

Betolar Plc
Half-Year Financial Report 2022
For 1 January–30 June 2022



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Betolar Plc Half-Year Financial Report 1 January–30 June 2022 (unaudited)

The first Geoprime® agreements in Europe and Asia launched Betolar's commercial phase

January–June 2022 in brief

- Net sales amounted to EUR 21 thousand (EUR 0 thousand)
- Gross margin¹ amounted to EUR -5 thousand (EUR 0 thousand)
- EBITDA¹ amounted to EUR -4,599 thousand (EUR -1,055 thousand)
- Operating profit (loss) was EUR -5,017 (EUR -1,254 thousand)
- Profit for the period amounted to EUR -5,407 thousand (EUR -1,258 thousand)
- Earnings per share^{1,2} were EUR -0.28 (EUR -0.14)
- Cash and cash equivalents at the end of the period amounted to EUR 33,590 thousand (EUR 1,731 thousand)
- The number of pilot customers¹ increased to 14 (1)
- The number of employees increased significantly and averaged 49 (23) during the period

Main events in January–June 2022

- Betolar entered the commercial phase after concluding the first Geoprime agreements with a total of five customers, four of which are in Europe and one in Asia.
- In addition to the commercial agreements, the company carried out piloting with a total of 14 new customers in accordance with the targets.
- The development of Betolar's capabilities continued to be strong with new recruitments. The implemented recruitments were especially focused on research and product development, establishing supply chains and strengthening of commercial competence.
- The research and development activities were carried out as planned during the period. The activities were targeted at strengthening capabilities, carrying out material research, development of the AI platform, refining the digitalisation strategy, development of Geoprime Academy and expanding the patent portfolio.
- On 12 May 2022, Betolar's Board of Directors appointed Riku Kytömäki as the new CEO of the company. The current CEO Matti Löppönen will continue in his position until Kytömäki starts, which will take place no later than 12 November 2022.
- Ilkka Iittiläinen was appointed as Head of Operations and a member of the Management Team on 29 March 2022.

Events after the review period

- Betolar entered the commercial phase in India after signing the first commercial Geoprime agreements with three Indian concrete product manufacturers.
- In August, Betolar signed a development cooperation agreement with Consolis Parma, a leading manufacturer of pre-cast concrete elements.

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- The company's Management Team will be complemented by two new members. Ville Voipio was appointed as Chief Commercial Officer and will start on 1 October 2022. Jarno Poskela will start as Chief Technology Officer on 1 September 2022.
- Pekka Hintikka, the company's current Chief Technology Officer, will step down from the Management Team and continue to support Betolar's R&D activities in an advisory role until his retirement.

The figures in brackets in this report refer to the comparison period, i.e. the same period in 2021, unless otherwise specified. The figures for the comparison period are based on the audited financial statements.

Key figures

(EUR thousand, unless otherwise specified)	1–6 2022	1–6 2021	1–12 2021
Financial indicators			
Net sales	21	0	10
Gross margin ¹	-5	0	6
EBITDA ¹	-4,599	-1,055	-3,171
Operating profit (loss)	-5,017	-1,254	-3,859
Profit before appropriations and taxes	-5,407	-1,258	-7,329
Profit for the financial period	-5,407	-1,258	-7,329
Earnings per share, adjusted and unadjusted for dilution, EUR ^{1,2}	-0.28	-0.14	-0.70
Cash and cash equivalents (at the end of the period)	316	1,731	3,358
Operational indicators			
Personnel (average number during the financial period)	49	23	23
Number of pilot customers ¹	14	1	12

- 1) Betolar uses certain alternative performance measures (gross margin, EBITDA, earnings per share and number of pilot customers) as indicators of operational profitability and performance. The definitions and calculation formulas of these measures are enclosed to the report.
- 2) The weighted average used in the calculation of earnings per share is as follows: 30 June 2022: 19,491,134, 30 June 2021: 9,086,582 and 31 December 2021: 10,448,522 shares.

CEO Matti Löppönen

Betolar's commercial business was launched at the beginning of the year in our main markets in Europe and Asia. We have reached and exceeded our first, short-term goals in terms of customer numbers and global startup of our operations. In the first half of the year, five concrete product manufacturers signed an agreement to use the Geoprime solution in their industrial-scale production. The economic impact of the first commercial agreements is already visible in the net sales of January–June, although it is rather moderate due to the production volumes of the ramp-up phase.

During January–June, pilots focusing on product development and plant testing were carried out with 14 new customers. We expanded the geographical scope of the Geoprime solution by launching pilot projects in Italy, Poland and Saudi Arabia. There are now a growing number of concrete product manufacturers interested in the Geoprime solution, which is why we strive to balance between piloting with new customers and promoting the launch of commercial customers' production, production volumes and selling and marketing to end customers.

We strengthened our presence in India, where our local organisation started its operations. In addition to active sales work, we can support customer-oriented and efficient local Geoprime solution piloting. The growing number of pilot projects, environmental strategies of several Asian countries and market feedback confirm our view that the construction sector is adopting new environmentally friendly solutions quickly and widely.

Our research and development activities focused on material research as well as on the long-term project of building our data and analytics platform called Betolar Platform Program. During the period, we made progress in both areas. In material research, we focused on the research of slag from the steel industry. In this context, Betolar signed a letter of intent concerning research cooperation with two Australian companies specialising in vanadium extraction, RISAB and Vanadium Recovery Project Oy (VRP), for the purpose of developing the extraction process in the plant planned to be established in Pori. At the end of August, we entered development co-operation in a new demanding area of concrete construction. Together with Consolis Parma, we are starting to test the suitability of our solution for hollow-core slabs, which are part of concrete construction.

The development of the data and analytics platform, which utilises artificial intelligence, proceeded to the specification of the digital strategy and architecture and to the recruitment of people with the new key skills. Our cooperation with Silo AI, one of the largest AI laboratories in Europe, which was announced in August, will further accelerate our development.

Our key recruitments during the period strengthen our capabilities in digitalisation, supply chain management, commercial operations and research and development. In January–June, a total of 18 new experts joined Betolar. As our operations and the number of employees grow, we pay particular attention to maintaining the foundation of our unique corporate culture while building our processes and operating models to support business growth, efficiency and risk management.

As a result of the ongoing green transition in the construction sector, the demand for low-carbon construction materials is growing strongly. Green financial markets favour projects with tangible and sufficiently effective climate and sustainability impacts. Public sector operators responsible for controlling and licensing construction and urban development set their own

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green goals, requirements and guidance models in order to promote the use of green solutions in new and repair construction and infrastructure.

Betolar's business is based on enabling and accelerating the green transformation of the concrete industry through science and technology. During the reporting period, we took the first commercial steps. The construction sector is facing a major green transition. In more and more countries in Asia and Europe and around the world, we are building a solution with our customers to the biggest ever challenge in the construction industry.

Strategic, Business and Financial Objectives

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

Betolar's mission is to promote CO₂ emission reductions and the use of virgin natural resources in construction. The strategic growth objectives are pursued by focusing on the following matters in particular:

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

The Board of Directors of the company has set the following business and financial objectives in connection with the listing

Betolar has the following short-term (1–2 years) business objectives:

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

In the medium term (4–6 years), Betolar has the following business objectives:

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

In the long term (10 years), Betolar has the following business objectives:

- R&D expenditure approximately 5% of the net sales pursued by the company;
- Geoprime is a leading brand in environmentally sustainable products in the construction materials industry;
- Reducing carbon dioxide emissions by 150 million tonnes cumulatively (compared to the average carbon dioxide emissions from Portland cement using the 2021 emissions level).

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

- Medium term: Net sales of EUR 200 million and positive cash flows from business operations by 2026;
- Long term: Net sales in excess of EUR 1 billion and EBITDA margin of 30% within 10 years.

Business review

The first commercial Geoprime® agreements on both the European and Asian markets

The first commercial agreements concerning the Geoprime concept were signed in February this year. In January–June, Betolar signed agreements with a total of five customers, four of which are in Europe and one in Asia.

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

Betolar and Denmark's biggest manufacturer of concrete products, IBF, signed on 15 February 2022 a commercial agreement pursuant to the Geoprime concept until the end of 2026. The agreement covers both the parent company and subsidiaries of IBF. IBF's annual concrete production volume is approximately two million tonnes. IBF produces widely different concrete products. Under the agreement, IBF will commence the production of concrete products using Betolar's proprietary Geoprime concept gradually in 2022. The first product category will be sewerage pipes, but the applications will be expanded into other product categories as made possible by the logistical availability of slag used as raw material, product testing and approvals.

In Belgium, Betolar and Tubobel entered into a commercial agreement on 24 February 2022 on the use of the Geoprime concept to replace cement. The agreement with Betolar is valid until 2030. Tubobel, which manufactures concrete products for industrial and road construction needs, will start manufacturing sewerage pipes with Betolar's Geoprime concept. Tubobel is the market leader in the manufacture of sewerage pipes in Belgium. The first product group is sewerage pipes which have been tested on an industrial scale. During the first few years, Tubobel will acquire an exclusive right to use the Geoprime concept for manufacturing sewerage pipes on the Belgian market. Production will gradually be expanded to include other product groups, such as paving stones and infrastructure products.

In Germany, Betolar and the local concrete manufacturer FC Nüdling Group (FCN) entered into a five-year commercial agreement on the use of the Geoprime solution on 5 April 2022. FCN is the leading manufacturer in its market areas in Thuringia and Hesse in Central Germany. Its total annual volume of concrete products is 500,000 tonnes. FCN will have the exclusive right to use the Geoprime concept for the manufacture of its concrete products for a period of five years in its market area. The first product group is paving stones, but the use of Geoprime will gradually be extended to other product groups.

In addition to Europe, Betolar entered into a commercial agreement in Vietnam, the first agreement in the Vietnamese and Asian markets, on 30 June 2022. Betolar signed an agreement on the use of the Geoprime solution with Trung Hieu Investment and Development Corporation. Trung Hieu is a manufacturer of construction blocks and paving stones in the Ho Chi Minh City construction market with a production capacity of 100 million blocks per year, corresponding to 120,000 tonnes of concrete.

After this review period, Betolar also signed the first commercial agreements with three Indian concrete product manufacturers on 4 July 2022. The contracting parties are Sneh Precast, Shiv Tiles and Balaji Cement Products. The companies' product range focuses on various

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concrete products for infrastructure and environmental construction, such as sewerage pipes and pavings. The three commercial agreements currently in force aim to achieve a total annual volume of 250,000 tonnes of concrete produced with Geoprime by the end of 2023.

Piloting with new customers

In addition to the commercial agreements, the company carries out piloting with new customers in accordance with the targets. The sales and marketing measures were targeted at all Betolar's key markets in Finland, the Nordic countries, Central Europe and Asia. During January–June, pilots focusing on product development and plant testing were carried out with a total of 14 new customers, six of which are in Europe and eight in Asia. The countries in the EMEA area where the pilots with new customers were carried out are Sweden, Belgium, Poland, Italy and Saudi Arabia. In Asia, piloting was performed in India and Vietnam. Based on previous piloting experiences, Betolar estimates that these pilot customer relationships will lead to commercial negotiations.

Construction of supply chains started with key recruitments

The building of the supply chains for industrial side streams and activator chemicals used in the Geoprime solution entered a new phase as a result of the growth of the business. During the review period, supply chain expertise was strengthened with key recruitments. The evaluation and selection of chemical manufacturers and logistics partners as well as the development of a global supply chain strategy began in this period. In addition, Betolar strives to support the customers in different ways in terms of optimal availability, high quality and pricing of side streams.

New strategic cooperation with Consolis Parma

After the end of the review period, Betolar and precast concrete element manufacturer Consolis Parma signed a development cooperation agreement on 30 August 2022. Its purpose is to test Betolar's Geoprime solution in the industrial production of hollow-core slabs.

Market Situation and Operating Environment

Betolar's solution to replace cement is designed to meet the global need to reduce carbon dioxide emissions and the consumption of natural resources in construction.

The volume of construction in Betolar's current target markets, Europe and Asia, is enormous. In 2021, the value of the European construction market is estimated at approximately EUR 1.1 trillion and the market in the Asian countries most significant to Betolar is estimated to be approximately EUR 5.5 trillion. The labour situation in the construction sector as well as in the public sector in Asia has recovered from the pandemic and there are signs indicating that large cities are aiming for low-carbon construction, for example, by favouring environmentally friendly building materials. In addition to this, many real estate investors, developers and concrete and cement manufacturers are increasing their investments in deploying green solutions and achieving carbon neutrality.

As in many sectors, rising energy prices and the war in Ukraine have increased the price of construction materials, including cement. This has led to a growing interest in alternative binders among concrete manufacturers. The commercial progress as well as other market feedback, also shows that the construction sector is ready to embrace green solutions quickly.

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The rise in energy and raw material prices and the slow recovery of maritime logistics from the pandemic have indirectly affected the prices and transport costs of the activators used in the Geoprime formulas. In Asia, the increase in energy prices has not had a significant impact on the prices of side streams used in Geoprime formulas, such as blast furnace slag or fly ash. In Europe, it is estimated that there will be a growing demand for blast furnace slag, as it can be used in blended cements as a partial substitute for cement.

The most significant competitors are companies located in Europe which offer lower-emission blended cement solutions, and other chemical companies which offer novel geopolymer solutions. The efficient logistics of the Geoprime solution and scalability of Betolar's solution, technical benefits achieved in the final products and advanced use of data provide Betolar with a competitive advantage on the market.

Impact of the war in Ukraine on Betolar's operations

Betolar has no operations or customers in Russia or Ukraine. Therefore, Russia's war of aggression has no direct impact on the company. However, these countries are major exporters of structural steels and blast furnace slag, which has created uncertainty in the supply chains and markets for raw materials used in concrete construction, mainly in Europe. No similar effects have been observed in the Asian market.

Financial Review for January–June

Net sales

Consolidated net sales in January–June 2022 amounted to EUR 21 (January–June 2021: 0) thousand. In the first half of the year, Betolar generated commercial net sales for the first time. This reflects Betolar's start-up phase, where the first commercial licencing and material agreements will gradually start to generate net sales as production volumes increase.

Profit

The Group's operating profit for January–June 2022 amounted to EUR -5,017 (January–June 2021: -1,254) thousand. Gross margin amounted to EUR -5 (0) thousand and EBITDA EUR -4,599 (-1,055) thousand. Betolar is an early growth-phase company whose investments in developing its Geoprime concept and its international commercialisation increased strongly during the financial period. The operating loss reflects the company's expenses and activities in R&D and building the other preconditions and capabilities required by the growth strategy.

Profit before appropriations and taxes was EUR -5,407 (-1,258) thousand. Profit for the period amounted to EUR -5,407 (-1,258) thousand. Personnel expenses increased from the comparison period to EUR -1,939 (-830) thousand. The increase in personnel expenses was due to strengthening the R&D personnel, commercial team and management team according to plans.

Depreciation, amortisation and impairment amounted to EUR 419 (199) thousand and other operating expenses to EUR 3,784 (806) thousand. The increase in other expenses was attributable to costs from external experts associated with R&D activities, building the key capabilities and commercial growth investments of the business. Financial expenses amounted to EUR 390 (4) thousand.

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Financial position and cash flows

Betolar's balance sheet total at the end of June was EUR 37,198 (30 June 2021: 3,488) thousand. Equity amounted to EUR 33,042 (2,804) thousand. Equity ratio at the end of the period stood at 89 (80) per cent.

At the end of the period, the Group's net debt amounted to EUR -31,127 (-1,596) thousand and gearing was -94 (-57) per cent.

Cash flows from operating activities for January–June 2022 amounted to EUR -4,905 (January–June 2021: -936) thousand. In particular, the net cash flow from operating activities was affected by the growth in expenses related to growth and business scaling.

Cash flows from investing activities totalled EUR -985 (-764) thousand, comprising mainly intangible assets relating to the company's R&D activities.

Cash flow from financing activities amounted to EUR 2,124 (2,787) thousand. The cash flow from financing activities includes a drawdown of a loan item of EUR 2,088 thousand from the Finnish Climate Fund.

Betolar's cash and cash equivalents at the end of the period amounted to EUR 33,590 (1,731) thousand and the change in cash and cash equivalents was EUR -3,765 (1,087) thousand.

Investments

Investments in tangible and intangible assets totalled EUR 1,220 (660) thousand. Investments accounted for 20 (40) per cent of total operating expenses.

Research and Development in January–June

The research and development activities were carried out as planned during the period, both through Betolar's own operations and in cooperation with the development partners. The activities were targeted at strengthening capabilities, carrying out material research, Geoprime product development, AI platform research and development (R&D) and refining the digitalisation strategy, developing the Geoprime Academy environment and expanding the patent portfolio. The development priorities support the achievement of the company's business goals.

Betolar's capabilities continued to grow strongly. Betolar's research and development (R&D) and digitalisation teams were strengthened during the period in accordance with the technology strategy. The thematic funding from the Finnish Climate Fund played an important role in strengthening the capabilities.

The development of material research focused in particular on slags from the steel industry and the development of Geoprime formulas utilising them. In Finland, Betolar signed a letter of intent related to research cooperation with two Australian companies specialising in vanadium extraction, RISAB and Vanadium Recovery Project Oy (VRP). The aim of the cooperation is to develop a method whereby the vanadium extraction plant planned in Pori could use vanadium extracted slag, which cannot currently be used in the concrete industry. This slag type could possibly replace more than 10% of the cement used in Finland. Extensive research and analysis of side streams will provide Betolar with special and in-depth understanding about the characteristics of side streams and their applicability.

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The development of the data and analytics platform, Betolar Platform Program, which utilises artificial intelligence, proceeded to the specification of the digital strategy and architecture and to the recruitment of people with the new key skills. Betolar and Silo AI, a major European AI laboratory, launched a closer collaboration to collect research data and create AI models.

The long-term objective of the development of the platform is to develop a predictive model that takes into account all of the key parameters related to the product (such as the properties of side streams and aggregates, the requirements set for the product and application areas) and produce a Geoprime formula optimised on the basis of the accumulated data and in terms of, for example, carbon emissions, price and technical characteristics. In the short to medium term, the development objectives of the platform include, among other things, building a scalable data infrastructure, connecting data sources that are important for formula development to the platform, collecting data from the research process in the laboratory and making more efficient use of the data as part of Geoprime's formula development.

The Geoprime Academy will be a virtual learning environment that will enable the employees of concrete manufacturers and other stakeholders to be trained in the introduction of the Geoprime solution. The content production of the learning environment started during this period. The Jyväskylä University of Applied Sciences JAMK and the Jyväskylä Educational Consortium GRADIA participate in the project. The learning environment is implemented by XoomPoint, a Turku-based e-learning specialist, which also produces course content in a format that supports digital learning.

During the period, Betolar was granted a patent concerning the method and arrangements related to the processing and conversion of certain mining waste material into a reinforcing binder. In the future, the binder may be used commercially. This method can create value for waste material, which at present involves costs for mining operators. According to Betolar's IPR strategy, the primary purpose of patents is to secure the materials technology solutions-based business of Betolar and its customers. The patent portfolio is also estimated to be a significant component in the long-term valuation of the company.

Near-term risks

Betolar's current key near-term risks and business uncertainties are described in detail in the company's prospectus and in the Report of the Board of Directors of the financial statements. Near-term risks are described below. In addition, the effects of the war in Ukraine are described in a separate section above.

- Although the availability of chemicals and raw materials is assessed to be good, disruptions in their supply chains may result in higher logistics costs. This can increase the total price of the Geoprime solution and reduce its price competitiveness in a situation where the corresponding cost impact is not directed at the raw material chain of conventional cement.
- Unfavourable economic development and situation in the industries to which Betolar offers its solution can affect Betolar's business operations through the weakening of demand of financial difficulties of Betolar's customers and partners and thereby the slowing down of commercial cooperation, for example.

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- If Betolar fails to efficiently compete with existing or new methods with its Geoprime technology, this can have a negative impact on Betolar's business operations and prospects.
- There are uncertainties associated with the development of the demand for circular construction materials technologies and the use and pricing of industrial side streams, which may have a material negative impact on Betolar's ability to commercialise its accumulated expertise.
- Global epidemics or pandemics may have a material negative impact on Betolar's business through the general economic situation, impaired availability of financing and decreased economic activity of customers, among other reasons.

Group Structure

In January–June 2022, the Betolar Group comprised of the parent company Betolar Plc and its six Finnish wholly-owned subsidiaries Betolar Chemicals Ltd, Betolar Element Ltd, Betolar Geotechnical Solutions Ltd, Betolar Green Building Technologies Ltd, Betolar Mining Solutions Ltd and SolidWatt Ltd. On 26 April 2022, Betolar Element Ltd, Betolar Geotechnical Solutions Ltd, Betolar Green Building Technologies Ltd, Betolar Mining Solutions Ltd and Solidwatt Ltd signed a merger plan with the parent company.

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

Personnel and Offices

At the end of June 2022, the Group employed 49 (30 June 2021: 23) people. The number of employees increased by 26 persons, which represents an increase of 113% compared to the end of the previous corresponding period. There were 45 persons working in Finland and 4 persons working outside Finland. The average number of employees during the review period was approximately 41.67. In Finland, the company has offices in Espoo, Jyväskylä and Tampere and a laboratory in Kannonkoski. In addition to the Indian subsidiary, the company has operations in Vietnam and Indonesia.

Betolar grew and its capabilities continued to be strong with new recruitments. The new recruitments had a significant impact on the development of Betolar's capabilities during the first half of the year. The implemented recruitments were especially focused on strengthening competences in digital solutions, research and product development and commercial skills. The organisation developed especially the capabilities of new supervisors, strengthened occupational safety practices and developed the prerequisites for a healthy and competent workplace culture. Particular attention was paid to the orientation of new persons, where the importance of more experienced members of the work community was emphasised.

Governance

Annual General Meeting

The Annual General Meeting (AGM) of Betolar held on 23 March 2022 adopted the financial statements for the financial period 2021 and discharged the members of the Board of Directors

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and the CEO from liability. The Annual General Meeting decided to transfer the loss of the financial year to the profit (loss) account of the previous financial years and decided not to distribute dividend in accordance with the proposal of the Board of Directors.

Board of Directors and committees

In accordance with the proposal of the Board of Directors, the Annual General Meeting confirmed that the Board of Directors consists of six (6) members and re-elected Tero Ojanperä, Soile Kankaanpää, Kalle Härkki, Inka Mero and Juha Leppänen as members of the Board of Directors and Ilkka Salonen as a new member. Tero Ojanperä was re-elected Chair of the Board.

The Annual General Meeting decided to pay the Chair of the Board of Directors EUR 3,300 per month and the other members of the Board of Directors EUR 1,800 per month. In addition, the Annual General Meeting decided to pay the Chairs of the committees established by the Board of Directors EUR 600 per meeting and the other members of the committees EUR 300 per meeting. Persons employed by or in an employment relationship with the company are not paid remuneration for serving on the Board of Directors. Travel expenses are reimbursed in accordance with the maximum amount of the current travel reimbursement basis established by the Tax Administration.

The organising meeting of the Board of Directors was held on Wednesday, 23 March 2022 after the Annual General Meeting. Tero Ojanperä's election as Chair of the Board of Directors was confirmed by the Board of Directors. The other members of the Board of Directors are Soile Kankaanpää, Kalle Härkki, Inka Mero, Juha Leppänen and Ilkka Salonen. In addition, the Board of Directors decided to establish an Audit Committee and a Personnel and Remuneration Committee. The committees are responsible for assisting the Board of Directors and do not have independent decision-making power.

Tasks of the committees

The task of the Audit Committee is to assist the Board of Directors in ensuring the proper organisation of the company's accounting and financial control and to ensure that the company has an adequate internal control system covering all of its operations. The committee is also responsible for monitoring that the company's activities and internal controls are organised in accordance with the laws, regulations and good management and governance system as well as for supervising the activities of the internal audit.

The task of the Personnel and Remuneration Committee is to assist the Board of Directors in the preparation of personnel matters related to the operations and remuneration of the company's CEO and Management Team as well as the company's remuneration and incentive schemes. The committee is also responsible for monitoring the remuneration in the company and in the relevant industrial sectors.

Composition of the committees

The Chair and members of the Committees were elected by the Board of Directors at its organising meeting.

Audit Committee: Ilkka Salonen, Chair, and members Soile Kankaanpää and Kalle Härkki. The members of the Audit Committee are independent of the company and the company's significant shareholders.

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Personnel and Remuneration Committee: Tero Ojanperä, Chair, and members Inka Mero and Kalle Härkki.

Auditor

The Annual General Meeting re-elected the auditing firm PricewaterhouseCoopers Oy as the company's auditor in accordance with the proposal of the Board of Directors. The auditor's fees are paid according to a reasonable invoice. PricewaterhouseCoopers Oy has confirmed that Janne Rajalahti is the responsible auditor.

Shareholders' Nomination Committee

The Annual General Meeting decided to establish a permanent Shareholders' Nomination Committee and approved the Nomination Committee's rules of procedure. The Nomination Committee consists of five (5) members, of whom the four (4) largest shareholders of the company are each entitled to appoint one member. In addition, the Chair of the Board of Directors is a member of the Nomination Committee. The members of the Nomination Committee are appointed annually and their term of office expires when new members have been appointed.

Each year, the Nomination Committee is responsible for preparing and presenting to the Annual General Meeting and, if necessary, to the Extraordinary General Meeting, proposals on the composition of the Board of Directors (number of members and persons) and their remuneration. In addition, the Nomination Committee's task is to find successor candidates for the members of the Board of Directors and to prepare the principles concerning the diversity of the Board of Directors.

CEO and Management Team

On 12 May 2022, Betolar's Board of Directors appointed Riku Kytömäki as the new CEO of the company. The current CEO Matti Löppönen will continue in his position until Kytömäki starts, which will take place no later than 12 November 2022.

Betolar's Management Team was strengthened through key recruitments during the first half of the year. Ilkka Iittiläinen (M.Sc. (Tech), LL.M., MBA), who held demanding management positions in international procurement and logistics, was appointed as Head of Operations and a member of the Management Team on 29 March 2022.

After the end of the review period on 4 July 2022, Betolar made the following appointments to the company's management and Management Team: Ville Voipio (M.Sc.Econ.) was appointed Chief Commercial Officer as of 1 October 2022 and Jarno Poskela (D.Eng.) as Chief Technology Officer as of 1 September 2022. Pekka Hintikka, the company's current Chief Technology Officer, will no longer participate in the Management Team work as of 1 September 2022. He has announced that he will retire in 2023 and will continue to support Betolar's R&D activities as an advisor until then.

In addition to the new Management Team appointments, MD Lasse Happonen, who was responsible for the ready-mixed concrete and pre-cast elements announced on 29 March 2022 that he would retire and continue as Betolar's advisor.

Share and Shareholders

At the end of June 2022, Betolar's share capital was EUR 80,000 (2,500) and the company had issued 19,512,538 fully paid-up shares. The total number of outstanding shares was 19,512,525 (9,341,330) on 30 June 2022. The comparison period takes into account the impact of the share split executed on 2 November 2021.

The company has one series of shares with the ISIN code FI4000512587.

At the end of the period, Betolar had a total of 4,229 shareholders. The table below presents Betolar's ten largest shareholders based on the number of shares according to information from the shareholder register maintained by Euroclear Finland Ltd as at 30 June 2022. At the end of the period, the company held 13 treasury shares corresponding to 0.0% of the total number of the shares and votes in the company.

Ten largest shareholders on 30 June 2022

Position	Shareholder	Number of shares	% of shares
1	Nidoco AB	2,020,000	10.35
2	Leppänen Juha Markus	1,603,468	8.22
3	Ajanta Innovations Oy	1,600,463	8.20
4	Ilmarinen Mutual Pension Insurance Company	1,080,139	5.54
5	Ahlstrom Invest B.V	1,058,335	5.42
6	Voima Ventures Fund II Ky	744,853	3.82
7	Entrada Oy	691,150	3.54
8	Säästöpankki Pienyhtiöt	650,000	3.33
9	Ylitalo Kari Tapani	557,469	2.86
10	Danske Invest Finnish Equity Fund	542,827	2.78
	10 largest shareholders in total	10,548,704	54.06
	Other shareholders	10,691,265	45.94
	Total amount of shares	19,512,538	100.00

The members of the Board of Directors and Management Team and entities controlled by them held a total of 2,166,004 shares in Betolar at the end of the period, accounting for approximately 11.1 per cent of all shares and votes.

Of the shares, 7.2 per cent were held by nominee-registered shareholders. In addition, there was a total of 507,858 shares on the joint account that had not been transferred to shareholders' book-entry accounts by the end of the period. The shares on the joint account were held by three¹ shareholders and had not yet been recorded on their book-entry accounts. The shares on the joint account and their shareholders are not included in the list of the largest shareholders. The 100 largest shareholders are listed on Betolar's website <https://www.betolar.com/investors>

¹ Norlin Markus, Nygård Katri and Verbiex Capital AB

Share price and trading

Trading in the Betolar share commenced on 9 December 2021. The highest quoted share price in January–June 2022 was EUR 6.30 and the lowest EUR 4.01. The volume-weighted average share price was EUR 5.52. The closing price of the period was EUR 4.38, resulting in Betolar’s market capitalisation of EUR 85,445 thousand. The total trading volume of the share during the period was EUR 8,049 thousand and turnover 1,461,725 shares. The average daily turnover during the period was 11,788 shares.

Valid Authorisations of the Board of Directors

Betolar's Board of Directors has the following authorisations issued by the Annual General Meeting on 23 March 2022.

Authorisation to issue shares, stock option rights and other special rights entitling to shares

The Board of Directors is authorised to decide on the issue of a maximum of 1,850,208 shares (including shares issued on the basis of special rights) in one or more issues, which corresponds to approximately 9.5 per cent of the total number of shares in the company. The Board of Directors decides on all terms and conditions of issuance of new shares, stock option rights and other special rights entitling to shares within the framework of the authorisation. The issuance of shares and special rights entitling to shares, including options, may also take place in a directed manner in derogation from the pre-emptive rights of shareholders (directed share issue). The authorisation revokes the previous unused authorisations concerning the issuance of shares and the issuance of options and special rights entitling to shares and is valid for 18 months from the decision of the Annual General Meeting.

Authorisation to acquire treasury shares

The Board of Directors is authorised to decide on the acquisition of a maximum of 973,793 of the company's treasury shares, which corresponds to approximately 5 per cent of the total number of shares in the company. Treasury shares may be acquired only by using unrestricted equity and at the price in multilateral trading on the date of the repurchase or other publicly quoted price.

Shares may also be acquired outside public trading at a price that is not higher than the market price at the time of acquisition in public trading.

The Board of Directors decides how shares are acquired. Treasury shares may be repurchased other than in proportion to the shares held by the shareholders (direct repurchase) if there is a compelling economic reason for the company. The authorisation is valid for 18 months from the decision of the Annual General Meeting.

Webcast for investors and media

Betolar will organise a live webcast in Finnish for investors and media on 31 August, 2022 at 10:00 a.m. Finnish time. The webcast can be viewed at <https://betolar.videosync.fi/2022-q2-tulokset/register>

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

Betolar Plc Financial Information 1 January–30 June 2022

CONSOLIDATED INCOME STATEMENT

EUR in thousands	1-6/2022	1-6/2021	1-12/2021
REVENUE	21	0	10
Manufacturing for own use (+)	1,129	580	1,617
Other operating income	-	1	91
Materials and services	-25	0	-11
Personnel expenses	-1,939	-830	-2,004
Depreciation, amortisation and impairment	-419	-199	-688
Other operating expenses	-3,784	-806	-2,874
OPERATING PROFIT (LOSS)	-5,017	-1,254	-3,859
Financial income and expenses	-390	-4	-3,470
RESULT BEFORE APPROPRIATIONS AND TAXES	-5,407	-1,258	-7,329
RESULT FOR THE FINANCIAL YEAR	-5,407	-1,258	-7,329
EARNINGS PER SHARE			
EUR	-0,28	-0,14	-0,70

CONSOLIDATED BALANCE SHEET

EUR in thousands

ASSETS	30.6.2022	30.6.2021	31.12.2021
NON-CURRENT ASSETS			
Intangible assets			
Consolidated goodwill	100	125	112
Development expenditures	2,563	1,208	1,813
Other capitalised long-term expenses	76	51	77
Total intangible assets	2,739	1,384	2,002
Tangible assets			
Buildings	6	6	6
Machinery and equipment	144	146	164
Advance payments and construction in progress	84	31	-
Total tangible assets	234	183	170
TOTAL NON-CURRENT ASSETS	2,973	1,567	2,172
CURRENT ASSETS			
Inventories	9	17	9
Long-term receivables			
Other receivables	47	-	16
Total long-term receivables	47	-	16
Short-term receivables			
Trade receivables	53	-	7
Other receivables	393	101	382
Prepaid expenses and accrued income	134	71	220
Total short-term receivables	580	172	608
Investments			
Other shares and similar rights of ownership	33,273	-	33,998
Cash and cash equivalents	316	1,731	3,358
TOTAL CURRENT ASSETS	34,226	1,921	37,988
TOTAL ASSETS	37,198	3,488	40,159

CONSOLIDATED BALANCE SHEET EUR in thousands

EQUITY AND LIABILITIES	30.6.2022	30.6.2021	31.12.2021
EQUITY			
Share capital	80	3	80
Reserve for invested unrestricted equity	48,006	3,706	47,958
Share issue account	3	2,666	13
Retained earnings (losses)	-9,639	-2,313	-2,309
Result for the financial year	-5,407	-1,258	-7,329
TOTAL EQUITY	33,042	2,804	38,413
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	2,460	135	372
Total non-current liabilities	2,460	135	372
Current liabilities			
Loans from financial institutions	3	-	4
Trade payables	763	236	767
Other liabilities	127	53	52
Accruals and deferred income	804	260	552
Total current liabilities	1,696	549	1,375
TOTAL LIABILITIES	4,156	684	1,747
TOTAL EQUITY AND LIABILITIES	37,198	3,488	40,159

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR in thousands

	1-6/2022	1-6/2021	1-12/2021
Cash flows from operating activities:			
Result before appropriations and taxes	-5,407	-1,258	-7,329
Adjustments for:			
Depreciation, amortisation and impairment	419	199	688
Financial income and expenses	388	4	3,470
Other adjustments	-289	0	6
Cash flow before change in working capital	-4,890	-1,056	-3,165
Changes in working capital:			
Increase (–) or decrease (+) in trade and other receivables	28	3	-433
Increase (–) or decrease (+) in inventory	-	-	1
Increase (+) or decrease (–) in trade payables and other liabilities	57	121	467
Cash flow from operating activities before financial items and taxes	-4,806	-932	-3,130
Interest paid and other financial expenses paid	-99	-4	-13
Cash flow used in operating activities (A)	-4,905	-936	-3,140
Cash flows from investing activities:			
Investments in tangible and intangible assets	-954	-637	-1,585
Loans granted	-31	-	-16
Investments in subsidiary shares	-	-127	-127
Cash flow used in investing activities (B)	-985	-764	-1,727
Cash flows from financing activities:			
Proceeds from share issue	38	2,666	39,788
Purchase of own shares	-	-14	-14
Proceeds from short-term loans	-	-	5
Repayment of short-term loans	-2	-	-1
Proceeds from long-term loans	2,088	135	4,872
Payments relating to obtaining financing	-	-	-3,072
Cash flow from financing activities (C)	2,124	2,787	41,578
Change in cash and cash equivalents (A+B+C)	-3,765	1,087	36,711
Cash and cash equivalents at the beginning of the period (*)	37,355	644	644
Cash and cash equivalents at the end of the period (*)	33,590	1,731	37,355
	-3,765	1,087	36,711

(* Cash and cash equivalents include other shares and similar rights of ownership)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1-6/2022

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Share issue account	Retained earnings (losses)	Total equity
Share capital at beginning of period (1 January 2022)	80	47,958	13	-9,638	38,413
Result for the financial year				-5,407	-5,407
Share issues		35	3		38
Registration of shares		13	-13		0
Equity at end of period (30 June 2022)	80	48,006	3	-15,046	33,042

1-6/2021

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Share issue account	Retained earnings (losses)	Total equity
Share capital at beginning of period (1 January 2021)	3	950	2,770	-2,313	1,411
Result for the financial year				-1,258	-1,258
Share issues			2,666		2,666
Purchase of own shares		-14			-14
Registration of shares		2,770	-2,770		0
Equity at end of period (30 June 2021)	3	3,706	2,666	-3,571	2 804

1-12/2021

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Share issue account	Retained earnings (losses)	Total equity
Share capital at beginning of period (1 January 2021)	3	950	2,770	-2,312	1,411
Additions to share capital	77				77
Result for the financial year				-7,329	-7,329
Adjustment to previous year's result				3	3
Share issues		44,252	13		44,265
Purchase of own shares		-14			-14
Registration of shares		2,770	-2,770		0
Equity at end of period (31 December 2021)	80	47,958	13	-9,638	38,413

BETOLAR

Accounting principles applied to the Half-Year Review

The Half-Year Review has been prepared in accordance with good accounting practice and Finnish legislation. The figures in the Half-Year Review are unaudited and have been prepared according to Finnish Accounting Standards (FAS). The information is presented to the extent required by section 4.4 (e) and (i)–(iv) of the First North Rules. The figures presented have been presented in thousands of euros and rounded up or down. Therefore, in certain cases, the sum of the numbers in a column or row does not always exactly correspond to the number representing the total of the column or row.

Related party transactions

Betolar's related parties include the subsidiaries of the parent company Betolar Plc. Related parties also include the key employees of Betolar's management as well as their close family members and the entities under their control. The key management personnel are the members of Betolar's Board of Directors, the CEO and other members of the Management Team. Transactions with related parties are made on normal commercial terms. The transactions include consultancy services related to business development purchased from a member of the Board of Directors and a member of the Management Team and minority shares of subsidiaries purchased from the members of the Management Team during the 2021 financial period.

No loans or any other guarantees or securities were issued to any related parties.

The following transactions were carried out with related parties:

EUR in thousands	30.6.2022	30.6.2021	31.12.2021
Consolidated income statement	Group	Group	Group
Purchases of services	79	24	138
EUR in thousands	30.6.2022	30.6.2021	31.12.2021
Consolidated balance sheet	Group	Group	Group
Trade payable	0	0	16

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

Wages and salaries of key management personnel:

EUR in thousands	30.6.2022	30.6.2021	31.12.2021
	Group	Group	Group
Remuneration paid to the members of the Board of Directors	37	15	32
Chief Executive Officer			
Wages and salaries	131	80	173
Pension expenses	22	14	30
Other social security expenses	4	2	5
	157	96	208
Management team			
Wages and salaries	389	101	359
Pension expenses	66	17	63
Other social security expenses	12	3	10
	467	121	433

Share options (pcs) granted to the key management personnel during the financial years 2022 and 2021:

	2022	2021
	Group	Group
Board of Directors	46,055	431,518
Chief Executive Officer	0	60,701
Management team members	172,707	165,876
Total (*)	218,762	658,095

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

Off-balance sheet commitments

EUR in thousands	30.6.2022	30.6.2021	31.12.2021
	Group	Group	Group
Lease commitments	181	18	23
Business mortgages	0	150	150
Total	181	168	173

The company has had a credit limit account guaranteed by Finnvera plc, for which Betolar has provided corporate mortgages worth a total of EUR 150,000 as collateral in the financial period 2021. The mortgage was discharged in March 2022.

The increase in rental security deposits in the six-month period in 2022 is explained by the acquisition of a new laboratory space and the new premises needs created by the increase in personnel.

Events after the period

- Betolar entered the commercial phase in India after signing the first commercial Geoprime agreements with three Indian concrete product manufacturers.
- In August, Betolar signed a development cooperation agreement with Consolis Parma, a leading manufacturer of pre-cast concrete elements.
- The company's Management Team will be complemented by two new members. Ville Voipio was appointed as Chief Commercial Officer and will start on 1 October 2022. Jarno Poskela will start as Chief Technology Officer on 1 September 2022.
- Pekka Hintikka, the company's current Chief Technology Officer, will no longer participate in the Management Team work due to retirement.

Helsinki, 30 August 2022

Betolar Plc
Board of Directors

APPENDIX

Calculation formulas for certain alternative measures and other indicators

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