

# **Betolar Plc**

## **SET OF CONSOLIDATED FINANCIAL STATEMENTS**

including consolidated financial statements for the financial  
years ended on 31 December 2020 and 31 December 2019

Corporate ID:2800638-3

Domicile: Kannonkoski

**TRANSLATION**

Betolar Plc  
Mannilantie 9  
43300 Kannonkoski  
Corporate ID: 2800638-3

## TRANSLATION

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## TRANSLATION

## CONSOLIDATED INCOME STATEMENT

Currency EUR

		1.1.2020-31.12.2020	1.1.2019-31.12.2019 Adjusted
REVENUE		6 460,57	6 721,78
Increase (+) / decrease (-) in inventory of finished goods and in work in progress		0,00	-503,18
Manufacturing for own use (+)	4. 5.	664 372,11	384 665,99
Other operating income	6.	191 917,41	7 226,11
Materials and services			
Raw materials and consumables			
Purchases during the financial year		-6 133,06	-15 915,81
External services		0,00	-7 192,36
Total materials and services		<u>-6 133,06</u>	<u>-23 108,17</u>
Personnel expenses			
Wages and salaries		-874 296,40	-423 560,19
Social security expenses		-171 547,57	-86 700,89
Pension expenses		-127 846,02	-73 064,03
Other social security expenses		-43 701,55	-13 636,86
Total personnel expenses	4. 5. 7.	<u>-1 045 843,97</u>	<u>-510 261,08</u>
Depreciation, amortisation and impairment			
Depreciation and amortisation according to plan	8.	<u>-319 553,34</u>	<u>-134 045,35</u>
Total depreciation, amortisation and impairment		<u>-319 553,34</u>	<u>-134 045,35</u>
Other operating expenses	4. 5.	-864 000,74	-328 226,75
OPERATING PROFIT (LOSS)		-1 372 781,02	-597 530,65
Financial income and expenses			
Income from investments in non-current assets			
From others		4 875,00	1 395,12
Interest and other financial expenses			
To others		-17 589,46	-11 673,64
Total financial income and expenses	9.	<u>-12 714,46</u>	<u>-10 278,52</u>
RESULT BEFORE APPROPRIATIONS AND TAXES		-1 385 495,48	-607 809,17
RESULT FOR THE FINANCIAL YEAR		-1 385 495,48	-607 809,17

**TRANSLATION**

**CONSOLIDATED BALANCE SHEET**

Currency EUR

**31.12.2020**

**31.12.2019**

ASSETS

NON-CURRENT ASSETS

Intangible assets

Development expenditures

4. 803 165,44 422 970,70

Other capitalised long-term expenses

55 016,69 62 275,45

10. 858 182,13 485 246,15

Tangible assets

Buildings

6 433,52 6 917,76

Machinery and equipment

82 898,91 37 243,67

Advance payments and construction in progress

30 929,22 30 635,24

10. 120 261,65 74 796,67

TOTAL NON-CURRENT ASSETS

978 443,78

560 042,82

CURRENT ASSETS

Inventories

Raw materials and consumables

7 043,11 7 043,11

Work in progress

2 944,41 2 944,41

Finished products/ Goods

7 419,58 7 419,58

17 407,10 17 407,10

Short-term receivables

Trade receivables

272,30 4 709,95

Other receivables

101 326,69 17 434,30

Prepaid expenses and accrued income

73 388,13 42 946,81

12. 174 987,12 65 091,06

Cash and cash equivalents

644 186,30

14 693,96

TOTAL CURRENT ASSETS

836 580,52

97 192,12

TOTAL ASSETS

1 815 024,30

657 234,94

**TRANSLATION**

**CONSOLIDATED BALANCE SHEET**

Currency EUR

**31.12.2020**

**31.12.2019**

**Adjusted**

**EQUITY AND LIABILITIES**

**EQUITY**

Share capital		2 500,00		2 500,00
Reserve for invested unrestricted equity	5.	949 995,20		949 995,20
Share issue account	5.	2 770 538,25		428 409,15
Retained earnings (losses)		-926 914,08		-319 229,91
Result for the financial year		-1 385 495,48		-607 809,17
<b>TOTAL EQUITY</b>	<b>13.</b>	<u>1 410 623,89</u>		<u>453 865,27</u>

**LIABILITIES**

**Current**

Trade payables		141 347,95		36 959,72
Other liabilities		50 810,74		25 794,39
Accruals and deferred income		212 241,72		140 615,56
	<b>14.</b>	<u>404 400,41</u>		<u>203 369,67</u>

**TOTAL LIABILITIES**

404 400,41

203 369,67

**TOTAL EQUITY AND LIABILITIES**

1 815 024,30

657 234,94

## 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).

This set of consolidated financial statements including consolidated financial statements for the financial years ended on 31 December 2020 and 31 December 2019 have been prepared solely for the purpose of being incorporated by reference into the Prospectus prepared in connection with offering of Betolar Plc's shares to the public and listing of the company's shares into Nasdaq Helsinki Oy's First North Growth market. These financial statements should not be used for any other purposes.

These consolidated financial statements are not the Company's statutory financial statements nor have they been approved by the company's Annual General Meeting of shareholders. As these are not the statutory financial statements of the Company, they do not include a Board of Directors' report or standalone financial information for the parent company. In addition, the historical consolidated financial information presented for the financial year ended 31 December 2019 differs from those presented as comparative information in the Company's approved statutory consolidated financial statements for the year ended 31 December 2020 due to harmonization of accounting principles and change in classification of equity after the preparation and approval of the Company's statutory consolidated financial statements. More information about harmonization of accounting principles see note 5 to these 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.

**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. Betolar's future outlook and income are strongly dependent on Betolar's ability to obtain financing and getting customer agreements.

To ensure future financing Betolar has agreed on convertible loan arrangements amounting to EUR 4,500 thousand. In connection with the completion of the potential listing, these convertible loans are converted into equity. These loans were withdrawn in October and November 2021.

There are no threats in sight in the Company's ability to finance its operations during the next financial year. Betolar's future growth is based on starting the commercialising phase. If facing weakening in Company's financial position, the Company would postpone its growth related personnel recruitments and investments in development projects for future years.

In addition Betolar has in May 2021 started preparations for the First North listing. The listing is expected to take place in November-December 2021. The Company aims to raise additional equity financing in connection with the listing.

**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.

Betolar capitalises development expenditures in intangible assets if they 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 assesses 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.

#### Change in accounting principles of development expenditures

The company changed the accounting principle relating to capitalised development expenditures during the financial year 2020. According to this new accounting principle the capitalised expenditures are recorded using income statement account "Manufacturing for own use". Previously capitalised expenditures were recorded straight to the balance sheet accounts. The historical comparative information for the financial year 2019 has been harmonized according to this new accounting principle (see table in note 5).

#### Capitalization of development expenditures

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

	Group 2020	Group 2019
Personnel expenses	-288 931,55	-243 492,24
Other operating expenses	-375 440,56	-141 173,75
Manufacturing for own use	-664 372,11	-384 665,99

#### 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.
Machinery 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 15. Securities provided, contingent liabilities and other commitments.

#### 5. Adjustments to previously presented financial information for the financial year 2019

The historical consolidated income statement information presented for the financial year ended 31 December 2019 differs from those presented as comparison period in the Company's approved statutory consolidated financial statements for the year ended 31 December 2020 due to harmonization of accounting principles. The Company changed the accounting principle relating to capitalised development expenditures during the financial year 2020. According to this new accounting principle the capitalised development expenditures are recorded using income statement account "Manufacturing for own use". Previously capitalised development expenditures were recorded straight to balance sheet accounts. The historical financials of 2019 has been harmonized according to this new accounting principle applied in financial year 2020. The adjustment made has no impact on the profit for the financial year 2019 and figures are adjusted as presented below:

	1.1.-31.12.2019 reported	adjustment	1.1.-31.12.2019 adjusted
Manufacturing for own use (+)	0,00	384 665,99	384 665,99
Wages and salaries	-223 976,39	-199 583,80	-423 560,19
Social security expenses	-42 792,45	-43 908,44	-86 700,89
Other operating expenses	-187 053,00	-141 173,75	-328 226,75

The error in the equity of the financial year 2019 presented as comparative financial information in approved statutory consolidated financial statements for the financial year 2020 has been corrected. The amount presented as comparative information in reserve for invested unrestricted equity in the Company's approved statutory consolidated financial statements for the financial year 2020 amounted to EUR 1,378,404.35. From this amount, EUR 428,409.15 worth of share issues were not registered before year end 31.12.2019. This unregistered amount has been adjusted and presented in a separate share issue account in these consolidated financial statements. The adjustment does not have impact of the total amount of equity. The same amount has been unregistered before year end 31.12.2020.

	1.1.-31.12.2019 reported	adjustment	1.1.-31.12.2019 adjusted
Reserve for invested unrestricted equity	1 378 404,35	-428 409,15	949 995,20
Share issue account	0,00	428 409,15	428 409,15

## NOTES TO THE INCOME STATEMENT

	2020 Group	2019 Group
<b>6. Other operating income</b>		
Government grants received	191 917,41	7 226,11
Received government grants, Covidbooster and Finnpartnership, relate to projects that are not capitalized as development expenditures.		
<b>7. Notes to the personnel</b>		
<b>Personnel expenses</b>	<b>2020 Group</b>	<b>2019 Group</b>
Wages and salaries	-874 296,40	-423 560,19
Pension expenses	-127 846,02	-73 064,03
Other social security expenses	-43 701,55	-13 636,86
<b>Total personnel expenses</b>	<b>-1 045 843,97</b>	<b>-510 261,08</b>
<b>Headcount</b>	<b>2020 Group</b>	<b>2019 Group</b>
Average headcount during the financial year	12	8
<b>8. Depreciation, amortisation and impairment</b>	<b>2020 Group</b>	<b>2019 Group</b>
Development expenditures	-284 177,37	-114 029,17
Other capitalised long-term expenses	-7 258,76	-7 258,75
Buildings	-484,24	-520,69
Machinery and equipment	-27 632,97	-12 414,60
<b>Total depreciation and amortisation according to plan</b>	<b>-319 553,34</b>	<b>-134 223,21</b>
<b>9. Financial income and expenses</b>	<b>2020 Group</b>	<b>2019 Group</b>
Other interest- and financial income from others	4 875,00	1 395,12
<b>Total other interest- and financial income</b>	<b>4 875,00</b>	<b>1 395,12</b>
Interest expenses and other financial expenses to others	-17 589,46	-11 673,64
<b>Total interest expenses and other financial expenses</b>	<b>-17 589,46</b>	<b>-11 673,64</b>
<b>Total financial income and expenses</b>	<b>-12 714,46</b>	<b>-10 278,52</b>

NOTES TO THE ASSETS IN BALANCE SHEET

	2020 Group	2019 Group
<b>10. Intangible and tangible assets</b>		
Development expenditures		
Acquisition costs at 1.1.	574 095,83	189 429,84
Additions	664 372,11	384 665,99
Disposals	0,00	0,00
Acquisition costs at 31.12.	1 238 467,94	574 095,83
Accumulated amortisations and impairments at 1.1.	-151 125,13	-37 095,96
Amortisation of the financial year	-284 177,37	-114 029,17
Development expenditures - book value at 31.12.	<u>803 165,44</u>	<u>422 970,70</u>
Other capitalised long-term expenses		
Acquisition costs at 1.1.	72 547,65	27 872,61
Additions	0,00	44 675,04
Disposals	0,00	0,00
Acquisition costs at 31.12.	72 547,65	72 547,65
Accumulated amortisations and impairments at 1.1.	-10 272,20	-3 013,45
Amortisation of the financial year	-7 258,76	-7 258,75
Other capitalised long-term expenses - book value at 31.12.	<u>55 016,69</u>	<u>62 275,45</u>
Buildings		
Acquisition costs at 1.1.	8 016,99	8 264,82
Additions	0,00	0,00
Disposals	0,00	-247,83
Acquisition costs at 31.12.	8 016,99	8 016,99
Accumulated depreciations and impairments at 1.1.	-1 099,23	-578,54
Depreciation of the financial year	-484,24	-520,69
Buildings - book value at 31.12.	<u>6 433,52</u>	<u>6 917,76</u>
Machinery and equipment		
Acquisition costs at 1.1.	82 947,57	63 998,49
Additions	73 288,21	26 388,08
Disposals	0,00	-7 439,00
Acquisition costs at 31.12.	156 235,78	82 947,57
Accumulated depreciations and impairments at 1.1.	-45 703,90	-33 289,30
Depreciation of the financial year	-27 632,97	-12 414,60
Machinery and equipment - book value at 31.12.	<u>82 898,91</u>	<u>37 243,67</u>
Advance payments and construction in progress		
Acquisition costs at 1.1.	30 635,24	30 635,24
Additions	44 693,77	0,00
Disposals	-44 399,79	0,00
Acquisition costs at 31.12.	30 929,22	30 635,24
Advance payments and construction in progress - book value at 31.12.	<u>30 929,22</u>	<u>30 635,24</u>
<b>11. Group companies</b>		
<b>Subsidiaries belonging to the group:</b>		
Betolar Geotechnical Solutions Oy	100,0 %	Kannonkoski, Finland
Betolar Green Building Technologies Oy	97,5 %	Kannonkoski, Finland
Betolar Mining Solutions Oy	100,0 %	Kannonkoski, Finland
Betolar Chemicals Oy	100,0 %	Kannonkoski, Finland
SolidWatt Oy	100,0 %	Kannonkoski, Finland
Betolar Element Oy	97,5 %	Kannonkoski, Finland
<b>12. Short term receivables</b>		
	2020 Group	2019 Group
Trade receivables	272,30	4 709,95
Other receivables	101 326,69	17 434,30
Prepayments and accrued income	73 388,13	42 946,81
<b>Total short-term receivables</b>	<u>174 987,12</u>	<u>65 091,06</u>

NOTES TO THE EQUITY AND LIABILITIES IN BALANCE SHEET

	2020 Group	2019 Group adjusted
<b>13. Equity</b>		
Share capital at 1.1	2 500,00	2 500,00
<b>Share capital at 31.12.</b>	<b>2 500,00</b>	<b>2 500,00</b>
Reserve for invested unrestricted equity at 1.1.	949 995,20	350 000,00
Additions during the financial year	0,00	599 995,20
<b>Reserve for invested unrestricted equity at 31.12.</b>	<b>949 995,20</b>	<b>949 995,20</b> *)
Share issue account at 1.1.	428 409,15	0,00
Additions during the financial year	2 342 129,10	428 409,15
<b>Share issue account at 31.12.</b>	<b>2 770 538,25</b>	<b>428 409,15</b> *)
Retained earnings (losses) at 1.1.	-319 229,91	-100 331,09
Transfer of the result for the previous year	-607 684,17	-218 898,82
<b>Retained earnings (losses) at 31.12.</b>	<b>-926 914,08</b>	<b>-319 229,91</b>
<b>Result for the financial year</b>	<b>-1 385 495,48</b>	<b>-607 809,17</b>
<b>Total equity</b>	<b>1 410 623,89</b>	<b>453 865,27</b>

\*) The amount presented as comparative information in reserve for invested unrestricted equity reserve in the Company's approved statutory consolidated financial statements for the financial year 2020 amounted to EUR 1,378,404.35. From this amount, EUR 428,409.15 worth of share issues were not registered before year end 31.12.2019. This unregistered amount has been adjusted and presented in a separate share issue account in these consolidated financial statements. See more in note 5.

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

The company has 13,068 registered shares at 31.12.2020. The company has a redemption clause.

In addition, 2,498 new shares have been issued and paid for during financial years 2019 and 2020. These shares have not been registered in the Trade Register at 31.12.2020.

With a shareholders' unanimous decision, the company has decided on 31.10.2019 on a directed share issue against payment in which a maximum 1,306 shares (à 1,148.55 EUR) shall be offered. A total of 815 shares were issued.

With a shareholders' unanimous decision, the company has decided on 16.9.2020 on a directed share issue against payment in which a maximum 1,683 shares (à 1,090 EUR) shall be offered. A total of 1,683 shares were issued.

With a shareholders' unanimous decision on 16.9.2020, the company has authorized the Board to decide on a directed share issue against payment in which a maximum 1,067 shares shall be offered. The authorization is valid until 30.6.2022. The Board has not used the authorization per 31.12.2020.

The issued shares and the decision on 31.10.2019 have been registered in the Trade Register on 3.2.2021.

1 660 shares of the issued shares on 16.9.2020 have been registered in the Trade Register in 3.2.2021. The rest 23 shares have been registered in the Trade Register on 16.9.2021.

#### Options

With a shareholders' unanimous decision, the company has decided on 13.2.2019 on a share option issue in which a maximum 404 options shall be offered. With a shareholders' unanimous decision, the company has decided on 16.9.2019 on a change in the conditions of subscription timeframe decided on 13.2.2019.

With a shareholders' unanimous decision on 5.6.2019, the company has authorized the Board to decide on a share option issue in which a maximum 392 options shall be offered. The Board has decided on 14.8.2019 on a share option issue in which a maximum 207 options shall be offered.

With a shareholders' unanimous decision on 16.9.2020, the company has authorized the Board to decide on a share option issue in which a maximum 315 options shall be offered. The Board has decided on 20.11.2020 on a share option issue in which a maximum 280 options shall be offered.

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 3.2.2021.

	<b>2020</b>	<b>2019</b>
<b>14. Short term liabilities</b>	<b>Group</b>	<b>Group</b>
Trade payables	141 347,95	36 959,72
Other liabilities	50 810,74	25 794,39
Accruals and deferred income	<u>212 241,72</u>	<u>140 615,56</u>
<b>Total</b>	<b><u>404 400,41</u></b>	<b><u>203 369,67</u></b>

#### 15. Securities provided, contingent liabilities and other commitments

	<b>2020</b>	<b>2019</b>
	<b>Group</b>	<b>Group</b>
Lease commitments (inc. VAT 24%)	9 887,70	6 667,90
Business mortgages	<u>150 000,00</u>	<u>150 000,00</u>
<b>Total other commitments</b>	<b><u>159 887,70</u></b>	<b><u>156 667,90</u></b>

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

**16. 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 during the financial year 2021.

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:

	<b>2020</b>	<b>2019</b>
	<b>Group</b>	<b>Group</b>
Income statement		
Purchases of services	48 795,66	0

	<b>2020</b>	<b>2019</b>
	<b>Group</b>	<b>Group</b>
Balance sheet		
Trade payables	8 999,40	0

Wages and salaries of key management personnel

	<b>2020</b>	<b>2019</b>
	<b>Group</b>	<b>Group</b>
Remuneration paid to the members of the Board of Directors	2 666,67	0,00
Chief Executive Officer		
Wages and salaries	107 653,64	0,00
Pension expenses	19 000,87	0,00
Other social security expenses	3 003,54	0,00
	<u>129 658,04</u>	<u>0,00</u>
Other management team		
Wages and salaries	273 701,52	97 740,00
Pension expenses	48 308,32	17 251,11
Other social security expenses	7 636,27	2 726,95
	<u>329 646,11</u>	<u>117 718,06</u>

No remuneration, wages or salaries have been paid for Chief Executive Officer or Board of Directors during the financial year 2019.

Share options (pcs) granted to the key management personnel during the financial years 2020 and 2019:

	<b>2020</b>	<b>2019</b>
	<b>Group</b>	<b>Group</b>
Board of Directors	0	0
Chief Executive Officer	280	0
Other management team members	0	0
Total (*)	<u>280</u>	<u>0</u>

(\* Changes to option programs as a result of the share split, which was resolved on 2 November 2021 have not been reflected in the option amounts.

## 17. Events after the reporting period

Development and piloting actions made during the financial year 2020 have created strong foundation for the future of Betolar. The Company has made co-operation agreements with Kiihto Oy, Keliber Oy, Jako-Betoni Oy among others. The co-operation agreements with Ruskon Betoni Oy and Lujabetoni Oy have been ongoing.

Betolar has acknowledged the global pandemic as a potential operational risk during the financial year 2020. For the upcoming year 2021, the company does not detect significant risks relating to the effects of the pandemic. The management however observes the situation closely.

Betolar has in May 2021 started preparations for the First North-listing. The listing is expected to take place in November - December 2021.

During the second quarter of 2021, Betolar has executed a share issue of EUR 3,032 thousand and during the third quarter of 2021, a share issue of EUR 1,950 thousand was executed to enhance Company's financial and operational position in current and next financial year. Spring share issue of 2,794 shares has been registered in Trade Register on 16 September 2021, and autumn share issue of 1,620 shares has been registered in Trade Register on 7 October 2021.

On 13.10.2021 the company's shareholders resolved with an unanimous resolution to incorporate the company's shares into the book-entry system maintained by Euroclear Finland Oy and to amend the company's Articles of Association accordingly. The registration period commenced on 15 November 2021 and expired on 16 November 2021.

On 15.10.2021 company's shareholders resolved with an unanimous resolution to give board of directors authority to decide on the issuance of special rights entitling to subscription of shares directed to existing shareholders and new investors as part of the company's financing arrangements.

On 15.10.2021 company made an agreement with Nidoco AB, Voima Ventures Fund II Ky, Janne Larma, Kari Stadigh, Taaleri Sijoitus Oy and Ari Salmivuori to issue convertible capital loan with the total amount of EUR 3,500 thousand.

On 15.10.2021 company's shareholders resolved with an unanimous resolution to give Board of Directors authority to resolve is to issue shares to Company's personnel. On 20.10.2021 Board of Directors issued a total of 342 new shares for subscription. Total of 319 shares were subscribed in the share issue to the personnel.

On 2.11.2021 company's shareholders resolved with an unanimous resolution to increase the share capital, change of the corporate form and name of the company, amendment of the articles of association, share issue without consideration and resolved to give Board of Directors authority to issue special rights entitling to shares in the form of convertible capital loan to Nidoco AB, to decide in the issuance of share in connection with the listing, to decide on the issuance of share and the issuance of special rights entitling to shares.

On 4.11.2021 company made an amendment agreement with Nidoco AB to raise the previously issued convertible capital loan with the amount of EUR 1,000 thousand.

On 17.11.2021 the company received subscription commitments from cornerstone investors to subscribe shares amounting to EUR 24,100 thousand at maximum ahead of the company's contemplated First North listing. The payment received from the subscription undertakings are conditional to the gross proceeds of at least EUR 34,500 thousand raised by the company in connection with the First North listing, maximum valuation of all the of the company's outstanding shares before the share issue not exceeding EUR 70 000 thousand and that the cornerstone investors will be guaranteed the number of offer shares covered in the subscription undertaking with certain other customary terms.

The company has continued piloting with new customers in Europe and with first customers in Asia.

**SIGNATURES OF THE FINANCIAL STATEMENTS**

Place: Kannonkoski, Finland

Time: 25 November 2021



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

<b>Name</b>	<b>Method</b>	<b>Signed at</b>
Soile Katri Kankaanpää	FTN (Danske Bank)	2021-11-26 09:06 GMT+01
TERO OJANPERÄ	FTN (OP)	2021-11-26 07:48 GMT+01
INKA AURA ILONA MERO	FTN (Nordea)	2021-11-26 06:58 GMT+01
JUHA MARKUS LEPPÄNEN	FTN (POP Pankki)	2021-11-25 21:05 GMT+01
Kalle Kustaa Härkki	FTN (Danske Bank)	2021-11-25 20:36 GMT+01



## Auditor's Report (Translation of the Finnish Original)

To the Board of Directors of Betolar Oyj

### Audit of the Set of Consolidated Financial Statements

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#### Opinion

In our opinion, each of the consolidated financial statements included in the Set of Consolidated Financial Statements give a true and fair view of the group's financial performance and financial position in accordance with the laws and regulations governing the preparation of the consolidated financial statements in Finland.

#### What we have audited

We have audited the Set of Consolidated Financial Statements of Betolar Oyj (business identity code 2800638-3) comprising the consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019 (the "Set of Consolidated Financial Statements"). Each consolidated financial statements comprise the consolidated balance sheet, the consolidated income statement and notes.

The Set of Consolidated Financial Statements has been prepared solely for the purpose of inclusion in the Offering Circular prepared in accordance with the prospectus regulation (EU) N:o 2017/1129 and the commission delegated regulation (EU) 2019/980. The Offering Circular has been prepared in connection with the initial public offering of Betolar Oyj for the purpose of offering the company's shares to the public and the listing of the company's shares on the First North Growth -market maintained by Nasdaq Helsinki Ltd.

This auditor's report has been prepared only for the purpose of including it in the Offering Circular mentioned above.

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#### Basis for Opinion

We conducted our audit in accordance with International Auditing Standards (ISA). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 company 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.

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

The Board of Directors and the Managing Director are responsible for the preparation of each consolidated financial statements included in the Set of Consolidated Financial Statements that give a true and fair view in accordance with the laws and regulations governing the preparation of consolidated financial statements in Finland. 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the Managing Director are responsible for assessing the group's ability to continue as going concern, disclosing, as applicable, matters

relating to going concern and using the going concern basis of accounting. The consolidated 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 cease operations, or there is no realistic alternative but to do so.

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether each consolidated financial statements included in the Set of Consolidated 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 company'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 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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements give a true and fair view.

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.

Helsinki 26 November 2021

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Janne Rajalahti  
Authorised Public Accountant (KHT)