

BETOLAR

Annual Review 2021



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BETOLAR IN BRIEF

Betolar is a solution-oriented conqueror of the world

Betolar is a growth-phase materials technology company that aims to promote the green transition of different industries globally, without significant investments, by offering alternatives to conventional cement-based material solutions. With the Geoprime solution, concrete producers can reduce their emissions by up to 80% compared to cement-based concrete.

While the Geoprime solution enables the production of low-carbon concrete, replacing cement with industrial side streams also saves virgin natural resources. Betolar has analysed the usability of approximately 400 side-stream materials from different industries.

Evolving formulas provide a head start

Betolar's business is based on licensing the proprietary Geoprime concept and selling the chemicals, required in it. With the versatile recipes and data bank, customers can utilise industrial side streams generated in their vicinity without major changes in their current production processes. Continuous development of formulas using AI provides Betolar and its customers with a head start in knowledge.

Development activities are concentrated in the company's domicile in Kanonkoski and in Otaniemi, Espoo, near Aalto University. Betolar has gathered top experts in its field, who have the opportunity to implement advanced expertise on an industrial scale.

In particular, Betolar employs researchers specialising in geopolymer technology, building materials technology, artificial intelligence, and data science, as well as professionals in product and service management, management of customer supply projects, and sales. In its development work, Betolar uses the best industrial companies in the industry to find production-related and commercial solutions.

From small concrete products to a global growth company

Betolar started its operations in 2016 by manufacturing small concrete products. However, the company soon began to focus on research and development of geopolymers. Betolar received its first patent in 2020. Sitra chose Betolar as one of the most interesting circular economy companies in Finland in 2019.

In December 2021, Betolar was listed on the Nasdaq First North Growth Market. The company raised approximately EUR 35 million in gross assets to ensure the growth of its current business and global scaling. In addition, the capital raised will be used for research into environmentally friendly raw materials, the development of new material and production solutions, and the development of an artificial intelligence platform. The Finnish Climate Fund also funds the development of Betolar's artificial intelligence platform.

Geoprime[®] solution



Material technology that enables the green transition in concrete construction quickly and globally.

Target Markets

- Global cement market (worth appr. 200 billion euro¹⁾)
- Europe and Asia in particular (total share of the global cement market ~ 90%²⁾)

Clients

- Construction product industry
- Process and energy industries
- Mining industry

Benefits for the clients

- Up to 80% reduction in carbon footprint compared to traditional cement-based concrete³⁾
- Creates new circular economy for industrial side streams
- Saves virgin natural resources
- Does not require significant investments in new production lines

1) Assessment by Betolar

2) CEMBUREAU

3) Vahanen Environment research report 20.8.2021 ordered by the Betolar. 'Up to 80 percent reduction in CO2 emissions' refers to a lower level of CO2 emissions of the raw materials in courtyard stone production with Betolar's solution compared to the general cement-based courtyard stone production.

Business Model

- Licensing of the Geoprime[®] solution and sales of the chemicals used in the solution
- In addition to the solution, the client receives Betolar's production support, learning environment, quality development, Geoprime[®] brand and marketing, and the promise of new binder solutions
- Globally scalable light operating model with minimum fixed asset needs
- Artificial intelligence platform model enhances product development and customer production processes (Binder-As-A-Service)

CEO'S REVIEW

The first year as a listed company is a year of new launches

In the world view of a growth company, change is constantly present. The IPO process in the autumn was a good pacesetter for us. We managed to assemble our investment story into a functional whole. Customers and investors were able to form their views of the company, its potential and value.

Based on the market response during the funding rounds, we have refined our view of our situation and plans. As a company with no net sales, we have been able to create and communicate a roadmap of the potential of our business to deliver on our promises. Betolar is moving into the commercial phase.

We respond to the challenges of the construction industry

Green construction is a key part of the solution to climate change. The industry globally faces three major challenges to sustainable development: carbon dioxide emissions from cement, untapped industrial side streams, and the limited availability of virgin raw materials. Betolar's business is based on providing a solution to these problems.

With our proprietary Geoprime concept, our customers get continuously developing solutions and support for green binder solutions on an industrial scale. The concept guarantees our customers the usability, quality and commercial attractiveness of the solutions.

The green transition of the concrete industry has strong appeal. More and more companies in the construction value chain want to get involved. Concrete producers, builders and real estate investors and developers are particularly interested in our solutions. Regulations guide construction and industry to green solutions.

Development with customers becomes a business

Our scientific and industrial understanding of materials technology will continue to be our strength. Through the development of the AI platform, we bring efficiency and certainty to our research activities and to our customers' industrial processes.

Our development work brings together Finnish universities and many companies in the binder, concrete and mining industries. Together, we aim for globally scalable industrial solutions. Last year, we implemented several industrial customer pilot projects in Europe. The results have been very encouraging.

With the customer pilot projects, we aim at commercial agreements. Our customers are interested in learning about our solution, piloting it, and negotiating commercial agreements. In Asia, we are preparing to build a commercial and technical organisation.

Expertise and capital combine into growth

The business of changing the world has attracted experts to Betolar. We have strengthened the Board of Directors and the Management Team with successful recruitments. With the new competence, we will ensure Betolar's business readiness, development potential and international expansion.

"Our business is based on solving global problems. We are entering the commercial phase."



Venture capitalists saw Betolar's potential early on. Since 2017, several front-line venture capitalists have come aboard, and they listed the company on the Nasdaq First North marketplace in Helsinki last December.

The IPO raised EUR 35 million to promote international growth and product development. A community of thousands of investors has formed around Betolar and is making a concrete contribution to the green transition. In the share issue, venture capitalists also committed to new investments.

Networked culture enables solutions

Betolar is not only a technology company. It is a movement that brings solutions to demanding global problems. Our corporate culture supports competence development, management dynamics and, above all, business growth.

I would like to thank our pilot customers, partners, shareholders and staff for the eventful year. The journey is just beginning. This year is a year of new launches.

Matti Löppönen
CEO

VISION, STRATEGY AND RESPONSIBILITY

Strategy makes a sustainable vision concrete

The way to implement a responsible vision is through action. Only then will the world become a better place and society become more sustainable. From the very beginning, a visionary mindset has been at Betolar's core, combining strong expertise throughout the construction value chain with an understanding of the opportunities offered by technology and digitalisation.

Respect for the environment and human beings, as well as innovation and the courage to take the chosen path are embedded in Betolar's mindset and values. Responsibility is not just noble principles for Betolar, but action in practice. People who want to make a change that has an immediate impact have joined Betolar and its partners. This is how values change from words to deeds.

The green transition is a joint effort

Betolar believes in a sustainable future. It has the will to help the construction industry in the green transformation. This requires the ability to rethink and, above all, the courage to put things into practice as soon as possible. The whole ecosystem is involved in the development: customers, partners and decision-makers in the various sectors of society.

VISION
Betolar implements the green transformation in construction industry



THE GREEN TRANSITION PROVIDES BETOLAR WITH HUGE OPPORTUNITIES

1 GREEN	An innovative solution for cutting CO ₂ emissions from concrete construction ¹
2 SOLUTION	Science-based materials technology that disrupts the cement industry
3 MARKET	Growing, large EUR 200 bn cement market ² in transition
4 BUSINESS MODEL	Highly scalable and asset light business model based on a platform
5 GROWTH ROADMAP	The opportunity to create a new market quickly as a pioneer
6 TEAM	Comprehensive scientific, technological and commercial expertise

FINANCIAL TARGETS
Medium term financial targets (by 2026)
<ul style="list-style-type: none"> Revenue of EUR 200 million Positive cash flow from operating activities
Long term financial targets (within 10 years)
<ul style="list-style-type: none"> Revenue of over EUR 1 billion EBITDA margin of 30 percent

1) Source: Vahanen Environment research report 20 August 2021. The report is ordered by the Company. A reduction in CO₂ emissions of up to 80% indicates lower CO₂ emissions from the raw material of the yard stones produced with Betolar's solution compared to common yard stones made of concrete.
2) Source: Company management estimate

Although important, attitude and will are not sufficient for achieving a change. There must also be the ability to make things part of the industrial value chain and society's decision-making. Betolar helps the construction industry reduce CO₂ emissions, reduce the use of natural resources and achieve climate goals in practice. Every cubic metre of concrete produced using the Geoprime concept reduces CO₂ emissions from raw materials by up to 80%.

Betolar aims to facilitate the green transformation and transition of different industries, in particular the construction, process and energy industries. The company's strategy now focuses on starting business operations, building a data-driven business ecosystem and getting access to industrial side streams.

Strategic focus is on international markets and net sales growth

Betolar's strategy focuses on commercialising the Geoprime concept and launching international business through customer pilots, partnerships and industrial scaling. In this respect, the strategy constantly demonstrates its effectiveness as new partnership agreements are being concluded.

Betolar's business will grow as customers adopt the Geoprime concept in their production processes. Measures to launch sales and marketing in Europe and Asia will open up considerable construction markets for the use of Betolar's concepts.

Product development paths are promoted and business is expanded through various strategic partnerships. While new business openings are made, the

development of the Geoprime concept will also continue in Betolar's research and development unit, in cooperation with universities and in new pilot projects launched on an ongoing basis.

The aim is to find new binder solutions and collect data related to industrial side streams, and to promote the development and further commercialization of the AI platform. The work is directly reflected in the expansion of the service offering included in the Geoprime concept.

Work to build a data-driven business ecosystem is underway

The strategic aim is to create a business ecosystem based on data generated from geopolymer technology around Betolar's business model, with Betolar's AI platform playing a central role. The AI platform is designed to support Betolar's product development and business.

The Geoprime Academy will be made into a centre of excellence for promoting the use of the Geoprime solution in customer companies at different stages of production. The AI platform will also be designed to enable the instrumentation and hyperautomation of customers' production processes.

Betolar also aims to offer smart solutions for the end products produced with Geoprime technology in the future. In addition to production process data and raw material analyses, they will be able to provide their users with data on, for example, the state and characteristics of the final product.

Access to industrial side streams is an essential part of the green transition

Betolar's solution is designed to work with a wide range of industrial side streams of different quality. Betolar will develop the suitability of its solution for new alternative side streams. As a result, an increasing range of side stream materials will provide a commercial benefit rather than a cost.

The key to the utilisation of various sidestreams is to work in close cooperation with producers of different side streams by contributing to their processing and modification in connection with the production process. Thus, their suitability for Betolar's solutions can be developed and promoted.

The long-term strategic goal for Betolar is also to develop a side stream-independent construction material solution. Betolar will also develop its own activator and additive to work in conjunction with the Geoprime solution.

Sustainable circular economy saves the planet

Cement can be replaced in various terrestrial concrete structures, infrastructure systems and soil stabilisation. An industrial circular economy saves virgin raw materials and protects biodiversity.



Rapid expansion of the business ensures the green transition

The green transition of industries is best supported through business growth. Betolar raised approximately EUR 35 million gross in the IPO. It will help to expand the business into international markets as quickly as possible.

The pioneering companies form the core of Betolar's ecosystem built around the Geoprime solution. The strategic responsibility of Betolar is to produce functional solutions for the production processes of the concrete industry. This will ensure business benefits for all parties throughout the value chain.

This is how a responsible vision turns from a view to seeing and from objectives into a reality.

Every cubic feet of concrete produced with the Geoprime[®] concept, reduces raw materials CO₂ emissions up to 80 percent.



PROGRESS IN COMMERCIALISATION

Industrial partnerships make commercial solutions possible

The cement and construction value chain produces 25 per cent of the world's carbon dioxide emissions. Betolar's Geoprime solution reduces CO₂ emissions from the raw materials of concrete by up to 80 per cent. The mitigation of climate change offers the best push for the commercialisation of Betolar.

Innovation provides a true solution only if it can withstand market competition. Betolar has made several development agreements during 2021 to ensure the industrial viability and acceptability of the solutions in the industry.

An essential part of commercialisation is the use of the Betolar and Geoprime brands in marketing. They allow customer companies to demonstrate the low-carbon nature and high quality of their products in the market for climate-friendly concrete products.

Business requires commercial agreements, and Betolar is working on several. In 2022, the first large-scale commercial agreement materialised with the domestic Finnish company JA-KO Betoni.

The ten-year agreement between Betolar and JA-KO Betoni covers all product categories. JA-KO Betoni is a subsidiary of Ruskon Betoni, one of Finland's



Joint development with clients strengthens the opportunities of success.

largest concrete producers. In 2021, Betolar signed a commercial agreement with Ruskon Betoni on the use of the Geoprime solution for the production of paving stones.

Central European companies that have signed commercial agreements with Betolar include the Danish company IBF and Belgian company Tubobel in 2022. The companies will apply the Geoprime solution in diverse concrete pavements and sewerage pipes.

The pressure of the green transition will accelerate demand

Low-carbon solutions on an industrial scale pave the way for rapid and cumulative change in the concrete industry. The entry of the first companies into the market also encourages others to join the trend in the industry. The demand for low-carbon concrete products is growing at an accelerating pace in society and the market.

Betolar has worked extensively in the Nordic countries, Central Europe, and Asia to establish partnerships. Finnish concrete producers, such as Lujabetoni, have already been doing development work with Betolar for a few years. The aim is to move to low-carbon concrete products with competitive working properties.

In Asia, business capabilities have been strengthened by hiring local employees. In India, Betolar has started cooperation with TARA, a promoter of sustainable housing construction.

Rapid scaling secures market position

Betolar is building its international sales network. The funds raised in the IPO will be used for speeding up market entry. Betolar's solutions help to utilise local raw materials. Therefore, both Betolar and its customers enjoy a competitive advantage thanks to the extensive expertise in the properties of different side streams.

Betolar is a desired partner because it does not compete with the concrete industry but is an enabler of change. There is a growing demand for the Geoprime solution, as there are no alternatives for building materials using diverse side streams in a price-competitive and flexible way available to the construction industry.

The Geoprime solution can be utilised without significant changes to production lines, which lowers the threshold for transition. Commercial product and

building material solutions based on geopolymers to replace cement are sought after, developed and productised in cooperation with potential customers. Use is made of the customer's existing product offering and production structure.

Partnerships increase customer understanding, such as regarding the further specification of the service offering and price optimisation. In addition to commercialisation, partnerships also provide an opportunity to expand scientific expertise, innovation and intellectual property development.

JA-KO BETONI WAS THE FIRST IN FINLAND

Betolar and JA-KO Betoni signed a licence agreement on the Geoprime concept in February 2022. JA-KO Betoni may use the material technology solution in accordance with the Geoprime concept, and related continuous product development and expert services in the production of its concrete products.

The agreement also includes the right to use the registered Betolar and Geoprime trademarks in products produced in accordance with the concept. In addition, the parties have concluded a delivery agreement for the chemicals used in the Geoprime solution.

"Our agreement is a clear opening in our industry towards low-carbon concrete production globally. We are happy to pave the way in Finland and internationally," says **Jaakko Eloranta**, CEO of JA-KO Betoni.

Initially, JA-KO Betoni will focus on infrastructure products with lower requirements for salt and frost resistance. These include various products to be installed in parks and parking areas, such as pole stands, foundations for charging stations for electric vehicles, and various wells and concrete cones. The first products will be launched already during spring 2022.



Betolar's founder Juha Leppänen (left) and Jaakko Eloranta, CEO of JA-KO Betoni.

Photo: Tommi Hätäheijuriluode Films

IBF AND TUBOBEL OPENED THE GAME IN CENTRAL EUROPE

In February 2022, Betolar announced commercial agreements with the Danish company IBF and the Belgian company Tubobel on the production of low-carbon concrete products. The companies will start the production of concrete pavings and sewerage pipes using Betolar's Geoprime solution. The first commercial products will be launched already this year. Production will gradually expand to cover the whole range of products.

IBF and Tubobel will use the Geoprime concept and chemicals supplied by Betolar in their concrete products. The companies will also benefit from Betolar's continuous product development and expert services. The companies may use the registered Betolar and Geoprime trademarks in products produced in accordance with the concept.

"Last year, we tested the Geoprime solution in different product groups in cooperation with Betolar. Infrastructure construction requires a lot of different concrete products," says **Esben Mølgard**, Product Chief at IBF.

According to McKinsey, the cement and construction value chain is responsible for 25 per cent of global CO2 emissions, and it is a key element in global efforts to mitigate climate change.

"We can support our clients with a low-carbon alternative to concrete to meet their emissions targets," says **Evert Lemmens**, CEO of Tubobel.

ENVIRONMENT AND QUALITY

The green transition requires problem-solving ability and a systematic approach

Betolar's aim is to be the industry's preferred partner and an enabler of the green transition. Achieving this objective requires a systematic and standardised operating policy and a systematic and effective management system.

Betolar aims to operate in full contractual compliance, with high quality and safety, while taking the environment into account and satisfying customer expectations. The company continuously develops its development and production processes, as well as its operating methods. This improves health and safety at work, the quality of products and services, and sustainable solutions to prevent environmental pollution.

The operations manual defines and guides operations

As part of HSEQ activity on health, safety, environment and quality, Betolar Plc has prepared an operations manual. The operations manual focuses on Betolar's quality, environmental and safety management systems, which describe the company's operations, their management and follow-up. Betolar's operations manual meets the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

The management system defines the planning of the company's strategy, the setting of goals, the preparation of action plans, and the monitoring and measurement of results. Its scope is product development, testing, marketing and sales of low-carbon building materials and industrial side streams, and related services with process descriptions.

The network is formed together with customers and partners

Betolar's solution is constantly evolving in terms of technology, materials, methods and knowledge. Betolar has the ability to create continuous added value and thus develop built environments for the better.

Betolar creates sustainable business development for its customers and renews the entire value chain's way of thinking, producing, building, buying and using. Customer projects examine the functionality of the formulas developed for the customer in terms of product requirements, production characteristics and costs.

Betolar's contracts with its partners include provisions aimed at aligning their operations with its goals. Customer relationships are managed professionally in accordance with the requirements set by the customer for their operations. Betolar engages in open interaction with the authorities.

A balanced set of indicators is used for monitoring the achievement of goals. The indicators cover operating policy (e.g. customer satisfaction, personnel satisfaction and CO2 emissions), as well as environmental and safety goals (e.g. safety in the working environment).

Values, quality and safety

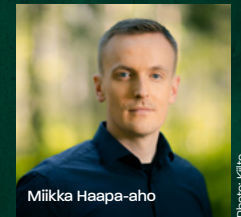
Betolar's operations are guided by the company's values, which are determined together with the personnel. The values are courage, commitment to responsibility, and working together. It is the task of the management and supervisors to commit to and implement the values and strategy.

At Betolar, the adoption of the values is promoted by the management and supervisors showing a personal example. The values must be present and visible in everyone's day-to-day work. Every employee is responsible for the quality of their own actions, environmental protection, and compliance with occupational safety guidelines and practices.

With regard to safety, the focus is on preventive measures. The goal is zero accidents. Employee awareness of occupational health, safety, environmental matters and quality is systematically increased by, for example, training the personnel in sustainability.

KIILTO AND BETOLAR ARE DEVELOPING A LOW-CARBON FLOOR SCREED

The chemical industry company Kiilto and Betolar launched the development of low-carbon floor screeds. The ambitious goal is to replace cement in products. Both companies have strong scientific research-based product development expertise. The research and testing phase has already provided promising results.



Miikka Haapa-aho

Photo: Kiilto

"This is a revolutionary step forward on our journey towards environmental leadership in our industry. Floor screeds are one of the largest areas of our construction business. We will also utilise the research information accumulated in developing our other products to be more environmentally friendly," says **Miikka Haapa-aho**, Construction Business Area Director at Kiilto.

Low-carbon solutions like Geoprime have not previously been utilised in floor screeds and compounds. Utilising the Geoprime solution does not require new production lines, which speeds up the commercialisation of the solutions.

"This type of new chemistry is a fascinating challenge, which requires extensive product development to ensure the quality of the final product. The improvement in environmental impact implemented in one product group can later be extended to other products with the same chemical base," says Haapa-aho.

PEOPLE AND CORPORATE CULTURE

People, knowledge and culture are at the heart of success

Success stories in business emerge from combining expertise, courage and business processes. Thinking outside the box brings up ideas that have been innovation blind spots. Taking new trails requires the courage to try and also to fail.

As a materials technology company, Betolar's core resource is also its people and their expertise. Betolar solves global problems related to replacing cement in concrete production and utilising industrial side streams. Steering the transformation of one of the world's biggest industries is at hand.

The founder of the company, Juha Leppänen, has been working for a long time with an open mind to find new geopolymer solutions. The work began with small concrete products, for which he wanted to find low-carbon material solutions. In order to build up his expertise and develop the business, he started to



Success stories emerge from
combining expertise, courage
and business processes.

assemble the Betolar team, which represents the world's top geopolymer technology research today.

A winning formula requires the coordination of multidisciplinary expertise

Betolar's key areas of excellence are materials technology, artificial intelligence and data analytics, chemical analysis, and the chemical and physical properties of products. Mixing ratios of chemicals is Betolar's specialty. These vary depending on the side streams, aggregates, equipment and curing conditions.

The necessary solutions have been studied for a long time at Finnish universities. Knowledge has accumulated, but commercial solutions and an industrial scale have been lacking until now. Therefore, Betolar is building a centre of excellence to bring together expertise, development resources and business applicability.

In addition to expertise in chemistry and physics, Betolar has recruited experts in building materials technology and experts in the concrete industry processes, product and service management to facilitate its success. The development of business operations for systems and services using data and AI has attracted interest from AI and software development and data science experts.

The goal of the Betolar team is to transform energy, mining, steel and forestry industry side streams into low-carbon geopolymer-based building materials. What makes Betolar unique is that it uses advanced analytics to maintain the high-quality control of materials.

Knowledge superiority develops through cooperation with partners

Betolar tests and develops its solutions together with its strategic development partners. Betolar also gets an opportunity to expand its scientific competence and innovation and intellectual development. The aim is to find models that match the partner's production infrastructure.

The data generated in product development is collected and analysed in cooperation, increasingly using artificial intelligence. At the same time, Betolar's know-how relating to the industrial processes used by its customers in the production of materials is developed. Partnerships provide access to new industries and geographic target markets and their production conditions.

In the partnerships, the partner provides its own special expertise in its field



Betolar is currently building its core of expertise. In 2022, Betolar will triple its personnel up to more than 90 employees.

to the development work and organises the necessary pilot project and factory conditions for product testing during the product development phase. The partner's aim of increasing the demand for geopolymer solutions developed together with Betolar in its own customer interface is also essential.

Good leadership and a supportive culture increase the commitment of experts

Betolar's success depends on its ability to identify, attract and retain skilled employees. Therefore, Betolar has begun to build a working community culture that pays attention to the preconditions of work and individual resources, continuously developing them.

The members of the community are encouraged to recognise diversity, even uniqueness, in themselves and others. In such a value climate, interaction can deepen, and mutual respect can materialise. Its task is to unleash the potential of talent.

Well-being at work is built at work, and leadership is one of its key areas alongside competence. The management of the company has set itself the goal of creating a positive management experience. It will attract new employees and get the current ones to do their best.

The management of the working community is demanding, as Betolar's staff consists of ambitious experts who want to achieve internationally significant results scientifically, industrially and commercially. The organisation operates in a decentralised manner, which requires a strong self-directed approach from the experts, and jointly agreed objectives provide a framework for this.

Betolar has a value-based mission, the realisation of which can be monitored in concrete terms. Long-term scientific expertise in different areas is combined with industrial and commercial expertise at the international level. The management, staff and partners have a common cause.

RESEARCH AND DEVELOPMENT

Research provides a head start in knowledge

Betolar's technological and scientific expertise is based on the research and analysis of industrial side streams and the continuous development of Geoprime recipes and low-carbon building materials. The use of AI facilitates swift and accelerating development of the solution.

Betolar's success is based on its state-of-the-art research. Betolar's specific areas of excellence are materials technology, artificial intelligence and data analytics, chemical analysis, and the chemical and physical properties of starting materials products.

The focus of research and development is on the company's proprietary Geoprime technology, which can be used to produce more ecological concrete building materials than conventional cement-based concrete.

Geoprime uses side streams

Geopolymers are a range of inorganic compounds whose composition and properties can be adjusted by changing the manufacturing conditions. Geopolymers are used in multiple applications where concrete is currently used. Thanks to their versatility, geopolymers can also be used in demanding special applications for which conventional concrete has insufficient properties.

As part of the continuous development of the Geoprime technology, Betolar analyses and develops the formulas, chemical activators and ingredients needed for the use of side streams, the use of optimised side streams and production processes.

Central to the development of alternative and low-carbon concrete products are the initial and final strength, density and workability of mass, as well as solubility, heat, frost, salt and chemical resistance of the final product. New side streams are being studied to find the best formulas and develop optimised building material solutions.

AI-accelerated research and development

As part of extensive research and analysis of side streams, Betolar accumulates a broad understanding and a wealth of high-quality data about the characteristics of side streams. As customers deploy Geoprime solutions, the volume of data and the accuracy of predictions in recipe development are increasing rapidly.

The collected data is utilised by developing a proprietary materials technology AI platform, which will be a key part of Betolar's business model. It allows Geoprime customer companies in different industries to optimise their process management.

The AI and data platform will also be combined with industrial automation and the scaling of materials development. Thus, the creation of the right binder solution for the different aggregates can be automated. The aim of industrial automation is to optimise the production of concrete products in accordance with the individual requirements of the customer companies.

The aim is to develop a predictive model that takes into account all of the key parameters related to the product, such as the substances used and the requirements set for the product and application, as well as the minimisation of pre-processing. The formula optimised in terms of CO₂ emissions, price and different characteristics of the end product is produced on the basis of the accumulated data.

The technology, data and service platform will provide Betolar and its customers with increasing knowledge-based competitive advantage, benefitting the entire value chain. Producers of industrial side streams and end-users of Geoprime construction materials will be connected to the same platform. The scientific community can also use high-quality data collected and analysed on the platform in its research.



Betolar has four patents in Finland. Nine patent families are in progress.

Intellectual property rights

Betolar's solutions and business model are based on the use of technologies and solutions developed by Betolar. Protecting innovation and the intellectual property rights to the technology platform is strategically important. Betolar has a strong IPR portfolio.

The company has four patents in Finland. Nine patent families are pending. The patents concern, for example, the data collection and management interface, formulas and battery technology. In addition, several international patent applications are pending.

Financial statements and management

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Report of the Board of Directors 2021

Betolar in brief and group structure

Betolar is a Finnish growth-phase materials technology company whose mission is to enable the green transition of different industries globally, especially in the construction, process and energy industries, by offering solutions for the utilisation of its unique material technology. With its Geoprime solution, the company offers an alternative for producing sustainable and low-carbon concrete and concrete applications. The solution can be used to convert previously under-used or unused industrial side streams into a substitute for cement used in the production of concrete.

Betolar's material and production development innovations can significantly reduce the carbon dioxide emissions of concrete production at the raw material level by up to 80 per cent. Products produced with the Geoprime solution can contain up to 95 per cent of side stream-based raw materials. Betolar uses and optimises existing production processes and industrial side streams in its solutions. In accordance with its strategy, Betolar aims for growth first and foremost in Europe and Asia, and later globally.

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

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

The parent company Betolar Plc develops technology solutions and owns the company's IPR portfolio. Betolar Chemicals Oy is responsible for the procure-

ment and sale of chemical additives used in the development of formulas without cement to customers. At the end of the financial period, Betolar's business operations were centralised with the parent company and Betolar Chemicals Oy. Betolar plans to merge its other subsidiaries registered in Finland into the Group's parent company.

Main events during the financial period

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

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

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

In September 2021, Betolar and Lujabetoni announced that they are jointly developing the background technology for low-carbon concrete products. The parties have carried out development work to accelerate the curing of low-car-

bon concrete using CEM III cement that contains blast furnace slag with the "Geoprime Hybrid" solution.

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

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

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

KEY FIGURES

FINANCIAL INDICATORS

(EUR thousand, unless otherwise specified)

	2021	2020	2019
Net sales	0	6	7
Gross margin ¹	6	0	-9
EBITDA ¹	-3,171	-1,053	-4,63
Operating profit (loss)	-3,859	-1,373	-598
Profit before appropriations and taxes	-7,329	-1,385	-608
Profit for the financial period	-7,329	-1,385	-608
Cash and cash equivalents (at the end of the period)	3,358	644	15

OPERATIONAL INDICATORS

	2021	2020	2019
Personnel (average number during the financial period) ¹	23	12	8
Number of pilot customers ¹	12	5	5

PER SHARE INDICATORS

(EUR, unless otherwise specified)

	2021	2020	2019
Number of shares at 31 Dec, pcs	19,444, 024	7,853, 868	7,853, 868
Earnings per share, basic and diluted ^{1,2}	-0.70	-0.18	-0.08
Equity per share on	1.98	0.18	0.06
Lowest price, BETOLAR	5.95	-	-
Highest price, BETOLAR	6.88	-	-
Closing price at the end of the financial year on 31 Dec	6.30	-	-
Average daily turnover of shares, pcs.	345,671	-	-
Market capitalisation at the end of the financial period at 31 Dec, EUR million	122.5	-	-

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

²The number of shares used in the calculation of earnings per share is as follows: 31 December 2021: 19,444,024, 31 December 2020: 7,853,868 and 31 December 2020: 7,853,868. The historical figures have been adjusted to take into account the effect of the free share issue (share split) decided on November 2, 2021.

The state-owned special purpose company Ilmastorahasto Oy granted the Company a loan in November 2021, the purpose of which is to ensure the company's ability to invest in developing its digital platform.

The financial period culminated in the company being listed on the First North Growth Market Finland marketplace operated by Nasdaq Helsinki Ltd in December 2021. The IPO raised gross assets of approximately EUR 35 million and the number of the company's shareholders increased by more than 4,300 shareholders.

Strategy

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

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

Objectives

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

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;
- Launch of the Geoprime Academy training platform;
- Piloting an automated laboratory and development work on the AI platform.

In the medium term (within 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 (in 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.

Market situation

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

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

The most significant competitors are companies offering lower-emission mixed concrete solutions and other chemical companies offering novel geopolymers. The flexibility and scalability of Betolar's solution, technical ben-

efits achieved in the final products and advanced use of data provide Betolar with a competitive advantage in the market.

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

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

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

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

The market situation is described in detail in the prospectus available on the company's IPO site at www.betolar.com/IPO.

Financial review

Net sales

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

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

strategy. The realised net sales were comprised of customer licence fees and sales of old stock.

Profit

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

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

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

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

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

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

Financial position and cash flows

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

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

Cash flows from operating activities for January–December 2021 amounted to EUR -3,140 (1–12/2020: 975) thousand. In particular, the net cash flow from

operating activities was affected by costs relating to the IPO and the increase in personnel and other expenses.

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

Cash flow from financing activities amounted to EUR 41,578 (EUR 2,342) thousand. The cash flow from financing activities includes the gross assets of the share issue connected to the IPO, totalling EUR 34,500, recognition of the proceeds of the financing round, totalling EUR 5,000 thousand in shareholders' equity and recognition of a convertible bond of EUR 4,500 thousand in shareholders' equity as well as costs associated with the company's listing, totalling EUR 3,072 thousand.

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

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

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

conditions of the loans is available in the company's listing prospectus under "Financing Betolar's business".

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

Research and development

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

The research and development activities are based on the research and analysis of industrial side streams and the continuous development of Geoprime formulas and low-carbon building materials. These activities are carried out at Betolar's R&D unit in Kannonkoski, Finland, in addition to which Betolar has R&D activities at Aalto University in Espoo.

Research and development work focused on materials technology and the development of the data and analytics platform and digital services. Betolar is constantly exploring new side streams around the world to find the best formulas and collect data to develop the best geopolymer-based construction material solutions. The research and development functions employed 15 persons. In addition, services were purchased from external experts in connection with laboratory analyses, basic and product approval testing, etc.

During the review period, research on industrial side streams focused in particular on the development of slag-based Geoprime formulas through laboratory research and AI models being developed. The research and analysis of side streams provides Betolar with extensive understanding and information about the characteristics of side streams and their applicability in different applications of materials technology.

Betolar is developing an AI-based platform that utilises the collected data and is expected to allow the provision of continuously developing services to customers. Betolar continuously collects and analyses the data generated from product development in order to further boost its product development activities and improve its customers' production processes.

So far, Betolar has developed its AI platform by building an analytical model and database, a data collection interface and the necessary interfaces. Data from tested formulas, parameters and laboratory test results have been successfully entered into the model. Based on the data entered, the platform is

already able to analyse and visualise the test results and enable the testing of simulated formulas within the limits of the quantity and quality of the data.

The long-term vision of the development of the data and analytics platform is to develop a predictive model that takes into account all of the key parameters related to the product (such as the substances used, the requirements set for the product and application and the minimisation of pre-processing) and produce a formula optimised on the basis of the accumulated data. The formulas aim to produce a geopolymer-based binder solution that replaces cement and is competitive in terms of CO₂ emissions, price and quality.

Environment, health and safety

The Geoprime solution developed by Betolar helps the concrete industry replace cement, which means up to 80 per cent lower emissions from raw materials and production. The cement industry is responsible for up to 7% of global greenhouse gas emissions, so the environmental impacts made possible by Betolar's operations are significant. The use of major industrial side streams to replace limestone and other aggregates saves virgin natural resources.

Betolar does not itself carry out activities that would require an environmental permit. The principle of continuous improvement guides the management of environmental and safety activities. The operations are certified to comply with the ISO 14001 environmental management standard and the ISO 45001 occupational health and safety management standard.

Personnel and offices

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

Attracting the best professionals from the international and domestic labour markets is at the core of Betolar's recruitment and employer marketing efforts. Product development, data and artificial intelligence platform, business development, order-supply chain, procurement and international sales and marketing

experts are key to the implementation of the growth strategy. The travel restrictions imposed in 2021 as a result of the COVID-19 pandemic made the recruitment of new employees from abroad more difficult.

Changes in the corporate structure

On 1 June 2021, minority shares in subsidiaries (Betolar Element Oy and Betolar Green Building Technologies Oy) were purchased from related parties for a total of EUR 100 thousand. The transaction is related to simplifying the Group's corporate structure.

Shareholder meetings

Annual General Meeting

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

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

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

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

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

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

Unanimous resolutions of shareholders

Unanimous resolutions of shareholders on 23 February 2021

The shareholders unanimously resolved to authorise the Board of Directors to decide on issuing shares and/or option rights referred to in chapter 10, section 1 of the Limited Liability Companies Act as follows:

No more than 4,558 shares may be offered for subscription under the authorisation at a subscription price decided by the Board of Directors; however, so that the subscription price is a minimum of EUR 1.090 per share. When exercising the authorisation, the Board of Directors is not obliged to seek the consent of the qualified majority referred to in the company's shareholder agreement or to inform the founding shareholder of the share issue decision in accordance with the shareholder agreement. Under the authorisation, the Board of Directors is entitled to decide on the other terms and conditions of the share issue. The authorisation is valid until 31 December 2022.

A maximum of 640 option rights may be issued under the authorisation, entitling their holders to subscribe for a maximum of 640 new shares. When exercising the authorisation, the Board of Directors is not obliged to seek the consent of the qualified majority referred to in the company's shareholder agreement to the decisions to issue options or to inform the founding shareholder of the decision to issue options in accordance with the shareholder agreement. Under the authorisation, the Board of Directors is entitled to decide on the other terms and conditions of the granting of options. The authorisation is valid for five years, unless the Annual General Meeting revokes it earlier.

The shareholders unanimously decided to acquire a total of 13 of the company's own shares from Maria Korppi as part of committing a key person to the acquisition price of EUR 1,090 per share, i.e. a total of EUR 14,170. The acquired shares represent 0.08 % of the share capital.

Unanimous resolutions of shareholders on 13 October 2021

The shareholders unanimously decided to include the company's shares in the book-entry system maintained by Euroclear Finland Oy. In addition, it was decided to amend the Articles of Association by adding a section on the inclusion of the company's shares in the book-entry system after the registration period and by amending the section on convening the Annual General Meeting.

Unanimous resolutions of shareholders on 15 October 2021

The shareholders unanimously resolved to authorise the Board of Directors to decide on issuing special rights in one or more tranches. In deviation from the shareholders' pre-emptive rights, the special rights would be issued to existing shareholders and new investors as part of the company's financing arrangement, and therefore there is a compelling economic reason for the company. A maximum of 4,114 special rights entitling their holders to subscribe for a maximum of 4,114 new shares. Under the authorisation, no more than EUR 3,500,000 will be raised in the form of convertible bonds. The authorisation is valid until 31 March 2022.

The shareholders unanimously decided to approve the amendments proposed by the Board of Directors to the terms and conditions of the option plans 2019, 2020 and 2021-1.

The shareholders unanimously resolved to authorise the Board of Directors to decide on issuing a maximum of 322 new shares in one or more tranches at a subscription price of EUR 378.74 per share. The authorisation is valid until 31 March 2022.

Unanimous resolutions of shareholders on 2 November 2021

The shareholders unanimously resolved to authorise the Board of Directors to decide on issuing special rights entitling to subscribe for shares. In deviation from the shareholders' pre-emptive rights, the special rights were issued to Nidoco AB as part of the company's financing arrangement and the strengthening of working capital, and therefore there was a compelling economic reason for the company.

A maximum of 1,175 special rights entitling their holders to subscribe for a maximum of 1,175 new shares. Under the authorisation, EUR 1,000,000 will be raised in the form of a convertible bond. The authorisation is valid until 31 March 2022. The authorisation does not revoke any previous authorisations.

The shareholders unanimously decided to increase the company's share capital by EUR 77,500 by way of an increase from reserves in accordance with chapter 11, section 2 of the Limited Liability Companies Act by transferring EUR 77,500 from the Company's invested unrestricted equity reserve into the share capital. After the increase from reserves, the Company's share capital is EUR 80,000.

The shareholders unanimously resolved to change the company form to a public limited liability company and the company name to Betolar Oyj and the auxiliary business name to Betolar Plc.

The shareholders unanimously resolved to amend the company's Articles of Association as required by the listing. In addition, the shareholders resolved to omit sections 8 on redemption clause and 9 on consent clause from the Articles of Association and report the amendments to the Articles of Association for registration in stages, subject to the conditions specified.

The shareholders unanimously resolved to issue shares without consideration (split) so that all shareholders will be given 600 new shares for each share held. A total of 12,171,600 shares will be issued. After the issue, the total number of shares is 12,191,899. It was decided that the number of shares to be subscribed for on the basis of the option rights 2019, 2020, 2021-1 and 2021-2, as well as the special rights granted by the company on the basis of the convertible bond, will be amended correspondingly in connection with the share split.

The shareholders unanimously resolved to authorise the Board of Directors to decide on the issue of a maximum of 20,000,000 new shares in connection with the possible listing on the multilateral Nasdaq First North Growth Market Finland marketplace operated by Nasdaq Helsinki Ltd. The authorisation is valid until the close of the next Annual General Meeting, however not later than 30 June 2022.

The shareholders unanimously resolved to authorise the Board of Directors to decide on an issue of shares or option rights or other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act in one or more tranches. Under the authorisation, new shares or treasury shares held by the company may be issued. The total maximum number of shares issued under the authorisation is 5,000,000 shares, and the share issue and issue of special rights entitling to shares may deviate from the pre-emptive rights of shareholders (private placement). The authorisation is valid until the close of the next Annual General Meeting; however, not later than 30 June 2022, and it is subject to the realisation of the IPO.

The shareholders unanimously resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 5,000,000 treasury shares. However, the company and its subsidiaries combined may not hold more than 10 per cent of all shares in the company at any time. Treasury shares may be acquired, among other things, from the stabilising manager in order to implement the matching share option possibly to be implemented in connection with and/or

after the IPO and/or to implement possible stabilisation measures. The authorisation is valid until the close of the next Annual General Meeting; however, not later than 30 June 2022, and it is subject to the realisation of the IPO.

Board of Directors, Management Team and auditor

Board of Directors

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

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

Management Team

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

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

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

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

Auditor

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

Governance

Betolar's decision-making and governance comply with the Limited Liability Companies Act, the legislation on the securities market, the rules of the Nasdaq First North Growth Market marketplace, the company's Articles of Association and other regulations applicable to the company.

The company does not comply with the Corporate Governance Code published by the Securities Market Association, which is voluntary for the companies listed on the First North Growth Market, as the company estimates that this is not justified considering the company's size and scope of business.

Share-based incentive and commitment schemes

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

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

Plans	Subscription price	Number of shares issued under options	Identifier (number of shares issued)	Subscription period
Options 2019				
2019-21 ¹⁾	EUR 0.64	117,195	117,195	31 December 2030
Options 2020				
2020	EUR 1.31	168,280	168,280	31 December 2030
Options 2021				
2021-1	EUR 1.31	603,404 ²⁾	603,404	31 December 2030
2021-2	EUR 1.31	121,402	121,402	9 September 2021– 31 December 2030 1 December 2021– 31 December 2030
Total		1,010,281³⁾		

¹⁾Of these, 7,813 were exercised to subscribe for shares on 10 December 2021. The shares were registered after the end of the reporting period on 3 January 2022..

²⁾Of these, 6,010 were exercised to subscribe for shares on 10 December 2021. The shares were registered in the Trade Register after the end of the reporting period on 3 January 2022.

The members of the company's Board of Director and Management Team held a total of 1,375⁴ option rights on 31 December 2021, entitling them to subscribe for a total of 826,375 shares in the company. Other employees held a total of 306⁵ option rights on 31 December 2021, entitling them to subscribe for a total of 183,906 shares in the company. In total, the number of issued unsubscribed options accounted for a total of 5.1 per cent of all shares in the company on 31 December 2021.

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

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

Shares and shareholders

Changes in share capital

The development of Betolar's share capital and the development of the number of shares during the financial year are presented in the following table.

Date of decision	Procedure	Share subscription price (EUR)	Number of shares issued/redeemed and cancelled	Number of shares after the procedure	Share capital (EUR)	Date of registration in the Trade Register
8 December 2021	IPO	5.74	6,010,453	19,444,024	80,000	8 December 2021
8 December 2021	Share issue	4.59	991,656	13,433,571	80,000	8 December 2021
25 November 2021	Share issue	0.64	7,212	12,441,195	80,000	8 December 2021
17 November 2021	Share issue	0.64	242,804	12,434,703	80,000	8 December 2021
2 November 2021	Share issue ¹	-	12,171,600	12,191,899	80,000	11 November 2021
20 October 2021	Increase in share capital	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 2020	Share issue	1,148.55	815	13,883	2,500	3 February 2021

¹Share split, or stock split, implemented as an issue of shares without consideration to all of the company's shareholders. All of the company's shareholders were issued with 600 new shares in the share split for each share they held in the company.

^{3,4,5} See footnotes 1–2 on the previous page

IPO

In November, Betolar announced that it is planning an IPO and listing on the First North Growth Market Finland marketplace operated by Nasdaq Helsinki Ltd.

Betolar's IPO was oversubscribed and the listing was carried out as planned. The fixed subscription price of the offered shares was EUR 5.74 per share. In the IPO, the company issued 5,226,481 new shares in a private placement and 783,972 new shares for the sole purpose of stabilisation and to cover the over-demand situation.

The IPO attracted strong interest. In the public offering, a total of 305,909 shares were allocated to private persons and entities in Finland and 5,704,544 shares to institutional investors in Finland and internationally. In the institutional issue, the commitments regarding the subscription of shares by Ilmarinen Mutual Pension Insurance Company, certain funds managed by SP-Rahas-toyhtiö Oy, Ahlstrom Invest B.V., Nidoco AB, the Seafarers' Pension Fund and S-Pankki Fenno Osake investment fund (jointly referred to as "the Anchor Investors") were fully approved.

Betolar raised approximately EUR 35 million of gross assets in the IPO, and the number of outstanding shares increased to 19,444,011. Trading in Betolar shares commenced on First North on 9 December 2021 under the trading code "BETOLAR".

Issued shares and share capital

After the IPO and listing on Nasdaq Helsinki First North Growth Market, the total number of Betolar shares issued was 19,444,011 shares, including the new shares issued in the IPO (6,010,453 shares), the shares issued in the convertible bond share conversion (991,656 shares) and share subscriptions by certain stock option holders (250,016 shares).

At the end of the financial period on 31 December 2021, Betolar's share capital was EUR 80,000 and the company had issued 19,444,024 fully paid shares. The company has one series of shares with the ISIN code F14000512587.

Shareholders

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

TEN LARGEST SHAREHOLDERS ON 31 DECEMBER 2021

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

The members of the Board of Directors and Management Team and entities controlled by them held a total of 2,809,889 shares in Betolar at the end of the financial period, accounting for approximately 14.5 per cent of all shares and votes.

LARGEST SHAREHOLDERS BY SECTOR ON 31 DECEMBER 2021

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

Of the shares, 8.5 per cent were held by nominee-registered shareholders. In addition, there was a total of 2,632,393 shares on the joint account that had not been transferred to shareholders' book-entry accounts by the end of the financial period. The shares in the joint account were held by five⁶ shareholders and had not yet been recorded in their book-entry accounts. The shares on the joint account and their shareholders are not included in the list of the largest shareholders.

⁶Verbiex Capital AB:n (472,386 pcs), Leicap AG:n (288,480 pcs), Filip Relanderin (235,592 pcs), Katri Nygård (29,449 pcs) ja Ajanta Innovation Oy:n (1,600,463 pcs)

BREAKDOWN OF SHARES ON 31 DECEMBER 2021

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

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

Valid authorisations of the Board of Directors

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

The Board of Directors is authorised to decide on an issue of shares or option rights or other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act in one or more tranches. Under the authorisation, new shares or treasury shares held by the company may be issued. The total maximum number of shares issued under the authorisation is 5,000,000 shares, and the share issue and issue of special rights entitling to shares may deviate from the pre-emptive rights of shareholders (private placement). Under the authorisation, the Board of Directors decides on all other terms and conditions of the share issue or issuance of special rights entitling to shares. The authorisation is valid until the close of the next Annual General Meeting, however not later than 30 June 2022.

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

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

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

Share price and trading

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

Near-term risks and business uncertainties

Betolar has a risk management policy that defines Betolar Plc's risk management framework, processes, governance model and responsibilities. The primary objective of Betolar's risk management is to support the implementation

of the company's strategy, business continuity and the achievement of business objectives by identifying risks related to the company's operations and managing them proactively. Betolar's risk management policy has been approved by the company's Board of Directors and its owner is the company's CFO.

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

- Unfavourable economic development and situation in the industries to which Betolar offers its solution can affect Betolar's business operations through the weakening of demand of financial difficulties of Betolar's customers and partners and thereby the slowing down of commercial cooperation, for example.
- If Betolar fails to efficiently compete with existing or new methods with its Geoprime technology, this can have a negative impact on Betolar's business operations and prospects.
- There are uncertainties associated with the development of the demand for circular construction materials technologies and the use and pricing of industrial side streams, which may have a material negative impact on Betolar's ability to commercialise its accumulated expertise.
- Global epidemics or pandemics may have a material negative impact on Betolar's business through the general economic situation, impaired availability of financing and decreased economic activity of customers, among other reasons.
- Betolar might not be able to succeed in implementing its strategy or its strategy can turn out to be incorrect in relation to the market situation or changes in the industry.
- Betolar's Geoprime technology and solutions based on it are still under development, and the company might not be able to succeed in implementing the planned product development or reach the goals set for its product development activities.
- Betolar's business is particularly dependent on certain initial-phase pilot customers and partners as well as trends affecting their and Betolar's other potential customers' business.
- Betolar's ability to generate income and net sales by licensing its solutions involves risks and uncertainties, such as Betolar's ability to create sources of net sales related to its intellectual property rights, maintain net sales generated in the future and protects its intellectual property rights.

- Betolar's failure in complying with laws and regulations and the construction materials produced with its solutions achieving compliance with standards together with the customer may have a negative impact on its business.
- Betolar is a growth company, and it is possible that the growth it pursues will not materialise. It is possible that it will never accrue significant customer net sales, reach profitability or remain profitable.

Estimate of probable future development

In the years to come, Betolar will focus on financing its growth and developing its business operations in accordance with its strategy. The company does not expect to be distributing dividends in the short or medium term.

Betolar has the following business objectives for the 2022 financial period, as set in conjunction with the IPO.

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

Board of Directors' proposal for the distribution of profit

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

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

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

Major events after the review period

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

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

Finnish Climate Fund granted funding for AI platform development during the financial year 11 Jan. - 31 Dec. 2021. The first instalment of 2,0 million euros has granted to company in February 2022.

13823 shares, that was marked and paid during financial year 1 Jan. - 31 Dec. 2021, has been registered to trade register on January 2022.

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

Annual General Meeting

Betolar Plc's Annual General Meeting is planned to be held on 23 March 2022.

The notice of the general meeting will be published later.

Financial statements

CONSOLIDATED INCOME STATEMENT

EUR	NOTE	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
REVENUE		9,924	6,461
Manufacturing for own use (+)	4.	1,617,476	664,372
Other operating income	6.	90,518	191,917
Materials and services			
Raw materials and consumables			
Purchases during the financial year		0	-6,133
Increase (-) or decrease (+) in inventory		-10,801	0
External services		-75	0
Total materials and services		-10,876	-6,133
Personnel expenses			
Wages and salaries		-1,660,948	-874,296
Social security expenses		-343,391	-171,548
Pension expenses		-245,619	-127,846
Other social security expenses		-97,771	-43,702
Total personnel expenses		-2,004,338	-1,045,844

EUR	NOTE	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Depreciation, amortisation and impairment			
Depreciation and amortisation according to plan		-684,334	-319,553
Impairment of non-current assets		-3,950	0
Total depreciation, amortisation and impairment	8.	-688,284	-319,553
Other operating expenses		-2,873,648	-864,001
OPERATING PROFIT (LOSS)		-3,859,228	-1,372,781
Financial income and expenses			
Income from investments in non-current assets			
From others		374	4,875
Interest and other financial expenses			
To others		-3,470,367	-17,589
Total financial income and expenses	10.	-3,469,993	-12,714
RESULT BEFORE APPROPRIATIONS AND TAXES		-7,329,221	-1,385,495
RESULT FOR THE FINANCIAL YEAR		-7,329,221	-1,385,495

CONSOLIDATED BALANCE SHEET – ASSETS

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
NON-CURRENT ASSETS			
Intangible assets			
Development expenditures	4. 11.	1,812,848	803,165
Goodwill		112,270	0
Other capitalised long-term expenses		76,642	55,017
	11.	2,001,761	858,182
Tangible assets			
Buildings		5,983	6,434
Machinery and equipment		164,012	82,899
Advance payments and construction in progress		0	30,929
	11.	169,995	120,262
TOTAL NON-CURRENT ASSETS		2,171,756	978,444

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
CURRENT ASSETS			
Inventories			
Raw materials and consumables		0	7,043
Work in progress		0	2,944
Finished products/ Goods		9,057	7,420
		9,057	17,407
Long-term receivables			
Other receivables		15,600	0
		15,600	0
Short-term receivables			
Trade receivables		6,646	272
Loans receivable		50	0
Other receivables		381,505	101,327
Prepaid expenses and accrued income		219,599	73,388
	14.	607,800	174,987
Investments			
Other shares and similar rights of ownership		33,997,518	0
Investments total		33,997,518	0
Cash and cash equivalents		3,357,609	644,186
TOTAL CURRENT ASSETS		37,987,583	836,581
TOTAL ASSETS		40,159,338	1,815,024

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
EQUITY			
Share capital		80,000	2,500
Reserve for invested unrestricted equity		47,958,008	949,995
Share issue account		12,866	2,770,538
Retained earnings (losses)		-2,309,046	-926,914
Result for the financial year		-7,329,221	-1,385,495
TOTAL EQUITY	15.	38,412,608	1,410,624

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
LIABILITIES			
Non-current liabilities			
Loans from credit institutions		371,792	0
Non-current liabilities total	16.	371,792	0
Current			
Loans from credit institutions		4,073	0
Trade payables		766,990	141,348
Other liabilities		52,305	50,811
Accruals and deferred income		551,570	212,242
	17.	1,374,938	404,400
TOTAL LIABILITIES		1,746,730	404,400
TOTAL EQUITY AND LIABILITIES		40,159,338	1,815,024

CONSOLIDATED STATEMENT OF CASH FLOWS

EURO	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Cash flows from operating activities:		
Result before appropriations and taxes	-7,329,221	-1,385,495
Adjustments for:		
Depreciation, amortisation and impairment	688,284	319,553
Financial income and expenses	3,469,993	12,714
Other adjustments	5,706	125
Cash flow before change in working capital	-3,165,238	-1,053,103
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	-432,813	-109,896
Increase (-) or decrease (+) in inventory	1,307	0
Increase (+) or decrease (-) in trade payables and other liabilities	466,950	201,031
Cash flow from operating activities before financial items and taxes	-3,129,793	-961,968
Interest paid and other financial expenses paid	-10,023	-12,714
Cash flow used in operating activities (A)	-3,139,817	-974,682

EUR	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Cash flows from investing activities:		
Investments in tangible and intangible assets	-1,584,653	-737,954
Loans granted	-15,600	0
Investments in subsidiary shares	-127,240	0
Cash flow used in investing activities (B)	-1,727,493	-737,954
Cash flows from financing activities:		
Proceeds from share issue	39,788,312	2,342,129
Purchase of own shares	-14,170	0
Proceeds from short-term loans	5,092	0
Repayment of short-term loans	-1,018	0
Proceeds from long-term loans	4,871,792	0
Payments relating to obtaining financing	-3,071,758	0
Cash flow from financing activities (C)	41,578,249	2,342,129
Change in cash and cash equivalents (A+B+C)	36,710,940	629,492
Cash and cash equivalents at the beginning of the period	644,186,*	14,694
Cash and cash equivalents at the end of the period	37,355,126	644,186

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

INCOME STATEMENT OF THE PARENT COMPANY

EUR	NOTE	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
REVENUE		3,810.49	12,573.65
Manufacturing for own use (+)	4.	1,617,476.25	664,372.11
Other operating income	6.	90,517.91	191,917.41
Materials and services			
Raw materials and consumables			
Purchases during the financial year		0.00	-1,036.82
Increase (-) or decrease (+) in inventory		-10,085.19	0.00
External services		0.00	0.00
Total materials and services		-10,085.19	-1,036.82
Personnel expenses			
Wages and salaries		-1,553,768.18	-658,961.56
Social security expenses		-321,287.81	-126,519.88
Pension expenses		-228,032.83	-92,708.51
Other social security expenses		-93,254.98	-33,811.37
Total personnel expenses	7.	-1,875,055.99	-785,481.44

EUR	NOTE	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Depreciation, amortisation and impairment			
Depreciation and amortisation according to plan		-669,488.94	-319,553.34
Total depreciation, amortisation and impairment	8.	-669,488.94	-319,553.34
Other operating expenses		-2,822,063.73	-815,346.40
Operating profit (loss)		-3,664,889.20	-1,052,554.83
Financial income and expenses			
Income from investments in non-current assets			
From others		372.98	4,875.00
Interest and other financial expenses			
To others		-3,470,216.16	-17,589.46
Total financial income and expenses	10.	-3,469,843.18	-12,714.46
Result before appropriations and taxes		-7,134,732.38	-1,064,938.62
Result for the financial year		-7,134,732.38	-1,064,938.62

BALANCE SHEET OF THE PARENT COMPANY – ASSETS

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
NON-CURRENT ASSETS			
Intangible assets			
Development expenditures	4. 11.	1,812,847.76	799,215.44
Intangible rights		76,642.49	55,016.69
	11.	1,889,490.25	854,232.13
Tangible assets			
Buildings		5,983.16	6,433.52
Machinery and equipment		164,011.72	82,898.91
Advance payments and construction in progress		0.00	30,929.22
	11.	169,994.88	120,261.65
Investments			
Holdings in group companies		232,865.71	105,625.57
	12.	232,865.71	105,625.57
TOTAL NON-CURRENT ASSETS		2,292,350.84	1,080,119.35

EURO	NOTE	31 Dec. 2021	31 Dec. 2020
CURRENT ASSETS			
Inventories			
Raw materials and consumables		0.00	7,043.11
Work in progress		0.00	2,944.41
Finished products/ Goods		6,128.36	7,419.58
		6,128.36	17,407.10
Long-term receivables			
Amounts owed by group undertakings		432,259.11	252,000.00
Other receivables		15,599.79	0.00
		447,858.90	252,000.00
Short-term receivables			
Trade receivables		5,285.00	0.00
Amounts owed by group undertakings		0.00	2,550.94
Loans receivable		5.57	0.00
Other receivables		380,884.87	100,970.36
Prepaid expenses and accrued income		219,599.43	69,562.02
	14.	605,774.87	173,083.32
Investments			
Other shares and similar rights of ownership		33,997,517.53	0.00
Investments total		33,997,517.53	0.00
Cash and cash equivalents		3,347,779.31	580,844.73
TOTAL CURRENT ASSETS		38,405,058.97	1,023,335.15
TOTAL ASSETS		40,697,409.81	2,103,454.50

BALANCE SHEET OF THE PARENT COMPANY – EQUITY AND LIABILITIES

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
EQUITY			
Share capital		80,000.00	2,500.00
Reserve for invested unrestricted equity		47,958,008.33	949,995.20
Share issue account		12,866.00	2,770,538.25
Retained earnings (losses)		-1,967,819.36	-904,369.90
Result for the financial year		-7,134,732.38	-1,064,938.62
TOTAL EQUITY	15.	38,948,322.59	1,753,724.93

EUR	NOTE	31 Dec. 2021	31 Dec. 2020
LIABILITIES			
Non-current liabilities			
Loans from credit institutions		371,792.40	0.00
Non-current liabilities total	16.	371,792.40	0.00
Current			
Loans from credit institutions		4,073.28	0.00
Trade payables		765,192.24	136,502.92
Amounts owed to group undertakings		6,200.00	0.00
Other liabilities		50,990.51	42,317.63
Accruals and deferred income		550,838.79	170,909.02
	17.	1,377,294.82	349,729.57
TOTAL LIABILITIES		1,749,087.22	349,729.57
TOTAL LIABILITIES		40,697,409.81	2,103,454.50

CASH FLOW STATEMENT OF THE PARENT COMPANY

EUR	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Cash flows from operating activities:		
Result before appropriations and taxes	-7,134,732.38	-1,064,938.62
Adjustments for:		
Depreciation, amortisation and impairment	669,488.94	319,553.34
Financial income and expenses	3,469,843.18	12,714.46
Other adjustments	3,852.97	0.00
Cash flow before change in working capital	-2,991,547.29	-732,670.82
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	-432,691.55	-111,169.75
Increase (-) or decrease (+) in inventory	4,235.63	0.00
Increase (+) or decrease (-) in trade payables and other liabilities	523,933.62	146,586.00
Cash flow from operating activities before financial items and taxes	-2,896,069.59	-697,254.57
Interest paid and other financial expenses paid	-9,894.96	-12,714.46
Cash flow used in operating activities (A)	-2,905,964.55	-709,969.03

EUR	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Cash flows from investing activities:		
Investments in tangible and intangible assets	-1,584,778.08	-737,954.30
Loans granted	-195,858.90	-252,000.00
Investments in subsidiary shares	-127,240.14	-66,575.00
Cash flow used in investing activities (B)	-1,907,877.12	-1,056,529.30
Cash flows from financing activities:		
Proceeds from share issue	39,788,311.88	2,342,129.10
Purchase of own shares	-14,170.00	0.00
Proceeds from short-term loans	5,092.00	0.00
Repayment of short-term loans	-1,018.32	0.00
Proceeds from long-term loans	4,871,792.00	0.00
Payments relating to obtaining financing	-3,071,713.79	0.00
Cash flow from financing activities (C)	41,578,293.77	2,342,129.10
Change in cash and cash equivalents (A+B+C)	36,764,452.10	575,630.77
Cash and cash equivalents at the beginning of the period	580,844.73*	5,213.96
Cash and cash equivalents at the end of the period	37,345,296.84	580,844.73

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF THE COMPANY

Parent company of the Group is Betolar Plc which is Finnish publicly listed company. Company's domicile is Mannilantie 9, 43300 Kannonkoski, Finland.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

3. GOING CONCERN

Betolar's business is still in productisation phase. Developing and commercialising the solutions that Betolar is offering for its customers has incurred and will continue to incur significant costs to the Company. With public listing during the financial year ended 31 December, Betolar has obtained financing of 34,5 million euros. With this the Company has ensured its ability to act as going concern.

4. VALUATION PRINCIPLES AND METHODS

Capitalized development expenditures

Betolar records research costs, such as new information gathering and searching for product and process options as expense in the income statement on accrual basis. The total amount of capitalized development expenditures are presented in the income statement account, manufacturing for own use.

Betolar capitalises development expenditures in intangible assets if the are expected to generate income over the next several financial years and only after technical and commercial feasibility of the asset for sale or use have been established. This means that the company must intend and be able to complete the intangible asset and either use it or sell it. Capitalisation of development expenditures is based on probable proven expectations of future income and company is able to reliably determine the expenditures related to that intangible asset during its development phase.

The company assess in every reporting date, are there any indications of impairment in capitalised development expenditures. Capitalised development expenditures in the balance sheet are subject to uncertainties. It is possible that as conditions change, the expected return on development projects will change. The value of capitalised development expenditures may decrease if the expected economic benefits change. If expected economic benefits are not met then the capitalised development expenditures are subject to an impairment. If the expected return on the intangible asset is less than the sum of the development expenditures recognised in the balance sheet, the value of the capitalised development expenditures is adjusted for impairment to reflect the expected return on the intangible asset.

Capitalized development expenditures are depreciated straight-line basis in five years.

When presenting distributable funds, the balance of development expenditures capitalised in the balance sheet is deducted from unrestricted equity.

Capitalization of development expenditures

Personnel costs and other operating expenses have been capitalized in development expenditures as follows

	Group 2021	Group 2020
Personnel expenses	-468,841.61	-288,931.55
Other operating expenses	-1,148,634.64	-375,440.56
Manufacturing for own use	-1,617,476.25	-664,372.11

Intangible and tangible assets - depreciation and amortisation according to plan

Intangible and tangible assets are depreciated and amortised according to the plan as expense during their estimated economic lifetime. Depreciation and amortisation periods as planned are:

Development costs:	5-years straight-lined depreciation.
Other capitalised long-term expenditure:	5-years straight-lined depreciation.
Buildings:	5-years straight-lined depreciation.
KMachinery and equipment:	5-years straight-lined depreciation.

Principles for recognising government grants

Government grants awarded are recognised as other operating income to the extent that the grant project's eligible costs are incurred in accordance with the grant decision and conditions. In the recognition of government grants also any self-financing contribution related to grants is taken into account. The possible return liability related to the government grants is presented in the note 18. Securities provided, contingent liabilities and other commitments.

5. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

NOTES TO THE INCOME STATEMENT

6. OTHER OPERATING INCOME

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Government grants received	90,517.91	191,917.41	90,517.91	191,917.41
	90,517.91	191,917.41	90,517.91	191,917.41

Received government grants, Business Finland and Finnpartnership, relate to projects that are not capitalized as development expenditures.

7. NOTES TO THE PERSONNEL

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Personnel expenses				
Wages and salaries	-1,660,947.58	-874,296.40	-1,553,768.18	-658,961.56
Pension expenses	-245,619.27	-127,846.02	-228,032.83	-92,708.51
Other social security expenses	-97,771.47	-43,701.55	-93,254.98	-33,811.37
Total personnel expenses	-2,004,338.32	-1,045,843.97	-1,875,055.99	-785,481.44

Headcount

Average headcount during the financial year	23	12	22	10
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8. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Development expenditures	-603,843.93	-284,177.37	-603,843.93	-284,177.37
Other capitalised long-term expenses	-10,468.20	-7,258.76	-10,468.20	-7,258.76
Consolidated goodwill	-14,844.68	0.00	0.00	0.00
Buildings	-450.36	-484.24	-450.36	-484.24
Machinery and equipment	-54,726.45	-27,632.97	-54,726.45	-27,632.97
Total depreciation and amortisation according to plan	-684,333.62	-319,553.34	-669,488.94	-319,553.34

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Total depreciation and amortisation according to plan	-3,950.00	0.00	0.00	0.00
Total impairment of non-current assets	-3,950.00	0.00	0.00	0.00

9. AUDITOR'S FEES

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Actions referred to in section 1.1.2 of the Auditing Act	21,762.00	6,945.00	13,506.00	6,945.00
Tax consultancy	9,660.00	0.00	9,660.00	0.00
Others services	293,613.69	0.00	293,613.69	0.00
Total auditor's fees	325,035.69	6,945.00	316,779.69	6,945.00

Other services include consultancy services relating to company's public listing.

10. FINANCIAL INCOME AND EXPENSES

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Other interest- and financial income from others	374.41	4,875.00	372.98	4,875.00
Total other interest- and financial income	374.41	4,875.00	372.98	4,875.00
Expenses relating to obtaining financing	-3,401,569.92	0.00	-3,401,569.92	0.00
Interest expenses and other financial expenses to others	-68,647.67	-17,589.46	-68,646.24	-17,258.79
Total interest expenses and other financial expenses	-3,470,217.59	-17,589.46	-3,470,216.16	-17,258.79
Total financial income and expenses	-3,469,843.18	-12,714.46	-3,469,843.18	-12,383.79

During the financial year ended 31 December 2021 company listed in Nasdaq First North Growth Market Finland marketplace. Public share issue consisted of 6 010 453 shares and company obtained 34,5 million euros in gross total. Public trading in the marketplace started in 9th December 2021. Expenses relating to public listing, total of 3,4 million euros, are presented in financial income and expense of the financial year.

NOTES TO THE ASSETS IN BALANCE SHEET

11. INTANGIBLE AND TANGIBLE ASSETS

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Development expenditures at 1 January	1,238,467.94	574,095.83	1,234,517.94	570,145.83
Additions	1,617,476.25	664,372.11	1,617,476.25	664,372.11
Disposals	0.00	0.00	0.00	0.00
Acquisition costs at 31 December	2,855,944.19	1,238,467.94	2,851,994.19	1,234,517.94
Accumulated amortisations and impairments at 1 January	-435,302.50	-151,125.13	-435,302.50	-151,125.13
Amortisation of the financial year	-607,793.93	-284,177.37	-603,843.93	-284,177.37
Development expenditures - book value at 31 December.	1,812,847.76	803,165.44	1,812,847.76	799,215.44
Other capitalised long-term expenses at 1 January	72,547.65	72,547.65	72,547.65	72,547.65
Additions	32,094.00	0.00	32,094.00	0.00
Disposals	0.00	0.00	0.00	0.00
Acquisition costs at 31 December	104,641.65	72,547.65	104,641.65	72,547.65
Accumulated amortisations and impairments at 1.1.	-17,530.96	-10,272.20	-17,530.96	-10,272.20
Amortisation of the financial year	-10,468.20	-7,258.76	-10,468.20	-7,258.76
Other capitalised long-term expenses - book value at 31 December	76 642,49	55 016,69	76 642,49	55 016,69
Consolidated goodwill 1 January	0.00	0.00	0.00	0.00
Additions	127,115.14	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00
Acquisition costs at 31 December	127,115.14	0.00	0.00	0.00
Accumulated amortisations and impairments at 1 January	0.00	0.00	0.00	0.00
Amortisation of the financial year	-14,844.68	0.00	0.00	0.00
Consolidated goodwill - book value at 31 December	112,270.46	0.00	0.00	0.00

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Buildings at 1 January	8,016.99	8,016.99	8,016.99	8,016.99
Additions	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00
Acquisition costs at 31 December	8,016.99	8,016.99	8,016.99	8,016.99
Accumulated depreciations and impairments at 1 January	-1,583.47	-1,099.23	-1,583.47	-1,099.23
Depreciation of the financial year	-450.36	-484.24	-450.36	-484.24
Buildings - book value at 31 December	5,983.16	6,433.52	5,983.16	6,433.52
Machinery and equipment at 1 January.	156,235.78	82,947.57	156,235.78	82,947.57
Additions	136,927.98	73,288.21	136,927.98	73,288.21
Disposals	-1,088.71	0.00	-1,088.71	0.00
Acquisition costs at 31 December	292,075.05	156,235.78	292,075.05	156,235.78
Accumulated depreciations and impairments at 1 January	-73,336.87	-45,703.90	-73,336.87	-45,703.90
Depreciation of the financial year	-54,726.45	-27,632.97	-54,726.45	-27,632.97
Machinery and equipment - book value at 31 December	164,011.73	82,898.91	164,011.73	82,898.91
Advance payments and construction in progress at 1 January	30,929.22	30,635.24	30,929.22	30,635.24
Additions	1,146.02	44,693.77	1,146.02	44,693.77
Disposals	-32,075.24	-44,399.79	-32,075.24	-44,399.79
Acquisition costs at 31 December	0.00	30,929.22	0.00	30,929.22
Advance payments and construction in progress - book value at 31 December	0.00	30,929.22	0.00	30,929.22

NOTES TO THE ASSETS IN BALANCE SHEET

12. INVESTMENTS

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Holdings in group companies at 1 January	0.00	0.00	105,625.57	39,050.57
Additions	0.00	0.00	127,240.14	66,575.00
Disposals	0.00	0.00	0.00	0.00
Book value at 31 December	0.00	0.00	232,865.71	105,625.57

13. GROUP COMPANIES

	Ownership	Domicile
Subsidiaries belonging to the group:		
Betolar Geotechnical Solutions Oy	100.0%	Kannonkoski
Betolar Green Building Technologies Oy	100.0%	Kannonkoski
Betolar Mining Solutions Oy	100.0%	Kannonkoski
Betolar Chemicals Oy	100.0%	Kannonkoski
SolidWatt Oy	100.0%	Kannonkoski
Betolar Element Oy	100.0%	Kannonkoski
Betolar India Private Limited	100.0%	Mumbai City, Maharashtra, India

14. SHORT TERM RECEIVABLES

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Trade receivables	6,645.80	272.30	5,285.00	0.00
Loan receivables	50.07	0.00	5.57	0.00
Other receivables	381,504.79	101,326.69	380,884.87	103,521.30
Prepayments and accrued income	219,599.43	73,388.13	219,599.43	69,562.02
Total short-term receivables	607,800.09	174,987.12	605,774.87	173,083.32

Key items in prepayments and accrued income

Prepayments of government grants	157,169.63	67,598.02	157,169.63	67,598.02
Other	62,429.80	5,790.11	62,429.80	1,964.00
Total	219,599.43	73,388.13	219,599.43	69,562.02

NOTES TO THE EQUITY AND LIABILITIES IN BALANCE SHEET

15. EQUITY

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Share capital at 1 January	2,500.00	2,500.00	2,500.00	2,500.00
Additions during the financial year	77,500.00	0.00	77,500.00	0.00
Share capital at 31 December	80,000.00	2,500.00	80,000.00	2,500.00
Reserve for invested unrestricted equity at 1 January	949,995.20	949,995.20	949,995.20	949,995.20
Additions during the financial year	47,022,183.13	0.00	47,022,183.13	0.00
Purchase of own shares	-14,170.00	0.00	-14,170.00	
Reserve for invested unrestricted equity at 31 December	47,958,008.33	949,995.20	47,958,008.33	949,995.20
Share issue account at 1 January	2,770,538.25	428,409.15	2,770,538.25	428,409.15
Additions during the financial year	12,866.00	2,342,129.10	12,866.00	2,342,129.10
Registration of shares	-2,770,538.25	0.00	-2,770,538.25	0.00
Share issue account at 31 December	12,866.00	2,770,538.25	12,866.00	2,770,538.25
Retained earnings (losses) at 1 January	-926,914.08	-319,229.91	-904,369.90	-319,229.91
Transfer of the result for the previous year	-1,385,495.48	-607,684.17	-1,064,938.62	-585,139.99
Adjustment to previous year's result	3,364.00	0.00	1,489.16	0.00
Retained earnings (losses) at 31 December	-2,309,045.56	-926,914.08	-1,967,819.36	-904,369.90
Result for the financial year	-7,329,220.66	-1,385,495.48	-7,134,732.38	-1,064,938.62
Total equity	38,412,608.11	1,410,623.89	38,948,322.59	1,753,724.93

During the financial year ended 31 December 2021 company listed in Nasdaq First North Growth Market Finland marketplace.

Public share issue consisted of 6,010,453 shares and company obtained 34.5 million euros in gross total. Public trading in the marketplace started in 9th December 2021.

During the financial year ended 31 December 2021 company purchased its own shares. Shares purchased amount to 13 pcs, nominal amount being 1,090 euros per share. The total purchase of the shares amounts to 14,170 euros. Shares owned by the company at the end of the financial year was 7,800 pcs, as a result of the share split, which was resolved on 2 November 2021.

Calculation of the parent company's distributable non-restricted equity

	2021 Parent company	2020 Parent company
Reserve for invested unrestricted equity	47,958,008.33	949,995.20
Share issue account	12,866.00	2,770,538.25
Retained earnings (losses)	-1,967,819.36	-904,369.90
Result for the financial year	-7,134,732.38	-1,064,938.62
Total non-restricted equity	38,868,322.59	1,751,224.93
- Capitalized development expenditures	-1,812,847.76	799,215.44
Total distributable equity	37,055,474.83	952,009.49

The Board's proposal for profit distribution

The Board of Directors proposes that the loss for the financial year 7,134,732.38 euros is recorded in retained earnings and that no dividend is paid.

Share capital by class and the share class regulations according to the articles of association

The company has 19,444,024 registered shares at 31 December 2021. In addition, 13,823 new shares have been issued and paid for during financial year 2021. These shares have not been registered in the Trade Register at 31 December 2021. These shares have been issued using the offered options based on the Board's decision on 14 August 2019 and 8 September 2021. These shares have been registered in the Trade Register on 3 January 2022. All below mentioned shareholder's decisions, authorizations of the Board and decisions of the Board have been registered in the Trade Register during the financial year.

Shares and share capital

With a shareholders' unanimous decision, the company has decided on 13 October 2021 to include its shares in to the book-entry system operated by Euroclear Finland Oy on 15th - 16th November 2021.

With a shareholders' unanimous decision, the company has decided on 2 November 2021 to raise the company's share capital by 77.5 thousand euros using the reserve for invested unrestricted equity. After the raise, the company's share capital amounts to 80 thousand euros.

Share issues

With a shareholders' unanimous decision on 23 March 2020, the company has authorized the Board to decide on a share issue against payment in which a maximum 4,558 new shares (á minimum 1,090 EUR) shall be offered. Based on this authorization the Board has decided on 20 April 2021 a share issue against payment in which a maximum 2,800 new shares (á 1,090 EUR) shall be offered. A total of 2,794 shares were issued. In addition, based on this authorization the Board has decided on 18 August 2021 a share issue against payment in which a maximum 1,620 new shares shall be offered. All shares were issued on 6 September 2021. The remaining authorization was annulled by a shareholders' unanimous decision on 2 November 2021.

With a shareholders' unanimous decision on 15 October 2021, the company has authorized the Board to decide on a share issue against payment to its personnel in which a maximum 342 new shares (á minimum 378,74 EUR) shall be offered. Based on this authorization the Board has decided on 20.10.2021 a share issue against payment in which a maximum 342 new shares (á 378.74 EUR) shall be offered to the company's personnel. A total of 319 shares were issued. The remaining authorization was annulled by a shareholders' unanimous decision on 2 November 2021.

With a shareholders' unanimous decision on 2 November 2021, the company has decided on a share issue without payment in which 600 new shares shall be offered for every one share owned by the shareholders. A total of 12,171,600 new shares were offered.

On 2 November 2021, the Company's shareholders unanimously resolved to authorize the Board of Directors to decide on i) a listing issuance of a maximum of 20,000,000 new shares in connection with a possible listing on the Nasdaq First North Growth Market Finland, and ii) an issuance of a maximum of

5,000,000 new shares or stock options, or the issuance of other special rights entitling to shares. According to the authorizations, the Board of Directors may use the ii) authorization only if i) the IPO under the share issue authorization is carried out. The authorizations are valid until the end of the next Annual General Meeting, however, not later than 30 June 2022. Pursuant to these authorizations, the Board of Directors on 25 November 2021 decided on a listing issue of a maximum of 6,010,453 new shares. In addition, the Board of Directors decided on a directed share issue of a maximum of 783,972 new shares in connection with the listing issue, solely for the purpose of stabilization and to cover possible oversupply situations. A total of 6,010,453 shares were subscribed for in the listing issue. No shares were issued (ii) under the authorization.

In addition, the shareholders unanimous resolution of 2 November 2021 authorized the Board of Directors to decide on the repurchase of a maximum of 5,000,000 of the Company's own shares. However, according to the authorization, the Company, together with its subsidiaries, may not own more than 10 percent of all the Company's shares at any time. The Board had not exercised this authorization by 31 December 2021.

Options

Authorizations

The authorization given by the Annual General Meeting on 5 June 2019 has been used in its entirety based on the Board of Directors decision of 22 January 2021.

The authorization granted by the unanimous shareholders resolution of 16 September 2020 has been used in its entirety based on the Board of Directors decision of 8 September 2021.

On 23 February 2021, the shareholders unanimous resolved to authorize the Board of Directors to decide on the issuance of stock options entitling to a maximum of 640 shares. This authorization has been used in full (Board decisions 26 July, 27 July and 8 September 2021).

On 27 July 2021, the Annual General Meeting authorized the Board of Directors to decide on the issuance of stock options entitling to a maximum of 367 shares. As per 31 December 2021 options entitling to a total of 346 shares had been issued based on the authorization (Board decisions 27 July and 8 September 2021).

Option decisions

The Board of Directors decided on 22 January 2021 to issue a maximum of 186 options based on the authorization given by the Annual General Meeting on 5 June 2019 and the authorization given by the unanimous shareholders on 16 September 2020.

The Board of Directors decided on 26 July 2021 to issue a maximum of 202 options based on the authorization given by the unanimous shareholders on 23 February 2021.

The Board of Directors decided on 27 July 2021 to issue a maximum of 404 options based on the authorization given by the unanimous shareholders on 23 February 2021 and on the authorization given by the Annual General Meeting on 27 July 2021.

The Board of Directors decided on 8 September 2021 to issue a maximum of 414 options based on the authorization given by the unanimous shareholders on 16 September 2020, the authorization given by the unanimous shareholders on 23 February 2021 and on the authorization given by the Annual General Meeting on 27 July 2021.

On 15 October 2021, the Company's shareholders unanimously resolved to change the terms and conditions of the 2019, 2020 and 2021-1 option programs with regards to the options rights in relation to listing and acquisition situations.

On 2 November 2021, the Company's shareholders unanimously resolved to undertake a share issue without remuneration, which had an impact the Company's option rights. In accordance with the terms and conditions of the option programs, the amount of shares to be subscribed to based on option rights was changed in a manner corresponding to the share amount; the number of shares to be subscribed to based on the option rights was increased 1:601.

Other special rights

On 15 October 2021, the Company's shareholders unanimously resolved to authorize the Board of Directors to decide the issuance of special rights entitling to a maximum of 4,114 shares. Pursuant to this authorization, the Board of Directors on 19 October 2021 decided on special rights based on Company convertible loans entitling to a maximum of 4,111 shares. All the special rights were subscribed to and converted into shares in connection with the listing of the company, taking into consideration the share issue without numeration mentioned below.

On 2 November 2021, the Company's shareholders unanimously resolved to authorize the Board of Directors to decide the issuance of special rights entitling to a maximum of 1,175 shares. Pursuant to this authorization, the Board of Directors on 4 November 2021 decided on special rights based on Company convertible loans entitling to a maximum of 1,175 shares. All the special rights were subscribed to and converted into shares in connection with the listing of the company, taking into consideration the share issue without numeration mentioned below.

Authorization of the Board, the decision by the Board and the change in option issue conditions mentioned above have been registered in the Trade Register on 3 February 2021.

On 2 November 2021, the Company's shareholders unanimously resolved on a share issue without remuneration, which had an impact on the company's special rights. In accordance with the terms of the special rights issued by the Company based on the convertible loans, the number of shares to be subscribed for based on the rights was changed in a manner corresponding to the shares; the amount of shares to be subscribed to based on the special rights was increased 1:601.

Articles of Association

A section regarding registration of the shares in the book-entry system was added to the company Articles of Association and the section on the notice time for convening the company's Annual General Meeting was amended by an unanimous shareholder decision on 13 October 2021.

The Company was changed from a private to a public limited company and the Company name was changed to Betolar Plc by a unanimous decision of the shareholders on 2 November 2021.

The redemption and consent clause of the company Articles of Association were deleted pursuant to the unanimous shareholder decision on 2 November 2021 and took effect in connection with the listing on 8 December 2021.

16. LONG TERM LIABILITIES

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Long term liabilities	371,792.40	0.00	371,792.40	0.00
Total	371,792.40	0.00	371,792.40	0.00
Loans maturing after five years	179,817.50	0.00	179,817.50	0.00

17. SHORT TERM LIABILITIES

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Loans from credit institutions	4,073.28	0.00	4,073.28	0.00
Trade payables	766,989.52	141,347.95	765,192.24	136,502.92
Amounts owed to group undertakings	0.00	0.00	6,200.00	0.00
Other liabilities	52,305.03	50,810.74	50,990.51	42,317.63
Accruals and deferred income	551,569.76	212,241.72	550,838.79	170,909.02
Total	1,374,937.59	404,400.41	1,373,221.54	349,729.57

Key items in accruals and deferred income

Accrued salary expenses, bonus accruals	145,237.50	42,187.46	145,237.50	34,995.56
Holiday pay	265,962.16	130,952.84	265,962.16	104,755.59
Other	139,713.10	39,101.42	139,639.13	31,157.87
Total	550,912.76	212,241.72	550,838.79	170,909.02

18. SECURITIES PROVIDED, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Lease commitments (inc. VAT 24%)	23,330.40	9,887.70	23,330.40	23,330.40
Business mortgages	150,000.00	150,000.00	150,000.00	150,000.00
Business mortgages	173,330.40	159,887.70	173,330.40	173,330.40

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

NOTES TO THE EQUITY AND LIABILITIES IN BALANCE SHEET

19. RELATED PARTY TRANSACTIONS

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

Transactions with related parties have been carried out on an arm's length basis. Transactions include consulting services purchased a member of the Board of Directors and a member of the management team as well as minority shares of subsidiaries acquired from management team members. In addition, related party transactions include issued shares by the related parties.

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

Transactions made with related parties:

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Income statement				
Purchases of services	137,761.59	48,795.66	136,761.59	48,795.66
Balance sheet				
Trade payables	16,300.00	8,999.40	16,300.00	8,999.40

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Wages and salaries of key management personnel				
Remuneration paid to the members of the Board of Directors	31,757.59	2,666.67	31,757.59	2,666.67
Chief Executive Officer				
Wages and salaries	172,730.73	107,653.64	172,730.73	107,653.64
Pension expenses	30,486.97	19,000.87	30,486.97	19,000.87
Other social security expenses	4,819.19	3,003.54	4,819.19	3,003.54
	208,036.89	129,658.04	208,036.89	129,658.04
Other management team				
Wages and salaries	359,495.23	273,701.52	359,495.23	273,701.52
Pension expenses	63,450.91	48,308.32	63,450.91	48,308.32
Other social security expenses	10,029.92	7,636.27	10,029.92	7,636.27
	432,976.06	329,646.11	432,976.06	329,646.11

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

	2021 Group	2020 Group	2021 Parent company	2020 Parent company
Board of Directors	431,518	0	431,518	0
Chief Executive Officer	60,701	168,280	60,701	168,280
Other management team members	165,876	0	165,876	0
Total	658,095	168,280	658,095	168,280

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

Calculation formulas for certain alternative measures and other indicators

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

Signatures of the financial statements

Place: Kannonkoski
Time: 24 February 2022

Matti Löppönen
Chief Executive Officer

Tero Ojanperä
Chairman of the Board

Soile Kankaanpää
Member of the board

Juha Leppänen
Member of the board

Inka Mero
Member of the board

Kalle Härkki
Member of the board

The auditor's note

A report of the audit performed has been issued today.

Place: Helsinki
Time: 2 March 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Betolar Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Betolar Oyj (business identity code 2800638-3) for the financial period 1.1.-31.12.2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information that we have obtained prior to the date of this auditor's report is the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 2.3.2022
PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

Board of Directors



TERO OJANPERÄ

Chairman of the Board since 2020
D. Sc. (Tech.)
Independent of the company and its significant shareholders.

Key positions of trust

Chairman of the Board: Silo AI, Fintraffic Ltd, Visionplus Ltd

Member of the Board: OP Osuuskunta, Siili Solutions Plc

Ownership in Betolar Plc
310,116 options



INKA MERO

Member of the Board since 2020
M.Sc. (Econ.)
CEO, Voima Ventures Oy
Independent of the company and its significant shareholders.

Key positions of trust

Chairman of the Board: Voima Ventures Oy

Member of the Board: Fiskars Oyj, Nokian Renkaat Oyj



KALLE HÄRKKI

Member of the Board since 2021
D. Sc. (Tech.)
CEO, Finn Recycling Oy
Independent of the company and its significant shareholders

Key positions of trust

Chairman of the Board: Vuorimiesyhdistys Ry

Member of the Board: Kolmen Kaverin Jäätelö Oy

Ownership in Betolar Plc
138,230 shares and 60,701 options



SOILE KANKAANPÄÄ

Member of the Board since 2021
M.Sc. (Econ.)
Commercial Director, ISS Services Ltd
Independent of the company and its significant shareholders.

Key positions of trust

Member of the Board: Destia Plc

Ownership in Betolar Plc



JUHA LEPPÄNEN

Member of the Board since 2016
Founder of Betolar
Technician in electronics
Dependent of the company and its significant shareholders.

Shareholding in Betolar Plc
1,603,468 shares

Management team



MATTI LÖPPÖNEN

CEO
Joined Betolar in 2020
LL.M., M. Sc. (Econ.)

Key experience
OP Financial Group,
Taimen Ltd

Ownership in Betolar Plc
187,512 shares and
228,981 options



RIIKKA YLIKOSKI

CFO
Joined Betolar in 2021
M. Sc. (Econ.)

Key experience
Cargotec Plc

Ownership in Betolar Plc
17,429 shares and 22,237
options



JUHA LEPPÄNEN

CIO, Founder
Founded Betolar in 2016

Key experience
Betolar Plc

Shareholding in Betolar Plc
1,603,468 shares



PEKKA HINTIKKA

CTO
Joined Betolar in 2021
M. Sc. (Tech.)

Key experience
Forenom Ltd, Ouman Ltd,
Nokia Plc

Ownership in Betolar Plc
14,424 shares and 22,237
options



LASSE HAPPONEN

Head of Precast &
ready-mix
Joined Betolar in 2020
B. Eng.

Key experience
Betset Ltd, Finnino Ltd

Ownership in Betolar Plc
86,544 shares and 60,701
options



JUHA PINOMAA

Head of Asia, Precast &
ready-mix
Joined Betolar in 2019
M. Sc. (Tech.), MBA

Key experience
Suunto Oy, Nokia Plc

Ownership in Betolar Plc
229,582 shares and
242,804 options



JANNE RAURAMO

Head of Europe, Precast &
ready-mix
Joined Betolar in 2019

Key experience
Ajanta Ltd

Ownership in Betolar Plc
52,287 shares and 60,701
options



ANTTI USKI

Chief Human Resources
Officer
Joined Betolar in 2021
PhD, EMBA

Key Experience
Kiillto Family Ltd

Information for shareholders

Shares

BetolarPlc's shares are listed on the Nasdaq First North Growth Market Finland operated by Nasdaq Helsinki Oy. The trading code of the shares is "BETOLAR" and the ISIN code is FI4000512587. The company has one share series and each share carries one vote. On 31 December 2021, Betolar's registered share capital was EUR 80,000.00 and the number of shares was 19,444,024.

Share information as of 31 December 2021

- Highest paid: EUR 6.88
- Lowest paid: EUR 5.95
- Volume weighted average price: EUR 6.49
- Total turnover in 2021: 799,310 shares
- At close: EUR 6.30
- Market Capitalization: EUR 122.5 million

The company's shares are included in the book-entry system operated by Euroclear Finland Ltd. The shareholder register is maintained and available at Euroclear Finland Ltd's office on Urho Kekkosen katu 5 C, 8th floor, Helsinki, Finland.

Visit our investor pages at
<https://www.betolar.com/investors>

The IPO brought more than 4,300 new shareholders on a journey to enable a green revolution in construction.

IPO

After a successful IPO, Betolar was listed to First North Growth Market Finland marketplace in 9 December 2021.

The IPO was oversubscribed and the listing was carried out as planned. The fixed subscription price of the offered shares was EUR 5.74 per share. In the IPO, the company issued 5,226,481 new shares in a private placement and 783,972 new shares for the sole purpose of stabilisation and to cover the over-demand situation.

The IPO attracted strong interest. Betolar raised approximately EUR 35 million of gross assets in the IPO. For more information regarding the IPO, please visit www.betolar.com/IPO.

Annual General Meeting

The Annual General Meeting is held on Friday, 23 March 2022. The Board of Directors of Betolar Plc will convene the meeting at a later date.

For more information please visit: www.betolar.com/general-meeting

Dividend proposal

In the years to come, Betolar will focus on financing its growth and developing its business operations in accordance with its strategy. The company does not

expect to be distributing dividends in the short or medium term.

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

Financial reporting in 2021

Betolar will publish the following financial reports in 2022

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

Silent period

Betolar observes a 30-day silent period in its investor and media relations before the publication of business review, a half-yearly report or financial statements release. During such period, the company will not give comments to the media or other parties on the company's financial position, markets or outlook. The Company will also not meet with representatives of capital markets during the silent period.

Betolar observes a closed period of 30 days, during which persons discharging managerial responsibilities at Betolar are prohibited from trading the company's shares or debt instruments, or derivatives related to them or other financial instruments on their own account or for the account of a third party and from conducting other transactions. Betolar also applies the closed period to persons participating in or those who as to their assignments have access to the information on the financial results to be published in its preparation phase.

The Company's Certified Adviser in accordance with the First North Rulebook is Skandinaviska Enskilda Banken.

BETOLAR

Betolar Plc

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contact@betolar.com

