

Betolar Plc Financial Statements Release

For the financial period 1 January–31 December 2023



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Betolar Plc's Financial Statements Release for 1 January–31 December 2023 (unaudited)

Betolar Plc's Financial Statements Release 1-12/2023: Priority shifted to side stream-focused mining and larger construction solutions

October–December 2023 in brief

- Net sales amounted to EUR 217 thousand (EUR 222 thousand)
- EBITDA amounted to EUR -2,370 thousand (EUR -2,756 thousand)
- Cash and cash equivalents and short-term fund investments at the end of the period amounted to EUR 14,315 thousand (EUR 26,624 thousand)
- The number of new pilot customers^{1,2} was 1 (6)
- The average number of personnel during the period was 57 (60)

January–December 2023 in brief

- Net sales amounted to EUR 515 thousand (EUR 287 thousand)
- Gross margin amounted to EUR 340 thousand (EUR 121 thousand)
- EBITDA amounted to EUR -11,181 thousand (EUR -9,988 thousand)
- Operating profit (loss) was EUR -13,260 thousand (EUR -11,518 thousand)
- Profit for the financial period amounted to EUR -13,153 thousand (EUR -11,844 thousand)
- Earnings per share were EUR -0.67 (EUR -0.61)
- Cash and cash equivalents and short-term fund investments at the end of the period amounted to EUR 14,315 thousand (EUR 26,624 thousand)
- The number of new pilot customers was 24 (25)
- The average number of personnel during the period was 60 (51)

Key events in the 2023 financial period

- On 29 March 2023, Betolar published an updated strategy to steer towards sustainable growth and a stronger position in the value chain.
- In accordance with the strategy update, the focus of development work was shifted from concrete products towards structural products with higher added value and mining solutions.
- Betolar's patent for electrical energy storage was expanded to the European, Indian and US markets.
- The construction phase of the expansion of the Innovation Centre in Kannonkoski was completed at the end of the second quarter.
- In the Waste upcycling product segment, the first agreements related to side stream research and utilisation were signed, such as a research project order from Inno Precast Company Limited in Thailand and Eesti Energia.
- On 19 September 2023, Betolar received a positive decision on a EUR 2.7 million grant from Business Finland for a research and development project on alternative side streams.
- To strengthen the implementation of its growth strategy, Betolar initiated measures to adjust its cost structure. The measures are estimated to generate annual savings of approximately EUR 5 million in 2024. As part of the package, Betolar commenced companywide change negotiations, which were completed at the beginning of October 2023. In relation to this, Betolar commenced companywide change negotiations, which were completed at the beginning of October 2023.

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- There were changes in the Management Team when Janne Rauramo, VP of Strategic Partnerships, and Ilkka Iittiläinen, COO, left the company. Tuija Kalpala (M.Sc. Econ.) was appointed as the new Chief Operating Officer and started in her position on 2 October 2023.

Key events after financial period

- On February 14, 2024, Betolar's board of directors confirmed the company's updated mid-term business and financial goals. The updated business and financial goals are based on the company's previously announced strategy, which remains unchanged.
- Betolar received a grant of EUR 370,000 from Finnpartnership for piloting a plant-scale production of low-carbon hollow core slabs in Malaysia.

Betolar's consolidated financial statements for the year that ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations Committee (IFRIC) in force on 31 December 2023.

The figures in brackets in this report refer to the comparison period, i.e. the same period in 2022, unless otherwise specified. The figures for the comparison period are based on the audited financial statements. All figures are according to IFRS accounting standards. The half-year and quarterly information published in the comparison period for the periods 7-12/2022 and 10-12/2022 has been restated in this report to correspond to IFRS. More information on the IFRS transition can be found in the transition release published on 21 December 2022.

The Board of Directors' proposal on the use of distributable unrestricted shareholders' equity

The Board of Directors proposes that no dividend be distributed for the financial period 1 January–31 December 2023 and that the loss for the financial period be carried over under retained earnings.

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Key figures

Key indicators for the Group

(EUR thousand, unless otherwise specified)	10-12/ 2023	10-12/ 2022	7-12/ 2023	7-12/ 2022	2023	2022
Financial indicators						
Net sales	217	222	385	267	515	287
Gross margin ¹			304	126	340	121
EBITDA ^{1,2}	-2,370	-2,756	-4,995	-5,471	-11,181	-9,988
Operating profit			-6,185	-6,523	-13,260	-11,518
Earnings before interest and taxes			-6,126	-6,422	-13,177	-11,873
Profit (loss) for the financial period			-6,122	-6,405	-13,153	-11,844
Earnings per share, basic and diluted, EUR ^{1,3}			-0.31	-0.33	-0.67	-0.61
Cash and cash equivalents and short-term fund investments ^{1,2} (at the end of the period)	14,315	26,624	14,315	26,624	14,315	26,624
Operational indicators						
Personnel (average number during the financial period)	57	60	58	60	60	51
Number of new pilot customers ^{1,2}	1	6	6	11	24	25

- 1) Betolar uses certain indicators (gross margin, EBITDA, earnings per share, cash and cash equivalents and short-term fund investments and number of new pilot customers) as half-yearly indicators of operational profitability and business performance. The definitions and calculation formulas of these indicators can be found in the appendix to the report.
- 2) Betolar uses certain indicators (EBITDA, cash and cash equivalents and short-term fund investments and number of new pilot customers) as quarterly indicators of operational profitability and business performance. The definitions and calculation formulas of these indicators can be found in the appendix to the report.
- 3) The number of shares used in the calculation of earnings per share is as follows: 31 Dec. 2023: 19,606,882, 31 Dec. 2022: 19,531,757. The average number of shares for different periods is as follows: 1–12/2023: 19,569,320, 7–12/2023: 19,579,236, 1–12/2022: 19,487,891, 7–12/2022: 19,524,552.

CEO Riku Kytömäki comments on the financial period 2023

In 2023, we succeeded in improving the added value and sales of our cement substituting material technology to different customer segments, from construction to mining. Demand for our solutions remained stable: we help our customers reduce their CO² emissions and reduce the use of virgin raw materials.

We updated our strategy at the end of March. Our ever-growing insight of the emerging markets and the applicability and potential of our solutions has refined our direction. New priorities have included moving to larger scale customers, initiating the application development for the mining sector, researching and productizing industrial side streams and taking a stronger position in the side stream value chain.

After moving forward with the changes in strategic focus during 2023, we published refinements to our business and financial goals after the period. By emphasizing side-streams and by targeting bigger clients for high-value mining and construction materials, we're building a foundation for new growth. In particular, long-term research into untapped side streams will enable new value for our materials technology, our customers and the environment. As we build a new foundation, we revise our estimate of the revenue growth rate over the strategy period. Correspondingly, we estimate that the successful implementation of the strategy will create stronger growth and scaling potential.

Sales of non-recurring engineering services increased during the year. Examples from the last quarter of the year include the agreements with Metso and Eesti Energia. Our aim is to help find new sustainable uses for the side streams generated either by Eesti Energia's own operations or by Metso's own customers. Having customers with companies of this size improve our visibility and strengthen the growth opportunities of our waste upcycling business globally.

In providing cement-free construction solutions, we shifted our focus to larger scale and higher value-added applications. Our aim is to move from smaller concrete products to structural concrete products such as hollow-core slabs and other load-bearing concrete products. Towards the end of the year, we successfully tested our updated geopolymer recipe and dosing system that are key to this goal.

Our revenue increased from the previous year and was generated not only from license and material fees, but also from the sales of non-recurring engineering services in line with our updated strategy. Our profitability is still in line with the profile of a company in the early stages of its business. We invested heavily in growth by strengthening our processes and capabilities to meet customer needs. To counterbalance the investments, we reviewed our cost structure in light of the updated strategy and implemented a significant cut in costs that were not aligned with the strategy. We expect the full impact of these savings to be realised in 2024. We also received a positive decision on a significant EUR 2.7 million Business Finland grant for the research and development project of alternative side streams, which we will raise during the years 2024 and 2025.

Innovation at Betolar is the foundation of our business. The expansion of our innovation centre in Kannonkoski, which was taken into use during the year, will help us to expand our material handling capabilities and standardise raw material conditions. This creates the basis for the development of more demanding structural elements and will strengthen our position and support our long-term development goals.

To clarify strategic focus and roles, we compressed our management team to six people. At the beginning of October, we strengthened the management team with Tuija Kalpala, who has experience in international supply chains, logistics and strategic development management roles.

Seamless teamwork and a shared will to do the right thing are key to our journey towards sustainable success. We reinforced our commitment to responsible and ethical business practices by launching our Code of Conduct. We also trained our staff regarding diversity, equity and inclusion. A big thank you to our team members for their commitment - together we are moving forward in the green transition.

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Business Review

Betolar's offering, as well as research and product development, are currently focused on four product segments: mining, waste upcycling, construction elements and concrete products.

In the mining segment, Betolar focuses on high-volume application areas where the core of the offering consists of paste backfilling, shotcreting and stabilisation of tailings. The company is benefiting from a positive trend in the mining industry, driven by the demand of critical metals in the EU, the geopolitical situation and the focus on sustainable development. In addition, new EU-driven mineral strategies in various countries to ensure the availability of critical raw materials in a changing global environment will support the demand for solutions. At the end of the year, Betolar became a member of Mining Finland, the mining industry's representative organisation, and continued the productisation of mining solutions.

In the waste upcycling product segment, Betolar signed its first contracts related to side stream research and recovery when a letter of intent was made with Metso for the utilisation of the side stream of the lithium hydroxide process. In addition, a research order was received from Eesti Energia for the utilisation of fly ash in energy production. Every year, a million tons of ash is produced as a side stream of energy production, which is piled up in Narva in northeastern Estonia. The aim is to research the utilisation of the side streams generated by the companies' operations as concrete binders and/or aggregates. Engagements with companies of this size will increase visibility, open new opportunities, and strengthen growth potential globally in this segment.

In the construction elements product segment, Betolar continued its efforts in the commercialisation of hollow core slabs. In Europe, collaboration with Consolis Parma was continued, and in Southeast Asia, local tests for plant-scale Geoprime hollow core slabs were successfully completed with a local client after the period. In the urbanised areas of Southeast Asia, there is a strong orientation towards the production of locally prefabricated concrete elements. Another common method of construction in emerging Asian markets is in-situ casting, and Betolar is currently developing a product to meet these needs. By the end of the year, a set of suitable mix designs and technical work were well underway.

In the concrete products segment, Betolar's customers such as Vyara Tiles in India and IBF, the largest concrete producer in Denmark, continued to scale up production as planned. IBF expanded its portfolio from infrastructure concrete products to landscaping products. Progress was also made towards the end of the year in the Middle East, with Betolar launching low-carbon concrete products in the UAE with Fujairah Concrete Products (FCP) in December. FCP is a construction group majority owned by the Emirate of Fujairah and is the leading manufacturer of concrete blocks in the UAE. FCP produces more than 25 million building blocks and over 800,000 square metres of landscaping products annually. Products manufactured with the Geoprime solution meet the standards of the Abu Dhabi Quality and Conformity Council (ADQCC) and FCP received product approval for its paving stone products in November under the standards governing abrasion resistance (EN 1338, EN 1339 and EN 1340) for the United Arab Emirates market.

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Operating environment

Betolar continued to focus sales and marketing on key markets based on the demand for green transition, the availability of side streams and the ability to deliver economic value through productised applications. Demand for low-carbon solutions is expected to remain strong, particularly in the mining and construction industries. In particular, mining will be driven by the increasing electrification of the society, which will increase the use of battery metals. Existing and new mining projects need more environmentally friendly solutions for extraction, in particular to avoid the generation of side streams. The company estimates that the green cement market for blended cements, geopolymers and alternative binders is expected to multiply in the long term. This will increase the size of Betolar's addressable market.

The availability and price of side streams play a key role in creating business value. Increased demand for current known sources of side streams, in particular blast furnace slag and fly ash, has led to rising prices for these raw materials, while production volumes of blast furnace slag and fly ash are declining globally over the longer term. Betolar is accelerating the development of alternative side streams to replace the use of cement in different customer segments.

Competitive landscape

Competing products and solutions can be divided into three main categories: traditional Portland cement, low-carbon blended cements and alternative binders such as alkali-activated materials or geopolymers. Conventional Portland cement meets local and international standards but faces increasing sustainability challenges due to high emission levels and high virgin raw material use. In lower-carbon blended cements, part of the cement clinker is replaced by mainly ground blast furnace slag (GGBFS), one of the by-products of the steel industry. However, the challenge of blended cement is that cement clinker can only be replaced by blast furnace slag up to a certain point. Increasing slag content impairs the properties of fresh concrete, such as the binding and strength development properties of concrete. Alternative binders can significantly reduce carbon dioxide emissions and reduce the use of fossil resources. Concrete standards based on the use of cement are currently slowing down the uptake and scaling-up of alternative binder-based building materials, especially in structural products. Betolar works in international groups to update the European concrete standards to be performance-based. Similar upgrading of standards has already been promoted in for example North America and the United Kingdom.

Betolar will focus on the identification and use of local alternative side streams, with a particular focus on the commercialisation of low-cost side streams. Betolar also has a strong IPR strategy, and an AI-based platform developed by the company. Together, these will strengthen Betolar's competitiveness as an innovative and sustainable pioneer.

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Strategic, Business and Financial Objectives

The company aims to be the most attractive green transition partner for the construction, concrete, cement and mining industries. On February 14, 2024, Betolar's Board of Directors confirmed the company's updated mid-term business and financial objectives. The updated business and financial goals are based on the company's previously announced strategy, which remains unchanged.

Medium-term (2024-2026) business objectives:

- Accelerating research and application development of alternative side streams
- Creating a stronger position and value creation potential in the value chain of side streams
- Global scaling of Betolar's solutions to high-volume and scalable customer segments
- Expansion into key markets based on demand for green transition, availability of side streams and Betolar's ability to deliver economic value through productised applications
- Building a data-driven business ecosystem
- Development of commercial platform services on Betolar's AI platform

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

- **Medium term:** Net sales of €50-100 million at the end of 2026 and achieving positive cash flow from operating activities during 2026
- **Long term:** Net sales of more than EUR 1 billion and an EBITDA margin of 30% by the end of 2033

The targets are updated based on the business model in line with the strategy, which has been renewed to meet evolving customer needs. Betolar has decided to focus on four product segments: mining, waste upcycling, construction elements and concrete products.

The renewed business model highlights two priorities:

- Licensable Geoprime material technology solutions are offered with ongoing volume-based license and material fees.
- Non-recurring engineering fee (NRE) projects especially for the mining industry and side stream owners.

Betolar estimates that it is in a better position than other operators in the industry to meet the needs of research and commercialization of alternative binders. The company has a globally scalable operating model with light fixed asset needs, very strong side stream expertise and a data-driven business ecosystem platform as a competitive advantage. In the early stages, the company has focused on the systematic use of data in its product development processes. During the strategy period, the company will accelerate the creation of commercial services on Betolar's artificial intelligence platform. The success of the strategy highlights the rapid development and productisation of alternative side streams. The company continuously evaluates opportunities to improve its position in the value chain and in scalable customer segments in rapidly developing markets, for example through key partnerships.

Betolar's updated operational key figures

- Number of new Non-Recurring Engineering (NRE) projects
- Personnel (average number during the period)
- Number of new pilot customers

Betolar reports updated key figures from the first business review of 2024.

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Financial review

Net sales

July – December 2023

The Group's net sales in July-December 2023 increased from the comparison period and amounted to EUR 385 (7-12/2022: 267) thousand.

During the period, approximately 10% of net sales consisted of license and chemical sales in accordance with the Geoprime concept. During the period, a larger share came from payments related to customer piloting and research service projects.

Geographically, the net sales were distributed as follows: EMEA (Europe, Middle East, Africa) 54%, APAC (Asia Pacific) 23% and Americas 23%.

January – December 2023

The Group's net sales in January–December 2023 grew year-on-year and amounted to EUR 515 thousand (2022: 287 thousand).

Approximately 25% of net sales for the financial period consisted of license and chemical sales under the Geoprime concept. A larger part of the turnover for the financial year came from fees for customer pilots and research service projects. Introduction of piloting fees commits the customer to future productions. Other operating income for the period consisted mostly of business grants.

Geographically, the net sales were distributed as follows: EMEA (Europe, Middle East, Africa) 64 % (69%), APAC (Asia Pacific) 19% (22%) and Americas 17% (9%).

Financial result

July – December 2023

Gross margin for 7-12/2022 was EUR 304 (7-12/2022: EUR 126) thousand and EBITDA was EUR -4,995 (-5,471) thousand. Personnel expenses were EUR 3,363 (2,770) thousand; depreciation, amortisation and impairment amounted to EUR 1,190 (1,052) thousand and other operating expenses were EUR 2,090 (2,966) thousand.

The Group's operating profit was EUR -6,185 (-6,523) thousand. Net financial income and expenses were EUR 59 (101) thousand. Earnings before taxes and interest were EUR -6,126 (-6,422) thousand. The result for the financial period was EUR -6,122 (-6,405) thousand.

January – December 2023

Gross margin amounted to EUR 340 (121) thousand and EBITDA was EUR -11,181 (-9,988) thousand.

Personnel expenses increased from the comparison period to EUR 6,836 (4,352) thousand. After the active recruitment phase in 2022, Betolar started to focus on operational productivity growth during the review period.

Depreciation, amortisation, and impairment amounted to EUR 2,079 (1,530) thousand and other operating expenses to EUR 4,885 (5,896) thousand. Other operating expenses include expert costs related to research and development, building an AI platform and sales development. In the first half of the year, the company's administrative expenses focused on investments in business development.

The Group's operating profit for January–December 2023 amounted to EUR -13,260 (-11,518) thousand.

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Net financial income and expenses amounted to EUR 83 (-356) thousand. The company uses short-term interest funds to hedge cash assets, which had a positive impact during the financial year.

Earnings before taxes and interest were EUR -13,177 (-11,873) thousand. The result for the financial year was EUR -13,153 (-11,844) thousand.

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 growth of personnel and related costs, investments in research and product development as well as the building of other prerequisites and capabilities.

Financial position and cash flows

Betolar's balance sheet total at the end of the financial period was EUR 21,236 (31 December 2022: 31,948) thousand. Equity amounted to EUR 13,786 (26,582) thousand. Equity ratio at the end of the financial period stood at 65 (83) per cent.

At the end of the financial period, the Group's net debt was EUR -9,128 (-24,104) thousand and the net gearing ratio was -66 (-91) per cent.

Cash flow from operating activities in January-December 2023 was EUR -11,676 (1-12/2022: -9,546) thousand. Net cash flow from operating activities was affected by an increase in personnel costs and other operating expenses.

The cash flow from investments amounted to EUR 9,228 (5,434) thousand, representing the company's tangible and intangible assets.

Cash flow from financing activities amounted to EUR 2,224 (1,922) thousand. Cash flow from financing activities includes EUR 2,500 thousand of long-term loan drawdowns, EUR -3 thousand of short-term loan repayments and EUR -273 thousand of lease repayments. In the last quarter of the financial year, Betolar drew down EUR 2,500 thousand of the Climate Fund loan.

Betolar's short-term fund investments at the end of the period were EUR 13,372 (25,457) thousand. Cash and cash equivalents at the end of the period were EUR 943 (1,167) thousand and the change in cash and cash equivalents was EUR -224 (-2,191) thousand. Total cash and cash equivalents and short-term fund investments were EUR 14,315 (26,624) thousand.

The company has taken active measures to secure the financial conditions to implement its strategy, which was updated in 2023. During the financial year, Betolar has made adjustments to its cost structure and applied for public business financing for research and development. As a result of the adjustment measures, the company will achieve cost savings of approximately EUR 5,000 thousand for 2024 compared to 12 months rolling costs at the end of Q3/2023. Business Finland granted Betolar EUR 2,700 thousand grant for a research and development project on alternative side streams during FY 2023. This grant will be drawn down as the research project progresses during 2024 and 2025. In addition, the company has withdrawn EUR 2 500 thousand of the EUR 7 500 thousand loan from the Climate Fund outstanding. The loan drawdown is linked to development targets, some of which the company has already met in 2023. The loan will be withdrawn during 2024. After the financial year, Finnpartnership awarded the company a grant of EUR 370 thousand to pilot the prefabrication of hollow-core slabs in Malaysia.

Investments

Investments in tangible and intangible assets totalled EUR 3,205 (2022: 3,339) thousand. Investments accounted for 26 (31) per cent of total operating expenses. Tangible investments were mainly aimed at expanding Kannonkoski's innovation activities.

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Research and Development

The technology development activities at Betolar are based on the research and analysis of industrial side streams and the continuous development of Geoprime recipes and low-carbon building materials. Technology development has four focus areas; research and product development, data platform and digitalisation, innovation and laboratory.

Betolar continued its extensive research programme on side streams to find viable alternatives to ground granulated blast furnace slag (GGBFS) and fly ash that are typically used as a cement replacement. The research programme currently covers more than 20 different industrial side streams such as metal production slags, ashes and recycled construction materials. Some of these research projects are carried out on a non-recurring engineering fee basis with side stream owners. Betolar successfully finalized stabilized slag material (steel slag purified from vanadium) field trials (together with Novana). Analysing the use of ash from oil shale combustion (together with Eesti Energia) as a binding agent in concrete is the other example of these projects. The side streams research programme received significant additional resources from Business Finland's research funding. This grant enables even broader and more challenging side stream research activities.

Betolar shifted product development focus from precast concrete products towards structural solutions and mining applications. The goal of product development is to achieve significant CO₂ emission savings in final products. Several successful pilots with precast concrete manufacturer Consolis Parma on the product development of low-carbon hollow-core slabs were made. Hollow-core slab solution was also successfully piloted first time with a customer in Asia. Using the Geoprime solution, it is possible to achieve up to 75% lower emissions than standard hollow-core slabs. Betolar successfully finalized a laboratory development phase also in another load-bearing structure development project, specifically targeted at the Asian market. The development of the first product applications for the mining industry, cemented paste backfill and shotcrete was continued. Completed laboratory studies indicated that cementless paste backfill can be created by fulfilling strength and long-term durability requirements and simultaneously reducing CO₂ emissions 40-80% depending on side streams used.'

The development of the Betolar Platform Program (AI data platform) was continued. During Q2, Betolar started a development programme of developing data-driven value-added services. Side stream analysis service was the first launched product with the aim to support customers in identifying value creation opportunities to utilize their side streams. Successful piloting of the service was done in H2 while continuing data collection on side streams, customer pilots and Geoprime end-product characteristics in order to strengthen the data platform core. Betolar also achieved significant steps in utilizing AI in accelerating product development by creating several predictive models to simulate end product performance and their long-term durability. In addition, Betolar strengthened Data platform team with several key expert recruitments.

Betolar's innovation activities create completely new solutions that generate business in the long term and are focused on exploring new activators, developing new types of side stream treatment methods and advancing equipment solutions. The construction of the Innovation Centre extension was completed during summer enabling more diverse innovation programs, research of new side streams and also testing of larger construction elements. Through systematic development, Betolar's patent portfolio has also grown rapidly. The primary role of patents is to safeguard the business of Betolar and its customers based on material technology solutions. During the last year, Betolar's patent on electrical energy storage was extended to European, Indian and US markets. By the end 2023, Betolar had received approved patents for five inventions and further nine inventions were in the patenting process. The patent portfolio is expected to be a significant component of the company's value in the long term.

Betolar's own laboratories provide the necessary analyses for research and product development. In response to the increased demand for material analyses, Betolar successfully launched a materials research laboratory at the Espoo site during the first quarter. The Innovation Centre investment enables also further enhancement of the laboratory activities at Kannonkoski.

Sustainability

Betolar contributes to the UN's Sustainable Development Goals (SDGs), and in particular to SDGs 9, 11, 12 and 13: it promotes positive change in infrastructure, cities, consumption patterns and climate action.

Betolar has identified and validated three key sustainability themes in the stakeholder dialogue. These themes are impactful for stakeholders and at the same time have economic relevance for the company. These themes will guide Betolar's mainstreaming of sustainability throughout the organisation.

1. Accelerating CO₂ emission reductions:

- Betolar strengthened its internal processes and capabilities to measure and communicate the other environmental impacts of the Geoprime solution alongside carbon emissions. Betolar launched the first life cycle assessments for its key product groups, such as paving stones and hollow core slabs. In addition, Betolar's customers started implementing Environmental Product Declarations (EPDs) for Geoprime concrete products.
- For 2023, the carbon handprint of the Geoprime solution was 685 tonnes CO₂ equivalent. The carbon handprint refers to the reduction in emissions from the use of a product or service compared to a conventional product. Concrete, measurable information on the emission reductions is important for Betolar's customers, partners and investors who are implementing their own climate goals. The calculation is based on a third-party screening calculation and comparing the CO₂ emission reduction of the A1-A2 phase with a reference product in Betolar's key markets and products. The production, use and end-of-life phases were excluded from the assessment as they are assumed to be identical between Geoprime and conventional concrete.
- The carbon dioxide emissions of Betolar's own operations (scope 1, 2 and 3) were calculated for the first time for 2022, and during 2023 the preparation of the value chain emissions calculation was continued and data collection processes were intensified. Although Betolar is currently not obligated to report by the EU's Corporate Sustainability Reporting Directive (CSRD), the baseline calculation serves to set targets and support the company's preparedness for EU reporting obligations in the near future.

2. Ensuring the responsibility of side streams and activator chemicals:

- Ensuring that side streams and activator chemicals are safe to use is essential to Betolar's operations.
- For activator chemicals, a Supplier Code of Ethics was developed during the period, which defines the expectations and requirements for suppliers in terms of ethical and responsible behaviour.

3. Ensuring social responsibility in the construction value chain:

- At Betolar, ensuring social responsibility means ensuring the well-being and safety of employees and others in the value chain. In 2023, a Code of Conduct was published. The purpose of the Code of Conduct is to guide every Betolar employee and stakeholder to act responsibly and ethically.
- Betolar strengthened its ability to operate as a diverse team by training its staff in diversity, equity and inclusion (DE&I) related topics.

To manage its operations, Betolar has a quality management system in place that is certified to ISO 14001 environmental standard and ISO 45001 occupational health and safety standard. Betolar strives to ensure the highest possible level of quality and safety in its own operations and those of its suppliers and customers. During the period, a periodic audit was carried with Bureau Veritas as the auditor.

Near-term risks and uncertainties

Betolar's most significant risks and business uncertainties are described in more detail in the Board of Directors' Report in the annual financial statements. The particular risks and uncertainties for the near term are described below.

Betolar is dependent on external financing due to the low level of operating cash flow in the early stages of its growth strategy. The company's short- and long-term financing situation, capacity and needs are systematically monitored and forecasted monthly as part of the financial process by the management and board. The Company has made adjustments to its cost structure during 2023. The impacts will be visible in 2024. In addition, the company has received grant funding for product development activities, which will be withdrawn in 2024 and 2025. New funding may be needed, for example, to secure operations and investments that are key to the implementation of the growth strategy. Betolar will ensure, through various means, a high level of readiness to seek and obtain new equity, debt and project financing on the most favourable terms to accelerate projects in line with its strategy. However, Betolar may not be able to raise the financing it needs or may have to raise financing at higher costs than in the past. The availability of financing may be affected by a number of factors, including the state of the financial markets, the general availability of credit, uncertainties related to the profitability of Betolar's business, and creditworthiness. The company manages the risk related to the availability of financing by actively exploring sources of equity and debt financing.

Economic cycles, and in particular the level of activity in the construction market, affect the demand for Betolar's products and services. High inflation, persistently high interest rates and supply chain disruptions have weakened the global economic outlook, posing a risk to the execution of Betolar's growth strategy. The changed security situation in Europe following Russia's war of aggression to Ukraine has increased geopolitical risks and intensified disruptions to global supply chains, as well as increased uncertainty in European commodity and energy markets. The resulting scarcity, disruption and cost inflation could adversely affect the competitive or supply capacity, sales, or profitability of Betolar's solution. However, the uncertainty in the operating environment is not expected to have a significant impact on the implementation of plans and programmes related to the green transition of societies, companies, and financial markets.

Betolar is pursuing a large market for building materials as a substitute for cement, as well as creating new markets and commercial applications for non-commoditized side streams. The strong commercialisation and growth of the business and the building of scalability in international markets will require significant growth investments, the development and acquisition of capabilities, and related strategic choices. In a rapidly opening global market, Betolar has decided to accept a higher level of risk in its strategic choices related to the definition and creation of a new market and the commercialisation of its innovation.

Betolar manages the risk of commercialising its technology and operating model in new markets by being very proactive in reviewing its operating environment, value chain and strategic choices, and by making the necessary changes in a rapid but controlled manner. The experience gained from the first pilot and commercial customer engagements will be analysed and used to refine the strategic focus of customer segments and to pursue ever larger customer engagements, sales channel partnerships and production volumes. Identifying and ensuring the availability of optimal side streams in terms of applicability, availability and price competitiveness will also be key.

The price competitiveness of the Geoprime solution is largely based on the price and availability of industrial side streams, activator chemicals and binders used in it. Betolar's recipes currently emphasise the market-priced raw material blast furnace slag, which is also in increasing demand from cement blends competing with geopolymers. Betolar aims to gradually offer alternative, non-commoditized side streams and their utilization technologies for use alongside or instead of blast furnace slag. Examples include Stabilised Slag Material (SSM) and ladle slag from vanadium in the steel industry. The aim is to establish long-term procurement contracts with providers of such side streams.

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The uptake of Betolar's Geoprime solution and ensuring profitability in target markets in Asia and Europe will require commercial, financial, and technical success, especially for projects with the highest potential volumes.

Personnel and offices

The Group employed an average of 60 (1-12/2022: 51) people during the period. At the end of the period, the Group employed 53 (31 December 2022: 61), of whom 49 (56) worked in Finland and 4 (5) in other countries. In Finland, the company has offices in Espoo, Jyväskylä, Tampere and research and development facilities in Kannonkoski and Espoo. In addition to the Indian subsidiary, the company has operations in Indonesia.

Towards the end of 2023, the number of personnel decreased, due to the impact of the change negotiations, and recruitments were mainly replacement recruitments. Training was provided to develop IT skills and feedback skills, and researchers participated in international conferences. In addition, the development of safety at work and the conditions for a healthy and competent workplace culture were further developed. Betolar has strengthened its capacity to act as a diverse and inclusive organisation, including through the launch and training of an ethical code of conduct. In 2023, a job satisfaction survey covering all employees and a follow-up survey were also carried out for the first time, which were used to draw up team-level development plans. In addition, a competency mapping exercise was launched for everyone at the end of the year, which will contribute to strengthening professional development planning.

Governance

The Board of Directors and committees

The members of Betolar's Board of Directors on 31 December 2023 were Ilkka Salonen (Chairman), Tero Ojanperä (Vice Chairman), Inka Mero (member), Kalle Härkki (member), Soile Kankaanpää (member) and Juha Leppänen (member).

The Betolar Board of Directors has two standing committees: the Audit Committee and the Personnel and Remuneration Committee. The Audit Committee is chaired by Soile Kankaanpää, with Kalle Härkki and Ilkka Salonen as members. The members of the Audit Committee are independent of the company and its significant shareholders. The Personnel and Remuneration Committee is chaired by Tero Ojanperä and composed of Kalle Härkki, Inka Mero and Ilkka Salonen. The members of the Personnel and Remuneration Committee are independent of the company and its significant shareholders.

Shareholders' Nomination Board

The composition of the Betolar Shareholders' Nomination Board was determined on 1 August 2023 based on the holdings entered in the shareholders' register and its composition was announced on 17 August 2023.

The Nomination Board consists of four members, of whom the four largest shareholders of the company are each entitled to nominate one member. The Nomination Board also includes the Chairman of the Board of Directors as an expert member.

Alexander Ehrnrooth, Chairman of the Shareholders' Nomination Board, representing the shareholder Nidoco AB, Juha Leppänen, shareholder Olli-Pekka Kallasvuori, representing the shareholder Ajanta Innovations Oy, and Annika Ekman, representing the shareholder Mutual Pension Insurance

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Company Ilmarinen, sat on the Shareholders' Nomination Board. The Nomination Board also includes Ilkka Salonen, Chairman of the Board of Directors of Betolar, as the expert member.

The Committee's task is to prepare and present annually to the Annual General Meeting and, if necessary, to the Extraordinary General Meeting proposals on the composition of the Board of Directors and remuneration. The Nomination Committee is also responsible for identifying candidates to succeed the members of the Board of Directors and for preparing the principles of Board diversity.

Auditor

The company's auditor is PricewaterhouseCoopers Oy, with Janne Rajalahti, Authorised Public Accountant, as the responsible auditor.

CEO and Management Team

The members of the Betolar Management Team on 31 December 2023 were Riku Kytömäki (CEO), Riikka Ylikoski (CFO), Ville Voipio (Commercial Director), Jarno Poskela (CTO), Antti Uski (HR Director) and Tuija Kalpala (COO).

Tuija Kalpala was appointed as the company's Chief Operating Officer and a member of the Management Team on 31 July 2023. She took up her position on 2 October 2023. Ilkka Iittiläinen, previously the company's Chief Operating Officer (COO), announced in March that he was leaving the company and his employment ended on 2 June 2023.

Janne Rauramo, Director of Strategic Partnerships, announced on 1 September 2023 that he would leave the company and his employment ended on 30 November 2023. The management of strategic partnerships was transferred to the company's commercial and operational functions.

Decisions of the Annual General Meeting

Betolar's Annual General Meeting held on 31 March 2023 approved the financial statements for the financial year 2022 and discharged the members of the Board of Directors and the President and CEO from liability.

Decision on the use of the loss shown in the balance sheet

The Annual General Meeting resolved to transfer the loss for the financial period to the profit (loss) account of previous financial periods and resolved not to pay dividend in accordance with the proposal of Board of Directors.

Board members and remuneration

The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Committee that the Board of Directors will consist of six (6) members and that Tero Ojanperä, Soile Kankaanpää, Kalle Härkki, Inka Mero, Juha Leppänen and Ilkka Salonen were re-elected as members of the Board of Directors. Mr. Ilkka Salonen was elected as the Chairman of the Board and Mr. Tero Ojanperä was recommended to be elected as the Deputy Chairman of the Board.

The Annual General Meeting resolved that the Chairman of the Board will be paid a fee of EUR 3,500 per month, Deputy Chairman of the Board a fee of EUR 2,700 per month and other Members of the Board each a fee of EUR 1,900 per month. Furthermore, the Meeting resolved that the Chairman of the committees founded by the Board of Directors will be paid EUR 600 per meeting of the committees and other members of the committees will be paid EUR 300 per meeting. Travel expenses will be reimbursed in accordance with the maximum amount of the respective travel allowance base approved by the Tax Administration.

Amendment of the Articles of Association

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The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to amend Article 4 of the Articles of Association. The maximum number of board members was increased from seven to eight members. The Annual General Meeting also resolved, in accordance with the proposal of the Board of Directors, to amend Article 8 of the Articles of Association. In the future, the Chairman of the Board will be elected by the Board from among its members. In addition, by decision of the Board, the General Meeting can also be held without a meeting place, so that shareholders can fully exercise their voting rights by means of telecommunication and technical assistance.

Resolutions on the authorisations of the Board of Directors

The Annual General Meeting decided to authorise the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares, as proposed by the Board of Directors. The Annual General Meeting further decided to authorise the Board of Directors to decide on the repurchase of the company's own shares.

Both authorisations are valid until the next Annual General Meeting, however, until 30 June 2024 at the latest, and they cancel the corresponding authorisations granted by the Annual General Meeting of 23 March 2022.

These authorisations are described below in the section on the authorisations of the Board of Directors.

Rules of Procedure of the Shareholders' Nomination Committee

The Annual General Meeting resolved to amend the Rules of Procedure of the Shareholders' Nomination Committee in accordance with the proposal of the Nomination Committee. First Chapter of Section 2 of the Rules of Procedure was amended in its entirety and due to the amendment of the Section 4, the Shareholders' Nomination Committee will no longer propose to the Annual General Meeting the Chairman of the Board. In addition, the nomination right of the members representing the largest shareholders shall from now on be based on the list of shareholders on the first working day of August preceding the Annual General Meeting. The full text of the amended rules of procedure can be found on the company's website.

Share and shareholders

At the end of the financial year on 31 December 2023, Betolar's share capital was EUR 80,000 and the company had issued 19,606,882 fully paid shares. The company has one class of shares with ISIN F14000512587.

At the end of the financial period, Betolar had a total of 4,993 (4,486) shareholders. The table below shows Betolar's ten largest shareholders by number of shareholders, as of 31 December 2023. (Data source: Euroland.com)

Ten largest shareholders 31 December 2023

Position	Shareholders	Number of shares	% of shares
1	Nidoco AB	2,335,000	11.91
2	Leppänen Juha Markus	1,603,468	8.18
3	Ajanta Innovations Oy	1,600,463	8.16
4	Ahlstrom Invest B.V.	1,258,335	6.42
5	Ilmarinen Mutual Pension Insurance Company	1,080,139	5.51
6	Skandinaviska Enskilda Banken	1,051,597	5.36
7	Voima Ventures Fund II Ky	744,853	3.80
8	Investment Fund Danske Invest Suomi Share	641,828	3.27
9	Entrada Oy	591,150	3.02
10	Ylitalo Kari Tapani	550,919	2.81

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10 largest, total	11,457,752	58.48
Other shareholders	8,149,130	41.52
All shares, total	19,606,882	100.00

The members of the Board of Directors and Management Team and entities controlled by them held a total of 1,761,237 shares in Betolar at the end of the financial period, accounting for approximately 9.0 per cent of all shares and votes.

Largest shareholders by sector 31 December 2023

Position	Shareholders by sector	Number of shares	% of shares
1	Households	5,823,362	29.70
2	Private companies, total	5,740,218	29.28
3	Foreign, total	3,742,662	19.09
4	Public organisations	1,341,463	6.84
5	Financial and insurance institutions, total	1,150,453	5.87
6	Not-for-profit organisations, total	271,391	1.38
	Total	18,069,549	92.16
	Nominee-registered	1,537,333	7.84
	All shares, total	19,606,882	100.00

Of the shares, 7.84% were held by nominee-registered shareholders.

Share portfolio distribution 31 December 2023

Position	Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1	1–100	2,662	53.31	145,501	0.74
2	101–500	1,492	29.90	381,535	1.95
3	501–1 000	407	8.15	315,878	1.61
4	1 001–5 000	309	6.19	702,410	3.58
5	5 001–10 000	39	0.78	268,418	1.37
6	10 001–50 000	45	0.90	1,001,045	5.11
7	50 001–100 000	7	0.14	522,787	2.67
8	100 001–500 000	21	0.42	4,811,556	24.54
9	500 001-	10	0.20	11,457,752	58.44
	Nominee-registered	6	0.12	1,537,333	7.84
	Total	4,999	100.00	19,606,882	100.00

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

Price performance and trading

The highest quoted share price during the period was EUR 3.44 and the lowest was EUR 0.90. The volume-weighted average price was EUR 1.70. The closing price for the period was EUR 1.30, giving

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Betolar a market value of EUR 25,390,912. The total number of shares exchanged during the period was EUR 5,376,905 and the trading volume was 3,162,646 shares. The average daily turnover during the period was 12,600 shares.

Authorisations of the Board of Directors

The Board of Directors of Betolar has the following authorisations granted by the Annual General Meeting of 31 March 2023.

Authorisation to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares

The Annual General Meeting resolved to authorise the Board of Directors in accordance with the proposal of the Board to resolve on the issuance a maximum of 1,953,175 shares (including shares to be issued under special rights) in one or more tranches corresponding to approximately 10 % of all the shares in the company. The Board of Directors decides on all terms and conditions of the share issue and the issuance of option rights and other special rights entitling to shares within the limits of the authorisation. The issuance of shares and special rights entitling to shares, including options, may be carried out in deviation from the shareholders' pre-emptive right (directed issue). The total number of option rights or other special rights entitling to shares to be issued for the implementation of the company's incentive and commitment programs may not exceed 1,000,000 new shares and/or treasury shares held by the company, which amount corresponds to approximately five (5) per cent of the total number of shares in the company at the time of the convening of the Annual General Meeting. The number of shares to be issued for the implementation of the incentive and commitment programs is included in the maximum number of shares referred to in the aforementioned authorisation.

The authorisation is valid until the next Annual General Meeting, but not later than 30 June 2024 and the authorisation granted by the Annual General Meeting of 23 March 2022 to the Board of Directors was revoked.

Authorisation to decide on the repurchase of company's own shares

The Annual General Meeting resolved to authorise the Board of Directors in accordance with the proposal of the Board to resolve on the repurchase of a maximum of 1,000,000 shares, which corresponds to approximately five (5) per cent of the current number of all the company's shares. The company's own shares can only be repurchased with unrestricted equity and the shares can be repurchased on the repurchase date at a price formed in multilateral trading or otherwise at a price formed in the market. Shares may also be acquired outside public trading at a price that does not exceed the market price in public trading at the time of acquisition.

The Board of Directors decides how the shares are acquired. Own shares may be repurchased other than in proportion to the shares held by the shareholders (directed repurchase) if there is a compelling financial reason for doing so. The authorisation is valid until the next Annual General Meeting, but not later than 30 June 2024 and the authorisation granted by the Annual General Meeting of 23 March 2022 to the Board of Directors was revoked.

Estimate of probable future development

In the coming years, Betolar will focus on developing its business and financing its growth. The company does not expect to pay a dividend in the short or medium term.

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Board of Directors' proposal for the distribution of profit

The parent company's distributable free equity on 31 December 2023 was EUR 9,641,902.62. The parent company's profit for the financial year was EUR -12,940,348.49.

The company does not expect to pay a dividend in the short or medium term. In addition, the terms of Betolar's financing agreements contain certain restrictions on Betolar's ability to pay dividends or otherwise distribute capital.

For more information on the restrictions, please refer to the section entitled "Betolar's business financing" in the Betolar Listing Prospectus.

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial period 1 January 2023 - 31 December 2023 and that the loss for the financial period be transferred to the profit (loss) account for previous financial periods.

Annual General Meeting

The Annual General Meeting of Betolar Plc is planned to be held on 27 March 2024. The notice of the Annual General Meeting will be published later.

Annual report and financial reporting

Betolar will publish the following financial reports in 2024:

- 30 April Q1 business review
- 27 August Half-yearly review
- 1 November Q3 business review

The Annual Report for 2023 will be published by 6 March 2024. Betolar's financial reports are available on the company's website at www.betolar.com/investors

Webcast for investors and media

Betolar will host a live webcast in English for investors and media on 14 February 2024 at 10.00 a.m. Finnish time.

You can follow the broadcast at <https://betolar.videosync.fi/q4-2023/register>

In the English presentation, CEO Riku Kytömäki and CFO Riikka Ylikoski will present Betolar's financial statements and other topical issues. A recording of the event and the corresponding presentation will be available on Betolar's investor website later in the day.

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Betolar Plc Financial Statements Release 1–12/2023

CONSOLIDATED INCOME STATEMENT

EUR thousand

EUR	1–12/2023 (IFRS)	1–12/2022 (IFRS)	7–12/2023 (IFRS)	7–12/2022 (IFRS)
NET SALES	515	287	385	267
Other operating income	201	139	155	139
Materials and services	-175	-166	-81	-141
Personnel expenses	-6,836	-4,352	-3,363	-2,770
Depreciation, amortisation and impairment	-2,079	-1,530	-1,190	-1,052
Other operating expenses	-4,885	-5,896	-2,090	-2,966
Operating profit (loss)	-13,260	-11,518	-6,185	-6,523
Financial income and expenses	83	-356	59	101
Earnings before interest and tax	-13,177	-11,873	-6,126	-6,422
PROFIT FOR THE FINANCIAL YEAR	-13,153	-11,844	-6,122	-6,405
Earnings per share				
EUR	-0.67	-0.61	-0.31	-0.33

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CONSOLIDATED BALANCE SHEET

EUR thousand

	31 December 2023	31 December 2022
ASSETS		
Non-current assets		
Development expenditure	4,309	3,656
Other intangible assets	0	30
Property, plant and equipment	1,050	299
Right-of-use assets	414	479
Other non-current receivables	209	201
Deferred tax assets	60	30
Non-current assets, total	6,042	4,697
Current assets		
Trade receivables	229	143
Other receivables	148	315
Accrued income and prepaid expenses	502	170
Investments	13,372	25,457
Cash and cash equivalents	943	1,167
Current assets, total	15,194	27,251
Total assets	21,236	31,948

EQUITY AND LIABILITIES

Equity

Share capital	80	80
Invested unrestricted equity reserve	45,172	45,086
Translation differences	6	4
Retained earnings	-18,319	-6,745
Profit for the financial period	-13,153	-11,844
Total equity	13,786	26,582

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Non-current liabilities		
Capital loans	4,802	2,153
Loans from financial institutions	7	10
Government loan	375	354
Lease debts	222	247
Deferred tax liabilities	0	
Non-current liabilities, total	5,405	2,764
Current liabilities		
Loans from financial institutions	3	3
Lease liabilities	198	243
Accounts payable	418	886
Other payables	146	141
Accruals and deferred income	1,280	1,328
Current liabilities	2,045	2,602
Total liabilities	7,450	5,366
Shareholders' equity and liabilities, total	21,236	31,948

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CONSOLIDATED CASH FLOW STATEMENT

1–12/2023

1–12/2022

EUR thousand

Cash flow from operating activities

Profit for the financial period -13,153 -11,844

Adjustments:

Depreciation, amortisation and impairment 2,079 1,530

Net financial income and expenses -83 354

Share-based payments 269 66

Other adjustments 17 -21

Income taxes -29 -30

Cash flow before changes in working capital -10,899 -9,944

Working capital change:

Change in account payable and other payables -258 -205

Change in trade receivables and other receivables -512 634

Cash flow from operating activities before financial items and taxes -11,669 -9,515

Interest paid and payments on other financial charges for operating activities -7 -31

Net cash flow from operating activities (A) -11,676 -9,546

Cash flow from investing activities

Investments in tangible and intangible assets -3,179 -2,979

Investments in other investments 12,404 8,413

Change in loan receivables 3 0

Net cash flow from investing activities (B) 9,228 5,434

Cash flow from financing activities

Share issues 0 57

Transaction costs of share issue 0 -5

Long-term loan disbursements 2,500 2,088

Short-term loan disbursements 0 1

Repayments of short-term loans -3 -4

Repayments of lease liabilities -273 -215

Net cash flow from financing activities (C) 2,224 1,922

Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-) -224 -2,191

Cash and cash equivalents at the beginning of the period 1,167 3,358

Cash and cash equivalents at the end of the period -224 -2,191

Change 943 1,167

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Consolidated Statement of changes in equity

EUR thousand
1-12/2023

Equity attributable to owners of the parent

EUR	Share capital	Invested unrestricted equity reserve	Share issue	Treasury shares	Translation differences	Retained earnings	Total equity
Shareholders' equity 1 Jan. 2023	80	45,086	0	0	4	-18,589	26,582
Comprehensive income							
Profit (loss) for the financial period	0	0	0	0	0	-13,153	-13,153
Other comprehensive income							
Translation differences	0	0	0	0	2	0	2
Total comprehensive income (loss) for the period, total	0	0	0	0	2	-13,153	-13,151
Transactions with owners							
Issues less transaction costs	0	0	0	0	0	0	0
Registration of shares	0	0	0	0	0	0	0
Cancellation of treasury shares	0	0	0	0	0	0	0
Share-based payments	0	86	0	0	0	269	355
Other adjustments	0	0	0	0	0	0	0
Total transactions with owners	0	86	0	0	0	269	355
Shareholders' equity 31 Dec. 2023	80	45,172	0	0	6	-31,473	13,786

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EUR thousand 1–12/2023	Equity attributable to owners of the parent					Retained earnings	Total equity
	Share capital	Invested unrestricted equity reserve	Share issue	Treasury shares	Translation differences		
Shareholders' equity 1 Jan. 2022	80	45,036	13	-14	0	-6,824	38,291
Comprehensive income							
Profit (loss) for the financial period	0	0	0	0	0	-11,844	-11,844
Other comprehensive income items							
Translation differences	0	0	0	0	4	0	4
Comprehensive income (loss) for the period, total	0	0	0	0	4	-11,844	-11,839
Transactions with owners							
Issues less transaction cost	0	51	0	0	0	0	52
Registration of shares	0	13	-13	0	0	0	0
Cancellation of treasury shares	0	-14	0	14	0	0	0
Share-based payments	0	0	0	0	0	66	66
Other adjustments	0	0	0	0	0	13	13
Total transactions with owners	0	50	-13	14	0	79	130
Shareholders' equity 31 Dec. 2022	80	45,086	0	0	4	-18,589	26,582

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Accounting principles applied to the consolidated financial statements

Betolar Plc's consolidated financial statements include the parent company Betolar Plc (the "Company") and its subsidiaries (the "Group" or "Betolar") Betolar Chemicals Oy (as of 1 November 2019) and Betolar India Private Ltd (as of 1 September 2021). Betolar Geotechnical Solutions Oy, Betolar Green Building Technologies Oy, Betolar Mining Solutions Oy, SolidWatt Oy and Betolar Element Oy merged into Betolar Plc in August 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS, IAS) and Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB) and adopted for use in the EU. The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) in force on 31 December 2023. The notes to the consolidated financial statements have also been prepared in accordance with the requirements of the Finnish Accounting Act and the Finnish Limited Liability Companies Act.

Business continuity

Betolar's business is still in the productisation phase. The development and commercialisation of the solutions offered by Betolar has incurred and will continue to incur significant costs for the company.

Related party transactions

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

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

The following transactions were carried out with related parties:

EUR thousand	31 December 2023	31 December 2022
Income statement	Group	Group
Purchased services	133	182

EUR thousand	31 December 2023	31 December 2022
Balance sheet	Group	Group
Accounts payable	0	17

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Management salaries and fees:

EUR thousand	31 December 2023	31 December 2022
	Group	Group
<u>Remuneration of the members of the Board of Directors</u>		
Chairman	39	38
Other members of the Board of Directors	98	57
Board of Directors' fees, total	137	95

EUR thousand	31 December 2023	31 December 2022
	Group	Group
<u>CEO</u>		
Salaries and fees	404	407
Pension expenses	73	76
Indirect employee costs	11	11
Total	488	493
<u>Other Management Team</u>		
Salaries and fees	1 080	860
Pension expenses	196	161
Indirect employee costs	29	22
Total	1,305	1,043

During the financial years 2023 and 2022, management has been granted options (pcs) as follows:

	2023	2022
	Group	Group
Members of the Board of Directors	0	0
CEO	280,000	145,000
Other members of the Management Team	278,333	195,733
Total	558,333	340,733

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Kannonkoski 14 February 2024

Betolar Plc

Board of Directors

APPENDIX

Calculation formulas for certain financial indicators and operative indicators.

Measure	Definition	Purpose of use
Gross margin	Net sales – 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.
Cash, cash equivalents and short-term fund investments	Cash and cash equivalents + current investments	Cash and short-term fund investments describe the company's liquid assets.
Number of new pilot customers	Number of new customers in the plant pilot phase.	The measure illustrates new customers in the plant pilot phase of the Company's sales process.