders abroad may be possible by virtue of the Regulation (EU) No 909/2017 of the European Parliament and of the Council or other EU regulation or, if a Finnish company issues its shares in another member state of the EU. A nominee-registered shareholder is entitled to receive dividends and to exercise all share subscription rights and other financial and administrative rights attached to the shares held in its name. A nominee-registered shareholder wishing to attend a General Meeting of Shareholders should seek a temporary registration in the shareholders' register. The notification of the temporary registration shall be made at the latest on the date set out in the notice to the General Meeting, which shall be after the record date of the General Meeting. A custodial nominee account holder or another nominee is required to disclose to the FIN-FSA and to the relevant issuer, upon request, the actual identity of the shareholder of any shares registered in the name of such a nominee, where the nominee-registered shareholder is known, as well as the number of shares owned by such nominee-registered shareholder. If the name of the nominee-registered shareholder is not known, the nominee is required to disclose said information in respect of the representative acting on behalf of the nominee-registered shareholder and to submit a written declaration to the effect that the actual shareholder is not a Finnish natural person or legal entity.

Finnish depositories for both Euroclear Bank, S.A./N.V. – as operator of Euroclear Finland – and Clearstream have custodial accounts within the book-entry securities system and, accordingly, non-Finnish shareholders may hold their shares listed on First North in their accounts in Euroclear Bank, S.A./N.V. and in Clearstream.

Shareholders wishing to hold their shares in the book-entry securities system in their own name but who do not maintain a book-entry account in Finland are required to open a book-entry account with an account operator as well as a bank account denominated in euros in Finland.

Compensation Fund for Investors

Credit institutions and such investment services companies managing or retaining clients' assets that do not provide solely intermediation or investment advisory services or organizing of multilateral trading must belong to a compensation fund for investors. The compensation fund safeguards payment of clear, indisputable receivables that are due when an investment services company or a credit institution, for a reason other than temporary insolvency, is not capable of paying the claims of investors within a determined period of time. Only claims of non-professional investors are paid by the compensation fund. An investor is paid 90 percent of the investor's receivable, subject to a maximum amount of EUR 20,000. The compensation fund does not compensate for losses due to a fall in equity prices or incorrect investment decisions, whereby the customer is still responsible for the consequences of his or her investment decisions.

TAXATION

The following summary is based on the tax laws of Finland as in effect as at the date of this Offering Circular, and is subject to changes in Finnish law, including changes that could have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or deal with the tax laws of any country other than Finland. The tax legislation of an investor's Member State and Betolar's country of incorporation, i.e. Finland, may have an impact on the income received from the securities. Prospective investors are advised to consult their own professional tax advisors as to the Finnish or foreign tax consequences of the Offering and the purchase, ownership and disposition of the Shares. Prospective investors and possible income received from the Shares may be affected by the tax laws of other jurisdictions, and investors should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances.

Finnish Taxation

The following is a description of the material Finnish income tax consequences that may be relevant with respect to this Offering. The following description of Finnish domestic tax legislation relating to dividend distributions and capital gains arising from the sale of Shares is applicable to natural persons and limited liability companies both resident and non-resident in Finland.

The following description does not address tax considerations applicable to the holders of the Shares that may be subject to special tax rules, including, among others, different restructurings of corporations, controlled foreign corporations (CFC), non-business carrying entities, income tax-exempt entities, general or limited partnerships, Finnish resident individuals who, in accordance with the new rules which have been applied as of 2020, will hold the Shares in a share savings account. Furthermore, this description addresses neither Finnish inheritance nor gift tax consequences.

This description is based on:

- The Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended);
- The Finnish Business Income Tax Act (*Laki elinkeinotulon verottamisesta* 360/1968, as amended);
- The Finnish Act on Taxation Procedure (*Laki verotusmenettelystä* 1558/1995), as amended;
- The Finnish Act on the Taxation of Income of a Person Subject to Limited Tax Liability (*Laki rajoitetusti verovelvollisen tulon verottamisesta* 627/1978, as amended); and
- The Finnish Transfer Tax Act (*Varainsiirtoverolaki* 931/1996, as amended).

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available on the date of this Offering Circular have been taken into account.

All of the foregoing laws are subject to change, which could affect the tax consequences described below. The changes may also have a retroactive effect.

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on Finnish source income only. In addition, any income received by a non-resident from a permanent establishment located in Finland is subject to taxation in Finland. Finnish tax treaties may limit the applicability of the domestic tax legislation and also preclude the right to tax the non-resident's income that is received from Finland.

Generally, an individual is deemed resident in Finland for tax purposes if such individual stays in Finland for more than six consecutive months or if the permanent home and dwelling of such individual is located in Finland. A Finnish citizen who has left Finland to live in a foreign country is deemed resident in Finland for tax purposes during the tax year of their relocation and three following years, unless they can demonstrate that no material ties between them and Finland have existed during the relevant tax year. Earned income, including salary, is taxed at progressive rates. Capital income is currently taxed at a rate of 30 percent. However, if the capital income exceeds EUR 30,000 during a calendar year, the tax for the exceeding amount is 34 percent. Corporate entities established under the laws of Finland and foreign corporate entities whose place of effective management is located in Finland are regarded as residents of Finland for tax purposes and are subject to tax on their worldwide income. Currently, the corporate income tax rate is 20 percent.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposal of the Shares by Finnish resident and non-resident shareholders.

Taxation of Dividends and Equity Returns

The tax treatment of dividend income is dictated by whether the company distributing the dividend is publicly listed or not. A publicly listed company as defined in Section 33 a Subsection 2 of the Finnish Income Tax Act ("**Listed Company**") means a company whose shares are admitted to trading:

- in a regulated market as set forth in the Finnish Act on Trading in Financial Instruments (748/2012, as amended);
- in another regulated market supervised by authorities outside the EEA-area; or
- in a multilateral trading facility as set forth in the Finnish Act on Trading in Financial Instruments, provided that the share has been admitted to trading by application of the company or with its consent.

First North is a multilateral trading facility as referred to above; hence the provisions regarding distribution of dividend of a publicly traded company are applied to the taxation of the dividend income from the Company.

Distribution of funds from unrestricted equity fund (Chapter 13, Section 1, Subsection 1 of the Limited Liability Companies Act) by a Finnish Listed Company as referred to in the Finnish Income Tax Act Section 33 a Subsection 2, is taxed as distribution of dividends. Therefore, the following applies also to the distribution of funds from the Company´s unrestricted equity funds.

Resident Individuals

85 percent of dividends paid by Listed Company to an individual shareholder is considered capital income of the recipient, taxable at the rate of 30 percent (however, should overall capital income exceed EUR 30,000 during a calendar year, the tax rate for the exceeding amount is 34 percent), the remaining 15 percent being tax-exempt. If the shares form part of resident individual shareholder's business activities, 85 percent of dividends paid by Listed Company is considered business income which is taxed partly as earned income at progressive rates and partly as capital income at the rate of 30 percent (however, if the overall capital income exceeds EUR 30,000 during a calendar year, the tax rate for the exceeding amount is 34 percent), the remaining 15 percent being tax-exempt.

Listed Company distributing dividends is obligated to withhold tax from dividends paid to resident individuals. Currently, the tax withheld is 25.5 percent of the dividend. The tax withheld by the distributing company is credited against the final tax payable by the individual shareholder for the dividend received. Where shares are held through a nominee account by a Finnish resident individual the withholding rate is 50 percent. Resident individuals must review their pre-completed tax form to confirm that the received dividend income during the tax year is correct and, if necessary, correct the amount of dividend income and the amount of prepaid income taxes on the pre-completed tax form.

Finnish Limited Liability Companies

Dividends received by a Listed Company from another Listed Company are generally tax-exempt. However, in case the shares are included in the investment assets of the shareholder (only financial, insurance and pension institutes may have investment assets referred to in this context), 75 percent of the dividend is taxable income, the remaining 25 percent being tax-exempt.

Dividends received by a non-listed Finnish company from a Listed Company are generally taxable income with respect to 100 percent of the dividend. However, in cases where the non-listed company directly owns 10 percent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax-exempt provided that the shares are not included in the investment assets of the shareholder. If the shares are included in investment assets of the shareholder, 75 percent of the dividend is taxable income, the remaining part of the dividend being tax-exempt.

Where shares are held through a nominee account by a Finnish resident company, the withholding rate is 50 percent.

Non-residents

Dividends paid by a Finnish company to non-residents are subject to Finnish withholding tax. The withholding tax as a final tax at source is withheld by the company distributing the dividend at the time of the dividend payment. The withholding tax rate for dividend received by a non-resident individual shareholder is 30 percent whereas the withholding tax rate for dividend received by a non-resident company is 20 percent, unless otherwise set forth in an applicable tax treaty. As of 1 January 2021, the rate is generally 35 percent for dividends paid by a Listed Company to nominee registered shares, as described further below.

Finland has entered into tax treaties with many countries pursuant to which the withholding tax rate is reduced on dividends paid to persons entitled to the benefits under such treaties. For example, in the case of treaties with the following countries, Finnish withholding tax regarding dividends of portfolio shares is generally reduced to the following rates: Austria: 10 percent; Belgium: 15 percent; Canada: 15 percent; Denmark: 15 percent; France: zero; Germany: 15 percent; Ireland: zero; Italy: 15 percent; Japan: 15 percent; the Netherlands: 15 percent; Norway: 15 percent; Spain: 15 percent; Sweden: 15 percent; Switzerland: 10 percent; the United Kingdom: zero; and the United States: 15 percent. This list is not exhaustive. A further reduction in the withholding tax rate is usually available to corporate shareholders for dividend distributions on qualifying holdings (usually ownership of at least 10 or 25 percent of the share capital or voting rights of the distributing company). The benefit of reduced withholding rate in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided the payer of the dividend the necessary details on the applicability of the tax treaty.

Where shares in a Finnish company are held through a nominee account, the Finnish distributing company pays the dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owner.

A 35 percent withholding tax is generally applied on dividend distributions by Listed Companies, unless custodians fulfill certain strict requirements and are willing to take over certain responsibilities (including e.g. registration with the Finnish Tax Administration (so called authorized intermediary), identification of the beneficial owner of the dividend and collecting and submitting detailed recipient information to the Finnish Tax Administration using specific filing procedures). Furthermore, application of reduced withholding tax rates at source require that the custodian and dividend distributor are willing to assume liability of incorrectly applied withholding tax. If the custodian only registers with the Finnish Tax Administration and submits (or undertakes to submit) the detailed recipient details to the Finnish Tax Administration, 30 percent withholding tax rate can be applied, instead of 35 percent.

Any tax withheld in excess can be reclaimed after the year of the dividend payment by submitting a refund application to the Finnish Tax Administration no later than by the end of the third calendar year following the dividend payment year. During the year of dividend payment, the refund can be processed if custodians and dividend distributor fulfill the above-mentioned requirements laid down for actual dividend distribution. It is exceptionally also possible that any tax not withheld at source is later assessed directly to the shareholder by the Finnish Tax Administration, in case the failure to withhold tax at source is not due to negligence of the custodian or the dividend distributor.

Foreign Companies Residing in the EU Member States

No withholding tax is levied under Finnish tax laws on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU), as amended by the Council Directive 2013/13/EU and 2014/86/EU, and that directly hold at least 10 percent of the capital of the dividend distributing Finnish company.

Foreign Companies Residing in the European Economic Area

Dividends paid to certain foreign companies residing in the European Economic Area are either tax-exempt in full or a lowered rate of withholding tax is applied to them depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

No withholding tax will be levied in Finland on dividends paid by a Finnish company to a non-resident entity, if (i) the entity receiving the dividend resides in the European Economic Area; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC, as amended by the Council Directive 2014/107/EU and (EU) 2015/2376 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the receiver of the dividend; (iii) the company receiving dividend is equivalent to a Finnish entity defined in the Finnish Income Tax Act Section 33 d Subsection 4 or in Section 6 a of the Finnish Business Income Tax Act; (iv) the dividend would be tax-exempt in full if paid to a corresponding Finnish limited liability company (see above " – *Finnish Limited Liability Companies*"): and (v) the entity provides a report (a certificate from the home member state's tax authority) clarifying that in accordance with the tax treaties applicable in the home state of the recipient of dividends, the withholding tax cannot be credited in full.

If dividend is paid to foreign company that fulfils the requirements presented above in section (iii) and resides in a country which fulfils the criteria set out in sections (i) and (ii), but the dividend would be only partly tax exempt if it was paid to a corresponding Finnish entity (see above " – *Finnish Limited Liability Companies*"), a withholding tax will be withheld on the dividends (see above " – *Non-residents*"), but the withholding tax for such dividends will be lowered to 15 percent (instead of 20 percent). Thus, notwithstanding entities as defined in the Parent Subsidiary Directive, which fulfil the criteria for tax exemption by directly owning at least 10 percent of the capital of the Finnish company paying the dividends (see above "– *Foreign Companies Residing in the EU Member States*"), the withholding tax rate of 15 percent will be applied to dividends paid to a foreign entity, if the shares of the Finnish company paying dividends belong to investment assets of the company receiving the dividends. Depending on the applicable tax treaty, the applicable withholding tax can also be lower than 15 percent (see above "– *Non-residents*").

Foreign Individuals Residing in the European Economic Area

The dividends paid to a foreign non-resident individual can upon request by the individual in question be taxed, not in accordance with rules concerning withholding tax (see above " – *Non-residents*"), but instead in accordance with the Act on Assessment Procedure (1558/1995. as amended), and thus, as resident individuals in Finland are taxed (see above " – *Resident Individuals*"), provided however that (i) the individual receiving the dividend resides in the European Economic Area; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC, as amended by the Council Directive 2014/107/EU and (EU) 2015/2376 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the dividend recipient; and (iii) the individual provides a report (a certificate from the home member state's tax authority) clarifying that in accordance with the tax treaties applicable in the home state of the recipient of dividends, the withholding tax cannot be credited in full.

Taxation of Capital Gains

Resident Individuals

Capital gain or loss arising from the sale of shares (other than in the context of business activities) is taxable as capital gain, or as capital loss deductible from capital gains for resident individuals. Capital gains are currently taxed at a rate of 30 percent (however, should overall capital income exceed EUR 30,000 during the calendar year, the tax rate for the exceeding amount is 34 percent). If the disposition of shares is connected to business activities (business income source) of the seller, any gain arising from the sale is deemed to be the seller's business income, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income at a rate of 30 percent (however, should the overall capital income exceed EUR 30,000 during a calendar year, the tax for the exceeding amount is 34 percent).

Any capital gain or loss is calculated by deducting from the sales price the original acquisition cost and expenses related to the sale. Alternatively, individuals may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 percent of the sales price or, if the shares have been held for at least 10 years, 40 percent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any expenses related to the sale are deemed to be included therein and, therefore, may not be separately deducted from the sales price.

A capital loss arising from the sale of securities, such as the Shares, is deductible primarily from the resident individual's capital gains and secondarily from other capital income arising in the same year and during the following five calendar years. Capital losses will not be taken into account when calculating the capital income deficit for the calendar year in question. Thus, such capital losses do not affect the amount of the deficit credit deductible from earned income.

Notwithstanding the above, capital gains arising from the sale of assets, such as the Shares, are exempt from tax provided, that proceeds of all assets sold by the resident individual during the calendar year do not, in the aggregate, exceed EUR 1,000 (not including proceeds of assets the sale of which is tax-exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the calendar year do not, in the aggregate, exceed EUR 1,000, and proceeds of all assets sold by the resident individual during the same calendar year do not, in the aggregate, exceed EUR 1,000.

An individual resident in Finland has to enter information regarding the sale of securities, such as the Shares, occurred during the relevant calendar year on the pre-completed tax form.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies taxed in accordance with the Finnish Business Income Tax Act. Generally, capital gain arising from the Shares is taxable income of the limited liability company.

Shares may be fixed assets, current assets, investment assets (only financial, insurance and pension institutes may have investment assets referred to in this context), financial assets or other assets of a limited liability company. The taxation of a disposal of shares and loss of value may vary according to the asset type for which the shares qualify. Shares may only exceptionally qualify as other than business income source assets of a limited liability company. The provisions of the Finnish Income Tax Act are applied to the capital gains arising from the sale of assets from other income source.

Any sales price from the sale of securities is generally included in the business income of a Finnish company. Correspondingly, the acquisition cost of the shares is deductible from business income upon disposal of the shares. However, a participation exemption for capital gains on share disposals is available for Finnish companies, provided that certain strict requirements are met. Under the participation exemption and except for private equity investors, capital gains arising from the sale of shares that are part of the fixed assets of the selling company are not considered taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible, provided, among others, that (i) the selling company has continuously owned at least 10 percent of the share capital in the company whose shares are sold and such sold shares have been owned for at least one year, which period has ended no later than one year before the sale, (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, on a factual basis, mainly consist of ownership or possession of property, and (iii) the company whose shares are sold is resident in Finland or a company referred to in Article 2 of the Parent Subsidiary Directive or it is resident in a country with which Finland has entered into a tax treaty for the elimination of double taxation which is applicable to dividends. Further, based on case law, the application of the participation exemption also requires among other things, that there is an operational connection between the company disposing of the shares and the company whose shares are being sold.

Tax deductible capital losses arising from the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of shares in the same financial year and five subsequent years. Tax deductible capital losses arising from the sale of shares belonging to other assets are tax deductible only from capital gains arising from the sale of other assets in the same fiscal year and the subsequent five years. Capital losses arising from the sale of shares that are not part of fixed assets or other assets are tax deductible from taxable income in the same financial year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Non-residents

Non-residents are generally not liable to tax in Finland on capital gains realized on the sale of shares in a Finnish company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland according to the Finnish Income Tax Act and the applicable tax treaty, and the shares are considered as assets of that permanent establishment, or more than 50 percent of the assets of the company whose shares are sold comprises one or multiple real properties located in Finland.

Transfer Tax

Transfer tax is not payable in Finland in connection with the issuance or subscription of new shares. Transfer tax is generally not payable on transfer of shares subject to public trading, such as shares admitted to trading on First North, against fixed cash consideration. The transaction is not subject to transfer tax provided that an investment service company or a foreign investment service company or another investment service provider, as defined in the Finnish Act on Investment Services (748/2012, as amended), is brokering or serving as a party to the transaction or that the transferee has been approved as a trading party in the market where the transfer is executed. If the transferee's broker or other party to the transfer is not a Finnish investment service company, Finnish credit institution, or Finnish branch or office of a foreign investment firm or credit institution, the transfer will be tax-exempt provided that the transferee liable for tax notifies the Finnish tax authorities of the transfer within two months thereof or that the broker submits an annual declaration concerning the transfer to the Finnish Tax Administration as set forth in the Finnish Assessment Procedure Act (1558/1995, as amended). Tax exemption does not apply to transfers executed as capital investments or distribution of funds or to transfers in which consideration comprises in full or in part work contribution, or to certain other transfers set out in the Finnish Transfer Tax Act. Accordingly, in case law it has been considered that if an incentive scheme remuneration of key persons is paid in money and the recipient of the remuneration is obliged to purchase shares of the Listed Company with a part of the remuneration, consideration of the share purchase comprises in full or in part of work contribution, and is thus subject to transfer tax.

The buyer is liable to pay transfer tax amounting to 1.6 percent of the transaction price in share transfers that do not fulfil the above criteria (2.0 percent on transfers of shares in a company qualified as a real estate company). If the buyer in that case is not resident in Finland for tax purposes or a Finnish branch of a foreign credit institution, investment service firm, fund management company or EEA alternative investment fund manager, the seller must charge the tax to the buyer. If the broker is a Finnish stockbroker or a credit institution or the Finnish branch or office of a foreign stockbroker or credit institution, it is liable to charge the transfer tax to the buyer and execute the payment on behalf of the buyer. If neither party to the transaction is resident in Finland or the Finnish branch of a foreign credit institution, investment service firm, fund management company or EEA alternative investment fund manager, no transfer tax is payable on the transfer of shares (excluding transfers of shares in real estate company, as defined in the Finnish Transfer Tax Act). No transfer tax is payable if the amount of transfer tax is less than EUR 10.

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to the investor's offer or commitment to subscribe for Offer Shares (as defined below) in the Offering (as defined below). Investors may be allocated either New Shares (as defined below) or Optional Shares (as defined below). Correspondingly, the terms "subscriber," "subscription period," "subscription place," "subscription price," "subscription offer" and "commitment" (and other corresponding terms) refer to both New Shares (as defined below) and Optional Shares (as defined below).

General Terms and Conditions of the Offering

Offering

Betolar Plc, a public limited liability company incorporated in Finland (the "**Company**"), aims to raise gross proceeds of approximately EUR 30 million by offering preliminarily up to 5,226,481 new shares (the "**New Shares**") of the Company for subscription (the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Optional Shares (as defined below) are together referred to herein as the "**Offer Shares**."

A maximum of 5,226,481 Offer Shares (assuming that the Optional Shares (as defined below) are not subscribed for) and a maximum of 6,010,453 Offer Shares (assuming that the Optional Shares (as defined below) are subscribed for in full) may be issued in the Offering. The Offer Shares may represent up to approximately 28 percent of the shares in the Company (the "**Shares**") and of the votes after the Offering assuming that the Optional Shares (as defined below) are not subscribed for (approximately 31 percent of the Shares and votes assuming that the Optional Shares (as defined below) are subscribed for in full) and assuming that all New Shares preliminarily offered in the Offering are subscribed for in. The above calculation also includes the Conversion Shares, (as defined below) as well as Shares issued pursuant to the subscriptions made by certain option holders of the Company. As a result of the Offering, the number of Shares may increase up to 19,444,291 Shares (assuming that the Optional Shares are subscribed for in full and taking into account the Conversion Shares (as defined below), as well as Shares issued pursuant to the subscriptions made by certain option holders of the Company.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"). Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") ("**Regulation S**"), and otherwise in compliance with the said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless they have been registered under the US Securities Act or unless an exemption from the registration requirements of the US Securities Act is applicable and any applicable state securities laws of the United States are complied with.

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering and the Institutional Offering.

Offering

The shareholders of the Company resolved unanimously on 2 November 2021 to authorize the Company's Board of Directors to decide on an issuance of a maximum of 20,000,000 New Shares. Based on this authorization, the Company's Board of Directors is expected to resolve on or about 9 December 2021 to preliminarily issue the New Shares and Optional Shares in the Offering.

The Offer Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the First North Growth Market (the "**First North**") maintained by Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**FN Listing**"). The payment made to the Company for the approved Offer Share subscriptions will be booked in its entirety in the invested unrestricted equity fund. Therefore, the Company's share capital will not increase in connection with the Offering.

Share Conversion

Pursuant to the terms of the Company's convertible loan agreement amounting EUR 4.5 million (the "**Convertible Loan**"), the principal of the Convertible Loan as well as accrued interest will be converted into Shares upon the completion of the Offering and the FN Listing (the "**Share Conversion**"). In the Share Conversion, the receivables of the creditors of the Convertible Loan (the "**Conversion Creditors**") shall be converted into Shares in connection with the Offering, so that the receivables of the Conversion Creditors shall be used to set off the subscription price of the shares of the Company to be issued in the Share Conversion (the "**Conversion Shares**"). Issuing Conversion Shares in the Share Conversion is based on the issuance of special rights referred to in Chapter 10 of the the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**") to the Conversion Creditors in connection with the Convertible Loan. The subscription price per share used in the Share Conversion shall be 80 percent of the subscription price per share payable in the Offering. As such, the aggregate maximum of 991,923 Conversion Shares would be issued to Conversion Creditors, which represents approximately 5 percent of the Company's Shares after the Offering without the Optional Shares (approximately 5 percent assuming that the Optional Shares are subscribed for in full), assuming that all New Shares offered in the Offering are subscribed for. The above calculation also includes the Shares issued pursuant to the subscriptions made by certain option holders of the Company.

Shares to be issued pursuant to option rights

Certain option holders of the Company have notified the Company that they will subscribe for Shares pursuant to their option rights in connection with the FN Listing. Based on the share subscriptions made by the option holders, a total of 250,016 Shares would be issued to the option holders, representing approximately 1 percent of the number of Shares in the Company after the Offering excluding the Optional Shares (approximately 1 percent assuming that the Optional Shares are subscribed for in full), assuming that all the New Shares preliminarily issued in the Offering are subscribed for and taking into account the Conversion Shares. Shares issued pursuant to option rights will be notified to the Trade Register maintained by the Finnish Patent and Registration Office in connection with registration notification of shares to be issued on the basis of an authorization of the Company's Board of Directors given by the shareholders' resolution or immediately prior to such notification. For more information on the Company's option rights, see below "*Shares and Share Capital – Option Programs*".

Global Coordinator and Subscription Place

Skandinaviska Enskilda Banken AB (publ) Helsinki Branch ("**SEB**") acts as the global coordinator for the Offering (the "**Global Coordinator**") and as the subscription place in the Institutional Offering as well as the Company's certified adviser. Nordnet Bank AB ("**Nordnet**") acts as the subscription place in the Public Offering. The Company acts as a subscription place for the Share Conversion.

Put Option

In addition to the New Shares, the Company may, in connection with the Offering, issue, by a directed share issue, at the Subscription Price, up to 783,972 Company's new Shares (the "**Optional Shares**") solely to stabilize and cover potential over-allotments. The Company is expected to commit to repurchase Shares from SEB which acts as a stabilizing manager (the "**Stabilizing Manager**"), up to an amount corresponding to the amount of Optional Shares, which the Stabilizing Manager may sell at the Subscription Price (as defined below) (the "**Put Option**") to the Company within 30 days from the commencement of the trading of the Company's Shares on First North, i.e. on or about the time period from 10 December 2021 to 9 January 2022 (the "**Stabilization Period**"). The Company would acquire Shares only if the Optional Shares have been issued and the Stabilizing Manager has carried out stabilization measures, and only to the extent that the Stabilizing Manager holds Shares due to the aforementioned actions. The Company may cancel, hold in treasury or transfer any Shares so acquired. The Optional Shares correspond to approximately 4 percent of the Shares and votes after the Offering, assuming that the Company issues 6,010,453 Offer Shares. The above calculation also includes the Conversion Shares and Shares issued pursuant to the subscriptions made by certain option holders of the Company. However, the Optional Shares shall not exceed 15 percent of the total number of the New Shares.

Stabilization

The Stabilizing Manager may, but is not obligated to, within the Stabilizing Period, exercise measures which stabilize, maintain or otherwise affect the price of the shares. In connection with the Offering, the Stabilizing

Manager may also bid for and purchase Shares in the market to stabilize the market price of the Shares. These measures may support the market price of the Shares (by raising or maintaining the market price of the Shares in comparison with the price levels determined independently on the market or by preventing or delaying any decrease in the market price of the Shares). However, stabilization measures cannot be carried out at a higher price than the Subscription Price. If the Stabilizing Manager bids for or purchases Shares on the market to stabilize the price of the Shares, the Stabilizing Manager may use its Put Option to sell a number of Shares corresponding to the amount of the Optional Shares to the Company to cover its own position. The Stabilizing Manager has no obligation to carry out these measures, and it may discontinue any of these measures at any time. The Stabilizing Manager (or the Company on behalf of the Stabilizing Manager) will publish information regarding the stabilization required by legislation or other applicable regulations. The stabilization measures can be conducted on First North during the Stabilization Period.

Stabilization will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (the "Market Abuse Regulation") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

Placing Agreement

The Company and the Global Coordinator are expected to enter into a placing agreement (the "**Placing Agreement**") on or about 9 December 2021. In the Placing Agreement, the Company is expected to undertake to issue the Offer Shares to investors acquired by the Global Coordinator, and the Global Coordinator is expected to undertake to acquire subscribers for the Offer Shares. For further information, see "*Plan of Distribution*."

Subscription Period

The subscription period for the Public Offering will commence on 29 November 2021, at 10:00 a.m. (Finnish time) and end on or about 7 December 2021, at 4:00 p.m. (Finnish time).

The subscription period for the Institutional Offering will commence on 29 November 2021, at 10:00 a.m. (Finnish time) and end on or about 9 December 2021, at 11:00 a.m. (Finnish time).

The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering by its decision at the earliest on 2 December 2021, at 4:00 p.m. (Finnish time) and the Institutional Offering by its decision at the earliest on 7 December 2021 at 11:00 a.m. (Finnish time). The Public Offering and the Institutional Offering may be discontinued or not discontinued independently of one another. A company release regarding any discontinuation will be published without delay.

The Company's Board of Directors is entitled to extend the subscription periods of the Public and Institutional Offerings. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription period of the Public Offering will in any case end on 14 December 2021, at 4:00 p.m. (Finnish time) at the latest, and the Institutional Offering on 16 December 2021, at 11:00 a.m. (Finnish time) at the latest. The Company's Board of Directors can, independently of one another, extend the subscription periods of the Public Offering and the Institutional Offering. A company release concerning the extension of a subscription period must be published no later than on the estimated end dates of the subscription periods for the Public Offering and the Institutional Offering stated above.

Subscription Price

The subscription price for the Offer Shares in the Public Offering and the Institutional Offering is EUR 5.74 per Offer Share (the "**Subscription Price**"). The Subscription Price has been determined in negotiations between the Company and the Global Coordinator. The Subscription Price may be changed during the subscription period, however, so that in the Public Offering the Subscription Price will be no more than the original Subscription Price of EUR 5.74 per Offer Share. Any change would be communicated through a company release.

If the Subscription Price is changed, the Finnish language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") will be supplemented and the supplement will be published through a company release. If the Subscription Price is changed and the Finnish Prospectus is supplemented, investors have the right to cancel their Commitments (as defined below) as described below in "—*Cancellation of Commitments*" below.

Conditionality of the Offering and publication of the Completion Decision

The Company's Board of Directors, in consultation with the Global Coordinator, will decide on the completion of the Offering, the final number of Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about 9 December 2021. The above information will be published through a company release after the Completion Decision and be available on the Company's website at www.betolar.com/IPO after the publication of the company release and in the subscription place of the Public Offering no later than the business day following the Completion Decision, i.e., on or about 10 December 2021. In case the Offering does not result in an amount of subscriptions for the New Shares satisfactory to the Company and/or the Global Coordinator and the raised gross proceedings are not at least EUR 30 million, the Offering will not be completed. The execution of the Offering is also conditional upon the Placing Agreement being entered into and remaining in force.

Cancellation of Commitments

A commitment to subscribe for Offer Shares in the Public Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**").

Cancellation in Accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy which may affect the assessment of the Offer Shares (the "**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall, in accordance with the Prospectus Regulation, have the right to cancel their Commitments within three (3) business days after the supplement of the Finnish Prospectus has been published. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the subscription period or the delivery of Offer Shares subject to the cancellation to the subscriber's book-entry account (whichever occurs first).

The Company will announce cancellation instructions through a company release. The company release shall also announce investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified to the subscription place where the initial Commitment was made, within the time limit set for such cancellation. Investors who have submitted their subscriptions via Nordnet in the Public Offering must send a written cancellation request within the set time limit by email to operations.fi@nordnet.fi or deliver the cancellation to Nordnet's office with the following exceptions: a Commitment submitted by Nordnet's own customers via Nordnet's online service can be cancelled through an authorized representative or via Nordnet's online service by accepting a separate cancellation of Commitment by using Nordnet's bank codes.

Any cancellation of a Commitment applies to the entire Commitment. After the time limit set for cancellation has expired, the cancellation right no longer exists. If the Commitment is cancelled, the subscription place refunds the sum paid for the Offer Shares to the bank account specified in the Commitment. The payment is refunded as soon as possible after the cancellation, approximately within five (5) banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers who have given their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to Nordnet cash accounts. No interest will be paid on the refunded amount.

Entry of Offer Shares into Book-entry Accounts

Investors who have submitted a Commitment must have a book-entry account with a Finnish account operator or an account operator operating in Finland. Investors must specify the details of their book-entry account in their Commitments. Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet.

The Offer Shares allocated in the Public Offering are recorded in the book entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision, on or about 10 December 2021. In the Institutional Offering, investors should contact the Global Coordinator in respect of subscription offers (the "**Subscription Offer**") received by the Global Coordinator. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about 14 December 2021, through Euroclear Finland Ltd.

Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for, registered in the trade register maintained by the Finnish Patent and Registration Office and recorded in the investor's book-entry account. Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of funds (including the distribution of funds in the event of insolvency of the Company) as well as other rights related to the Shares when the title has been transferred.

Transfer Tax and Other Expenses

Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. In the event of oversubscription, the Optional Shares are being allotted in connection with the commencement of trading in the shares of First North, and no transfer tax is expected to be payable for these transfers in Finland. Should transfer tax be levied, the Company will pay for or arrange for the payment of the transfer tax on transfers of the Optional Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares.

Trading in the Shares

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on First North. Trading of the Shares on the First North is expected to commence on or about 10 December 2021. The trading code of the Shares is "BETOLAR" and the ISIN code is FI4000512587.

When the trading on First North commences on or about 10 December 2021, not all of the Offer Shares issued in the Offering may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Offer Shares subscribed for by it in the Offering on First North, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

The Company's Board of Directors has the right to cancel the Offering at any time before the Completion Decision on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the Board of Directors decides to cancel the Offering, the subscription price paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers who gave their Commitments via Nordnet's subscription place, the refunded amount will be paid to Nordnet cash account. No interest will be paid on the refunded amount.

Lock-up

The Company will commit, subject to customary exceptions, during the period that will end 360 days from the FN Listing and commencement of trading (i.e. on or about 5 December 2022), without the prior written consent of the

Global Coordinator (which consent may not be unreasonably withheld), not to issue, offer, sell, contract to sell, sell option rights to shares or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly disclose such transaction), directly or indirectly, any Shares or any securities entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The members of the Board of Directors and the management team of the Company are expected, subject to customary exceptions, to enter into a lock-up agreement with similar terms to that of the Company that will end on the date that falls 360 days from the FN Listing.

Certain shareholders and the Conversion Creditors have entered, subject to customary exceptions, into a lock-up agreement with similar terms to that of the Company that will end on the date that falls 180 days from the FN Listing.

In aggregate, the lock-up applies to approximately 58 percent of the Shares after the Offering assuming that the Optional Shares are not subscribed for (approximately 55 percent of the Shares assuming that the Optional Shares are subscribed for in full), and assuming that all the New Shares preliminarily offered in the Offering are subscribed for in full, and approximately 97 percent of the Shares to be subscribed for based on the option rights of the Company. The above calculation also includes the Conversion Shares and Shares issued pursuant to the subscriptions made by certain option holders of the Company.

Other Matters

The Board of Directors of the Company will decide on other issues and practical matters related to the Offering.

Documents on Display

The Company's latest financial statements, annual report and the auditor's report as well as the other documents pursuant to Chapter 5, section 21 of the Finnish Limited Liability Companies Act, are available during the subscription period at the Company's office at Mannilantie 9, FI-43300 Kannonkoski, Finland.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions Concerning the Public Offering

Overview

Preliminarily a minimum of 200,000 Offer Shares are offered in the Public Offering to private individuals and entities in Finland or, if the aggregate number of shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments in the Public Offering. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of shares without limitation.

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

Investors whose domicile is in Finland and who submit their Commitments in Finland may participate in the Public Offering. Commitments in the Public Offering must be no less than 100 Offer Shares and no more than 20,000 Offer Shares. If an investor provides more than one Commitment in the Public Offering, Commitments will be combined into one Commitment, to which the above maximum amount is applied to. Entities submitting a Commitment must have a valid legal entity identifier code.

Places of Subscription and Submission of Commitments

The place of subscription in the Public Offering is:

- Nordnet's online service at www.nordnet.fi/fi/betolar. The subscription can be made through online service with the bank codes of Nordnet, Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Bank, S-Bank, Säästöpankki as well as Ålandsbanken.
    - Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet.

Submitting a Commitment via Nordnet's online service requires personal bank codes. The Commitment can also be made on behalf of a corporation through Nordnet's online service. Estates of a deceased person or persons under guardianship, who are not Nordnet's own customers, cannot submit a subscription commitment through Nordnet's online service, but instead they have to submit the Commitment at the office of Nordnet. The visit must be agreed on in advance.

A Commitment is considered to have been made when the investor has made the Commitment in accordance with the terms and conditions of the web subscription or has confirmed the Commitment with his or her bank codes and paid for the share subscription price in accordance with the Commitment, or when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or when the investor has confirmed the Commitment with bank codes in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians and may require the consent of the local guardianship authority in Finland. A guardian may not subscribe for Offer Shares without the permission of the local guardianship authority, as the Offer Shares are not yet subject to trading at the time of the Commitment.

Commitments may only be cancelled in the manner and situations referred to under "—*General Terms and Conditions of the Offering—Cancellation of Commitments*" above.

Payment of Offer Shares

When submitting a Commitment, the price to be paid for the Offer Shares is the Subscription Price (*i.e.*, EUR 5.74 per Offer Share) multiplied by the number of Offer Shares covered by the Commitment. If the Subscription Price is decreased, the new Subscription Price will be applied to the Commitments submitted thereafter.

The payment of a Commitment submitted via Nordnet's online service will be charged from Nordnet's own depository customers from their cash account in Nordnet and from other investors from a bank account in another bank when the investor confirms the Commitment with his or her bank codes.

Approval of Commitments and Allocation

The Company will decide on the allocation of Offer Shares in the Public Offering to investors after the Completion Decision. The Company will decide on the procedure to be followed in any oversubscriptions. Commitments may be approved or rejected in whole or in part. In the event of an oversubscription, the Company aims to approve subscribers' Commitments in Offer Shares up to the limit to be decided on later and, for Commitments exceeding this amount, to allocate Offer Shares in proportion to the amount of Commitments unmet.

Confirmations regarding the approval of the Commitments and the allocation of Offer Shares will be sent to all investors who have submitted their Commitments in the Public Offering as soon as possible and at the latest on or about 9 December 2021. Nordnet's own customers who have made their Commitments via Nordnet will see their Commitments as well as the Offer Shares allocated to them on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Subscription Price is changed and the new Subscription Price is lower than the amount paid at the time of submitting the Commitment, the excess amount paid will be refunded to the party that made the Commitment to the Finnish bank account identified in the

Commitment on or about the fifth (5.) banking day after the Completion Decision, on or about 16 December 2021. To Nordnet's own customers who have given their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to Nordnet cash accounts. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on the refunded amount. See also "*—General Terms and Conditions of the Offering—Cancellation of Commitments*" above.

Entry of Offer Shares into Book-entry Accounts

Investors submitting Commitments in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the investor must specify the details of its book-entry account in its Commitment. Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment, on or about the first banking day after the Completion Decision on or about 10 December 2021.

Special Terms and Conditions Concerning the Institutional Offering

Overview

Preliminarily a maximum of 5,026,481 Offer Shares are being offered in the Institutional Offering to institutional investors through private placements in Finland and, in accordance with the applicable laws, internationally outside of the United States on the terms and conditions set forth herein. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 200,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering outside the United States in offshore transactions in compliance with the U.S. Securities Act and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless they have been registered under the US Securities Act or unless an exemption from the registration requirements of the US Securities Act is applicable and any applicable state securities laws of the United States are complied with.

The Global Coordinator has the right to reject a Subscription Offer either partially or wholly if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and Place of Subscription

An investor, whose Subscription Offer is at least 20,001 Offer Shares, may participate in the Institutional Offering.

The Subscription Offers of institutional investors will be received by the Global Coordinator. Entities submitting a Subscription Offer must have a valid LEI code.

Subscription Undertakings

Ilmarinen Mutual Pension Insurance Company, certain funds managed by SP-Fund Management Company Ltd, Ahlstrom Invest B.V., Nidoco AB, Seafarers' Pension Fund and S-Pankki Fenno Osake Sijoitusrahasto (each separately a "**Cornerstone Investor**", together the "**Cornerstone Investors**") have each individually, on 17 November 2021, given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain customary conditions being fulfilled, for an aggregate of EUR 24 million, which represents 70 percent of the Offer Shares, assuming that the Optional Shares are subscribed for in full. The subscription undertakings of the Cornerstone Investors are conditional upon, among other things, that the maximum valuation of all outstanding Shares at the Subscription Price prior to the Offering does not exceed EUR 70 million and that the Company raises gross proceeds not less than EUR 30 million from the Offering excluding the Optional Shares. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertakings. The Cornerstone Investors do not receive compensation for their commitments.

Approval of Subscription Offers and Allocation

The Company will decide on the acceptance of Subscription Offers submitted in the Institutional Offering after the Completion Decision. The Company will decide on the procedure to be followed in any oversubscriptions. Subscription Offers may be approved or rejected in whole or in part. A confirmation of the approved Subscription Offers in the Institutional Offering will be provided as soon as practicable after the allocation.

Payment of Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Subscription Offers in accordance with the instructions issued by the Global Coordinator on or about 14 December 2021. If necessary in connection with a Subscription Offer being made or before the approval of a Subscription Offer, the Global Coordinator has the right, provided by the duty of care set for securities intermediaries, to require that the investor provide information concerning its ability to pay for the Offer Shares corresponding to its Subscription Offer or require that the payment for the Offer Shares concerned by the Subscription Offer be made in advance. The amount to be paid in this case is the Subscription Price (i.e., EUR 5.74 per Offer Share) multiplied by the number of Offer Shares covered by the Subscription Offer. If the Subscription Price is changed, the new Subscription Price will be applied to the offers submitted thereafter. Possible refunds will be made on or about on the fifth (5th) banking day following the Completion Decision, on or about 16 December 2021. No interest will be paid on the refunded amount.

PLAN OF DISTRIBUTION

Placing Agreement

The Company and the Global Coordinator are expected to enter into a placing agreement regarding the Offering (the "**Placing Agreement**") on or about 9 December 2021. In the Placing Agreement, the Company is expected to undertake to issue Offer Shares for subscription for the subscribers acquired by the Global Coordinator, and the Global Coordinator is expected to undertake to acquire subscribers for the Offer Shares.

The Global Coordinator's duty to fulfil its obligations pursuant to the Placing Agreement is expected to be conditional on the fulfilment of certain conditions. These conditions are expected to include, among others, that no material adverse change has taken place in the Company's business and that the shares have been admitted to trading on First North. The Global Coordinator is expected to have the right to terminate the Placing Agreement subject to certain conditions prior to the FN Listing. In connection with the Offering, the Company is expected to indemnify the Global Coordinator against certain liabilities pursuant to relevant securities market laws. In addition, the Company is expected to represent and warrant to the Global Coordinator certain customary matters. Such representations and warranties may relate to, among others, the Company's business and compliance with the law, the Shares and the contents of the Finnish Prospectus.

Stabilization Measures

The Stabilizing Manager may, but is not obligated to, within the Stabilizing Period, exercise measures which stabilize, maintain or otherwise affect the price of the shares. In connection with the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilize the market price of the Shares. These measures may support the market price of the Shares (by raising or maintaining the market price of the Shares in comparison with the price levels determined independently on the market or by preventing or delaying any decrease in the market price of the Shares). However, stabilization measures cannot be carried out at a higher price than the Subscription Price. If the Stabilizing Manager bids for or purchases Shares on the market to stabilize the price of the Shares, the Stabilizing Manager may use its Put Option to sell a number of Shares corresponding to the amount of the Optional Shares to the Company to cover its own position. The Stabilizing Manager has no obligation to carry out these measures, and it may discontinue any of these measures at any time. The Stabilizing Manager (or the Company on behalf of the Stabilizing Manager) will publish information regarding the stabilization required by legislation or other applicable regulations. The stabilization measures can be conducted on First North during the Stabilization Period.

Stabilization will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (the "**Market Abuse Regulation**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

Lock-up

The Company will commit, subject to customary exceptions, during the period that will end 360 days from the FN Listing and commencement of trading (i.e. on or about 5 December 2022), without the prior written consent of the Global Coordinator (which consent may not be unreasonably withheld), not to issue, offer, sell, contract to sell, sell option rights to shares or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly disclose such transaction), directly or indirectly, any Shares or any securities they hold entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The members of the Board of Directors and the management team of the Company are expected, subject to customary exceptions, to enter into a lock-up agreement with similar terms to that of the Company that will end on the date that falls 360 days from the FN Listing.

Certain shareholders and the Conversion Creditors have entered, subject to customary exceptions, into a lock-up agreement with similar terms to that of the Company that will end on the date that falls 180 days from the FN Listing.

In aggregate, the lock-up applies to approximately 58 percent of the Shares after the Offering assuming that the Optional Shares are not subscribed for (approximately 55 percent of the Shares assuming that the Optional Shares are subscribed for in full), and assuming that all the New Shares preliminarily offered in the Offering are subscribed for in full and, approximately 97 percent of the Shares to be subscribed for based on the option rights of the Company. The above calculation also includes the Conversion Shares and Shares issued pursuant to the subscriptions made by certain option holders of the Company.

Subscription Undertakings

Ilmarinen Mutual Pension Insurance Company, certain funds managed by SP-Fund Management Company Ltd, Ahlstrom Invest B.V., Nidoco AB, Seafarers' Pension Fund and S-Pankki Fenno Osake Sijoitusrahasto (each separately a "Cornerstone Investor", together the "Cornerstone Investors") have each individually, on 17 November 2021, given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain customary conditions being fulfilled, for an aggregate of EUR 24 million, which represents 70 percent of the Offer Shares, assuming that the Optional Shares are subscribed for in full. The subscription undertakings of the Cornerstone Investors are conditional upon, among other things, that the maximum valuation of all outstanding Shares at the Subscription Price prior to the Offering does not exceed EUR 70 million and that the Company raises gross proceeds not less than EUR 30 million from the Offering excluding the Optional Shares. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertakings. The Cornerstone Investors do not receive compensation for their commitments.

Fees and Expenses

In addition to the fixed fee paid during the listing process, the Company will pay the Global Coordinator a sales fee which, after a certain minimum fee, is determined on the basis of the gross proceeds from the Offering. In addition, the Company may, at its sole discretion, pay the Global Coordinator a performance fee. In addition, the Company has undertaken to reimburse the Global Coordinator for certain expenses.

In connection with the Offering, the Company expects to pay approximately a maximum of EUR 3.1 million in fees and expenses.

Dilution

The maximum number of Offer Shares offered in the Offering represents 31 percent of all Shares and votes after the completion of the Offering, assuming that the Optional Shares are subscribed in full, and 28 percent of all Shares and votes after the completion of the Offering, assuming that the Optional Shares are not subscribed for. In the event that existing shareholders of the Company do not subscribe for the Offer Shares in the Offering, their total holding of Shares and votes would be diluted by 31 percent, assuming that the Optional Shares are subscribed for in full, and 28 percent of all Shares and votes after the completion of the Offering, assuming that the Optional Shares are not subscribed for. The above calculation also includes the Conversion Shares and Shares issued pursuant to the subscriptions made by certain option holders of the Company.

The Company's equity per Share was EUR 207.35 on 30 September 2021 (without the effect of the share split).

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"), (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that they each are (i) compatible with an end target market of retail investor and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Regardless of the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements in any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, obtain, or take any other action concerning the Offer Shares.

Each distributor is responsible for its own Target Market Assessment in respect of the Offer Shares and determining the appropriate distribution channels.

BETOLAR'S CORPORATE GOVERNANCE

General

Under the Finnish Companies Act and the Company's Articles of Association, the Company's governance and management are distributed between the shareholders, the Board of Directors and the CEO. The management team supports the CEO in the daily management of the Company's operations.

The shareholders take part in the supervision and governance of the Company through the resolutions of General Meetings of Shareholders. A General Meeting of Shareholders is generally convened by the Board of Directors. In addition to this, a General Meeting of Shareholders shall be held if the Company's auditor or shareholders representing a minimum of one-tenth of all outstanding shares in the Company demand in writing that a General Meeting be convened.

The task of the Board of Directors is to oversee to the governance of the Company and ensure the appropriate organisation of the Company's operations. According to the Company's Articles of Association, the Board of Directors consists of a minimum of three (3) and a maximum of seven (7) ordinary members. The term of office for members of the Board of Directors expires at the end of the first Annual General Meeting of Shareholders following the election. The Company's Board of Directors appoints the CEO and decides on the terms and conditions of his/her executive contract in writing.

The address of the members of the Board of Directors, the CEO and the management team is Mannilantie 9, FI-43300 Kannonkoski.

Betolar's Management

Board of Directors

The members of the Board of Directors are Tero Ojanperä (the Chairman), Inka Mero, Kalle Härkki, Soile Kankaanpää, and Juha Leppänen.

The following table sets forth the members of the Company's Board of Directors as at the date of this Offering Circular.

Name	Year of birth	Position	Board member since
Tero Ojanperä	1966	Chairman of the Board	2020
Inka Mero	1976	Board member	2020
Kalle Härkki	1969	Board member	2021
Soile Kankaanpää	1970	Board member	2021
Juha Leppänen	1976	Board member	2016

Tero Ojanperä has been a member and the Chairman of the Company's Board of Directors since 2020. In addition, Mr. Ojanperä is a Board member and the Chairman of Traffic Management Company Fintraffic Ltd, Visionplus Plc and Silo AI Ltd, a company founded by him. He has also previously acted as the Chief Executive Officer for Silo AI Ltd. Mr. Ojanperä is also a Board member of OP Financial Group and Siili Solutions Plc. Previously Mr. Ojanperä has acted as a Board member of DNA Plc, Bittium Plc and Veikkaus Ltd, among others. In addition, Mr. Ojanperä has previously acted as a member of executive committee for Nokia Corporation for over 6 years. Mr. Ojanperä holds a Master's degree in computer science from University of Oulu and PhD in Electrical Engineering from Delft University of Technology, and he is a Finnish citizen.

Inka Mero has been a member of the Company's Board of Directors since 2020. In addition, she is the managing partner and the Chairman of Voima Ventures Ltd, a private equity company founded by her. Mrs. Mero has acted in international investor and management positions in technology industries for over 25 years, including Telia Finland Oyj, Nokia Corporation and Digia Plc. In addition, she is the Chairman of KoppiCatch Inc, Adamant Health Oy and Kuva Space Ltd, as well as a Board member of Fiskars Corporation Plc, Nokian Tyres Plc, Dispelix Ltd, Elfys Inc, TactoTek Ltd and Skyfora Oy. Previously Mrs. Mero has acted as a Board member of YIT Plc and as a founder and a Board member of IndustryHack Oy, among others. Mrs. Mero holds a Master's degree in economics from Helsinki School of Economics and Business Administration, and she is a Finnish citizen.

Kalle Härkki has been a member of the Company’s Board of Directors since 2021. In addition, Mr. Härkki is a Board member of Kolmen Kaverin Jäätelö Oy and has previously acted as the Chairman for the company. In addition, Mr. Härkki acts as the Chief Executive Officer of Finn Recycling Oy and the Chairman of Vuorimiesyhdistys ry. Previously he has acted in managerial duties at Outokumpu Oyj for over 7 years and at Outotec Oyj for approximately 15 years. Mr. Härkki holds a PhD in Material Science from Helsinki University of Technology, and he is a Finnish citizen.

Soile Kankaanpää has been a member of the Company’s Board of Directors since 2021. In addition, Mrs. Kankaanpää is a Board member of Destia Ltd and the Chief Commercial Officer of ISS Palvelut Oy. Previously Mrs. Kankaanpää has acted as the Vice President and Sales and Marketing Manager at Uponor Infra Ltd, in managerial duties at Konecranes Plc and in various positions at Nokia Corporation for over 10 years. Mrs. Kankaanpää holds a Master's degree in economics, and she is a Finnish citizen.

Juha Leppänen is the founder of the Company and has been a member of the Company’s Board of Directors since 2016. In addition, Mr. Leppänen has acted as the Company’s Chief Technology Officer since 2019 until fall of 2021, and after this, as the Chief Innovation Officer. Previously Mr. Leppänen has acted as the Chief Executive Officer and the Chairman of the Company. Mr. Leppänen has deep expertise in Betolar’s key activities and has previously worked as an entrepreneur within various innovations for over 15 years. Mr. Leppänen holds a Master's degree in engineering in electrical power from Savo Vocational College, and he is a Finnish citizen.

CEO and Management Team

The CEO is responsible for the supervision and control of the Company’s day-to-day operations in accordance with the Finnish Companies Act and authorisations and guidelines issued by the Board of Directors.

The following table sets forth the members of Betolar’s management team as at the date of this Offering Circular.

Name	**Year of birth**	**Position**	**Member of management team since**
Matti Löppönen	1974	Chief Executive Officer	2020
Riikka Ylikoski	1978	Chief Financial Officer	2021
Juha Leppänen	1976	Chief Innovation Officer	2016
Lasse Happonen	1955	Managing Director, Precast & ready-mix	2020
Juha Pinomaa	1961	Managing Director, Asia, Precast & ready-mix	2019
Janne Rauramo	1981	Managing Director, Europe, Precast & ready-mix	2019
Pekka Hintikka	1959	Chief Technology Officer	2021

Matti Löppönen has been the Company’s Chief Executive Officer since 2020. Previously Mr. Löppönen has acted as a lawyer and as an entrepreneur in Lakiasiaintoimisto Matti Löppönen Oy. In addition, he has been the Chairman of LämpöYkkönen Oy and the Chief Executive Officer and a Board Member of Taimen Group. Previously he has also acted as the Vice President and Head of Corporate Banking of OP Financial Group, Central Finland, for almost 10 years. Mr. Löppönen has over 20 years of experience from acting as a senior manager and entrepreneur in corporate banking, law, food and construction industries. Mr. Löppönen holds a Master of Laws from University of Lapland and a Master's degree in economics from University of Chester.

Riikka Ylikoski has been the Company’s Chief Financial Officer since 2021. She has previously acted as the Director of Strategy Management at Kalmar Automation Solutions, Cargotec Oyj and as the Vice Precident of Finance at Cargotec Oyj as well as its Kalmar business area. Mrs. Ylikoski holds a Master's degree in economics from Turku School of Economics.

Juha Leppänen is the founder of the Company and has been a member of the Company’s Board of Directors since 2016. In addition, Mr. Leppänen has acted as the Company’s Chief Technology Officer since 2019 until fall of 2021, and after this, as the Chief Innovation Officer. Previously Mr. Leppänen has acted as the Chief Executive Officer and the Chairman of the Company. Mr. Leppänen has deep expertise in Betolar’s key activities and has previously worked as an entrepreneur within various innovations for over 15 years. Mr. Leppänen holds a Master's degree in engineering in electrical power from Savo Vocational College, and he is a Finnish citizen.

Lasse Happonen has been the Company's Managing Director in Precast & ready-mix business segment since 2020. Previously Mr. Happonen has acted as the Chief Executive Officer of Betset Oy and Finninno Oy. In addition, he has been an entrepreneur at Specifinn Oy for over 10 years. Mr. Happonen holds a degree in Civil Engineering from University of Applied Sciences in Kuopio.

Juha Pinomaa has been the Chairman of the Company's Board of Directors during 2019 and 2020, and as of 2020, the Company's Managing Director in Precast & ready-mix business segment in Asia. In addition, Mr. Pinomaa is a Board member in several growth companies. Previously Mr. Pinomaa has acted as the President at Suunto Oy as well as in various positions at Nokia Corporation both in Finland and abroad. Mr. Pinomaa has over 25 years of experience in international business. Mr. Pinomaa holds a Master's degree in industrial management from Helsinki University of Technology and an MBA in finance from University of Pennsylvania.

Janne Rauramo has been the Company's Managing Director in Precast & ready-mix business segment in Europe since 2019. In addition, Mr. Rauramo is a Board member of Evata Partners Ltd. Previously Rauramo has acted as an Investment Manager in Ajanta Oy.

Pekka Hintikka has been the Company's Chief Technology Officer since 2021. Previously he has acted as a Project Director, Technology Director and Senior Advisor at Forenom Oy. In addition, Mr. Hintikka has acted as the Chief Development and Technology Officer at Ouman Ltd and in various positions at Nokia Corporation for over 20 years. Mr. Hintikka holds a Master's degree in Electrical Engineering and Computer Technology from University of Oulu.

Management's Backgrounds and Family Relations

As at the date of this Offering Circular none of the members of the Board of Directors, the management team nor the CEO have, save for the exemptions described below, during the five previous years:

- been convicted in relation to fraudulent offences; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Inka Mero has been charged with a suspected securities market felony concerning her position as a Board member of Nokian Tyres Plc. The Finnish Financial Supervisory Authority filed a request for investigation on 16 May 2017 concerning whether Nokian Tyres Plc had neglected its disclosing obligation and whether certain employees of the company had taken advantage of inside information while dealing securities. In October 2020, the prosecutor decided to press charges on suspected disclosure felony concerning securities market against six people who had acted as Board members and as the Chief Executive Officer during the alleged time of commission in 2015-2016. Also, Inka Mero has been charged due to her position as a Board member at that time. The prosecutor is demanding a corporate fine of maximum of EUR 850,000 to be imposed on Nokian Tyres Plc. The legal proceedings are still ongoing and court procedures are to be conducted during 2022. All accused Board members have denied having committed a crime.

There are no family relations between the members of the Company's Board of Directors or of the management team.

Duties of the Board of Directors

The Board of Directors supervises Betolar's operations and management, deciding on significant matters concerning the company strategy, investments, organization and finance in accordance with the Finnish Companies Act. The Board of Directors has general competence to decide and act in all matters not reserved for other corporate governing bodies by law or under provisions of the Company's Articles of Association.

The Board of Directors also appoints Betolar's CEO and decides on the terms of his or her service. The Board of Directors has prepared a written charter for its operations, defining the main duties and operating principles of the Board.

Shareholding and options owned by the Members of the Board of Directors and Management Team

The following table sets forth the number of Shares and options owned by the members of the Board of Directors and management team as at the date of this Offering Circular. For more information on the options, see the section "*Shares and Share capital – Option Programs*" below.

Name	Position	Number of shares to be issued by options	Number of Shares
Tero Ojanperä[1]	Chairman of the Board	310,116	0
Inka Mero	Board Member	0	0
Kalle Härkki[2]	Board Member	60,701	138,230
Soile Kankaanpää	Board Member	60,701	0
Juha Leppänen	Board Member / Chief Innovation Officer	0	1,603,468
Matti Löppönen[3]	Chief Executive Officer	228,981	187,512
Riikka Ylikoski	Chief Financial Officer	22,237	17,429
Lasse Happonen	Managing Director, Precast & ready-mix	60,701	86,554
Juha Pinomaa[4]	Managing Director, Asia, Precast & ready-mix	242,804	229,582
Janne Rauramo[5]	Managing Director, Europe, Precast & ready-mix	60,701	52,287
Pekka Hintikka	Chief Technology Officer	22,237	14,424

[1]Shares and options owned by Mr. Ojanperä directly and through Visionplus Holding Oy, a company under Mr. Ojanperä's control.
[2]Shares and options owned by Mr. Härkki directly and through Cerastium Oy, a company under Mr. Härkki's control.
[3]Shares and options owned by Mr. Löppönen directly and through Lakiasiaintoimisto Matti Löppönen Oy, a company under Mr. Löppönen's control.
[4]Shares and options owned through Verbiex Capital AB, a company under Mr. Pinomaa's control. Mr. Pinomaa has, through Verbiex Capital AB, a company under his control, exercised all his options in November 2021. Shares issued pursuant to the options (242,804 pc.) will only be notified to the Trade Register in connection with notifying the registration of Offer Shares or immediately prior to such notification.
[5]Shares and options owned by Mr. Rauramo directly and through Vera Capital Oy, a company under Mr. Rauramo's control.

Board of Directors' and Management's Fees and Benefits

Board of Directors' Fees

According to the Finnish Companies Act, the Annual General Meeting of Shareholders decides on the fees payable to the members of the Company's Board of Directors.

The following table sets forth the remuneration paid to the members of the Company's Board of Directors for the periods indicated.

(EUR in thousands)	For the nine months ended 30 September 2021 (unaudited)	For the year ended 31 December 2020 (audited)	2019 (audited)
Remuneration paid to the members of the Board of Directors	24	3	-

No salary and benefits were paid for the Company's members of the Board of Directors in 2019.

The Company's Annual General Meeting held on 27 July 2021 resolved that the remuneration of the Chairman of the Board of Directors is EUR 2,000 per month and the remuneration of other members of the Board of Directors is EUR 500 per month. If the member of the Board of Directors is a direct or indirect investor of the Company, no remuneration is paid for the Board membership. Options possibly owned by a member of the Board of Directors do not prevent the payment of remuneration. Reasonable travel expenses will be compensated in accordance with the Company's policy.

There have not been material changes to the remuneration of the Company's Board of Directors between 30 September 2021 and the date of this Offering Circular.

Remuneration of the CEO and Members of Management Team

The Board of Directors decides on the remuneration and its terms of the CEO and other members of the management team. The remuneration of the management team and the CEO consists of a fixed monthly salary, customary fringe benefits and incentives as in force from time to time.

The pension benefits of the Company's CEO and the other members of the management team are determined in accordance with law and customary practice. The Company has no active supplementary pension or insurance plans provided for the CEO nor for the other members of the management team.

The following table sets forth the salary and benefits paid to the Company's CEO for the periods indicated.

	For the nine months ended 30 September	**For the year ended 31 December**	
	2021	**2020**	**2019**
(EUR in thousands)	**(unaudited)**	**(audited)**	
Salary and benefits	122	108[1]	-
Pension expenses	21	19[1]	-
Other social security expenses	3	3[1]	-
Total	**146**	**130[1]**	**-**

[1]The CEO of the Company has started his position on 10 March 2020.

The following table sets forth the salaries and benefits paid to the members of the Company's management team (excluding the CEO) for the periods indicated:

	For the nine months ended 30 September	**For the year ended 31 December**	
	2021	**2020**	**2019**
(EUR in thousands)	**(unaudited)**	**(audited)**	
Salary and benefits	243	274	98
Pension expenses	43	48	17
Other social security expenses	7	8	3
Total	**293**	**330**	**118**

There have not been material changes to the remuneration of the Company's CEO or members of the management team between 30 September 2021 and the date of this Offering Circular.

Termination benefits

The CEO's agreement can be terminated by both parties with a notice period of three months. During the notice, the CEO is entitled to salary and monetary compensation for the amount corresponding to taxable fringe benefits. If the CEO commits a breach of an agreement or if the breach is to be considered material in accordance with reasons comparable to Chapter 8, Section 1 of Employment Contracts Act, the Company has the right to terminate the agreement without the three months' notice and the obligation to pay the CEO salary for the period of notice no longer exists. In the event that the Company terminates the agreement without the above justification, the Company undertakes to pay the CEO in addition to the salary and monetary compensation for amount corresponding to taxable fringe benefits, the amount corresponding to three months' salary.

Incentive programs

As the date of this Offering Circular, compensating the Company's management is based on management's option program and management's bonus program. For more information on management's options. salaries and benefits, see above "*– Shareholding and options owned by the Members of the Board of Directors and Management Team*" *and* "*– Board of Directors' and Managements' Fees and Benefits*". The Company is planning to renew its remuneration system as a whole in the future, but such decisions has not yet been made. The renewed remuneration system may be based on, for example, option programs, performance-based bonus programs or share award systems.

SELECTED FINANCIAL INFORMATION

Important background information

The financial information presented below has been derived from the Company's audited set of consolidated financial statements prepared in accordance with the Finnish Accounting Standards (FAS) which includes the consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019 incorporated by reference in this Offering Circular, as well as the Company's unaudited consolidated interim financial information for the nine months ended 30 September 2021 including the unaudited interim financial information for the nine months ended 30 September 2020 presented as comparative information.

The selected financial information provided herein should be read together with "*Financial Statements Related and Certain Other Information*" and the Company's audited set of consolidated financial statements which includes the consolidated financial statements for the years ended 31 December 2020 and 31 December 2019 as well as the unaudited consolidated interim financial information for the nine months ended 30 September 2021 incorporated by reference into this Offering Circular.

Alternative Performance Measures

Betolar presents in this Offering Circular certain performance measures, which in accordance with the "Alternative Performance Measures" guidelines by the European Securities and Markets Authority ("**ESMA**") are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in FAS standards, but which are instead alternative performance measures.

The Company presents Alternative Performance Measures as additional information to financial measures presented in income statements, balance sheets and cash flow statements prepared in accordance with FAS. In the Company's view, alternative performance measures provide meaningful supplemental information about the Company to the management, investors, securities market analysts and other parties regarding the Company's results of operations, financial position and cash flows.

These alternative performance measures are

- Gross profit
- EBITDA
- Earnings per share

For the detailed definitions and reasons for the use of these alternative performance measures, see "*Selected Financial Information – Calculation of Certain Alternative Performance Measures and Other Key Figures*".

Alternative Performance Measures should not be considered in isolation or as a substitute to the measures under FAS. All companies do not calculate Alternative Performance Measures in a uniform way, and therefore the Alternative Performance Measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies.

Alternative Performance Measures are unaudited.

Consolidated Income Statement

(EUR in thousands)	For the nine months ended 30 September 2021	2020	For the year ended 31 December 2020	2019 (adjusted)
	(unaudited)		(audited)	
Revenue	**0**	**6**	**6**	**7**
Increase (+) / decrease (-) in inventory of finished goods and in work in progress	-3	-	0	-1
Manufacturing for own use (+)	1,018	467	664	385
Other operating income	1	77	192	7
Materials and services	0	-6	-6	-23
Personnel expenses	-1,361	-729	-1,046	-510
Depreciation, amortisation and impairment	-381	-229	-320	-134
Other operating expenses	-1,492	-459	-864	-328
Operating profit (loss)	**-2,218**	**-873**	**-1,373**	**-598**
Financial income and expenses	-367	-4	-13	-10
Result before appropriations and taxes	**-2,585**	**-877**	**-1,385**	**-608**
Result for the financial year	**-2,585**	**-877**	**-1,385**	**-608**

Consolidated Balance sheet

(EUR in thousands)	As at 30 September 2021	As at 31 December 2020	2019 (adjusted)
	(unaudited)	(audited)	
ASSETS			
Non-current assets			
Intangible assets			
Consolidated goodwill	102	-	-
Development expenditures	1,500	803	423
Other capitalised long-term expenses	65	55	62
Total intangible assets	**1,667**	**858**	**485**
Tangible assets			
Buildings	6	6	7
Machinery and equipment	160	83	37
Advance payments and construction in progress	32	31	31
Total tangible assets	**198**	**120**	**75**
Total non-current assets	**1,865**	**978**	**560**
Current assets			
Inventories	14	17	17
Short-term receivables			
Trade receivables	-	0	5
Other receivables	201	101	17
Prepaid expenses and accrued income	70	73	43
Total short-term receivables	**271**	**175**	**65**
Cash and cash equivalents	2,892	644	15
Total current assets	**3,177**	**837**	**97**
Total assets	**5,043**	**1,815**	**657**
EQUITY AND LIABILITIES			
Equity			
Share capital	3	3	3
Reserve for invested unrestricted equity	8,702	950	950
Share issue account	-	2,771	428
Retained earnings (losses)	-2,313	-927	-319
Result for the financial year	-2,585	-1,385	-608
Total equity	**3,807**	**1,411**	**454**

(EUR in thousands)	As at 30 September 2021 (unaudited)	As at 31 December 2020 (audited)	2019 (adjusted)
Liabilities			
Non-current			
Loans from financial institutions	372	-	-
Current			
Loans from financial institutions	5	-	-
Trade payables	213	141	37
Other liabilities	82	51	26
Accruals and deferred income	564	212	141
Total liabilities	**1,236**	**404**	**203**
Total equity and liabilities	**5,043**	**1,815**	**657**

Consolidated Statement of cash flows

(EUR in thousands)	As at and for the nine months ended 30 September 2021 (unaudited)	2020	As at and for the year ended 31 December 2020 (audited)
Cash flow used in operating activities	-1,855	-376	-975
Cash flow used in investing activities	-1,255	-514	-738
Cash flow from financing activities	5,358	2,256	2,342
Change in cash and cash equivalents	**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**

Key Figures

(EUR in thousands, unless otherwise indicated)	As at and for the nine months ended 30 September 2021 (unaudited)	2020	As at and for the year ended 31 December 2020 (audited, unless otherwise indicated)	2019 (adjusted)
Financial key figures				
Revenue	0	6	6	7
Gross profit	1	77	192[1]	-9[1]
EBITDA	-1,837	-644	-1,053[1]	-463[1]
Operating profit (loss)	-2,218	-873	-1,373	-598
Result before appropriations and taxes	-2,585	-877	-1,385	-608
Result for the financial year	-2,585	-877	-1,385	-608
Earnings per share, basic and diluted, EUR[2]	-0.28	-0.11	-0.18[1]	-0.08[1]
Cash and cash equivalents (end of period)	2,892	644	644	15
Operative key figures				
Personnel (average during the year)	29	14	12[1]	8[1]
Number of pilots	5	3	5[1]	5[1]

[1]Unaudited.
[2]The Company's potentially diluting instruments consists of options. As the Company has incurred losses, these instruments would not have had a diluting effect on earnings per share calculated based on losses for the period, for which reason they have not been taken into account when calculating the diluted earnings per share. For this reason, there is no difference between the undiluted earnings per share and the earnings per share adjusted by the effects of dilution. The number of shares used in the key figures table is as follows: 30 September 2021: 9,239,163, 30 September 2020: 7,840,800, 31 December 2020: 7,840,800 and 31 December 2019: 7,608,822. Historical figures have been adjusted taking into account the impact of share issue without consideration (share split) decided on 2 November 2021.

Calculation of Certain Alternative Performance Measures and Other Key Figures

Key figure	Definition	Reason for the use
Gross profit	Revenue + other operating income – materials and services	Gross profit is an indicator to measure the profitability of the Company. Gross profit measures the profitability after deduction materials and services expenses.
EBITDA	Operating profit (loss) before depreciation, amortisation and impairment	EBITDA is an indicator to measure the performance of the Company.
Earnings per share, basic, EUR	Result for the financial year / weighted average number of shares outstanding during the period	The key figure presents the distribution of the Company's results per individual share.
Earnings per share, diluted, EUR	Result for the financial year / weighted average number of shares outstanding during the period + potential dilutive shares	The key figure presents the distribution of the Company's results per individual share with dilution effect.
Number of pilots	Number of customers in the factory pilot stage	The key figure presents the new customers in the factory pilot stage of the Company's sales process.

Reconciliation of certain alternative performance measures

(EUR in thousands, unless otherwise indicated)	For the nine months ended 30 September 2021	2020	For the year ended 31 December 2020	2019 (adjusted)
	(unaudited)		(audited, unless otherwise indicated)	
Gross profit				
Revenue	0	6	6	7
Other operating income	1	77	192	7
Materials and services	0	-6	-6	-23
Gross profit	**1**	**77**	**192**[1]	**-9**[1]
EBITDA				
Operating profit (loss)	-2,218	-873	-1,373	-598
Depreciation, amortisation and impairment	381	229	320	134
EBITDA	**-1,837**	**-644**	**-1,053**[1]	**-463**[1]

[1]Unaudited

Notifications presented in audit reports

Betolar's auditor has noted in the audit reports of statutory financial statements for financial years ended 2020 and 2019 that the financial statements have been prepared and signed more than four months after the end of the financial year, i.e., without complying the provision regarding the time for preparing the financial statements in accordance with Chapter 3, Section 6 of the Finnish Accounting Act.

Recent Events

Apart from what has been presented below, there has been no material changes in Betolar's financial position or result of operations between 30 September 2021 and at the date of this Offering Circular. During the last quarter of 2021, Betolar entered into an agreement regarding a convertible loan in the form of a subordinated loan with a total loan of EUR 4.5 million with six investors (Janne Larma, Kari Stadigh, Taaleri Investments Ltd, Voima Ventures Fund II LP, Ari Salmivuori, Nidoco AB), under the terms of which the creditors have the right to convert the loan together with accrued interest into Shares upon the completion of the Offering and the FN Listing. The financing arrangement was carried out to strengthen the Company's working capital. The annual interest for the subordinated loan is 10 percent. The loan including the accrued interest shall be converted so that the receivables of the creditors shall be used to set off the subscription price of the Conversion Shares issued in the Share Conversion upon the completion of the FN Listing. The subscription price per share used in the Share Conversion shall be 80 percent of the subscription price per share payable in the Offering.

In addition, Betolar executed a directed share issue totaling for EUR 121 thousand for its personnel in October 2021, the purpose of which was to act as an incentive and engagement for the Company's personnel as well as to strengthen the Company's financial position in a short-term.

On 24 November 2021, the Finnish Climate Fund, a state-owned special-assignment company, granted the Company a capital loan of EUR 7.0 million in total. The purpose of the loan is to ensure the Company's opportunity to invest in the development of its digital platform. The loan will be paid to the Company in three installments as the Company's program development advances according to plan preliminarily between the years 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 tied to the Company's credit rating[63] and is reviewed annually as of 30 June 2023. The interest will be capitalized annually. The loan is due for repayment in one instalment on 1 January 2029. The loan terms include certain restrictions to the use of the loan capital. The loan cannot be used to repay the Company's current financing prematurely or in deviation of a payment plan. In addition, the Company has undertaken to comply with the code of conduct of the Finnish Climate Fund and to use the loan capital in accordance with the purpose of use defined in the agreement, and any breach of these obligations grants the Finnish Climate Fund the right to stop the payment of the remaining loan installments and demand the immediate repayment of the loan and any interest accrued. In the loan agreement concluded with the Finnish Climate Fund, the Company has also agreed to refrain from distributing dividends and proceeds if the loan capital and any interest accrued has not been paid in full to the Finnish Climate Fund. In addition, the Finnish Climate Fund has the right to demand for an immediate loan repayment should it become evident, that the emission reductions achieved by the Company's solution will fall below the target level per ton set in the agreement by 20 per cent. The deterioration of the Company's credit rating may also, in certain situations, result in the outstanding loan instalments being withheld.

[63] Rating Alfa credit rating of Suomen Asiakastieto Oy. As at the date of this Offering Circular, Betolar's credit rating is A+. Suomen Asiakastieto Oy is not a credit rating agency registered in accordance with the Regulation (EC) 1060/2009 of the European Parliament and of the Council.

DIVIDENDS AND DIVIDEND POLICY

Under the Finnish Companies Act, the General Meeting of Shareholders of the Company decides on the distribution of dividends based on a proposal by the Board of Directors. Dividends are generally declared once every financial year and may be paid only after the General Meeting of Shareholders has approved the Company's financial statements. If dividends are distributed, all of the Shares of the Company are entitled to the same dividend and it is usually distributed once in a year.

Betolar's business has so far been unprofitable, and it has not distributed any dividends since its incorporation. In upcoming years Betolar will focus on financing its growth and developing its business according to its strategy. The Company does not expect to distribute dividends in the short or medium term. In addition, terms and conditions of Betolar's financing agreements include certain restrictions to Betolar's ability to distribute dividends or distribute assets by other means. For further information on the restrictions to distribution of assets, please see "*Business of Betolar – Financing of Betolar's Business*".

As to the tax considerations for certain shareholders applicable to dividends, see "*Taxation*".

SHARES AND SHARE CAPITAL

General

The Company's registered share capital at the date of this Offering Circular is EUR 80,000 and the Company has 12,191,899 fully paid shares. On 31 December 2020 and on 31 December 2019, the share capital has been EUR 2,500. Betolar's Articles of Association do not contain any provisions governing the Company's minimum and maximum share capital. The Shares have no nominal value.

Historical development of the Share Capital

A summary of the historical development of the Company's share capital and the number of Shares from 1 January 2019 to the date of this Offering Circular is presented in the table below.

Date of the decision	Arrangement	Subscription price (EUR)	Number of issued/redeemed and cancelled shares	Number of shares after arrangement	Share capital (EUR)	Registration date
2 November 2021	Share issue[1] Increase of share capital	-	12,171,600	12,191,899	80,000	11 November 2021
20 October 2021	Share issue	378.74	319	20,299	2,500	1 November 2021
18 August 2021	Share issue	1,203.70	1,620	19,980	2,500	7 October 2021
20 April 2021	Share issue	1,090.00	2,794	18,360	2,500	16 September 2021
16 September 2020	Share issue	1,090.00	23	15,566	2,500	16 September 2021
16 September 2020	Share issue	1,090.00	1,660	15,543	2,500	3 February 2021
31 October 2019	Share issue	1,148.55	815	13,883	2,500	3 February 2021
1 February 2019	Share issue	382.65	1,568	13,068	2,500	1 April 2019

[1]A share split which was implemented by way of a share issue without consideration to all shareholders of the Company. In the share split, all shareholders of the Company were given 600 new shares for each share of the Company owned by the Company's shareholder.

Valid Authorisations

As the date of this Offering Circular, Betolar's Board of Directors has the following authorisations granted by the Company's Annual General Meeting in its disposal:

The Board of Directors has been authorised to resolve upon an issue of up to 20,000,000 new shares in one or several lots as the Offering in connection with the FN Listing. The share issue can be executed in deviation from the shareholders' pre-emptive subscription right (directed share issue), including the offering of shares to institutional investors and to the public, in connection with the listing. Based on the authorisation, the Board of Directors can resolve on all terms and conditions of the share issue, including the subscription price or the subscription price range of the shares. The authorisation is effective until the end of the next annual general meeting, however no longer than until 30 June 2022.

The Board of Directors has been authorised to decide on the issuance of shares and the issuance of option rights or other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in one or several lots. The authorisation will concern both the issuance of new shares as well as the transfer of treasury shares. The total number of shares to be issued under this authorisation shall not exceed 5,000,000 shares, and the issuance of shares and of special rights entitling to shares could also be carried out in deviation from shareholders' pre-emptive rights (directed issue). The Board of Directors is only permitted to use this authorisation if the Offering in executed. The Board of Directors resolves on all other terms and conditions of the issuance of shares and of special rights entitling to shares. The authorisation is effective until the end of the next annual general meeting, however no longer than until 30 June 2022.

The Board of Directors has been authorised to decide on the issuance of option rights referred to in Chapter 10, Section 1 of the Finnish Companies Act in one or several lots. Based on the authorisation, option rights may be issued to the Company's employees, CEO and the members of the Board of Directors and/or a holding company owned by an employee, CEO or a member of the Board of Directors of the Company. The Board of Directors can resolve on all the other terms and conditions of the issuance of option rights. As the date of this Offering Circular, the Board of Directors of the Company has unallocated option rights based on the authorisation, under which a total of 21 shares could be issued. The authorisation is effective until 27 July 2026.

In addition, the Board of Directors has been authorised to decide on the acquisition of the Company's own shares as follows:

Based on the authorisation, the total number of shares to be acquired may not exceed 5,000,000 shares. However, the Company together with its subsidiaries cannot at any moment own more than 10 percent of all the shares of the Company. The Board of Directors will decide on the manner of acquiring own shares, and derivative instruments, among others, may be used in the acquisition. Own shares can be acquired from, among others, the Stabilizing Manager of the Offering in connection with the Offering and/or in order to exercise any possible stabilisation measures that may be carried out by the Stabilizing Manager in order to stabilize, maintain or otherwise affect the price of the Company's shares during the stabilization period, in accordance with the applicable laws and regulations. In order to exercise stabilisation measures, the Company's own shares can be acquired at a price corresponding to the subscription price of the Offering or at a fair price determined by the Board of Directors in connection with the Offering or thereafter. In other cases, own shares can be acquired at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. Furthermore, the acquisition of own shares can also be carried out in deviation from the shareholders' pre-emptive rights (directed acquisition) and only the unrestricted equity of the Company can be used to acquire own shares on the basis of the authorisation. The Board of Directors is only permitted to use this authorisation if the Offering is completed. The authorisation will be effective until the end of the next annual general meeting, however no longer than until 30 June 2022.

Option Programs

Betolar has five incentive and commitment programs based on the Company's stock options, the purpose of which is to encourage the Company's management as well as selected key persons and employees to work long-term to increase the value of shareholdings. The existing stock option plans are described below:

Programs	Subscription price	Number of shares issued by options	Identifier (number of shares to be issued)	Subscription period
Options 2019				
2019-1[1]	EUR 0.64	242,804	a (121,402)	1 January 2020 – 1 February2029
			b (121,402)	1 September 2020 – 1 September 2020
2019-2[1]	EUR 0.64	124,407	a (30,651)	1 January 2020 – 31 December 2030
			b (31,252)	1 January 2021 – 31 December 2030
			c (30,651)	1 January 2022 – 31 December 2030
			d (31,853)	1 January 2023 – 31 December 2030
Options 2020				
2020	EUR 1.31	168,280	a (42,070)	16 September 2020 – 31 December 2030
			b (21,035)	1 January 2021 – 31 December 2030
			c (21,035)	1 April 2021 – 31 December 2030
			d (21,035)	1 July 2021 – 31 December 2030
			e (21,035)	1 October 2021 – 31 December 2030
			f (21,035)	1 January 2022 – 31 December 2030
			g (21,035)	1 April 2022 – 31 December 2030
Options 2021				
2021-1	EUR 1.31	603,404	a (220,567)	1 January 2022 – 31 December 2030
			b (189,315)	1 January 2023 – 31 December 2030
			c (193,522)	1 January 2024 – 31 December 2030
2021-2	EUR 1.31	121,402	a (60,100)	8 September 2021 – 31 December 2030
			b (61,302)	1 December 2021 – 31 December 2030
Total		**1,260,297**		

[1]As at the date of this Offering Circular, all options of option program 2019-1 (number of shares to be issued pursuant to options is 242,804), as well as part of the options of the option program 2019-2 (number of shares to be issued pursuant to options is 7,212) have been used. Shares totaling 250,016 subscribed for pursuant to these options are registered in connection with notifying the Offer Shares for registration.

As at the date of this Offering Circular, the Board of Directors has option rights to be issued based on the option authorization, under which a total of 21 shares could be issued. The subscription price is fixed, and changes in the subscription price and method of calculation of the subscription price have been specified in the terms of option rights. The Board of Directors has no right to change the subscription prices.

The right to dividend of the new Shares and other shareholder rights begin as of the registration of the Shares to the Trade Register. Should the employment of service relationship agreement terminate, option rights are generally lost after six months from the termination of the employment of service relationship agreement, unless otherwise decided by the Company's Board of Directors. The corresponding procedure is followed if the rights and obligations arising from the employment or service relationship of the option right owner are transferred to a new owner or holder in connection of a business transfer.

In a situation, where the Shares are being listed or are subject of an acquisition, the owners of the option rights should be granted the opportunity to subscribe for Shares within the time frame set by the Company's Board of Directors prior to the FN Listing or an acquisition. Prior to the FN Listing, the subscription period was 19 – 23 November 2021. If the owner of the option right does not subscribe for the Shares within the time frame set by the Company's Board of Directors, the option rights remain valid and their subscription period is considered to have begun, in deviation from the original subscription period, from the FN Listing or an acquisition, and ending on 31 December 2030.

Unless the FN Listing has not taken place and as long as it has not taken place, the owner of the option rights, who has used their subscription right, may not sell, assign, transfer, pledge or otherwise lodge the Shares subscribed for with the option rights as security nor encumber the Shares with any third party right.

The owners of the option rights of the Company's management team have undertaken to comply with the lock-up agreement corresponding to the lock-up agreement of the Company, which expires after 360 days from the FN Listing.

Convertible loan

During the last quarter of 2021, Betolar entered into an agreement regarding a convertible loan in the form of a subordinated loan with a total loan of EUR 4.5 million with six investors (Janne Larma, Kari Stadigh, Taaleri Investments Ltd, Voima Ventures Fund II LP, Ari Salmivuori, Nidoco AB), under the terms of which the creditors have the right to convert the loan together with accrued interest into Shares upon the completion of the Offering and the FN Listing. The loan including the accrued interest shall be converted so that the receivables of the creditors shall be used to set off the subscription price of the Conversion Shares issued in the Share Conversion upon the completion of the FN Listing. The subscription price per share used in the Share Conversion shall be 80 percent of the subscription price per share payable in the Offering.

OWNERSHIP STRUCTURE

Shareholders owning five percent or more of the Shares in the Company have an interest in the Company's share capital which is notifiable pursuant to the Finnish Securities Markets Act. The following table sets forth the shareholders owning individually or through the same sphere of control five percent or more of the Shares or votes in the Company, based on the shareholders' register maintained by Euroclear Finland Oy ("**Euroclear Finland**") as at the date of this Offering Circular:

Shareholder	Number of shares	%
Juha Leppänen	1,603,468	13.15
Ajanta Innovations Oy	1,600,463	13.13
Nidoco AB	1,215,823	9.97
Entrada Oy	691,150	5.67
Voima Ventures Fund II Ky	634,656	5.21

All Company's Shares carry equal rights in the Company in terms of the number of votes or distribution of assets. None of the Company's shareholders has control over the Company within the meaning of Chapter 2, Section 4 of the Securities Markets Act. All of the current shareholders of Betolar are parties to the Shareholder Agreement dated 16 September 2020. The Shareholder Agreement shall expire in accordance with its terms as the trading of the Shares commences on First North.

The Company is not aware of event or arrangements following the Offering that may in the future lead to a change of control in the Company.

At the date of this offering Circular, the Company owns 13 own shares.

As at the date of this Offering Circular, the Company's Articles of Association include a redemption clause and a consent clause. The Company's shareholders have on 2 November 2021 made a unanimous resolution to remove the redemption and consent clauses from the Articles of Association. The removal of these clauses will not be notified to the Finnish Trade Register until in connection with the registration notification of the Offer Shares, or immediately before it.

If the Offer Shares issued on the basis of the share issue authorisation are registered in more than one batch, the removal of the redemption and consent clauses will be notified to be registered in connection with the first registration notification regarding such Offer Shares, or immediately before it.

The following table sets forth those parties which, after registering the Offer Shares issued in the Offering, are based on the information available as at the date of this Offering Circular expected to, alone or though controlled entities, own at least five percent of the Shares and votes in the Company assuming that all of the New Shares preliminarily offered in the Offering are subscribed for, taking into account the Conversion Shares as well as Shares issued pursuant to the subscriptions made by certain option holders of the Company and that the Cornerstone Investors are allocated the agreed allocation of New Shares:

Shareholder	Shares held after the Offering	Percentage of all Shares and votes after the Offering
Nidoco AB	2,078,472	11.14
Juha Leppänen	1,603,468	8.59
Ajanta Innovations Oy	1,600,463	8.58
Ilmarinen Mutual Pension Insurance Company	1,080,139	5.79
SP-Fund Management Company Ltd	1,080,139	5.79

LEGAL AND ADMINISTRATIVE MATTERS OF BETOLAR

Key Agreements

Convertible loan

During the last quarter of 2021, Betolar entered into an agreement regarding a convertible loan in the form of a subordinated loan with a total loan of EUR 4.5 million with six investors (Janne Larma, Kari Stadigh, Taaleri Investments Ltd, Voima Ventures Fund II LP, Ari Salmivuori, Nidoco AB), under the terms of which the creditors have the right to convert the loan together with accrued interest into Shares upon the completion of the Offering and the FN Listing. The loan including the accrued interest shall be converted so that the receivables of the creditors shall be used to set off the subscription price of the Conversion Shares issued in the Share Conversion upon the completion of the FN Listing. The subscription price per share used in the Share Conversion shall be 80 percent of the subscription price per share payable in the Offering.

Legal Proceedings and Disputes

For the 12 months preceding the date of this Offering Circular, Betolar has not been a party in any administrative proceedings, litigation or arbitration which may or may have had significant effect on the financial position or profitability of the Company and / or the Group, nor is the Company aware of any such actions pending or forthcoming.

Conflicts of Interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, a member of the Board of Directors shall likewise be disqualified from the consideration of a matter pertaining to a contract between the company and a third party, if the member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the CEO.

Apart from what has been presented below, the members of the Company's Board of Directors, the CEO or the members of the management team do not have any conflicts of interest between their duties relating to the Company and their private interests and/or their other duties.

As at the date of this Offering Circular, according to the independence assessment, out of the members of the Company's Board of Directors the following are independent of the Company and its significant shareholders: Tero Ojanperä, Inka Mero, Soile Kankaanpää, and Kalle Härkki. Juha Leppänen is not deemed to be independent of the Company, as he is the Chief Innovation Officer of the Company, nor from the significant shareholder as he owns approximately 13.15 percent of the shares in Betolar.

The Company has granted the CEO of the Company as well as certain members of the Board of Directors and management team option rights, for further information, see section "*Betolar's Corporate Governance – Shareholding and options owned by the Members of the Board of Directors and Management Team*").

The management's lock-up restrictions

The members of the Board of Directors and the management team of the Company will enter into a lock-up agreement with similar terms to that of the Company that will end on the date that falls 360 days from the FN Listing.

RELATED PARTY TRANSACTIONS

General

Parties are considered to be related parties if one party is able to exercise control, joint control or significant influence over the other over its finances and business decision-making. As at the date of this Offering Circular, the Company's related parties include the subsidiaries of the parent company Betolar Plc, the members of the Board of Directors, the CEO and other members of the management team, as well as their close family members and entities under their control.

Transactions with Related Parties

Additional information about the remuneration paid to and the Shares and options owned by the members of the Board of Directors, the CEO and the management team of the Company is presented in the sections "*Betolar's Corporate Governance – Board of Directors' and Management's Fees and Benefits*" and "*Betolar's Corporate Governance – Shareholding and options owned by the Members of the Board of Directors and Management Team*" of this Offering Circular.

Betolar purchases business development consulting services from members of the Board of Directors on a project basis. In addition, Betolar purchases consulting services relating to launching business in Asia and other agreed supporting tasks from a member of the Company's management team. The contractual relation is of indefinite duration and may be terminated by either of the parties within a 30 days' notice. A flat fee is paid for task for each consultant day and, in addition, a fixed monthly fee. Transactions with related parties have been concluded at arm's length terms.

The following table sets forth purchases of services from Betolar's related parties for the periods indicated:

	For the nine months ended 30 September		**For the year ended 31 December**	
	2021	**2020**	**2020**	**2019**
(EUR in thousand)	**(unaudited)**		**(audited)**	
Purchases of services[1]	91	17	49	-

[1]Includes business development consulting services purchased from members of the Board of Directors and a member of the management team.

The following table sets forth Betolar's outstanding payables to related parties for the periods indicated.

	As at 30 September	**As at 31 December**	
	2021	**2020**	**2019**
(EUR in thousand)	**(unaudited)**	**(audited)**	
Trade payables	23	9	-

In addition, some minority shares of subsidiaries Betolar Element Oy and Betolar Green Building Techologies Oy were purchased on 1 June 2021 for EUR 100 thousand from related parties. The related party transaction was connected to the simplification of the Betolar's corporate structure.

As at the date of this Offering Circular, no loans have been granted to related parties of the Group nor have securities or collateral been given on behalf of them.

In addition, in October 2021, Betolar executed a directed share issue totaling for EUR 121 thousand for its personnel, the purpose of which was to act as an incentive and engagement for the Company's personnel as well as to strengthen the Company's financial position in a short-term. Executives belonging to the Company's related parties also participated in the personnel offering. Apart from the above, there have been no significant changes in the Company's related party transactions during the time between 30 September 2021 and the date of this Offering Circular.

DOCUMENTS ON DISPLAY

In addition to this Offering Circular, the Finnish Prospectus and the documents incorporated by reference, the Company's Articles of Association, which will take effect as of the FN Listing are available on the Company's website at www.betolar.com/IPO during the validity period of this Offering Circular.

ANNEX A – BETOLAR PLC's ARTICLES OF ASSOCIATION

The Articles of Association described in this Annex will be valid as of the Company's FN Listing.

1 § The name of the company is Betolar Oyj and the parallel name of the company in English is Betolar Plc.

2 § The domicile of the company is Kannonkoski.

3 § The business of the company is to develop, manufacture, market, sell, license and deliver products, software, intangible rights, consultation and other services relating to concrete products, other construction materials or energy technology. The company may carry on its business operations directly and through subsidiaries and affiliate companies. The company may also provide administrative services to its subsidiaries and affiliate companies.

4 § The company has a Board of Directors consisting of no less than three (3) and no more than seven (7) ordinary members. The term of office of members of the Board of Directors commences at the closing of the General Meeting electing them and ends at the close of the next Annual General Meeting of Shareholders following their election.

5 § The company may have a Chief Executive Officer. The Board of Directors shall decide on the appointment and dismissal of the Chief Executive Officer.

6 § The company shall be represented by the Chairman of the Board and the managing director, each of them alone, or two members of the Board of Directors together. In addition, the Board of Directors can give a specific person a procuration right or a right to represent the company.

7 § The company has one (1) auditor that shall be an auditing firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting deciding on the auditor's election and ends at the close of the next Annual General Meeting following its election.

8 § The Annual General Meeting of Shareholders must be held annually on a date decided by the Board of Directors and within six (6) months from the end of the financial year.

At the Annual General Meeting the following shall be presented:

- the financial statements, including consolidated financial statements;
- the report of the Board of Directors; and
- the auditor's report;

decided upon:

- the adoption of the financial statements;
- any use of the profit or other unrestricted capital shown on the balance sheet;
- the discharge of the members of the Board of Directors and the Chief Executive Officer from liability;
- the remuneration and number of members of the Board of Directors; and
- the renumeration of the auditor;

elected:

- the Chairman and the other members of the Board of Directors; and
- the auditor; as well as

addressed:

- any other matters included in the notice of the General Meeting.

The General Meeting can be held at the domicile of the Company or in a place at the capital region decided by the Board of Directors.

9 § The notice to the General Meeting shall be delivered no earlier than three months and no later than one week before the General Meeting or, if the company's shares belong to the book-entry system, the record date of the General Meeting. The notice shall be delivered to the shareholders by means of a notice published on the company's website. To be entitled to attend the General Meeting, a shareholder must register with the company no later than on the date specified in the notice of the General Meeting, which date may not be earlier than ten (10) days prior to the General Meeting.

10 § The company's shares belong to the book-entry system after the expiry of the registration period.

THE COMPANY

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