

Betolar Plc Financial Statements Release

For the financial period 1 January–31 December 2022

Betolar's Internationalisation Started with the First Commercial Contracts

January–December 2022 in brief (IFRS)

- Net sales amounted to EUR 287 thousand (EUR 10 thousand)
- Gross margin¹ amounted to EUR 121 thousand (EUR 10 thousand)
- EBITDA¹ amounted to EUR -9,988 thousand (EUR -4,777 thousand)
- Operating profit (loss) was EUR -11,518 thousand (EUR -5,513 thousand)
- Profit for the financial period amounted to EUR -11,844 thousand (EUR -5,587 thousand)
- Earnings per share^{1,2} were EUR -0.61 (EUR -0.53)
- Cash and cash equivalents and short-term fund investments¹ at the end of the period amounted to EUR 26,624 thousand (EUR 37,355 thousand)
- The number of pilot customers¹ increased to 25 (12)
- The average number of personnel during the period increased to 51 (23)

July–December 2022 (IFRS)

- Net sales¹ amounted to EUR 261 thousand (EUR 10 thousand)
- Gross margin¹ amounted to EUR 120 thousand (EUR 10 thousand)
- EBITDA¹ amounted to EUR -5,477 thousand (EUR -3,666 thousand)
- Operating profit (loss) was EUR -6,529 thousand (EUR -4,178 thousand)
- Profit for the period amounted to EUR -6,411 thousand (EUR -4,244 thousand)
- Earnings per share^{1,2} were EUR -0.33 (EUR -0.36)

Key events in the 2022 financial period

- Betolar started its commercial phase after concluding the first Geoprime agreements with a total of eight customers.
- The company carried out pilots with a total of 25 new customers in line with the objectives.
- In addition to commercial agreements, Betolar signed two strategic development agreements with Critical Metals and the precast concrete element manufacturer Consolis Parma.
- The development of Betolar's capabilities continued with new recruitments. The implemented recruitments were especially focused on strengthening of commercial competence, research and product development, the setting up supply chains.
- The research and development activities were carried out as planned during the period. The activities were targeted at carrying out material research, development of the AI platform, refining the digitalisation strategy and expanding the patent portfolio.
- On 12 May 2022, Betolar's Board of Directors appointed Riku Kytömäki as the new CEO of the company, and he assumed his duties on 1 November 2022.
- The company's Management Team was complemented by four new members. Antti Uski started as Chief Human Resources Officer on 11 January 2022, Ilkka Iittiläinen as Chief Operations Officer on 29 March 2022, Jarno Poskela as Chief Technology Officer on 1 September 2022 and Ville Voipio as Chief Commercial Officer on 1 October 2022.
- In September, Betolar appointed Abhishek Bhattacharya (MBA and M.Sc. in Civil Engineering) as the Country Manager of Betolar India Plc.
- Betolar moved from Finnish accounting practice (Finnish Accounting Standards, FAS) to reporting according to international accounting standards (International Financial Reporting Standards, IFRS). The transition date to IFRS standards was January 1, 2021.

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- In November, Betolar made an investment decision to expand its innovation center in Kannonkoski. Innovation center's new expansion includes 1000 sqm warm space and the value of the investment is approx. 0.8 million euros.

Betolar's consolidated financial statements for the year that ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations Committee (IFRIC) in force on 31 December 2022. Betolar's date of transition to IFRSs was 1 January 2021. The consolidated financial statements were prepared in accordance with the Finnish Accounting Standards (FAS) until 31 December 2021.

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

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 2022 and that the loss for the financial period be carried over under retained earnings.

Key figures

(EUR thousand, unless otherwise specified)	1-12 2022 (IFRS)	1-12 2021 (IFRS)	7-12 2022 (IFRS)	7-12 2021 (IFRS)
Financial indicators				
Net sales	287	10	261	10
Gross margin ¹	121	10	120	10
EBITDA ¹	-9,988	-4,777	-5,477	-3,666
Operating profit (loss)	-11,518	-5,513	-6,529	-4,178
Earnings before interest and taxes	-11,873	-5,587	-6,428	-4,244
Profit for the financial period	-11,844	-5,587	-6,411	-4,244
Earnings per share, basic and diluted, EUR ^{1,2}	-0.61	-0.53	-0.33	-0.36
Cash and cash equivalents and short-term fund investments ¹ (at the end of the period)	26,624	37,355		
Operational indicators				
Personnel (average number during the financial period)	51	23	60	29
Number of pilot customers ¹	25	12	11	11

- 1) Betolar uses certain measures (gross margin, EBITDA, earnings per share, cash and cash equivalents and current investments and number of pilot customers) as indicators of operational profitability and performance. The definitions and calculation formulas of these measures can be found in the appendix to the report.
- 2) The number of shares used in the calculation of earnings per share is as follows: 31.12.2022: 19,531,757, 1-12/2022: 19 506 730, 7-12/2022: 19 522 071, 31.12.2021: 19 444 024, 1-12/2021: 10 448 522, 7-12/2021: 11 788 257

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CEO Riku Kytömäki comments on the financial period 2022

Betolar's first year on the stock market is behind us. Our mission has been to launch business operations and promote product development in order to advance our mission to reduce CO₂ emissions in the construction sector. I have only been the CEO of Betolar for the last two months of the year, and I am really impressed with Betolar's employees' expertise.

Betolar's strategy is to promote the green transition of the construction, process and energy industries in particular through science and technology. Growth is sought by focusing on starting international business operations to generate net sales, building a business ecosystem that utilises data and ensuring access to industrial side streams.

Together with our customers, we are building solutions to some of the biggest challenges the construction industry has ever faced, such as reducing CO₂ emissions, upcycling industrial side streams and saving virgin raw materials.

Last year, our goal was to launch pilot projects to test the functionality of our solutions on an industrial scale. The number of pilot customers, which is one measure of growth, increased last year by a total of 25 customers (2021: 12 pilot customers). With our pilot customers, we have carried out more than 200 different production and technical factory tests, the feedback from which we have used in the development of our processes and products.

Last year, we took our first commercial steps in Finland and elsewhere in Europe and Asia. Some of the agreements have led to the production of concrete products that generate net sales. Betolar's net sales increased to just under EUR 290,000 from the previous year's EUR 10,000. It is still modest but, for a growth company, it is a clear commercial start.

The company's operating loss doubled to EUR 11.5 million, which was due to the planned significant investment in product development and building the organization. It is not necessary to update our long-term financial goals, but we make strategic choices to ensure business growth. The key recruitments made last year to the company's management and elsewhere in the organisation strengthen our capabilities in digitalisation, supply chain management, commercial operations and research and development. Our research and development activities have focused on material research as well as on building an artificial intelligence platform. The Finnish Climate Fund has funded the development of the platform in order to promote its climate goals.

As a company, Betolar is still taking shape in many ways. The approximately EUR 35 million raised in the IPO has enabled us to further develop solutions for new product groups and to launch our sales networks around the world. In sales operations, we will first be focusing on the markets where our Geoprime concept has the best commercial conditions.

As a result of the ongoing green transition in the construction sector, the demand for low-carbon construction materials is growing strongly. Green financial markets favour projects with tangible and sufficiently effective climate and sustainability impacts. Operators responsible for controlling and licensing construction and urban development set their own goals, requirements and guidance models in order to promote the use of green solutions in new and renovation construction and infrastructure. These favour Betolar's cement-free, low-carbon solutions.

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Strategic, Business and Financial Objectives

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

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

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

The Board of Directors of the company has set the following business and financial objectives at the end of 2021.

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

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

In the medium term (3–6 years), Betolar has the following business objectives:

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

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

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

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

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

Business performance

Betolar's offering and research and product development are currently focused on four product segments: precast, building elements, mining and waste upcycling.

Concrete products

Betolar's first goal has been to commercialise the Geoprime solution in non-loadbearing concrete products, such as paving stones, infrastructure products and sewerage pipes. During January–December, Betolar signed commercial Geoprime agreements with a total of eight customers in line with the targets.

In Europe, Betolar signed commercial agreements on the Geoprime concept with a total of four customers. The term of the agreement between Betolar and JA-KO Betoni Ltd in Finland is 10 years. JA-KO Betoni launched in the summer a phased production of Geoprime concrete products, such as infrastructure products. In Belgium, Betolar and Tubobel have entered into an agreement which is valid until 2030. Tubobel is the market leader in the manufacture of sewerage pipes in Belgium. In the first few years, Tubobel will acquire the exclusive right to use the Geoprime concept for manufacturing sewerage pipes for the Belgian market. Production will gradually be expanded to include other product groups, such as paving stones and infrastructure products. By the end of the reporting period, Tubobel had not yet started production in accordance with the Geoprime concept. The parties have jointly decided to apply for local approval to bring Geoprime to the market. The aim is to carry out the first commercial projects in 2023.

In Germany, Betolar and FC Nüdling Betonelemente GmbH + Co. KG (FCN) have entered into a commercial agreement in which FCN will have the exclusive right to use the Geoprime concept for the manufacture of paving stones in its market area of Thuringia and Hesse for a period of five years. The first product group is paving stones, but the use of Geoprime is planned to be gradually extended to other product groups. FCN introduced the first low-carbon Geoprime paving stones to the German market at the GaLaBau trade fair in Nuremberg in September. The company is ready to start commercial production and the goal is to make commercial deliveries in 2023.

In Denmark, Betolar and the country's largest concrete product manufacturer A/S Ikast Betonvarefabrik, IBF AS (IBF) entered into an agreement which is valid until the end of 2026. IBF's annual concrete production volume is approximately two million tonnes, and it manufactures a wide variety of concrete products. IBF gradually started the production of concrete products according to the Geoprime concept under the agreement. The first product category will be sewerage pipes and paving stones. In the summer of 2022, IBF started production and delivered the first Geoprime sewage pipes to the Danish company Aarhus Vand A/S, which is responsible for the drinking water and sewage disposal of 350,000 private and corporate customers in the Aarhus area. The plan is to expand into other product categories as made possible by product testing and approvals.

In Asia, Betolar signed commercial Geoprime agreements with four concrete manufacturers during the period. In Vietnam, Betolar signed a commercial Geoprime agreement with Trung Hieu Investment and Development Corporation. Trung Hieu is a manufacturer of construction blocks and paving stones in Ho Chi Minh City with a production capacity corresponding to 120,000 tonnes of concrete. In India, Betolar signed its first commercial contracts in July. The product offering of these companies focuses on various concrete products for infrastructure and environmental construction, such as sewer pipes and paving stones.

In addition to the commercial agreements, the company carried out piloting with new customers in accordance with the targets. The sales and marketing measures were targeted at key markets and pilots were carried out with a total of 25 new customers last year. New customer pilots were carried out in the EMEA market in Sweden, Poland, Italy and Saudi Arabia, among others. In Asia, piloting was performed in India, Vietnam and Indonesia. The first customer pilot in North America was also carried out at the end of the period.

Building elements

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Another of Betolar's product segments is solutions for the professional construction value chain. In building materials, ready-mixed concrete and large elements are emphasised, especially in the construction of large volumes. In these cases, the phasing out of the use of cement is one of the key ways for developers to reduce their carbon footprint without significant investments.

With the Geoprime Hybrid solution, Betolar develops an accelerator solution that improves the working properties of concrete using CEM III cement that contains blast furnace slag. The accelerator solution will open up wide possibilities for applications where cement is required to be used due to concrete standards. The Geoprime Hybrid solution has been developed in the academic Loikka project and with Lujabetoni. Lujabetoni is one of the leading manufacturers of precast elements in Finland, and the aim of the cooperation is to develop a Geoprime Hybrid solution for partition wall elements and thus improve the mold cycle. The project was advanced during the period.

In August, Betolar and concrete element manufacturer Consolis Parma signed a development cooperation agreement, with the purpose to test Betolar's low-carbon solutions in the industrial manufacture of hollow-core slabs. During the autumn, promising laboratory and factory-scale results were obtained.

Mining

Vast amounts of cement are used in the mining industry at different stages of the mine operations. In addition, the recovery and enrichment of metals generates huge amounts of metal-containing wastewater, sludge and sediment globally. The processing and storage of waste streams also require massive reservoirs in mining areas. The mining sector has the same need as the construction sector to change traditional practices to be in line with sustainable development. During the period, we developed the first solutions for the identified needs of the mining industry.

During the period, the mining and battery chemicals company Keliber announced that the lithium project's construction phase will start. In September 2021, Betolar, Keliber and the Finnish concrete producer JA-KO Betoni announced a cooperation agreement which aims to help Keliber utilise the side streams generated in its production with Betolar's innovations. Tailings and analcime sand generated in the mining industry could be used as concrete aggregate at JA-KO Betoni's plant in Kokkola, Finland. This low-carbon concrete could be used, for example, in the structures of the Keliber mine.

During the period, Betolar was granted a patent concerning the method and arrangements related to the treatment of a slurry type waste stream from the mining industry and converting it into a reinforcing binder. In the future, the binder could be used commercially. It creates value for waste material, which currently generates only costs.

Waste upcycling

Globally, a significant amount of unused industrial side streams is produced. The aim of Betolar's artificial intelligence-supported data and analytics is to enhance R&D work, so that unused side streams can be utilised more quickly. The need for upcycling side streams is emphasized when the market demand for existing side streams such as blast furnace slag (GGBFS) increases.

During the period, continuous studies were started to identify the largest untapped side streams and start utilising them. In March, Betolar started strategic research collaboration with RISAB and Vanadium Recovery Project Oy (VRP), two Critical Metals' subsidiaries specialising in vanadium extraction. The aim of the cooperation is to develop a method for the use of vanadium-cleaned slag produced at the planned Pori vanadium recovery plant in the concrete industry.

Operating environment and markets, changes during the period

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

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Net Zero goals and measures have increased in the construction sector

Carbon neutrality targets that are being set within industries create opportunities for new solutions on the market. This is particularly evident in the field of construction, where green building has become the mainstream of responsibility and climate work. The climate targets of the public and private sectors have also increased economic investments in the introduction of green solutions. According to research, building materials account for approximately 40 per cent of the total carbon emissions in buildings. The market value of green construction has also risen significantly, and it is expected to grow exponentially in the coming years.

The key drivers of the green transition in construction are not only the carbon neutrality targets but also the sustainability requirements set by institutional investors, which are increasingly starting to guide the granting of financing to construction projects. Taking carbon neutrality into account is therefore part of the risk management of both financial institutions and companies.

Impacts of Russian invasion of Ukraine

Russia's invasion of Ukraine and the resulting rise in energy prices have pushed up the price of cement, among other building materials. Therefore, alternative binders have attracted the interest of concrete manufacturers. Betolar's commercial progress and other market feedback indicate that the construction industry is ready to adopt green solutions quickly.

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

Competitive environment

In Europe, the competitive environment is made up of companies offering blended cement. In blended cement, part of the cement clinker has been mainly replaced by ground granulated blast furnace slag (GGBFS), which is one of the side streams of the steel industry. This reduces the carbon dioxide emissions of the cement. However, the challenge of blended cement is that cement clinker can only be replaced with blast furnace slag to a certain extent. Increasing slag content has a detrimental effect on the working characteristics of concrete, such as the rate of setting and strength development, which limits the applicability of blended cements. This creates a need for Betolar's solutions that enable efficient utilisation of side streams with properties similar to those of cement concrete.

In Asia, the main competitors are traditional cement manufacturers. The availability of side streams in Asia is driving the market, and product standards generally focus on properties rather than on raw materials, which creates favourable opportunities for cement-free binders. In addition, development funding in Western countries is primarily directed at green projects, which is expected to have a positive impact on Betolar's market demand.

Financial review

Net sales

January – December 2022

The Group's net sales in January–December 2022 amounted to EUR 287 thousand (2021: EUR 10 thousand). Other operating income for the period consisted mostly of grants.

Approximately half of the net sales for the financial period consisted of license and chemical sales in accordance with the Geoprime concept. Part of the net sales for the financial period came from fees related to customer piloting. The introduction of pilot fees is in line with the company's growth strategy and commits the customer to future productions.

Geographically, the net sales are broken down as follows: EMEA (Europe, Middle East, Africa) 69% (100%), APAC (Asia Pacific) 22% (0%) and Americas 9% (0%).

July – December 2022

The Group's net sales in July-December 2022 were EUR 261 (7-12/2021: EUR 10) thousand.

Result

January – December 2022

Gross margin amounted to EUR 121 (10) thousand and EBITDA was EUR -9,988 (-4,777) thousand.

Personnel expenses increased from the comparison period to EUR 4,352 (2,808) thousand. The increase in personnel expenses was due to strengthening the R&D personnel, commercial team and management team according to plans.

Depreciation, amortisation and impairment amounted to EUR 1,530 (736) thousand and other operating expenses to EUR 5,896 (2,069) thousand. The significant increase in other expenses was attributable to costs from external experts related to research and development activities and the construction of the AI platform. In addition, the company's administrative expenses related to business development and investments in marketing and sales were particularly high at the beginning of the year.

The Group's operating profit for January–December 2022 amounted to EUR -11,518 thousand (1–12/2021: EUR -5,513 thousand).

Net financial income and expenses amounted to EUR -356 thousand (2021: EUR -74 thousand). The company uses short-term interest funds to hedge cash assets, which had a negative impact during the financial year. The reason for this was the unfavorable change in the general interest rate situation.

Earnings before taxes and interest were EUR -11,873 (-5,587) thousand. The result for the financial year was EUR -11,844 (2021: EUR -5,587) thousand.

July – December 2022

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Gross margin for 7-12/2022 was EUR 120 (7-12/2021: EUR 10) thousand and EBITDA was EUR -5,477 (EUR -3,666) thousand. Personnel expenses were EUR 2,770 (EUR 2,066) thousand; depreciation, amortisation and impairment amounted to EUR 1,052 (EUR 511) thousand and other operating expenses were EUR 2,966 (EUR 1,700) thousand.

The Group's operating profit was EUR -6,529 (EUR -4,178) thousand. Net financial income and expenses were EUR 101 (EUR -66) thousand. Earnings before taxes and interest were EUR -6,428 (EUR -4,244) thousand. The result for the financial period was EUR -6,411 (EUR -4,244) 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 in accordance with the company's growth strategy, investments in research and product development as well as the building of other prerequisites and capabilities under the growth strategy.

Financial position and cash flows

Betolar's balance sheet total at the end of the financial period was EUR 31,948 thousand (31 December 2021: EUR 40,112 thousand). Equity amounted to EUR 26,582 (38,291) thousand. Equity ratio at the end of the financial period stood at 83 (95) per cent.

At the end of the financial period, the Group's net gearing was EUR -23,614 (-36,906) thousand and the gearing was -89 (-96) per cent.

Cash flow from operating activities in January–December 2022 was EUR -9,674 thousand (1–12/2021: EUR -3,223 thousand). Net cash flow from operating activities was affected by higher personnel costs and other operating expenses.

Cash flow from investing activities was EUR -2,979 (EUR -1,585) thousand, comprising the company's tangible and intangible assets.

Cash flow from financing activities amounted to EUR 1,922 (EUR 41,519) thousand. Cash flow from financing activities includes withdrawals from long-term loans to the amount of EUR 2,088 thousand, repayments of lease liabilities of EUR -215 thousand and a share issue of EUR 57 thousand.

Betolar's current investments at the end of the reporting period amounted to EUR 25,457 (33,998) thousand. Betolar's cash and cash equivalents at the end of the period amounted to EUR 1,167 (EUR 3,358) thousand and the change in cash and cash equivalents was EUR -2,191 (EUR 2,713) thousand. Cash, cash equivalents and short-term fund investments were in total EUR 26 624 (37 355) thousand.

Investments

Investments in tangible and intangible assets totalled EUR 3,339 (2021: EUR 1,787) thousand. Investments accounted for 31 (36) per cent of total operating expenses.

Near-term risks and uncertainties

Betolar's most significant risks and business uncertainties are described in more detail in the Report of the Board of Directors of the financial statements. Risks and uncertainties related to the near future are described below.

Economic cycles and especially the level of activity in the construction market affect the demand for Betolar's products and services. High inflation, rising interest rates and supply chain disruptions have

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weakened the outlook for the global economy, posing a risk to the implementation of Betolar's growth strategy. The changed security situation in Europe resulting from the war in Ukraine has increased geopolitical risks, intensified disruptions in global supply chains and increased uncertainty in European product and energy markets. Shortages, disruptions and cost inflation resulting from the situation may adversely affect the competitiveness, delivery, sales or profitability of Betolar's solution. However, 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 in societies, companies and financial markets.

Betolar is an early-stage technology company aiming for a large cement replacing building materials market internationally, especially in Asia and Europe. The strong commercialisation and growth of operations in these markets, as well as the building of the conditions for scalability, require significant investments in growth, development and acquisition of capabilities and the making of related strategic choices. In the rapidly opening global market for green building materials, Betolar has decided to accept a higher level of risk in its strategic choices which are related to defining and creating a new market and commercialising its innovation.

Betolar manages the risk related to the commercialisation of the technology and operating model it has developed in new markets by actively reviewing its operating environment, value chain and strategic choices, and by making the necessary changes quickly but in a controlled manner. The experiences gained from the first pilot and commercial customer relationships are analysed and utilised in specifying the strategic weight of customer segments and in continuously seeking larger customer relationships and production volumes. It is also essential to identify and ensure the availability of optimal side streams in terms of applicability, availability and price competitiveness.

The price competitiveness of the Geoprime solution is largely based on the price and availability of industrial side streams, activator components and binders used in the solution. In Betolar's formulas, the market-priced raw material blast furnace slag is currently emphasised, and there is also increasing demand for it in blended cements which compete with geopolymer solutions. Betolar aims to gradually offer alternative, non-commercialised side streams and their utilisation technologies for use alongside or instead of blast furnace slag.

The widespread use of Betolar's Geoprime solution and securing profitability in target markets in Asia and Europe require commercial, financial and technical success, especially in projects with the largest potential volumes. The productisation of deployment, clear phasing and utilisation of the steering model significantly reduce the risk of failure, especially in more extensive and larger-scale deployment projects. The steering model supports and strengthens project management, risk management and monitoring.

Betolar's solution is based on customer-specific customisation of the technology, formulas, raw material chains and marketing. The aim is to offer the customer an opportunity to manufacture, market and deliver a superior – from the perspective of quality, sustainability and environmental impact – compliant and cement-free concrete product to their own customers.

The meaning of the first customer relationships is central to the popularisation of the Geoprime solution, which is why the success in meeting the customer's own requirements and the product-specific requirements is of primary importance to Betolar. Products manufactured with Betolar's Geoprime technology must meet requirements for each product or product group, which vary depending on the country or region in which the product is manufactured or used.

The increasing digitalisation of operations and the growth of professional cybercrime have raised the information security risk related to the continuity of business operations and the protection of critical information. Surveys and improvements related to information security and data protection are our constant priorities. The reliability, integrity, timeliness and security of the information we use are essential to our operations. Events in our information systems are monitored 24/7, and abnormal events trigger an alarm immediately.

Betolar manages the risk related to the conformity of construction products and materials based on its solution by actively and proactively managing the product development process. At the beginning of each pilot or deployment project, local regulations, standards and other local requirements, guidelines and practices for the targeted Geoprime end product and its manufacture are surveyed. The

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definition, implementation and reporting of compliance are ensured in stages as the product development process progresses. Separately from this, Betolar implements the necessary testing programmes to ensure long-term durability as early as possible.

Personnel and offices

The Group's average number of employees during the period was 51 (23). The number of employees increased by 28 persons. At the end of the period, there were 61 employees in total, 56 (31.12.2021: 30) in Finland and 5 (31.12.2021: 1) working outside Finland. In Finland, the company has offices in Espoo, Jyväskylä and Tampere and a laboratory in Kannonkoski. In addition to the subsidiary in India, the company has operations in Vietnam and Indonesia.

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

Governance

The Board of Directors and committees

The members of Betolar's Board of Directors on 31 December 2022 were Tero Ojanperä (Chair), Inka Mero (ordinary member), Kalle Härkki (ordinary member), Soile Kankaanpää (ordinary member), Ilkka Salonen (ordinary member) and Juha Leppänen (ordinary member).

Ilkka Salonen was elected as a new member of Betolar's Board of Directors by the Annual General Meeting held on 23 March 2022.

In its organising meeting, which was held after the Annual General Meeting on 23 March 2022, the Board of Directors decided to establish an Audit Committee and a Personnel and Remuneration Committee. The Committees are responsible for assisting the Board of Directors and do not have independent decision-making power.

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

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

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

Auditor

Betolar's Annual General Meeting of 23 March 2022 elected the auditing firm PricewaterhouseCoopers Oy as its auditor, with Janne Rajalahti, Authorised Public Accountant, as the responsible auditor.

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Shareholders' Nomination Committee

The Annual General Meeting decided to establish a permanent Shareholders' Nomination Committee and approved the Nomination Committee's rules of procedure. The Nomination Committee consists of five (5) members, of whom the four (4) largest shareholders of the company are each entitled to appoint one member. In addition, the Chair of the Board of Directors is a member of the Nomination Committee. In 2022, the Nomination Committee was chaired by Alexander Ehrnrooth (Nidoco AB) and the other members were Olli-Pekka Kallasvuo (representative of Juha Leppänen), Peter Seligson (Ahlstrom Invest B.V.), Annika Ekman (Ilmarinen Mutual Pension Insurance Company) and Tero Ojanperä (Chair of Betolar's Board of Directors).

CEO and Management Team

On 12 May 2022, Betolar's Board of Directors appointed Riku Kytömäki as the new CEO of the company, and he assumed his duties on 1 November 2022. Matti Löppönen continued as CEO until 31 October 2022.

Betolar's Management Team was strengthened through key recruitments during the first half of the year. Antti Uski (PhD, EMBA) started as Chief Human Resources Officer on 11 January 2022. Ilkka Iittiläinen (M.Sc. (Tech), LL.M., MBA) was appointed as Chief Operations Officer and a member of the Management Team on 29 March 2022. Ville Voipio (M.Sc., Econ.) was appointed as Chief Commercial Officer and Jarno Poskela (D.Sc., Tech.) as Chief Technology Officer during the second half of the year. Pekka Hintikka, the company's current Chief Technology Officer, left the Management Team after Poskela's appointment. He announced that he will retire in 2023 and will continue to support Betolar's R&D activities as an advisor until then.

In addition to the new Management Team appointments, Lasse Happonen who was responsible for ready-mixed concrete and precast elements announced in March that he would retire and will continue as Betolar's advisor. Juha Pinomaa, the company's Head of Asia and a member of the Management Team, left Betolar at the end of 2022 and Juha Leppänen, the founder and Chief Innovation Officer of Betolar, resigned from the company's operational management and Management Team on 31 December 2022, but will continue as a member of the Board of Directors and support Betolar's innovation activities and projects in an advisory role.

On 31 December 2022, Betolar's Management Team consisted of Riku Kytömäki (CEO), Riikka Ylikoski (CFO), Ville Voipio (CCO), Jarno Poskela (CTO), Janne Rauramo (Executive VP Strategic Partnerships), Antti Uski (Chief Human Resources Officer) and Ilkka Iittiläinen (COO).

Resolutions of the Annual General Meeting

The Annual General Meeting (AGM) of Betolar held on 23 March 2022 adopted the financial statements for the financial period 2021 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided to transfer the loss of the financial year to the profit (loss) account of the previous financial years and decided not to distribute dividend in accordance with the proposal of the Board of Directors.

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

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

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

In addition, the Annual General Meeting decided in accordance with the proposal by the Board of Directors to authorise the Board of Directors to decide on the acquisition of a maximum of 973,793 of the company's treasury shares, which corresponds to approximately 5 per cent of the total number of shares in the company. Treasury shares may be acquired only by using unrestricted equity and at the price in multilateral trading on the date of the repurchase or other publicly quoted price. Shares may also be acquired outside public trading at a price that is not higher than the market price at the time of acquisition in public trading.

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

The Annual General Meeting decided to establish a permanent Shareholders' Nomination Committee and approved the Nomination Committee's rules of procedure.

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Share and shareholders

At the end of the financial period on 31 December 2022, Betolar's share capital was EUR 80,000 and the company had issued 19,531,757 fully paid shares. The company has one series of shares with the ISIN code FI4000512587.

At the end of the financial period, Betolar had a total of 4,486 (3,931) shareholders. The table below presents Betolar's ten largest shareholders based on the number of shares according to information from the shareholder register maintained by Euroclear Finland Ltd as at 31 December 2022.

Ten largest shareholders on 31 December 2022

Position	Shareholders	Number of shares	% of shares
1	Nidoco AB	2,077,214	10.64
2	Leppänen, Juha Markus	1,603,468	8.21
3	Ajanta Innovations Oy	1,600,463	8.19
4	Ilmarinen Mutual Pension Insurance Company	1,080,139	5.53
5	Ahlstrom Invest B.V.	1,058,335	5.42
6	Voima Ventures Fund II Ky	744,853	3.81
7	Entrada Oy	691,150	3.54
8	Equity fund Säästöpankki Pienyhtiöt	650,000	3.33
9	Mutual fund Danske Invest Suomi Osake	571,828	2.93
10	Ylitalo, Kari Tapani	557,469	2.85
	10 largest, total	10,634,919	54.45
	Other shareholders	8,896,838	45.55
	All shares, total	19,531,757	100.00

The members of the Board of Directors and Management Team and entities controlled by them held a total of 2,070,752 shares in Betolar at the end of the financial period, accounting for approximately 10.6 per cent of all shares and votes.

Largest shareholders by sector on 31 December 2022

Position	Shareholders by sector	Number of shares	% of shares
1	Private companies, total	6,259,407	35.39
2	Households	5,284,216	29.88
3	Foreign, total	3,282,086	18.56
4	Public organisations	1,341,463	7.58
5	Financial and insurance institutions, total	1,175,444	6.65
6	Not-for-profit organisations, total	344,404	1.95
	Total	17,687,020	100.00
	Nominee-registered	1,372,351	7.0
	On the joint account	472,386	0.00
	All shares, total	19,531,757	0.00

Of the shares, 7.0 per cent were held by nominee-registered shareholders. In addition, there was a total of 472,386 shares owned by one shareholder on the joint account that had not been transferred to the shareholder's book-entry account by the end of the financial period. The shares on the joint account and their shareholders are not included in the list of the largest shareholders.

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Breakdown of shares on 31 December 2022

Position	Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1	1–100	2,741	61.10	150,171	0.77
2	101–500	1,192	26.57	290,796	1.49
3	501–1,000	270	6.02	212,149	1.09
4	1,001–5,000	170	3.79	382,587	1.96
5	5,001–10,000	35	0.78	239,372	1.23
6	10,001–50,000	38	0.85	840,030	4.30
7	50,001–100,000	9	0.20	703,957	3.60
8	100,001–500,000	20	0.45	4,746,882	24.30
9	500,001–	11	0.25	11,493,427	58.85
	On the joint account	0.	0.00	472,386	2.42
	Total	4,486	100.00	19,531,757	100.00

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

Share price and trading

The highest quoted share price during the financial period was EUR 6.30 and the lowest EUR 2.52. The volume-weighted average share price was EUR 4.64. The closing price of the financial period was EUR 3.05, resulting in Betolar's market capitalisation of EUR 59,571,859. The total trading volume of the share during the period was EUR 11,667,819 and turnover 2,547,223 shares. The average daily turnover during the financial period was 10,068 shares.

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Valid authorisations of the Board of Directors

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

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

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

Authorisation to acquire treasury shares

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

Shares may also be acquired outside public trading at a price that is not higher than the market price at the time of acquisition in public trading. The Board of Directors decides how shares are acquired. Treasury shares may be repurchased other than in proportion to the shares held by the shareholders (direct repurchase) if there is a compelling economic reason for the company. The authorisation is valid for 18 months from the decision of the Annual General Meeting.

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Events after the period under review

No significant events.

Estimate of probable future development

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

Board of Directors' proposal for the distribution of profit

The parent company's distributable unrestricted shareholders' equity amounted to EUR 23,130,790.99 on 31 December 2022. The parent company's profit for the financial period was EUR - 12,098,481.79.

The company does not expect to be distributing dividends in the short or medium term. In addition, the terms and conditions of Betolar's financing agreements include certain restrictions for Betolar's ability to pay out dividends or otherwise distribute equity.

Additional information about the restrictions is available in the company's listing prospectus under "Financing Betolar's business".

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial period 1 January–31 December 2022 and that the loss for the financial period be carried over under retained earnings.

Annual General Meeting

Betolar Plc's Annual General Meeting is planned to be held on 31 March 2023. The notice of the general meeting will be published later.

Annual Report and financial reporting

The Annual Report for the 2022 financial period will be published on week 10, which begins on 6 March 2023.

Betolar will publish the following financial reports in 2023:

- 27 April, Business review 1–3/2023
- 25 August, Half-Year Review 2023
- 3 November, Business review 1–9/2023

Betolar's financial reports are available on the company's website at www.betolar.com/investors.

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Webcast for investors and media

Betolar will organise a webcast in English for investors and media on 14 February 2023 at 10:00 a.m. Finnish time.

The webcast can be viewed at <https://betolar.videosync.fi/q4-2022-result>

In the presentation, Betolar's financial statements and other current affairs of the company will be presented. A recording of the webcast and a corresponding presentation in Finnish will be available on Betolar's investor site later during the same day.

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Betolar Plc financial statements release 1–12/2022

CONSOLIDATED INCOME STATEMENT EUR thousand

EUR	1–12/2022 (IFRS)	1–12/2021 (IFRS)	7–12/2022 (IFRS)	7–12/2021 (IFRS)
NET SALES	287	10	261	10
Other operating income	139	91	139	90
Materials and services	-166	0	-141	0
Personnel expenses	-4,352	-2,808	-2,770	-2,066
Depreciation, amortisation and impairment	-1,530	-736	-1,052	-511
Other operating expenses	-5,896	-2,069	-2,966	-1,700
Operating profit (loss)	-11,518	-5,513	-6,529	-4,178
Financial income and expenses	-356	-74	101	-66
Earnings before interest and taxes	-11,873	-5,587	-6,428	-4,244
PROFIT FOR THE FINANCIAL PERIOD	-11,844	-5,587	-6,411	-4,244
Earnings per share, basic				
EUR	-0.61	-0.53	-0.33	-0.36

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CONSOLIDATED BALANCE SHEET

EUR thousand

	31 December 2022	31 December 2021	1 January 2021
ASSETS			
Non-current assets			
Development expenses	3,656	1,780	858
Other intangible assets	30	29	0
Property, plant and equipment	299	170	120
Right-of-use assets	479	153	112
Other non-current receivables	201	116	8,685
Deferred tax assets	30	1	0
Non-current assets, total	4,697	2,249	1,099
Current assets			
Trade receivables	143	6,646	272
Other receivables	315	282	93
Accrued income and prepaid expenses	170	220	73
Investments	25,457	33,998	0
Cash and cash equivalents	1,167	3,358	644
Current assets, total	27,251	37,863	810
Total assets	31,948	40,112	1,909
LIABILITIES			
Equity			
Share capital	80	80	3
Invested unrestricted equity reserve	45,086	45,036	950
Share issue	0	13	2,770
Treasury shares	0	-14	0
Translation differences	4	0	0
Retained earnings	-6,745	-1,237	-707
Profit for the financial period	-11,844	-5,587	-1,624
Non-controlling interests	0	0	0
Total equity	26,582	38,291	1,393
Non-current liabilities			
Capital loans	2,153	0	0
Loans from financial institutions	10	12	0
Government loan	354	277	0
Lease liabilities	247	73	57
Non-current liabilities, total	2,764	362	57

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Current liabilities

Loans from financial institutions	3	4	0
Lease liabilities	243	83	54
Accounts payable	886	767	141
Other payables	141	52	51
Accruals and deferred income	1,328	552	212
Current liabilities	2,602	1,458	459
Total liabilities	5,366	1,820	516
Shareholders' equity and liabilities, total	31,948	40,112	1,909

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CONSOLIDATED CASH FLOW STATEMENT

EUR thousand

1–12/2022 1–12/2021

Cash flow from operating activities

Profit for the financial period	-11,844	-5,587
Adjustments:		
Depreciation, amortisation and impairment	1,530	736
Net financial income and expenses	354	72
Share-based payments	66	1,217
Other adjustments	-149	-1
Income taxes	-30	-1
Cash flow before change in working capital	-10,072	-3,564

Working capital change:

Change in account payable and other payables	-205	-448
Change in trade receivables and other receivables	634	797

Cash flow from operating activities before financing items and taxes	-9,643	-3,216
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Interest paid and payments for other financial expenses	-31	-8
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Net cash flow from operating activities (A)	-9,674	-3,223
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Cash flows from investing activities

Investments in tangible and intangible assets	-2,979	-1,585
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Net cash flow from investing activities (B)	-2,979	-1,585
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Cash flows from financing activities

Share issues	57	39,788
Transaction costs of share issue	-5	-2,936
Acquisition of treasury shares	0	-14
Acquisitions of non-controlling interests	0	-127
Long-term loan disbursements	2,088	4,872
Short-term loan disbursements	1	5
Repayment of short-term loans	-4	-1
Repayments of lease liabilities	-215	-67

Net cash flows from financing activities (C)	1,922	41,519
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Change in cash and cash equivalents (A + B + C) increase (+)/decrease (-)	-10,731	36,711
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Cash and cash equivalents at the beginning of the period	37,355	644
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Cash and cash equivalents at the end of the period	26,624	37,355
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Change	-10,731	36,711
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Consolidated Statement of changes in equity

Equity attributable to owners of the parent								
EUR thousand	Share capital	Invested unrestricted equity reserve	Share issue	Treasury shares	Translation differences	Retained earnings	Non-controlling interests	Total equity
FAS financial statements' shareholders' equity at 31 December 2020	3	950	2,771	0	0	-2,312	0	1,411
IFRS transition effect	0	0	0	0	0	-17	0	-17
Adjusted shareholders' equity 1 Jan. 2021	3	950	2,771	0	0	-2,330	0	1,393
Comprehensive income								
Profit for the financial period	0	0	0	0	0	-5,583	-4	-5,587
Other comprehensive income items								
Translation differences	0	0	0	0	0	0	0	0
Comprehensive income (loss) for the period, total	0	0	0	0	0	-5,583	-4	-5,587
Transactions with owners								
Issues less transaction costs	0	36,838	0	0	0	0	0	36,838
Convertible bond conversion	0	4,554	0	0	0	0	0	4,554
Increase in share capital	78	-78	0	0	0	0	0	0
Acquisition of treasury shares	0	14	0	-14	0	0	0	0
Registration of shares	0	2,758	-2,758	0	0	0	0	0
Share-based payments	0	0	0	0	0	1,217	0	1,217
Transactions with non-controlling interests	0	0	0	0	0	-131	4	-127
Other adjustments	0	0	0	0	0	3	0	3
Total transactions with owners	78	44,086	-2,758	-14	0	1,089	4	42,484
Shareholders' equity 31 Dec. 2021	80	45,036	13	-14	0	-6,824	0	38,291

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EUR thousand	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Invested unrestricted equity reserve	Share issue	Treasury shares	Translation differences	Retained earnings		
Shareholders' equity 1 Jan. 2022	80	45,036	13	-14	0	-6,824	0	38,291
Comprehensive income								
Profit (loss) for the financial period	0	0	0	0	0	-11,844	0	-11,844
Other comprehensive income items								
Translation differences	0	0	0	0	4	0	0	4,435
Comprehensive income (loss) for the period, total	0	0	0	0	4	-11,844	0	-11,839
Transactions with owners								
Issues less transaction costs	0	51	0	0	0	0	0	52
Registration of shares	0	13	-13	0	0	0	0	0
Cancellation of treasury shares	0	-14	0	14	0	0	0	0
Share-based payments	0	0	0	0	0	66	0	66
Other adjustments	0	0	0	0	0	3	0	3
Total transactions with owners	0	50	-13	14	0	69	0	120
Shareholders' equity 31 Dec. 2022	80	45,086	0	0	4	-18,599	0	26,572

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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 Ltd (as of 1 November 2019) and Betolar India Private Ltd (as of 1 September 2021). Betolar Geotechnical Solutions Ltd, Betolar Green Building Technologies Ltd, Betolar Mining Solutions Ltd, SolidWatt Ltd and Betolar Element Ltd merged with Betolar Plc in August 2022.

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS, IAS) and Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB) which are accepted for application in the EU. The consolidated financial statements for the period that ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations Committee (IFRIC) in force on 31 December 2022. The notes to the consolidated financial statements have also been prepared in accordance with the requirements of the Finnish Accounting Act and the Limited Liability Companies Act.

These consolidated financial statements are Betolar Plc's first IFRS financial statements. The Group applies IFRS 1 First-time Adoption of International Financial Reporting Standards in its consolidated financial statements. Betolar's date of transition to IFRSs was 1 January 2021. The consolidated financial statements were prepared in accordance with the Finnish Accounting Standards (FAS) until 31 December 2021. The FAS accounting policy is presented in Betolar's financial statements for 2021.

Business continuity

Betolar's business is still in the productisation phase. The development and commercialisation of Betolar's solutions has caused and will continue to cause significant costs to 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 and minority shares of subsidiaries purchased from the members of the Management Team during the 2021 financial period. 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:

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EUR thousand	31 December 2022	31 December 2021
Income statement	Group	Group
Purchased services	182	138

EUR thousand	31 December 2022	31 December 2021
Balance sheet	Group	Group
Accounts payable	17	16

Management salaries and fees:

EUR thousand	31 December 2022	31 December 2021
	Group	Group
<u>Remuneration to the members of the Board of Directors</u>		
Chair	38	27
Other members of the Board	57	6
Board of Directors' fees, total	95	33

EUR thousand	31 December 2022	31 December 2021
	Group	Group
<u>CEO</u>		
Salaries and fees	407	173
Pension expenses	76	30
Indirect employee costs	11	33
Total	493	208
Other Management Team		
Salaries and fees	860	359
Pension expenses	161	63
Indirect employee costs	22	10
Total	1,043	433

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During the financial periods 2022 and 2021, management has been granted options (pcs) as follows:

	2022	2021
	Group	Group
Members of the Board of Directors	0	431,518
CEO	145,000	60,701
Other members of the Management Team	195,733	165,876
Total (*)	340,733	658,095

(* The company has decided to issue shares without consideration (split) on 2 November 2021. The effects of the share split on the option plan have been taken into account in the presented option amounts.

Kannonkoski, 14 February 2023

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 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.