BETOLAR

Annual Report 2024

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Betolar in Brief

Betolar is a circular economy enabler and materials technology specialist, providing innovative solutions to help use industrial sidestreams to produce low-carbon and cement-free products for the mining and construction sectors. Betolar's mission is to help reduce carbon emissions and the use of virgin resources in mining and construction.

Betolar's circular economic innovations significantly reduce CO_2 emissions from cement use and the use of virgin raw materials by utilizing industrial sidestreams. Betolar is continuously developing its low-carbon Geoprime solution for the mining, metals and construction industries. In addition, Betolar's AI-based data platform creates value from industrial sidestreams and accelerates solution development. The SidePrime analytics service, based on the data platform, maps the potential for utilization of industrial sidestreams and waste.

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CEO Tuija Kalpala comments on the financial period 2024

The most significant successes of 2024 are related in particular to customer projects. These include the completion of the CEM III shotcrete development for Outokumpu, the approval by the Concrete Association and the achievement of CE marking readiness for the world's lowest carbon hollow-core slabs developed by Betolar for Consolis Parma. In addition, new Betolar innovations for which patents have been filed, such as the use of various sidestreams and inventions for metal fractioning, were significant achievements in addition to product development breakthroughs, such as passing the challenging double-sided salt freeze thaw tests for concrete products.

On the mining side, the market showed strong interest in Betolar's low-carbon and waste-free solutions. We started commercial discussions with a number of different mining companies in the second half of the year and signed several memoranda of understanding with companies such as Norge Minerals and Latitude 66 Ltd. This shows that there is significant demand in the mining sector for Betolar's new innovative and low-carbon solutions.

The market situation, particularly in the construction sector, continued to be challenging. Although several successful customer pilot projects were completed, many players in the sector took a time-out in bringing low-carbon products to market. However, interest in low-carbon concrete products remained high.

2024 was a year of significant change for Betolar. The company's strategy was refocused on the mining, metals and sidestream business segments. This led to a major organizational change and the start of change negotiations for the Finnish workforce in late spring. There were also personnel changes in the company's management and the size of the management team was reduced from seven to three people. Change is always a challenge and requires stretching and commitment from the whole organization. Towards the end of the year, however, these changes started to produce the desired results.

I want to thank all Betolar staff for their excellent work towards new innovations and a low-carbon future. I also thank all our customers, partners and stakeholders for their trust and good cooperation.

> Betolar's success is based on innovations and strong cooperation with our customers."

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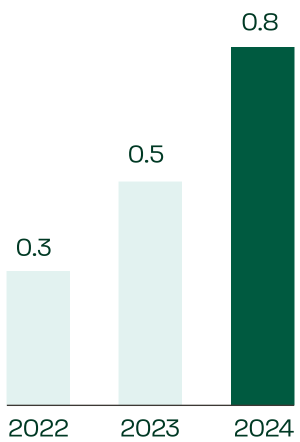
Key figures

In 2024, our net sales increased by 48% and EBITDA improved by EUR 5 million. The value of new orders was EUR 1.0 million, which was a 65% improvement from the previous year. The average number of employees was 46, which was 23% less than in the previous year. For 2024, the carbon handprint of the Geoprime solution increased significantly and was 2,816 tons of CO_2 equivalent (tCO_2e). In 2023, the corresponding amount was 685 tCO_2e. Betolar's business carbon footprint in 2024 was 1,039 tCO_2e (2023: 2,672).

Net sales (EUR million)



EBITDA (EUR million)

Net sales increased
48%

EBITDA improved
€ 5 million

Carbon Handprint 2024:
2,816 tCO_2e

Carbon foorprint 2024:
1,039 tCO_2e

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Strategy

Strategy

Betolar's strategy focuses on developing and commercializing low-carbon solutions, particularly in the mining and construction industries. The company's goal is to reduce carbon dioxide emissions and the use of virgin natural resources by utilizing industrial sidestreams. Additionally, the company continuously develops its AI-based data platform, which accelerates solution development and creates value from industrial sidestreams.

Markets

Betolar's target market consists of low-carbon and cement-replacing solutions for the mining and construction industries. These markets are expected to multiply in the coming years as the demand for blended cements, geopolymers, and alternative binders grows significantly. The tightening regulations in the mining and construction industries, as well as the need for more environmentally friendly solutions for the utilization and treatment of sidestreams especially in mining, are driving the demand for Portland cement-replacing solutions.

Financial Targets

Betolar's financial targets are

- Positive cash flow from operating activities by the end of 2026.
- EUR 1 billion revenue and 30 percentage EBITDA margin by the end of 2033.

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Business in brief

Industrial sidestreams

Betolar focuses on utilizing and commercializing industrial sidestreams. The company identifies, develops, and productizes sidestreams generated in industrial production, such as blast furnace slag and fly ash. Betolar's goal is to reduce carbon dioxide emissions and the use of virgin natural resources, especially in the mining and construction industries.

Betolar's SidePrime analysis service utilizes artificial intelligence to analyze industrial sidestreams and map their potential. This service enables faster and broader analysis compared to traditional methods, and it allows for effective comparison of the properties and utilization possibilities of materials generated from different processes. Betolar's continuously developing material technology and extensive database support this process and enable the utilization of sidestreams, for example, as a binder to replace cement.

Mining and metals industries

Betolar provides several innovative and low-carbon solutions for the mining and metals industries that help reduce carbon dioxide emissions and utilize industrial sidestreams. The low-carbon solutions cover the following areas:

- Shotcrete
- Paste backfill
- Cementless rockfill
- Stabilized drystacking
- Metal fractioning and improving related recovery of sidestreams
- Research service projects

Construction

Concrete solutions for construction include supplying of materials used in the production of Geoprime products and research service projects. Low-carbon applications cover the following areas:

- Structural concrete products, such as hollow-core slabs.
- Non-structural concrete products, such as paving stones and bases.
- Infrastructure solutions, such as sewer pipes, driven piles, shotcrete, and other tunneling solutions.

During the past year, Betolar's innovative solutions received significant recognition both in Finland and internationally. Betolar's solutions have won several awards.

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Report Of The Board Of Directors 2024

Betolar in brief and group structure

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The Betolar Group consists of the parent company Betolar Plc and the wholly owned subsidiary Betolar Chemicals Ltd and Betolar India Private Limited.

Key events in the 2024 financial period

- Betolar's new low-carbon shotcrete solution into production use at the beginning of 2025 at Outokumpu's Kemi mine (12/2024).
- Betolar and Balsam Laboratory researching and developing a method for utilizing fine crusher dust from tunnel drilling in tunnel construction (12/2024).
- Saudi Readymix and Betolar cooperated on low-carbon concrete solutions in Saudi Arabia (11/2024).
- Betolar and Latitude 66 Limited signed a memorandum of understanding to develop sustainable solutions (9/2024).
- Betolar and Norge Mineraler signed a memorandum of understanding to develop sustainable mining solutions (7/2024).
- Betolar acquired MetalCirc's patent regarding the treatment of waste combustion ashes (8/2024).
- Betolar was granted a patent enabling the large-scale use of sidestreams in road, soil, and ground construction (7/2024).
- Betolar was granted a patent in Finland for a CEM III/B accelerator solution (8/2024).
- Betolar successfully completed a direct share issue of 1,960,688 new shares, raising EUR 2.35 million (8/2024).
- Betolar updated its medium and long-term business and financial targets (2/2024).
- Betolar conducted change negotiations as part of focusing on solutions for sidestreams and the mining and metals industries. As a result of the change negotiations, the organizational structure was changed, and operations were restructured and made more efficient. A total of 13 positions were terminated (6/2024).
- Changes in the management team: The company's CEO Riku Kytömäki, CFO Riikka Ylikoski, CHRO Antti Uski, and CTO Jarno Poskela left the company, while Ville Voipio left the management team for new responsibilities in construction and marketing. Tuija Kalpala was appointed as Betolar's new CEO on 22 April 2024, Soila Söderström was invited to join the management team on 29 May 2024, and Mikko Wirkkala started as new CFO on 3 September 2024 (4/2024-6/2024).

Key figures

KEY INDICATORS FOR THE GROUP

(EUR thousand, unless otherwise specified)	2024	2023
Financial indicators		
Net sales	762	515
Gross margin[1]	564	340
EBITDA[1,2]	-5,816	-11,181
Operating profit	-7,964	-13,260
Earnings before interest and taxes	-7,798	-13,177
Profit (loss) for the period	-7,732	-13,153
Earnings per share, basic and diluted, EUR[1,3]	-0.36	-0.67
Cash and cash equivalents and short-term fund investments[1,2] (at the end of the period)	8,987	14,315
Operational indicators		
Order intake (EUR thousand) [1,2]	1,003	607
Number of new NRE projects[1,2]	11	9
Number of pilot customers[1,2]	5	24
Personnel (average number during the financial period)	46	60

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KEY FIGURES PER SHARE

(EUR, unless otherwise stated)	2024	2023	2022	2021
Number of shares at the end of the period (31 Dec.) pcs	21,567,570	19,606,882	19,531,757	19,444,024
Earnings per share, basic and diluted[1,2,3]	-0.36	-0.67	-0.61	-0.53
Equity per share	0.38	0.70	1.36	1.98
Lowest trading rate, BETOLAR	0.69	0.90	2.52	5.95
Highest trading rate, BETOLAR	1.44	3.44	6.30	6.88
Closing rate at the end of the period 31 Dec.	0.77	1.30	3.05	6.30
Average daily turnover of shares, pcs	17,418	12,600	10,068	53,287
Market value of shares at the end of the period (31 Dec.) EUR million	16.6	25.4	59.6	122.5

[1]) Betolar uses certain indicators (gross margin, EBITDA, earnings per share, cash and cash equivalents and short-term fund investments, order intake, number of new NRE projects and number of pilot customers) as half-yearly indicators of operational profitability and business performance. The definitions and calculation formulas of these indicators can be found in the appendix to the report.
2) Betolar uses certain indicators (EBITDA, cash and cash equivalents and short-term fund investments, order intake, number of new NRE projects and number of pilot customers) as quarterly indicators of operational profitability and business performance. The definitions and calculation formulas of these indicators can be found in the appendix to the report.
3) The number of shares used in the calculation of earnings per share at the end of the period and average number of shares during the period with comparative data: 31.12.2024: 21,567,570 shares, 1-12/2024: 20,587,226 shares, 7-12/2024: 20,587,226 shares, 31.12.2023: 19,606,882 shares, 1-12/2023: 19,569,320 shares, 7-12/2023: 19,579,236 shares.

Business review

In 2024, Betolar focused on three business areas: industrial sidestreams, mining and metals, and concrete solutions for construction. Order intake was particularly concentrated on industrial sidestreams and the mining and metals industries.

Industrial sidestreams

Purchase and sale of industrial sidestreams

Betolar continued to develop its industrial sidestream business and focused on building its international sourcing and logistics expertise. In addition, the company carried out commercial consultancy projects related to the industrial sidestream supply chain for a Central European client. The company also actively explored opportunities for the further processing, refining, and commercialization of industrial sidestreams to strengthen its position in the industrial sidestream value chain - enabling more valuable use of industrial sidestreams as, for example, a cement substitute binder. During this period, Betolar made small-scale, low-risk, and controlled sales of blast furnace slag to individual customers.

Research and analysis of industrial sidestreams

The second part of Betolar's sidestream business focused on creating commercial processing and recovery opportunities for previously unused industrial sidestreams and other materials, particularly in the mining and construction sectors. In this context, Betolar sold a number of sidestream research projects for its customers.

Betolar launched the AI-based sidestream analysis service (Sideprime™) during the year, and customer numbers increased towards the end of the year. The sidestream analysis service allows industrial companies to commission a mapping of the potential utilization of the sidestream material generated by their operations. The sidestream analysis service allows for an even more efficient pre-screening of multiple sidestreams, and thus a more extensive pre-screening and testing of selected sidestreams, for example at a mining site. The AI-based solution is based on data collected from materials previously tested and studied at Betolar and the AI models developed based on this data, as well as a continuously growing material bank.

Mining and metals industries

Betolar provides solutions for the mining and metals industry in the field of shotcrete, paste back filling and cementless rockfill, stabilized drystacking, metal fraction technology and improving the related recovery of sidestreams.

Business in the mining and metals industry grew thanks to research service projects and development projects. Betolar initiated a new research services project for the recovery of fine crusher dust from tunnel drilling at the request of a customer. In addition, Betolar's innovation in metal fraction technology and the development of binder production processes progressed according to plan during 2024.

The most significant customer was Outokumpu, which successfully completed the first phase of its low-carbon shotcrete development project. The low-carbon shotcrete, which complies with the CEM III standard, will be ready for production at Outokumpu's Kemi mine in early 2025. The project moved to the second phase, during which Outokumpu will develop cementless shotcrete.

During this period, Betolar's mining and metals business progressed, with Memoranda of Understanding with Norge Mineraler and Latitude 66 Limited. For Norge Mineraler, various sustainable mining solutions will be developed in Norway. Similarly, a collaboration with Latitude 66 Limited is starting to explore and develop sustainable mining solutions for the Kuusamo cobalt mining project in Northern Finland.

In the mining and metals industry, projects are large and typically of long duration. Despite the significant need and demand for more environmentally friendly and sustainable solutions, the introduction of new technologies is a long-term process.

Concrete solutions for construction

The low-carbon hollow-core slabs developed by Betolar as part of a Consolis Parma customer project received approval in the spring according to EN standards. This included an endorsement from the Finnish Concrete Association for the use of activator chemicals as concrete admixtures. Together, these will enable CE marking in Finland for a new type of low-carbon hollow-core slabs that can be used in the same way as conventional hollow-core slabs.

In the field of low-carbon concrete solutions for landscaping, Betolar continued to supply the materials used in the manufacture of Geoprime products to customers in Europe and India. In addi-

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tion, commercial projects were carried out in Central Europe at the customer's two plants. Geoprime-based paving products passed challenging double-sided salt freeze thaw tests simulating extreme conditions conducted by various manufacturers, which are critical to demonstrate the long-term durability and performance of concrete.

During the reporting period, Betolar signed a new Geoprime hollow-core slab pilot contract with a customer in Australia.

During the past year, Betolar's innovative solutions received significant recognition both in Finland and internationally. Betolar's solutions have won several awards.

Business environment and market review

General overview of Betolar's target market

Betolar's target market consists of low-carbon and cement-replacing solutions for the mining and construction industries. The traditional concrete construction market is dominated by concrete applications based on Portland cement. Portland cement is widely favored because of its high availability and compliance with local and international cement standards. Betolar's solution is based on geopolymers and other alternative binders that replace Portland cement and take market share from cement. The progress of the green transition and the demand for low-carbon solutions will influence the target market, as will developments in regulation, such as construction standards and waste legislation. Existing and new mining projects need more environmentally friendly solutions for extraction, to avoid sidestream from generating. The company estimates that the market for green concrete is expected to multiply in the long term for blended cements, geopolymers and alternative binders. This will increase the size of Betolar's target market. Betolar's target market will also be influenced by the increased recovery of industrial and strategic metals and demand from the construction sector.

The competitive environment

The competitive environment for concrete cement replacement material technologies and productized low-carbon applications consists of three main categories and the related players: traditional Portland cement and technologies to reduce emissions from its production, lower-carbon blended cements, and alternative binders such as alkali-activated geopolymers.

Portland cement production is highly energy- and emission-intensive and consumes a large amount of virgin raw materials, particularly limestone. Traditional cement producers are also exploring carbon capture in the cement production process to reduce CO2 emissions, but solutions are still expensive. One existing and alternative way to reduce emissions is to permanently sequester carbon dioxide captured from industrial emissions in concrete, which is a technological direction that Betolar is also exploring in its applications.

The second category consists of producers of low-carbon cement mixtures, in which part of the cement is replaced mainly by either ground granulated blast furnace slag or fly ash as a sidestream of the steel industry. However, the challenge for cement mixtures is that cement can only be replaced by blast furnace slag up to a certain point, which also limits the emission reduction.

The third category is alternative binders, which can significantly reduce CO2 emissions by up to 80% or more and reduce the use of virgin resources by replacing cement entirely with industrial sidestreams.

Betolar differentiates itself from its competitors with its business model and its flexible technology, which allows different industrial sidestreams to be used locally. Low-carbon shotcrete and paste back filling products developed for the mining industry are leading the market. Betolar also has a strong IPR strategy and continues to develop its AI platform to advance as a pioneer in sustainable materials.

Financial review

Net sales January–December 2024

The Group's net sales for January–December 2024 increased compared to the comparison period and amounted to EUR 762 thousand (2023: 515 thousand).

During the period, 29% of revenue came from license and materials sales associated with the Geoprime concept and 61% of revenue came from sales related to customer pilots and research service projects. Other operating income for the period was EUR 947 thousand (201 thousand) and consisted mostly of business grants.

Geographically, net sales were distributed as follows: EMEA (Europe, Middle East, Africa) 76% (64%), APAC (Asia Pacific) 24% (19%) and Americas 0% (17%).

Financial result January–December 2024

The gross margin amounted to EUR 564 thousand (340 thousand) and EBITDA improved by EUR 5,365 thousand to EUR -5,816 thousand (-11,181 thousand).

Personnel expenses decreased from the comparison period and amounted to EUR 4,717 thousand (6,836 thousand) and other operating expenses amounted to EUR 2,610 thousand (4,885 thousand). The cost level decreased from the comparison period due to adjustments made to the cost structure. In January–December, non-recurring expenses of EUR 549 thousand were incurred in connection with change negotiations and management changes.

Depreciation, amortization, and impairments amounted to EUR 2,148 thousand (2,079 thousand).

The Group's operating profit for January–December 2024 amounted to EUR -7,964 thousand (-13,260 thousand).

Net financial income and expenses totaled EUR 166 thousand (83 thousand). Financial income consisted mostly of income from short-term interest funds.

Earnings before taxes and interest were EUR -7,798 thousand (-13,177 thousand). The result for the financial year was EUR -7,732 thousand (-13,153 thousand).

Financial position and cash

Betolar's balance sheet total at the end of the financial period was EUR 15,067 thousand (31 December 2023: 21,236 thousand). Equity amounted to EUR 8,149 thousand (13,786 thousand). The equity ratio at the end of the financial period stood at 54 (65) per cent.

At the end of the financial period, the Group's net debt was EUR -3,430 thousand (-9,128 thousand) and the net gearing ratio was -42 (-66) per cent.

Cash flow from operating activities in January–December 2024 was EUR -6,442 thousand (1–12/2023: -11,676 thousand). Net cash flow from operating activities was affected by a decrease in personnel costs and other operating expenses.

The cash flow from investments amounted to EUR 5,656 thousand (9,228 thousand). Cash flow from investing activities includes withdrawals from short-term fund investments and investments in the company's tangible and intangible assets.

Cash flow from financing activities amounted to EUR 1,931 thousand (2,224 thousand). Cash flow from financing activities includes

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the directed share issue of EUR 2,353 thousand, transaction costs related to the share issue of EUR -166 thousand, EUR -3 thousand in short-term loan repayments, and EUR 252 thousand of lease repayments.

Betolar's short-term fund investments at the end of the period totaled EUR 6,889 thousand (13,372 thousand). Cash and cash equivalents at the end of the period were EUR 2,088 thousand (943 thousand) and the change in cash and cash equivalents was EUR 1,145 thousand (-224 thousand). Total cash and cash equivalents and short-term fund investments were EUR 8,987 thousand (14,315 thousand).

The company has taken active measures to secure the financial conditions to implement its strategy, which was updated in 2023. In 2023, Betolar initiated cost structure adjustment measures aimed at achieving annual cost savings of EUR 5,000 thousand. Betolar continued its cost saving measures, started change negotiations in April 2024, and reduced the size of the Management Team. The change negotiations resulted in a reduction of 13 employees which will not jeopardize Betolar's ability to meet its contractual commitments, ensure customer satisfaction, or develop its business in line with its strategy. The measures to achieve the cost saving target were completed largely during the period.

Betolar has received public financing for research and development. Business Finland granted Betolar EUR 2,700 thousand for a research and development project on alternative sidestreams during financial year 2023. The remaining EUR 2,200 thousand of the grant remains undrawn, with the remainder to be disbursed as the research project progresses during 2025 and 2026. In January 2025, the company withdrew the last instalment of EUR 2,500 thousand from a EUR 7,000 thousand loan from the Climate Fund. In addition, during the period Finnpartnership awarded the company a grant of EUR 370 thousand to pilot the prefabrication of hollow-core slabs in Malaysia.

During the reporting period, Betolar successfully completed a directed share issue, with 1,960,688 new shares issued, raising EUR 2,353 thousand. The subscription price was recorded in full to the Company's invested unrestricted equity reserve.

Investments

Investments in tangible and intangible assets totaled EUR 1,396 thousand (2023: 3,205 thousand). Investments consisted almost exclusively of the capitalization of development expenditure and accounted for 18 (26) per cent of total operating expenses.

Technology development

Betolar focused its research and development activities on developing new technologies for customers in the sidestream, mining, and metals industries. In addition, Betolar's data platform and ecosystem was developed, shifting the focus to help customers identify the value creation potential of sidestreams, including their suitability as a raw material for various mining and metals applications and concrete solutions for construction.

Betolar's own laboratory activities provide the necessary analyses for research and product development. Laboratory activities were made more efficient by centralizing all laboratory activities to Kannonkoski.

Industrial sidestreams and mining product applications

The sidestream research project focused on customer projects. New sidestream studies were launched, particularly in relation to tailings for the mining industry. The aim of customer projects is to find new alternatives to ground granulated blast furnace slag (GGBFS) and various ashes from the steel industry.

Betolar developed a low-carbon shotcrete solution and paste back filling technology, and the compliant low-carbon shotcrete solution was ready for production. The project moved into the second phase, where a fully cementless shotcrete will be developed. The development of the low-carbon concrete paste solution achieved the required strength and long-term durability characteristics.

The development of binders for hardenable cementless rockfill continued, and the solution has successfully met laboratory-scale strength and solubility requirements. Sidestreams suitable for cementless rockfill can also be used in stabilized drystacking. The identification of a range of cost-effective and high-volume sidestreams will enable the long-term use of the solutions developed by Betolar in new applications in the mining and metals industries.

Data platform and ecosystem

Work continued on the development of AI data platform. During the year, the focus was on identifying the suitability of customers' sidestreams as raw material for the mining and metals industries or for concrete solutions in construction. By continuously collecting data from material research work and laboratory tests and trials, Betolar can automate work steps and develop AI solutions to improve the efficiency of research work. As data accumulates, the ability to create better understanding and products continues to grow. AI tools can be used to simulate tests, predict the behavior of materials, optimize chemical recipes, and more.

Innovation

Betolar's aim is to also produce completely new solutions that have long-term business potential. Over the past year, Betolar has strengthened its technology portfolio in the sidestream, mining and metals industries, for example by developing new technologies for value fraction recovery processes. The technology also enables the purification of residual slag from contaminants, so that it can be used, for example, as a high-quality binder similar to cement of blast furnace slag. This developed technology does not require significant additional energy, making it a cost-effective and low-emission solution. The process involves the addition of suitable industrial sidestreams to the molten slag to separate the metals and achieve the right binder composition. In the same process, oxide metals are also reduced by certain methods. Betolar has succeeded, on a laboratory scale, in separating from the sidestreams, at high yields, valuable elements such as chromium, iron, nickel, vanadium, manganese, some of which are critical and/or strategic elements, and in producing the binders described above, while reducing the amount of slag that ends up as waste. The next objective of the development work is to carry out larger-scale experimental phases before moving to industrial scale. The year also saw the further development of technologies for the permanent disposal of carbon dioxide.

Patent portfolio

Betolar's patent portfolio grew during the year. In March, a European patent was granted for the treatment of road or foundation base layer with an activator in a mobile machine. In June, Betolar was granted a patent in Finland for a liquid dosing device. In July, Betolar was granted a patent in Finland enabling the large-scale use of side-

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streams in road, soil and ground construction. In addition, the company was also granted a patent for an accelerator solution for CEM III/B mix cement, which accelerates the initial strength development of low-carbon concrete, enabling it to meet conventional demolding times. In August, Betolar acquired a patent from MetalCirc Ltd, which relates to a method for neutralizing waste combustion ashes and recycling valuable materials contained in the ashes. This patent complements the technology developed by Betolar and reinforces the protection scope of its patents in the application stage as well as its hazardous materials separation capabilities. Betolar has 18 active patent families consisting of 47 issued patents, in addition to a significant number of inventions in the process of patent approval to support the needs of the mining and metals industry.

Sustainability

Betolar promotes the United Nations' Sustainable Development Goals, and particularly impacts goals 9, 11, 12, and 13: it fosters positive change in infrastructure, cities, consumption patterns, and climate actions. Betolar has identified and validated three key sustainability themes through stakeholder dialogue. These themes are important to stakeholders, are financially important to the company, and will guide the implementation of sustainability throughout the company.

1. Accelerating CO_2 emission reductions

- The carbon handprint refers to the emission reduction achieved by using a product or service compared to a conventional product. Concrete and measured data on emission reductions is significant to Betolar's customers, partners, and investors who are pursuing their own climate goals. The calculation is based on third-party screening-level assessments and compares the CO_2 emission reductions of the raw material sourcing and transport life cycle stages (phases A1-A2) to a reference product in Betolar's key markets and products. The production, use, and end-of-life phases (A3-A5) were excluded from the assessment as they are assumed to be identical between Geoprime and conventional concrete.
- For 2024, the carbon handprint of the Geoprime solution increased significantly to 2,816 tons of CO_2 equivalent (tCO_2e). In 2023, the corresponding avoided emissions were 685 tCO_2e. The reason for this is the growth in sales of Geoprime solutions and sidestreams.
- The carbon dioxide emissions from Betolar's business operations for 2024 were 1,039 tCO_2e (2023: 2,672 tCO_2e). The company managed to reduce both total emissions and carbon intensity per employee in 2024 compared to 2023, largely due to a reduction in the amount of goods and services purchased and an increase in supplier-specific information. Emissions (scope 1, 2, and 3 categories) were calculated according to the internationally accepted and recommended Greenhouse Gas (GHG) Protocol.
- Betolar's own carbon dioxide emissions (scope 1, 2, and 3 categories) were calculated for the first time for the year 2022. During the reporting period, the focus was on improving the quality and completeness of the calculations and increasing transparency in calculation assumptions. Preparations for value chain emission calculations continued and data collection processes were enhanced. Although Betolar is not yet subject to the EU's Corporate Sustainability Reporting Directive (CSRD), the baseline calculation serves as a foundation for setting targets and supports the company's readiness for upcoming EU reporting obligations.

2. Ensuring the responsibility of sidestreams and activator chemicals:

- It is essential for Betolar to ensure the safe use of sidestreams and activator chemicals in its operations. All research materials (chemicals, sidestreams, wastes) used in laboratories and factory tests are risk assessed before use. The risk assessment is carried out by a five-person team. The risk assessment determines the safe ways to handle research material, such as the necessary additional equipment, personal protective equipment, and storage of research material.
- Betolar developed a Supplier Code to outline ethical principles for suppliers of activator chemicals. This document outlined the expectations and requirements related to ethical and responsible practices for suppliers.

3. Ensuring social responsibility in the construction value chain:

- For Betolar, ensuring social responsibility means guaranteeing the well-being and safety of employees and other participants in the value chain. In 2023, Betolar published a Code of Conduct intended to guide every employee and stakeholder to act responsibly and ethically.
- The company enhanced its ability to operate with diversity by training its staff on diversity and equality.

To guide its operations, Betolar utilizes a quality management system certified according to the ISO 14001 environmental standard and the ISO 45001 occupational health and safety standard. Betolar strives to ensure the highest possible quality and safety levels in its own operations, as well as those of its suppliers and customers. During the period, Betolar's ISO 9001, ISO 14001 and ISO 45001 systems were reaudited by Bureau Veritas. Based on the evaluation, Bureau Veritas granted extensions to the certificates.

Personnel and offices

The Group employed an average of 46 (1-12/2023: 60) people during the period. At the end of the period, the Group employed 36 people (31 December 2023: 53), of whom 35 (49) worked in Finland and 1 (4) outside of Finland. In Finland, the company has an office in Espoo and a research and development facility in Kannonkoski. In addition to the Indian subsidiary, the company has operations in Singapore and in Indonesia.

Betolar´s change negotiations, which started in April, were concluded at the beginning of June. During the reporting period, Betolar shifted its focus to the introduction of new operating models and ways of working to meet the rapidly changing demand for the green transition needs of the sidestreams, mining, and metals industries. Towards the end of the year, headcount decreased, partly due to the impact of the change negotiations, and recruitments were mainly replacements.

Governance

Betolar's decision-making and management are in compliance with the Finnish Limited Liability Companies Act, securities market legislation, the rules of the Nasdaq First North Growth Market, the company's Articles of Association, and other provisions applicable to the company.

The company does not comply with the Code of Corporate Governance published by the Finnish Securities Market Association, which is voluntary for companies on the First North Growth Market, as the company does not consider it justified in view of the size of the company and the scope of its business.

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Decisions of the Annual General Meeting

Betolar's Annual General Meeting, held on 27 March 2024, approved the financial statements for the financial year 2023 and discharged the members of the Board of Directors and the President and CEO from liability.

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

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

Board members and remuneration

The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Committee, that the Board of Directors will consist of seven (7) members, that Ilkka Salonen, Tero Ojanperä, Kalle Härkki, Soile Kankaanpää, Juha Leppänen and Inka Mero were re-elected as members of the Board of Directors, and that Anders Dahlblom was elected as a new member of the Board of Directors.

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

Resolutions on the authorizations of the Board of Directors

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

Both authorizations are valid until the next Annual General Meeting (and until 30 June 2025 at the latest), and they cancel the corresponding authorizations granted by the Annual General Meeting of 31 March 2023.

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

Board of Directors

The members of Betolar's Board of Directors on 31 December 2024 were Ilkka Salonen (Chairman), Tero Ojanperä (Vice Chairman), Anders Dahlblom (member), Kalle Härkki (member), Soile Kankaanpää (member), Juha Leppänen (member) and Inka Mero (member).

The Board of Directors of Betolar Plc held its organizational meeting after the Annual General Meeting. The Board elected from among its members the Chairman of the Board, the Vice Chairman of the Board, the members of the Audit Committee, and the members of the Personnel and Remuneration Committees.

Tasks of the committees

The role of the Audit Committee is to assist the Board of Directors in ensuring that the company's accounting and financial control is properly organized and that the company has a comprehensive and adequate internal control system covering all its activities. The Committee is also responsible for monitoring the company's operations and internal controls are organized in accordance with the law, regulations, and good corporate governance.

The Personnel and Remuneration Committee is responsible for assisting the Board of Directors in the preparation of personnel matters related to the activities and remuneration of the CEO and the Executive Board, as well as the company's remuneration and incentive schemes. The Committee is also responsible for monitoring remuneration in the Company and in the industries relevant to the Company.

Composition of committees

The Board elected the committee chairs and members from among its members at its organizational meeting.

Audit Committee: Chairman Anders Dahlblom, members Kalle Härkki, Soile Kankaanpää, and Ilkka Salonen. The members of the Audit Committee are independent of the company and its major shareholders, except for Anders Dahlblom, who is dependent on a major shareholder of the company.

Personnel and Remuneration Committee: Chairman Tero Ojanperä, members Kalle Härkki, Inka Mero and Ilkka Salonen. The members of the Personnel and Remuneration Committee are independent of the company and its significant shareholders.

Shareholders' Nomination Board

The composition of the Betolar Shareholders' Nomination Board was determined on 1 August 2024 based on the holdings entered in the shareholders' register, and its composition was announced on 20 August 2024. The company announced a change in the composition of the Shareholders' Nomination Board on 4 September 2024. Ahlström Invest B.V. sold all its shares in Betolar Plc. Consequently, the member appointed by the shareholder, Andreas Ahlström, resigned from the Shareholders' Nomination Board of Betolar. The Shareholders' Nomination Board decided to request the appointment of a new member for the prematurely vacated position and has offered the position to the next largest shareholder by voting power, Ilmarinen Mutual Pension Insurance Company. Ilmarinen Mutual Pension Insurance Company appointed Annika Ekman to the Nomination Board.

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

The members of the Nomination Board at the end of the period were: Alexander Ehrnrooth, Chairman of the Shareholders' Nomination Board, representing the shareholder Nidoco AB; Juha Leppänen, shareholder; Olli-Pekka Kallasvuo, representing the shareholder Ajanta Innovations Oy; and Annika Ekman, representing the shareholder Ilmarinen Mutual Pension Insurance Company. The Nomination Board also includes Ilkka Salonen, Chairman of the Board of Directors of Betolar, as the expert member.

The Committee's task is to prepare and present annually to the Annual General Meeting and, if necessary, to the Extraordinary General Meeting proposals on the composition of the Board of Directors

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and remuneration. The Nomination Committee is also responsible for identifying candidates to succeed the members of the Board of Directors and for preparing the principles of Board diversity.

Management team

The members of the Betolar Management Team on 31 December 2024 were Tuija Kalpala (CEO and President), Mikko Wirkkala (Chief Financial Officer), and Soila Söderström (General Counsel).

The Board of Directors appointed Chief Operating Officer Tuija Kalpala as the new President and CEO to accelerate the company's commercial development. Ville Voipio, Chief Commercial Officer, left the Management Team for a new role with responsibility for the construction business area and marketing. It was jointly agreed with Antti Uski, Chief Human Resources Officer, and Jarno Poskela, Chief Technology Officer, that they would leave their positions in the company, continuing in the Management Team until 13 June 2024 and in their employment with Betolar until the end of July. Mikko Wirkkala was appointed as the new CFO, and he assumed his position on 3 September 2024. Riikka Ylikoski, the company's previous CFO, continued in her position until mid-July, after which she moved to another employer. Soila Söderström, General Counsel, was appointed to the Management Team as of 29 May 2024, and is responsible for legal affairs, human resources, communications, and sustainability.

Auditor

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

Share-based incentive and retention schemes

Option schemes

Betolar has six share option incentive and engagement programs, which are designed to encourage management and selected key personnel and employees to work over the long term to increase the value of shareholdings.

Programs	Subscription price	Number of shares to be issued with options	Subscription deadline
Options 2019			
2019-2A-D	EUR 0.64	31,252	31.12.2030
Options 2020			
2020	EUR 1.31	168,280	31.12.2030
Options 2021			
2021–1	EUR 1.31	552,920	8.9.2021–31.12.2030
2021–2	EUR 1.31	60,701	1.12.2021–31.12.2030
Options 2022			
2022	EUR 5.96	366,191	1.4.2025–28.2.2027
Options 2023			
2023	EUR 2.59	666,333	1.4.2026–28.2.2028
Total		**1,845,677**	

Betolar's existing share option schemes and the related outstanding share options are described in the table below.
The 2019, 2020, and 2021 options were vested in connection with the IPO.

On 31 December 2024, the members of the Board of Directors held a total of 46,773 stock options, which entitle them to subscribe to a total of 477,573 shares in the company. On 31 December 2024, the members of the Company's Management Team held a total of 345,833 option shares entitling them to subscribe to a total of 345,833 shares in the Company. As of 31 December 2024, other employees held a total of 330,852 stock options entitling them to subscribe to a total of 384,252 shares in the company. The number of unsubscribed options issued represented 5.6% of the total number of shares in the company on 31 December 2024.

Betolar's share-based incentive and retention plan is described in note 19 of the financial statements.

Share-based payment scheme 2022-2026

The 2022-2026 Incentive Share Award Plan is based on a valid employment or management contract and the continuation of the employment or service relationship for a specified commitment period of at least 12 months, which may end on 31 August 2023, 2024, 2025, 2026, or 2027. The award will be distributed free of charge after the end of the specified commitment period. The scheme is only available to specifically designated key employees.

The fees will be paid partly in Betolar Plc shares and partly in cash. The cash portion of the remuneration is intended to cover taxes and statutory social insurance contributions for the remuneration paid to the participants. The total value of the awards to be allocated under the Incentive Share Award Plan is equivalent to a maximum of 100,000 Betolar Plc shares, including the cash portion.

As of 31 December 2024, 97,500 shares had been granted under the scheme and the vesting periods are still ongoing.

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Share and shareholders

At the end of the financial year on 31 December 2024, Betolar's share capital was EUR 80,000 and the company had issued 21,567,570 fully paid shares. The company has one class of shares with ISIN FI4000512587.

At the end of the financial period, Betolar had a total of 4,834 (4,993) shareholders. The table below shows Betolar's ten largest shareholders by number of shareholders, as of 31 December 2024. (Data source: Euroland.com)

TEN LARGEST SHAREHOLDERS 31 DECEMBER 2024

Position	Shareholders	Number of shares	% of shares
1	Nidoco AB	5,998,561	27.81
2	Leppänen Juha Markus	1,603,468	7.43
3	Ajanta Innovations Oy	1,600,463	7.42
4	Ilmarinen Mutual Pension Insurance Company	1,080,139	5.01
5	Voima Ventures Fund II Ky	828,186	3.84
6	Skandinaviska Enskilda Banken	826,735	3.83
7	Entrada Oy	591,150	2.74
8	Danske Invest Finnish Equity Fund	504,076	2.34
9	Ylitalo Kari Tapani	465,919	2.16
10	Säästöpankki Small Cap Mutual Fund	450,000	2.09
	10 largest, total	13,948,697	64.67
	Other shareholders	7,618,873	35.33
	All shares, total	21,567,570	100.00

The members of the Board of Directors and Management Team and entities controlled by them held a total of 2,584,884 shares in Betolar at the end of the financial period, accounting for approximately 12 per cent of all shares and votes.

LARGEST SHAREHOLDERS BY SECTOR 31 DECEMBER 2024

Position	Shareholders by sector	Number of shares	% of shares
1	Foreign, total	6,160,311	28.56
2	Households	5,974,596	27.70
3	Private companies	5,939,469	27.54
4	Public organizations	1,341,463	6.22
5	Financial and insurance institutions, total	838,021	3.89
6	Not-for-profit organizations, total	4,634	0.02
	Total	20,258,494	93.93
	Nominee-registered	1,309,076	6.07
	All shares, total	21,567,570	100.00

Of the shares, 6.07 % were held by nominee-registered shareholders.

SHARE PORTFOLIO DISTRIBUTION 31 DECEMBER 2024

Position	Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1	1–100	2,448	50.64	133,105	0.62
2	101–500	1,437	29.73	373,620	1.73
3	501–1,000	432	8.94	339,919	1.58
4	1,001–5,000	388	8.03	857,518	3.98
5	5,001–10,000	48	0.99	343,032	1.59
6	10,001–50,000	44	0.91	973,947	4.52
7	50,001–100,000	8	0.17	588,083	2.73
8	100,001–500,000	21	0.43	4,925,568	22.84
9	500,001–	8	0.17	13,032,778	60.43
	Total	4,834	100.00	21,567,570	100.00
	Nominee-registered	7	0.14	1,309,076	6.07
	Total issued amount		100.00	21,567,570	100.00

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

Price performance and trading

The highest quoted share price during the period was EUR 1.44 and the lowest was EUR 0.69. The volume-weighted average price was EUR 1.05. The closing price for the period was EUR 0.77, giving Betolar a market value of EUR 16,607,028.90. The total number of shares exchanged during the period was EUR 4,583,121 and the trading volume was 4,371,916 shares. The average daily turnover during the period was 17,418 shares.

Authorizations of the Board of Directors

The Board of Directors of Betolar has the following authorizations granted by the Annual General Meeting of 27 March 2024.

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Flagging notifications

During the period, Betolar received the following notifications in accordance with the Securities Markets Act.

Trade date	Shareowner	Reason for notification	% of shares and voting rights direct	% of shares and voting rights through financial instruments	total of shares and voting rights, %
16.5.2024	Nidoco AB	Exceeds 10%	13.26%	0%	13.26%
21.5.2024	Ilmarinen Mutual Pension Insurance Company	Exceeds 5%	5.51%	0%	5.51%
23.5.2024	Ahlström Invest B.V.	Exceeds 5%	6.4%	0%	6.4%
28.5.2024	Ajanta Innovations Oy	Exceeds 5%	8.16%	0%	8.16%
15.6.2024	Juha Markus Leppänen	Exceeds 15%	8.18% of shares 16.60% of voting rights[1]	0%	16.6%
29.8.2024	Nidoco AB	Exceeds 20%	21.98%	0%	21.98%
30.8.2024	Ahlström Invest B.V.	Falls below 5%	0%	0%	0%
30.8.2024	Nidoco AB	Exceeds 25%	27.81%	0%	27.81%
3.12.2024	Juha Markus Leppänen	Falls below 15%	7.43% of shares 14.69% of voting rights[2]		14.69%

1 Juha Markus Leppänen's proxy-based right to use 8.42% (1,650,387 pcs) of the votes is valid until further notice.
2 Juha Markus Leppänen's proxy-based right to use 7.26% (1,567,387 pcs) of the votes is valid until further notice.

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

The Annual General Meeting resolved to authorize the Board of Directors, in accordance with a proposal of the Board, resolve on the issuance a maximum of 1,960,688 shares (including shares to be issued under special rights) in one or more tranches corresponding to approximately ten (10) percent of all the shares in the company. The Board of Directors decides on all terms and conditions of the share issue and the issuance of option rights and other special rights entitling to shares within the limits of the authorization. The issuance of shares and special rights entitling to shares, including options, may be carried out in deviation from the shareholders' pre-emptive right (directed issue). The total number of option rights or other special rights entitling to shares to be issued for the implementation of the company's incentive and commitment programs may not exceed 800,000 new shares and/or treasury shares held by the company, the amount of which corresponds to approximately four (4) percent of the total number of shares in the company at the time of the convening of the Annual General Meeting. The number of shares to be issued for the implementation of the incentive and commitment programs is included in the maximum number of shares referred to in the authorization.

The authorization is valid until the next Annual General Meeting, but not later than 30 June 2025, and the previous authorization granted by the Annual General Meeting of 31 March 2023 to the Board of Directors was revoked.

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

The Annual General Meeting resolved to authorize the Board of Directors in accordance with the proposal of the Board to resolve on the repurchase a maximum of 1,960,688 shares, which corresponds to approximately ten (10) percent of the current number of all the company's shares. The company's own shares can only be repurchased with unrestricted equity and the shares can be repurchased on the repurchase date at a price formed in multilateral trading or otherwise at a price formed in the market. Shares may also be acquired outside public trading at a price that does not exceed the market price in public trading at the time of acquisition.

The Board of Directors decides how the shares are acquired. Own shares may be repurchased other than in proportion to the shares held by the shareholders (directed repurchase) if there is a compelling financial reason for doing so. The authorization is valid until the next Annual General Meeting, but not later than 30 June 2025, and the previous authorization granted by the Annual General Meeting of 31 March 2023 to the Board of Directors was revoked.

Strategy and business models

Betolar's strategy is to enable the green transition of various industries, especially mining and metals.

In Betolar's business model, the following focus areas are emphasized:

- Licensable Geoprime material technology solutions are offered with continuous volume-based license and material fees, which can also be tied to achieved emission reductions and benefit sharing.
- Research service projects (NRE, non-recurring engineering fee) especially for the mining industry and by-product owners.
- Commercialization of industrial by-products and waste streams, and the SidePrime analysis service.

Betolar's Board of Directors has approved the company's financial targets on 4 February 2025, which are as follows:

- Achieving positive cash flow from operating activities by the end of 2026
- The long-term financial target to achieve one billion euros in revenue and a 30 percent EBITDA margin by the end of 2033 remains unchanged.

In the long term, low-carbon solutions that replace cement are expected to grow, especially in the mining and metal industries as well as in construction, and Betolar aims to capture a significant market share.

Betolar considers itself to be in a better position than other industry operators to meet the needs for researching and commercializing alternative binders. The company has a globally scalable operating model, very strong expertise in sidestreams, and a competitive advantage with a data-driven business ecosystem platform. The company is focused on systematic data utilization in its product development processes. The success of the strategy emphasizes the rapid development and commercialization of alternative

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sidestreams. The company continuously evaluates opportunities to strengthen its position in the value chain and scalable customer segments in rapidly developing markets.

Main risks and business uncertainties

Risks and risk management

The rapid development of Betolar's business and operating environment requires strong anticipation and management of the risk environment and internal risks. Betolar's risk management supports the implementation of the company's strategy, the continuity of operations, and the achievement of objectives in accordance with the risk management policy approved by the Board of Directors.

The Risk Management Policy describes the basis of Betolar's risk management, the risk environment, the governance model, and the key processes of risk management. Betolar's Board of Directors and Management determine the level of risk that the company is willing and able to accept. The Board directs and oversees the planning and implementation of risk management.

Betolar's CEO is responsible for risk management, while the CFO is responsible for the risk management process, its development and guidance, and the monitoring and coordination of its practical implementation. Business management is responsible for the achievement of set objectives and for the management and mitigation of the risks that threaten them. Operational management is also responsible for risk management activities and for ensuring that the risk management process is carried out and that adequate resources are available.

Risk environment

Betolar's risk management policy divides risks into strategic, operational, financial, and compliance risks. In addition, the risk map used in the risk management process takes a more granular view of risks from the perspective of different business areas and processes. This allows for operational accountability, monitoring, and reporting of risks.

Strategic risks: Strategic risks are uncertainties that are mainly related to the operating environment and Betolar's ability to take advantage of or prepare for changes in the operating environment.

RISK MANAGEMENT PROCESS

Step	Content / categories	Key decisions and assessments
Strategic process	The risk environment related to the strategy and its objectives and implementation.	• Risk appetite and tolerance
Business planning	Annual recurrent risk assessmenti	• Considering risks in the business plan
Risk i dentification, classification, and assessment	• Strategic risks • Operational risks • Financial risks • Compliance risks	• Risk trend • Probability • Criticism
Mitigating risks	• Plan for active management • Avoid risk • Accept the risk	• Mitigation method • Responsibility
Risk reporting	• Internal reporting • External reporting	• The effectiveness of the risk management process • Evaluation of risk management results

Ongoing, active communication throughout the organization reinforces risk awareness and culture.

These may include the general economic situation, the performance of strategic projects, intellectual property rights, the business model, the actions of competitors, legislation, and technological developments. Strategic risks can relate to both financial and non-financial objectives.

Operational risks: Operational risks are circumstances or events that could prevent or impede the achievement of objectives or harm people, property, business, information, or other company activities. Operational risks associated with Betolar's activities relate to the performance and capacity of its supply chains, the retention and attraction of the best workforce, and the well-being and safety of its employees and those working in its supply chains. Information security and cyber risks related to the digital environment are an important risk category in Betolar's business model which has recently gained importance.

Financial risks: Financial risks are risks related to Betolar's financial position. These include liquidity, risks related to the availability and price of finance, exchange rate movements, and investments.

Compliance risks: Compliance risks are the risks associated with exposure to legal sanctions, financial losses, and material losses that Betolar faces if it does not act in accordance with industry laws and regulations or internal practices. The main risks associated with the highly internationalized nature of operations are managing and complying with the requirements of the regulatory environment in the target markets.

Main business risks

The following section describes the main risks that Betolar considers to be significant, which may have an adverse effect on its business, financial position, operating results, and market value.

Strategic risks

Risks related to the business environment: Economic cycles and uncertaintyaffect the demand for Betolar's products and services. Inflation and interest rates have weakened the outlook for the global economy, posing a risk to the implementation of Betolar's growth strategy. Geopolitical risks and the unstable global environment may affect Betolar's markets and expose the company to business risks. Betolar seeks to anticipate and mitigate strategic risks by taking advantage of emerging trends and opportunities. The global geographic diversification of the target market for its business is also a significant strategic choice.

Commercialization risks: Betolar is an early-stage technology company with solutions focused on industrial sidestreams and mining business needs. The development of solutions based on customer needs starts with consulting and piloting. Projects progressing to full commercial production may require significant investment and may not be realized. Betolar will ensure that the customer is aware of the potential need for investment in production facilities when starting a project. The transition from successful piloting to continuous commercial production may fail due to the customer's reluctance to bring the solution into production for economic, technical, or strategic reasons. Betolar manages the risk of commercialization of the technol-

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ogy and the approach it develops by continuously seeking cheaper, alternative materials, and by complementing its offering with the expertise of its external partners.

Changes in the regulatory environment: Betolar's strategic market and operating environment is affected by regulatory initiatives related to environmental sustainability both at the national and supranational level. In Betolar's target markets in Europe and Asia, significant regulatory packages are being prepared and implemented to accelerate the uptake of green and other sustainable investment and financing models, reduce the environmental and climate impacts of different sectors, protect biodiversity, and increase the activity of the carbon allowance and credit market.

Betolar estimates that the Geoprime solution will benefit from the requirements of the new regulatory projects and those in preparation. However, it is possible that the evolution of the regulatory environment is neutral for the Geoprime solution or that the regulatory environment may evolve in a direction that is unfavorable for the Geoprime solution and the associated value chain.

Operational risks

Success in delivering and selling a strong and scalable solution: Betolar is pursuing a large market for building materials as a substitute for cement, as well as creating new markets and commercial applications for unutilized industrial sidestreams. The strong commercialization and growth of the business and the building of scalability in international markets will require significant growth investments, the development and acquisition of capabilities, and the making of related strategic choices. In a rapidly opening global market, Betolar has decided to accept a higher level of risk in its strategic choices related to the definition and creation of a new market and the commercialization of its innovation.

By actively and proactively managing the product development process, Betolar manages the compliance risk of its solution-based materials, such as industrial sidestreams, construction products, and materials. Each pilot or development project will start with a survey of local regulations, standards, and other local requirements, guidelines, and practices for the intended Geoprime product and its manufacture. Compliance definition, production, and reporting will be ensured in stages as the product development process progresses. Separately, Betolar will implement the necessary testing programs to ensure long-term durability as early as possible.

The commercial, financial, and technical success of Betolar's Geoprime solution will require the commercial, financial, and technical success of the projects to ensure widespread adoption and viability. The clear phasing of deployment and continuous customer support will substantially reduce the risk of failure in deployment projects. Betolar's internal governance model supports and strengthens project management, risk management, and monitoring.

Price competitiveness of the solution: The price competitiveness of the Geoprime solution is largely based on the price and availability of the industrial sidestreams, activator components, and binders used in it. Betolar's current recipe emphasizes the market-priced raw material blast furnace slag, which is facing increasing demand and price pressure from competing blended cements as well. Betolar aims to gradually offer alternative, non-commercialized sidestreams and their utilization technologies to be used in addition to, or instead of, blast furnace slag.

Betolar also aims to strengthen its price competitiveness by increasing its position in both the construction and industrial sidestream-producing value chains, particularly in the mining industry. Creating a supply chain and further processing for industrial sidestreams increases the risk of supply chain disruptions in the early stages of operation. Based on its very high research expertise and experience, Betolar can offer technology, research, and development services for new markets such as further processing, commercialization, and utilization of non-commoditized sidestreams.

Betolar aims to target its offerings to markets and customer segments where procurement emphasizes not only price but also environmental and sustainability factors, or where Betolar's solution provides superior competitive advantage due to its technical or production properties.

Failure in large projects: The widespread adoption and profitability of Betolar's solutions requires commercial, financial, and technical success, especially in projects with the largest potential volumes.

Betolar focuses on project management and risk management. Productizing implementation, clear phasing, and utilizing the control model significantly reduce the risk of failure, especially in broader and larger-scale implementation projects. The control model supports and strengthens project management, risk management, and monitoring.

Failure of continuous recipe management: A particular strength of the geopolymer recipe used in the Geoprime solution is the possibility to use several different types and qualities of industrial sidestreams. To achieve the best possible continuous management of recipes, it is important to ensure sufficient capacity for analyzing various sidestreams. The proactive regulation of in-house analysis capacity and utilizing an external laboratory network are key means of risk management. Additionally, Betolar uses its AI-based platform to analyze new sidestreams.

Protecting intellectual property rights and trade secrets: An essential part of Betolar's strategic competitive advantage is its innovations, intellectual property rights, and confidential information related to technologies, processes, and business operations. Betolar has a strong IPR strategy and portfolio, and management processes to protect its rights through technical, legal, operational, and commercial means.

However, there is a risk that those with access to the company's intellectual property and other confidential information, such as partners, employees, and consultants, may disseminate or otherwise use that information in ways that could reduce the company's competitive advantage. Betolar fully accounts for the protection of intellectual property rights in all its contracts, as well as in the induction and ongoing training of its staff.

Key person risk: Betolar's success is based on its key people and the human capital they form. If one or more key persons decide to leave the company, this could have a significant impact on Betolar's operations, at least in the short term. Betolar invests significantly in its ability to identify, attract, and retain the best talent in its fields. Betolar aims to provide an attractive engagement and reward model, well-being benefits, and a diverse working environment. A strong, meaningful mission, a work community that combines excellence and technology, strong values, and leadership based on these values are strengths that will be nurtured and developed as the company grows and internationalizes.

Digital infrastructure and environment risks: Betolar's business depends on a functioning digital infrastructure, strong data security, and uninterrupted access to digital tools and systems. In recent

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years, cyber-attacks on public and private sector information systems and digital services have become increasingly common due to the changed security situation in Europe and the rise of cybercrime. Incidents can also be caused by human error, negligence, accidents, breakdowns, or data breaches affecting either Betolar or its service providers' systems and data. Betolar manages the protection and availability of its digital infrastructure and data by maintaining both a high level of security and data protection infrastructure and policies, and a continuous readiness to respond to potential disruptions and attacks. Data management practices aim to ensure the highest possible reliability, integrity, timeliness, and security of data. Events in company information systems are monitored around the clock and anomalous events are immediately raised as alerts.

Compliance risks

Betolar aims to offer alternative, non-commercialized industrial sidestreams and their utilization technologies to be used alongside or instead of granulated blast furnace slag. The biggest risk associated with industrial sidestreams and other alternative materials is that they are not defined in existing construction standards and therefore need to be further processed or find other uses than construction. Betolar aims to influence construction standards and actively seek other uses for non-standardized materials. However, it is possible that the development of the regulatory environment is neutral from Betolar's perspective or that the regulatory environment develops unfavorably for Betolar's solutions and the related value chain.

Betolar manages the compliance risk related to the compliance of materials based on its solution, such as sidestreams from industrial production, construction products and materials, by actively and proactively managing the product development process. At the beginning of each pilot or deployment project, the local regulations, standards, and other local requirements, guidelines and practices concerning the desired Geoprime end product and its manufacturing are mapped. The specification, production, and reporting of compliance are ensured in stages as the product development process progresses. Separately from this, Betolar implements the necessary testing programs to ensure long-term durability as early as possible.

Financial risks

Liquidity risk: Betolar's risk management aims to secure sufficient liquid assets to finance operations and repay maturing loans. The company continuously assesses and monitors the amount of financing required by the business to achieve this goal. Business cash flows and liquid assets (financial securities and cash) together with potential new debt or equity financing are the main sources of funding for future payments.

The company has taken active measures to ensure the financial conditions for implementing its updated 2023 strategy. In 2023, Betolar initiated cost structure adjustment measures aimed at achieving annual cost savings of EUR 5,000 thousand. Betolar has continued these savings measures, started change negotiations in April 2024, and reduced the size of the management team. The change negotiations led to the reduction of 13 positions, which does not jeopardize Betolar's ability to fulfil its contractual commitments, ensure customer satisfaction, or develop its business according to its strategy. The measures required to achieve the savings target were completed during the period.

Betolar also has both loan and grant financing that has not yet been realized and can be drawn upon when certain targets are met.

The company manages the risk related to the availability of financing by actively mapping equity and debt financing sources, particularly green financing, by building its capability to pursue these.

Counterparty and Credit Risks: Counterparty and credit risks are related to all business relationships where Betolar is exposed to the risk that the counterparty's performance does not meet Betolar's requirements and contractual obligations. The risk arises especially from sales and procurement transactions and the investment in cash assets. The size of the risk is determined by the size of the transaction and the creditworthiness of the counterparty. The goal of counterparty and credit risk management is to prevent and minimize losses resulting from the counterparty's failure to fulfil its obligations. The Group manages credit risk already at the contract stage by assessing the creditworthiness of the counterparty. In addition, the company's financial administration continuously monitors customers' payment behavior.

Estimate of probable future development

The uncertainty of the global economic outlook and the geopolitical situation, as well as the downturn in the construction market, are expected to continue. Interest in low-carbon cement substitutes is expected to continue in the mining and metals industries. Betolar has production deployment readiness in several solutions and Betolar will focus on the commercial promotion of solutions during 2025. Net sales for 2025 is expected to increase compared to the previous year. The company does not expect to pay a dividend in the short or medium term.

Board of Directors' proposal for the distribution of profit

The parent company's distributable free equity as of 31 December 2024 was EUR 4,927,009.21. The parent company's profit for the financial year was EUR -7,641,856.55.

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

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

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial period 1 January 2024 – 31 December 2024 and that the loss for the financial period be transferred to the profit (loss) account for previous financial periods.

Events after the period under review

- The world's lowest-emission hollow core slabs developed by Betolar and Consolis Parma enter the production phase (1/2025).
- Betolar studied the circular economy use of ashes generated from Alva-yhtiöt energy production using the SidePrime analysis service (2/2025).
- Betolar updates its financial targets (2/2025).

Annual General Meeting

The Annual General Meeting of Betolar Plc is planned to be held on 27 March 2025. The notice of the Annual General Meeting will be published later.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	1 Jan. - 31 Dec. 2024	1 Jan. - 31 Dec. 2023
NET SALES	3	761,684	515,274
Other operating income	4	946,542	201,006
Materials and services	5	-197,633	-175,495
Personnel expenses	6	-4,716,744	-6,836,171
Depreciation, amortisation and impairment	7	-2,147,783	-2,079,020
Other operating expenses	8	-2,609,829	-4,885,347
Operating profit (loss)		**-7,963,763**	**-13,259,753**
Financial income	9	550,854	294,028
Financial expenses	9	-384,677	-211,436
Profit (loss) before taxes		**-7,797,586**	**-13,177,161**
Income taxes	10	-5,406	-5,333
Change in deferred taxes	10	71,195	29,417
Result for the financial year		**-7,731,797**	**-13,153,077**

EUR	Note	1 Jan. - 31 Dec. 2024	1 Jan. - 31 Dec. 2023
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences		599	1,838
Total comprehensive income		**-7,731,199**	**-13,151,239**
Profit for the period attributable to			
Shareholders of the parent company		-7,731,797	-13,153,077
Non-controlling interests		0	0
		-7,731,797	**-13,153,077**
Comprehensive income for the period attributable to			
Shareholders of the parent company		-7,731,199	-13,151,239
Non-controlling interests		0	0
		-7,731,199	**-13,151,239**
Earnings per share			
Earnings per share, basic and adjusted for dilution, EUR	11	-0.36	-0.67

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CONSOLIDATED BALANCE SHEET

EUR	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Non-current assets			
Development expenses	12	3,835,744	4,309,011
Other intangible assets	12	0	0
Property, plant and equipment	13	1,010,060	1,050,259
Right-of-use assets	14	189,104	413,845
Other non-current receivables	16	194,451	209,270
Deferred tax assets	10	130,873	59,772
Non-current assets, total		**5,360,233**	**6,042,157**
Current assets			
Trade receivables	15	133,827	228,964
Other receivables	16	106,270	148,049
Accrued income and prepaid expenses	16	479,843	502,074
Investments	21	6,899,153	13,371,638
Cash and cash equivalents	17	2,087,786	942,937
Current assets, total		**9,706,878**	**15,193,661**
Total assets		**15,067,111**	**21,235,818**

EUR	Note	31 Dec. 2024	31 Dec. 2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	18	80,000	80,000
Invested unrestricted equity reserve	18	47,359,358	45,172,417
Translation differences		6,872	6,274
Retained earnings		-31,565,439	-18,319,480
Profit for the financial period		-7,731,797	-13,153,077
Total equity		**8,148,994**	**13,786,134**
Non-current liabilities			
Capital loans	22	5,149,582	4,801,712
Loans from financial institutions	22	3,526	6,976
Government loan	22	287,961	374,610
Lease liabilities	14, 22	70,545	221,562
Deferred tax liabilities		97	187
Non-current liabilities, total		**5,511,712**	**5,405,047**
Current liabilities			
Loans from financial institutions	22	3,662	3,484
Government loans	22	111,934	0
Lease liabilities	14, 22	135,703	197,538
Accounts payable	22	173,961	417,531
Other payables	23	83,032	145,845
Accruals and deferred income	23	898,112	1,280,238
Current liabilities, total		**1,406,404**	**2,044,637**
Total liabilities		**6,918,117**	**7,449,684**
Shareholders' equity and liabilities, total		**15,067,111**	**21,235,818**

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CONSOLIDATED CASH FLOW STATEMENT

EUR	Note	1 Jan. - 31 Dec. 2024	1 Jan. - 31 Dec. 2023
Cash flow from operating activities			
Profit for the financial period		-7,731,797	-13,153,077
Adjustments:			
Depreciation, amortisation and impairment	7	2,147,783	2,079,020
Net financial income and expenses	9	-165,756	-82,592
Share-based payments	19	-92,883	269,288
Other adjustments		39,753	17,492
Income taxes	10	-71,190	-29,426
Cash flow before change in working capital		-5,874,091	-10,899,295
Change in working capital:			
Change in accounts payable and other payables	23	-688,509	-257,719
Change in trade receivables and other receivables	15	101,305	-512,021
Cash flow from operating activities before financing items and taxes		-6,461,295	-11,669,034
Interest paid and payments for other financial expenses	9	19,261	-6,610
Net cash flow from operating activities (A)		**-6,442,034**	**-11,675,645**
Cash flows from investing activities			
Investments in tangible and intangible assets	12,13	-1,365,889	-3,179,379
Investments in other assets	21	7,013,586	12,403,671
Change in loan receivables		8,075	3,333
Net cash flow from investing activities (B)		**5,655,773**	**9,227,624**

EUR	Note	1 Jan. - 31 Dec. 2024	1 Jan. - 31 Dec. 2023
Cash flows from financing activities			
Share issues	18	2,352,826	0
Transaction costs of share issue	18	-165,885	0
Long-term loan disbursements	22	0	2,500,000
Short-term loan disbursements	22	0	0
Repayment of short-term loans	22	-3,484	-3,315
Repayments of lease liabilities	22	-252,345	-272,806
Net cash flows from financing activities (C)		**1,931,111**	**2,223,879**
Change in cash and cash equivalents (A + B + C) increase (+)/decrease (–)		1,144,850	-224,141
Cash and cash equivalents at the beginning of the period		942,937	1,167,078
Change		1,144,850	-224,141
Cash and cash equivalents at the end of the period		2,087,786	942,937

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STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent						
EUR thousand	NOTE	Share capital	Invested unrestricted equity reserve	Share issue	Treasury shares	Translation differences	Retained earnings	Total equity
Shareholders' equity 1 Jan. 2024		80,000	**45,172,417**	**0**	**0**	**6,274**	**-31,472,557**	**13,786,134**
Comprehensive income								
Profit (loss) for the financial period		0	0	0	0	0	-7,731,797	-7,731,797
Other comprehensive income								
Translation differences		0	0	0	0	599	0	599
Comprehensive income (loss) for the period, total		**0**	**0**	**0**	**0**	**599**	**-7,731,797**	**-7,731,199**
Transactions with owners								
Issues less transaction costs	18	0	0	0	0	0	0	0
Registration of shares	18	0	2,186,941	0	0	0	0	2,186,941
Cancellation of treasury shares	18	0	0	0	0	0	0	0
Share-based payments	19	0	0	0	0	0	-92,882	-92,882
Other adjustments		0	0	0	0	0	0	0
Total transactions with owners		**0**	**2,186,941**	**0**	**0**	**0**	**-92,882**	**2,094,059**
Shareholders' equity 31 Dec. 2024		**80,000**	**47,359,358**	**0**	**0**	**6,872**	**-39,297,236**	**8,148,994**

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STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent						
EUR thousand	**NOTE**	**Share capital**	**Invested unrestricted equity reserve**	**Share issue**	**Treasury shares**	**Translation differences**	**Retained earnings**	**Total equity**
Shareholders' equity 1 Jan. 2023		**80,000**	**45,086,315**	**0**	**0**	**4,435**	**-18,588,767**	**26,581,983**
Comprehensive income								
Profit (loss) for the financial period		0	0	0	0	0	-13,153,077	-13,153,077
Other comprehensive income								
Translation differences		0	0	0	0	1,838	0	1,838
Comprehensive income (loss) for the period, total		**0**	**0**	**0**	**0**	**1,838**	**-13,153,077**	**-13,151,239**
Transactions with owners								
Issues less transaction costs	18	0	0	0	0	0	0	0
Registration of shares	18	0	0	0	0	0	0	0
Cancellation of treasury shares	18	0	0	0	0	0	0	0
Share-based payments	19	0	86,102	0	0	0	269,288	355,390
Other adjustments		0	0	0	0	0	0	0
Total transactions with owners		**0**	**86,102**	**0**	**0**	**0**	**269,288**	**355,390**
Shareholders' equity 31 Dec. 2023		**80,000**	**45,172,417**	**0**	**0**	**6,274**	**-31,472,556**	**13,786,134**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC INFORMATION ABOUT THE GROUP

The Group's parent company is Betolar Plc. Betolar Plc (hereinafter referred to as the "Company" or "Betolar") is a Finnish public limited company domiciled in Kannonkoski, Finland. The registered address of the company is Mannilantie 9, 43300 Kannonkoski, Finland.

Betolar is a circular economy enabler and materials technology specialist, providing innovative solutions to help use industrial sidestreams to produce low-carbon and cement-free products for the mining and construction sectors. Betolar's mission is to help reduce carbon emissions and the use of virgin resources in mining and construction.

Betolar's circular economic innovations significantly reduce CO2 emissions from cement use and the use of virgin raw materials by utilizing industrial sidestreams. Betolar is continuously developing its low-carbon Geoprime solution for the mining, metals and construction industries. In addition, Betolar's AI-based data platform creates value from industrial sidestreams and accelerates solution development. The SidePrime analytics service, based on the data platform, maps the potential for utilization of industrial sidestreams and waste.

2. ACCOUNTING PRINCIPLES

2.1. ACCOUNTING POLICY

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 financial year ended on 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations Committee (IFRIC) in force on 31 December 2024. 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.

The Group's financial statements are presented in euros, which is the company's functional and presentation currency. The figures presented in these financial statements have been rounded up or down, and therefore the aggregates for individual figures may differ from the total figures presented in the tables. Transactions denominated in foreign currencies are converted into the functional currency at exchange rates prevailing on the date of the transaction.

Betolar has not yet applied the revised standards already issued by the IASB, which are mandatory for the financial years beginning on or after 1 January 2025.

Betolar Group's accounting principles are described in each note to make them easier to understand. The following table summarises the notes that present each accounting principle.

Accounting principle	Note	IFRS
Revenue recognition principles for sales	3	IFRS 15
Research and development expenses	12	IAS 38
Personnel expenses	6	IAS 19
Income taxes	10	IAS 12
Earnings per share	11	IAS 33
Intangible assets	12	IAS 38
Tangible assets	13	IAS 16
Leases	14	IFRS 16
Government grants	22	IAS 20
Trade receivables	15	IFRS 9
Share-based payments	19	IFRS 2
Financial assets and liabilities	21,22	IFRS 9

2.2. ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND KEY UNCERTAINTIES RELATING TO ESTIMATES

Under IFRS, the preparation of financial statements requires discretion by the management regarding the selection and application of accounting principles. In addition, the management has had to make forward-looking accounting estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses recognised during the reporting period, and the outcomes may differ from these estimates. The estimates and assumptions are based on historical experience and other justifiable assumptions considered reasonable when the financial statements are prepared. It is possible that actual outcomes differ from the estimates used in the financial statements.

- The discretionary decisions that Betolar's management has made when applying the accounting principles and which have the most significant impact on the figures presented in the financial statements concern the following areas:
- Revenue recognition: determination of performance obligations and stand-alone selling prices and method of revenue recognition over time (Note 3)
- Treatment of leases: estimates of lease term and incremental borrowing rate (Note 14)
- Deferred tax assets from losses (Note 10)

2.3. CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the parent company Betolar Plc and all of its subsidiaries over which the parent company has control. Controls arises when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-Group shareholding has been eliminated using the acquisition cost method. Acquired subsidiaries are consolidated from the moment the Group acquires control and transferred subsidiaries are consolidated until control ceases. All intra-Group transactions, receivables, liabilities and unrealised gains and internal distribution of profit are eliminated in preparing the consolidated financial statements. Where necessary, the accounting policies of subsidiaries have been amended in the consolidation to reflect the accounting principles of the consolidated financial statements.

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Items denominated in foreign currencies

The figures concerning the profit and loss and financial position of the Group's units are measured in the currency that is the currency in the principal operating environment of each unit ('functional currency'). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

Transactions denominated in foreign currencies are recorded in the functional currency using the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the end of the reporting period. Gains and losses arising from foreign currency transactions and the translation of monetary items are measured through profit or loss.

The income and expense items of foreign Group companies are translated into euros at the average exchange rates for the reporting period and balance sheets at the exchange rate on the closing date. The translation of the result and comprehensive income for the period at different rates in the statement of comprehensive income and balance sheet results in a translation difference recognised in shareholders' equity on the balance sheet, the change in which is recognised in other comprehensive income.

2.4. NEW AND REVISED STANDARDS AND INTERPRETATIONS TO BE APPLIED IN FUTURE FINANCIAL YEARS

On the date when these financial statements were authorised for release, the Group has not adopted the following new and revised IFRS standards that have been issued but have not yet become effective. The management does not expect them to have a material impact on the consolidated financial statements in future reporting periods. They will be adopted from the date of their entry into force.

Amendments to IAS 21 - Lack of Exchangeability

(Effective for financial years beginning on or after 1 January 2025, early application is permitted)
An entity is impacted by the amendments when it has transactions of an operation in a foreign country that is not exchangeable into another currency at a measurement date for a specified purpose.

3. NET SALES FROM CONTRACTS WITH CUSTOMERS

Betolar Group's earnings model is based on the licensing of the Geoprime concept and the acquisition and resale of chemicals used as part of the Geoprime technology. Betolar's net sales consist of customer pilots and research services, licensing fees and the resale of chemicals to customers as part of the Geoprime concept.

SALES REVENUE DISTRIBUTION

EUR	Revenue recognition	2024	2023
	Over time	761,684	515,274
Sales revenue, total		**761,684**	**515,274**

BREAKDOWN OF SALES REVENUE BY MARKET AREA

The table below shows a breakdown of the Group's sales revenue according to the customer's domicile.

EUR	2024	2023
Finland	280,584	119,658
Europe	298,486	154,456
Other countries	182,614	241,160
	761,684	**515,274**

ASSETS AND LIABILITIES UNDER SALE AGREEMENTS

TThe following assets and liabilities arising from contracts with customers are included in the consolidated balance sheet:

EUR	2024	2023
Assets related to contracts with customers (receivables)	0	0
Liabilities under contracts with customers (advances received)	0	0

SIGNIFICANT CHANGES IN CONTRACTUAL ASSETS AND LIABILITIES

TThe Group's assets related to contracts with customers consist of trade receivables, no other contractual funds have been identified. The change in trade receivables is based on the growth in business volume.

REVENUE RECOGNISED IN RELATION TO CONTRACTUAL LIABILITIES

The table below shows the proportion of sales revenue recognised in the reporting period that relates to contractual liabilities that were carried over from the previous financial year.

EUR	2024	2023
Recognised revenue that was included in the contractual liabilities at the beginning of the period	0	0

ASSETS RECOGNISED FROM COSTS INCURRED IN PERFORMING THE CONTRACT

FFor the periods 2024 and 2023, the Group has not identified the costs incurred in fulfilling the contract for which an asset should be recognised.

	2024	2023
Asset recognised from costs incurred in performing the contract	0	0

Accounting principle

Betolar Group applies IFRS 15 Revenue from Contracts with Customers. Revenue is recognised up to the amount expected to be received from customers in consideration for the transfer of the product or service. Revenue is recognised when either control of the product has been transferred or the service has been transferred to the customer. Revenue is recognised either at a point in time or over time. These principles are applied by following the five-step guide:
1) Identification of the contract,
2) Identification of performance obligations;
3) Determination of the transaction price;
4) Allocation of the transaction price to performance obligations and
5) Revenue recognition

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Geoprime customer contracts consist of the following components:

- Revenue from customer pilots and research service projects. Customer pilots and research service projects involve a pilot or research service provided to a customer in the form of a project. * Licence maintenance fee: fixed licence fee. Gives the customer access to Betolar's Geoprime formulas. The formulas also include a service that helps the customer to optimise their production and the right to use the modified formulas, as a result of continuous development work. In accordance with IFRS 15.B56a, a licence is a right to access an entity's intellectual property as it exists for the entire period of the licence. All changes in the formulas are available to the customer throughout the contract period.
- Royalty fee: A royalty based on the customer's production volume. A licence agreement for the Geoprime concept, where net sales consist of a royalty per cubic metre of Geoprime material with which the customer manufactures products. All changes in the formulas and the total solution included in the trademark are available to the customer throughout the contract period.
- Sales of chemicals: Betolar offers the chemicals used in its solution to its customer as part of the Geoprime concept. The sale of chemicals is a resale product for Betolar. Betolar has the right to change the chemicals offered to customers in accordance with the formulas. The fee for sales of chemicals is based on the quantities of chemicals delivered. “

Betolar has identified the sold total solution to include two performance obligations that are recognised over time. The pricing for the performance obligations is based on fixed stand-alone selling prices agreed in the agreements.

Betolar has not identified any additional costs incurred in obtaining the contracts or costs incurred in performing the contract.

Significant decisions based on management discretion

Revenue recognition involves management discretion. The determination of performance obligations and stand-alone sales prices, as well as the interpretation of the recognition method over time, involve significant discretion.

Betolar has interpreted the Geoprime solution as containing two performance obligations, one for licence sales and one for chemical sales.

Separate sales prices are agreed at the contract stage with customers and this is based on a pricing policy that is at the discretion of management.

The overall solution as a single performance obligation is recognised as revenue over time. Licence fees for a bundled solution are identified as a right of access, in which case the entity shall treat the grant of the licence as a performance obligation to be settled over time because the customer simultaneously receives and consumes the benefits of the output of the entity, which is the provision of access to its intangible assets, as the output is produced. Betolar's performance can also be seen as creating an asset for the customer over which the customer has control, and therefore Geoprime material produced using Geoprime technology, with revenue recognition also occurring over time.

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4. OTHER OPERATING INCOME

EUR	2024	2023
Grants received	943,338	184,994
Other income	3,204	16,012
	946,542	**201,006**

Accounting principle

Grants received include grants that have been earmarked for expensed projects. The grants received consist of main project grans from Business Finland.

5. MATERIALS AND SERVICES

EUR	2024	2023
Materials, goods and supplies		
Purchases during the period	-197,633	-155,841
Change in inventories	0	0
External services	0	-19,654
Total	**-197,633**	**-175,495**

Accounting principle

The Group's materials and services consist of purchases and external services. Expenses are recognised as expenses for the financial year in accordance with the accrual principle when they are incurred and when the related sales are recognised.

6. PERSONNEL EXPENSES

EUR	2024	2023
Salaries and fees	-4,055,851	-5,449,800
Pension expenses - defined contribution plans	-633,718	-899,043
Other social security expenses	-120,057	-218,040
Share-based payments	92,882	-269,288
Total	**-4,716,744**	**-6,836,171**

	2024	2023
The Group's personnel on average during the financial year	46	60

Accounting principle

The Group's personnel expenses consist of short-term employee benefits, post-employment benefits (statutory defined contribution pension plans) and share-based remuneration. Current service cost is recognised through profit or loss and disclosed in personnel expenses for the period in which the related services are performed. A liability is recognised when a statutory or constructive obligation has arisen for the Group based on the work performed and the amount of the obligation can be estimated reliably. Information about the remuneration of the management is provided in Note 25 on related party transactions and information on share-based payments in Note 19.

Pension obligations

The Group currently has only defined contribution plans in place. Payments for them are recognised as expenses in the income statement for the financial period to which they relate. The Group has no legal or constructive obligation to pay additional contributions if the recipient entity is unable to pay the retirement benefits concerned.

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7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR	2024	2023
Depreciation and amortisation of development expenses	-1,779,241	-1,649,625
Amortisation of intangible assets	-2,030	-30,403
Depreciation of tangible assets	-127,887	-150,658
Amortisation of right-of-use assets	-238,625	-248,333
Total	**-2,147,783**	**-2,079,019**

8. OTHER OPERATING EXPENSES

EUR	2024	2023
Personnel-related expenses	-103,747	-244,106
Facilities expenses	-73,447	-96,963
Vehicle expenses	-4,436	-12,507
IT expenses	-333,644	-431,612
Other machinery and equipment expenses	-111,774	-311,188
Marketing and communication expenses	-171,479	-278,799
Travel and entertainment expenses	-225,905	-475,006
Research and development expenses	-277,342	-831,526
Administrative services	-982,526	-1,874,939
Other expenses	-325,529	-328,699
Total	**-2,609,829**	**-4,885,345**

Accounting principle

The Group's other operating expenses consist of voluntary personnel expenses, IT expenses and research and development expenses, which are not capitalised as part of balance sheet development expenses and administrative services.

Auditor's fees

EUR	2024	2023
PricewaterhouseCoopers Oy		
Audit fee	77,291	71,727
Tax advice	0	14,000
Other fees	15,008	38,456
Total	**92,299**	**124,183**

The other services included in the auditors´ fees for 2024 consists of consulting and separate project audit. The other services included in the auditors' fees for 2023 consist of IFRS conversion consulting and consulting on intra-group agreements.

9. FINANCIAL INCOME AND EXPENSES

Financial income EUR	2024	2023
Interest income and other financial income	550,854	288,568
Foreign exchange gains	838	5,460
Other financial income	0	0
Total	**551,692**	**294,028**

Financial expenses EUR	2024	2023
Interest expenses	-348,291	-149,848
Exchange rate losses	-2,123	-18,286
Interest expenses on lease liabilities	-27,602	-18,801
Other financial expenses	-7,499	-24,502
Total	**-385,515**	**-211,437**

Accounting principle

Interest expenses consist mainly of interest expenses on financial liabilities. In addition, the other most significant items of financial expenses consist of interest expenses in accordance with IFRS 16 and a change in the fair value of financial assets.

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10. TAXES

10.1. Income taxes

EUR	2024	2023
Tax through profit or loss	-5,406	-5,333
Change in deferred taxes	71,195	29,417
Total	**65,789**	**24,084**

Reconciliation between the tax expense of the income statement and the taxes calculated at the company's domestic tax rate:

EUR	2024	2023
Profit before taxes	-7,797,586	-13,177,161
Income taxes calculated at the Finnish tax rate, 20%	1,559,517	2,635,432
Non-deductible expenses and tax-exempt income	-331,535	-269,309
Share-based payments	18,576	-53,858
Difference between foreign tax rates and Finnish tax rate	1,395	-9,566
Tax losses and temporary differences for which no deferred tax asset has been taken into account	-1,182,178	-2,277,429
Other items	13	-1,187
Income taxes on the income statement	**65,789**	**24,084**

Accounting principle

The tax expense consists of current tax and deferred tax. Taxes are recognised through profit or loss, except when they relate directly to items recognised in equity or other comprehensive income. In this case, taxes are also recorded in these items. The Group has not recognised income taxes in other comprehensive income.

Current tax is calculated on the basis of the current tax rate in each country or the rate actually adopted by the closing date. The Group deducts current tax assets and tax liabilities if, and only if, the Group has a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxes are calculated from temporary differences between the carrying amount and the tax base. However, a deferred tax liability is not recognised on initial recognition of goodwill or if it arises from initial recognition of an asset or liability, if it is not a business combination and if the transaction, at the time it takes place, does not affect accounting profit or taxable income.

10.2. Deferred tax

EUR Changes in deferred tax assets	1 Jan. 2024	Recognised through profit or loss	Recognised in equity	31 Dec. 2024
IFRS 16 accounting entries	1,051	2,378	0	3,429
Other items	58,721	68,723	0	127,444
Total	**59,772**	**71,100**	**0**	**130,873**

EUR Changes in deferred tax assets	1 Jan. 2023	Recognised through profit or loss	Recognised in equity	31 Dec. 2023
IFRS 16 accounting entries	2,185	-1,134	0	1,051
Other items	27,974	30,747	0	58,721
Total	**30,160**	**29,613**	**0**	**59,772**

EUR Changes in deferred tax liabilities	1 Jan. 2024	"Recognised through profit or loss"	Translation differences	Recognised in equity	31 Dec. 2024
Other items	187	-94	4	0	97
Total	**187**	**-94**	**4**	**0**	**97**

EUR Changes in deferred tax liabilities	1 Jan. 2023	"Recognised through profit or loss"	Translation differences	Recognised in equity	31 Dec. 2023
Other items	0	195	-9	0	187
Total	**0**	**195**	**-9**	**0**	**187**

Tax losses and other temporary differences for which no deferred tax asset has been recognised	31 Dec. 2024	31 Dec. 2023
Confirmed losses	-38,576,081	-32,688,443
	-38,576,081	**-32,688,443**

Tax losses for which no deferred tax has been recorded are due to the Group's strong investments in technology development, commencement of commercialisation and acquisition of the necessary competencies.

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Significant decisions based on management discretion

Tax assets and liabilities are based on an estimate of the amount of tax payable or refundable on the basis of current taxable income. Long-term tax assets are not discounted.

The company has deferred tax assets and liabilities that are expected to be recognised in the income statement during certain periods in the future. The management has made assumptions and used certain estimates in relation to the tax consequences for the years to come resulting from differences in the carrying amounts of assets and liabilities recognised in the financial statements and their tax bases.

The main assumptions relate, for example, to the fact that the recovery period of the estimated deductible confirmed tax losses remains unchanged and that the current tax laws and tax rates will remain unchanged for the foreseeable future.

At each balance sheet date, the recoverability of the deferred tax assets is assessed, and if circumstances indicate that there will be no future taxable profit against which the temporary difference can be utilised, the deferred tax asset is written off to the available amount.

10.3. CONFIRMED LOSSES

Confirmed losses expire in 10 years. Tax losses expire as follows:

EUR	2024	2023
Due in 5 years	926,667	319,249
Due later than in 5 years	37,649,414	32,369,194
Total	**38,576,081**	**32,688,443**

11. EARNINGS PER SHARE

The basic and diluted loss per share is calculated by dividing the loss for the period by the weighted average of ordinary shares.

EUR	2024	2023
Profit for the financial period	-7,731,797	-13,153,077
Weighted average number of ordinary shares issued	21,567,570	19,606,882
Loss per share, undiluted and adjusted for dilution	-0.36	-0.67

Accounting principle

Earnings per share are calculated by dividing the profit for the financial year by the average number of ordinary shares outstanding during the year weighted by issuance dates. The Group's potential dilutive instruments consist of stock options issued in 2019, 2020, 2021, 2022 and 2023 as well as the convertible bond issued and converted in 2021. Since the Group has made a loss, the stock options and the convertible bond would not have a dilutive effect and are therefore not included in the calculation of the diluted loss per share. Therefore, there is no difference between the basic and diluted adjusted earnings per share. In the future, these options may have a dilutive effect on earnings per share.

12. INTANGIBLE ASSETS

EUR Intangible rights	Development expenses	Other intangible assets	Total
Acquisition cost on 1 January 2024	8,258,020	42,016	8,300,036
Increases	1,308,004	0	1,308,004
Deductions	0	0	0
Acquisition cost on 31 December 2024	**9,566,025**	**42,016**	**9,608,041**
Accumulated depreciation on 1 January 2024	-3,949,009	-42,016	-3,991,025
Accumulated depreciation of deductions and transfers	0	0	0
Depreciation for the financial period	-1,781,271	0	-1,781,271
Impairment	0	0	0
Accumulated depreciation on 31 December 2024	**-5,730,280**	**-42,016**	**-5,772,296**
Book value on 1 January 2024	4,309,011	0	4,309,011
Book value on 31 December 2024	**3,835,744**	**0**	**3,835,744**

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EUR Intangible rights	Development expenses	Other intangible assets	Total
Acquisition cost on 1 January 2023	5,955,839	42,016	5,997,855
Increases	2,302,181	0	2,302,181
Deductions	0	0	0
Acquisition cost on 31 December 2023	**8,258,020**	**42,016**	**8,300,036**
Accumulated depreciation on 1 January 2023	-2,299,384	-11,613	-2,310,997
Accumulated depreciation of deductions and transfers	0	0	0
Depreciation for the financial period	-1,649,625	-30,403	-1,680,028
Impairment	0	0	0
Accumulated depreciation on 31 December 2023	**-3,949,009**	**-42,016**	**-3,991,025**
Book value on 1 January 2023	3,656,456	30,403	3,686,859
Book value on 31 December 2023	**4,309,011**	**0**	**4,309,011**

Accounting principle

The company's intangible assets consist of development costs and other intangible assets, which mainly information systems.

Development expenses and other intangible assets are recognised on the balance sheet at acquisition cost, if the cost can be reliably determined and it is likely that the expected economic benefit from the asset will flow to the Group. The residual values, useful lives and depreciation methods of assets are reviewed at the end of each financial period and, if necessary, adjusted to reflect the changes in the expected economic benefits.

Research and development expenses

Betolar recognises research expenses, such as the acquisition of new knowledge and the search for product and process alternatives, as expenses on an accrual basis, i.e. at the time the expenses are incurred.

Betolar capitalises development expenses in intangible assets if they are expected to generate income in several financial years. When the company classifies an intangible asset as development expenses, completion is technically feasible so that the asset is available for use or sale, the entity has the ability, intention and resources to complete the asset and use or sell it. The company estimates that an asset has probable future economic benefits that can be demonstrated and that the company can reliably measure the costs incurred from the intangible asset during its development phase.

At the end of each reporting period, the company evaluates whether there are indications that the capitalised development expenses have decreased in value. Estimates of capitalised development costs are subject to uncertainties and it is possible that, as conditions change, the expected return on development projects will change. The value of capitalised development costs may decrease if the expected economic benefits change. If the expected return on a capitalised asset is less than the sum of the development expenses recognised on the balance sheet, the value of the capitalised development expenses is adjusted by means of an impairment charge to correspond to the expected return.

Capitalised development costs are depreciated on a straight-line basis over their useful life of 5 years.

Borrowing costs

EUR 30 thousand of borrowing costs related to development expenses were capitalised during the financial year (2023: EUR 25 thousand). The interest rate used is the effective interest rate on loans.

Other intangible assets

Other intangible assets mainly include computer software. The amortisation period for other intangible assets with a limited useful life is 5 years.

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13. PROPERTY, PLANT AND EQUIPMENT

EUR Property, plant and equipment	Machinery and equipment	Buildings and structures	Land and Waters	Other tangible assets	Right-of-use assets	Total
Acquisition cost on 1 January 2024	611,831	706,199	52,845	42,750	932,114	2,345,739
Increases	0	87,639	0	0	19,528	107,167
Deductions	0	0	0	0	-5,644	-5,644
Translation differences	50	0	0	0	0	50
Acquisition cost on 31 December 2024	**611,881**	**793,838**	**52,845**	**42,750**	**945,998**	**2,447,311**
Accumulated depreciation, amortisation and impairment on 1 January 2024	-311,651	-51,715	0	0	-518,269	-881,635
Depreciation for the financial period	-75,938	-51,949	0	0	-238,625	-366,512
Impairment	0	0	0	0	0	0
Accumulated depreciation, amortisation and impairment on 31 December 2024	**-387,590**	**-103,663**	**0**	**0**	**-756,894**	**-1,248,147**
Book value on 1 January 2024	300,180	654,484	52,845	42,750	413,845	1,464,104
Book value on 31 December 2024	**224,291**	**690,174**	**52,845**	**42,750**	**189,104**	**1,199,164**

Property, plant and equipment	Machinery and equipment	Buildings and structures	Land and Waters	Other tangible assets	Right-of-use assets	Total
Acquisition cost on 1 January 2023	460,949	8,017	0	42,750	749,023	1,260,739
Increases	151,344	698,182	52,845	0	286,570	1,188,941
Deductions	0	0	0	0	-103,479	-103,479
Translation differences	-462	0	0	0	0	-462
Acquisition cost on 31 December 2023	**611,831**	**706,199**	**52,845**	**42,750**	**932,114**	**2,345,739**
Accumulated depreciation, amortisation and impairment on 1 January 2023	-210,255	-2,453	0	0	-269,936	-482,644
Depreciation for the financial period	-101,396	-49,262	0	0	-248,333	-398,991
Impairment	0	0	0	0	0	0
Accumulated depreciation, amortisation and impairment on 31 December 2023	**-311,651**	**-51,715**	**0**	**0**	**-518,269**	**-881,635**
Book value on 1 January 2023	250,694	5,564	0	42,750	479,087	778,095
Book value on 31 December 2023	**300,180**	**654,484**	**52,845**	**42,750**	**413,845**	**1,464,104**

Accounting principle

Property, plant and equipment consists mainly of machinery and equipment, buildings and structures and right-of-use assets subject to IFRS 16, which in the financial years 2024 and 2023 have concerned the company's premises leases and machine and equipment leases. These are set out in more detail in Note 14.

Tangible fixed assets are valued at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment. Assets are depreciated at the maximum residual depreciation rates for tax purposes.

The estimated useful lives are as follows:

- Machinery and equipment 5 years
- Buildings and structures 10–20 years
- Other tangible assets 5 years

The residual values, useful lives and depreciation methods of assets are reviewed at the end of each financial period and, if necessary, adjusted to reflect the changes in the expected economic benefits.

14. LEASES

Betolar Group acts as a lessee and has leased office premises and machinery and equipment through leasing agreements. A contract is considered to be, or contain, a lease if the contract conveys the right to control the use of an identified asset for a limited period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a lease liability. A right-of-use asset is recognised on the balance sheet at an amount that corresponds to the lease liability, advances paid and direct expenses of the lease. Subsequently, right-of-use assets are measured at the acquisition cost less any accumulated depreciation and impairment losses. It is adjusted for certain remeasurements of the lease liability. The lease liability corresponds to the present value of the lease payments at the reporting date. The income statement recognises depreciation that is related to lease assets and interest expenses that are related to the lease liability.

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At the commencement date, right-of-use assets that are capitalised under leases and the corresponding lease liability are measured at the present value of the minimum lease payments that are not paid at that date. The Group uses the incremental borrowing rate as the discount rate for lease payments.

For open-ended contracts that include an option to extend or terminate, the Group assesses whether the options will be used to determine the lease term. Considering the operating environment of the company at the moment, making estimates of more than two years is challenging. For this reason, the company has decided to use a probable two-year extension option for contracts of indefinite duration.

IFRS 16 provides practical expedients for the derecognition of right-of-use assets and lease liabilities that relate to:

- short-term leases (lease term up to 12 months).
- leases of low-value assets (the value of each asset as new does not exceed approximately EUR 5,000).

Significant decisions based on management discretion

The Group's leases consist mainly of business premises, the leases of which remain in effect until further notice. The management has to assess the likelihood of exercising such an extension option, which will have a corresponding impact on the estimated duration of the lease term and the amounts of the right-of-use asset, lease liability, depreciation and interest expenses. The impact of the exercise of the options on the financial benefits received by the Group has been taken into account in the assessment. Extension options are included in the lease period until their exercise is reasonably certain.

Right-of-use asset items on the balance sheet	31 Dec. 2024	31 Dec. 2023
Business premises	171,617	372,095
Machinery and equipment	17,487	41,750
Total	**189,104**	**413,845**

Lease liabilities on the balance sheet	31 Dec. 2024	31 Dec. 2023
Long-term	70,545	221,562
Short-term	135,703	197,538
Total	**206,248**	**419,100**

Additions to right-of-use assets for the financial year 2024 amounted to EUR 19,528 (2023: EUR 295,077).

Items recognised through profit or loss	2024	2023
Interest expenses on lease liabilities (included in financial expenses)	-27,602	-18,801
	-27,602	**-18,801**

Amortisation of right-of-use assets	2024	2023
Business premises	-228,501	-218,333
Machinery and equipment	-10,124	-30,000
Total	**-238,625**	**-248,333**

Expenses of right-of-use assets	2024	2023
Expenses in the income statement that are related to leases of minor value	-710	-11,876
Expenses in the income statement that are related to short-term leases (less than 12 months)	-9,996	-18,579
	-10,706	**-30,455**

The outgoing cash flow from leases in 2024 totalled EUR 252,345 (2023: EUR 272,806).

15. TRADE RECEIVABLES

Age distribution of trade receivables

EUR		31 Dec. 2024	Provision	31 Dec. 2023	Provision
Not due	0%	65,768	0	126,333	0
1–30 days past due	0%	57,498	0	80,963	0
31–60 days past due	5%	5,345	267	1,759	88
61–90 days past due	10%	0	0	5,144	514
91–180 days past due	25%	1,828	457	20,488	5,122
181–360 days past due	50%	8,225	4,113	0	0
Over 360 days past due	100%	58,891	58,891	162	162
Total		**197,555**	**63,728**	**234,849**	**5,886**

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Reconciliation for loss allowances of trade receivables

	31 Dec. 2024	31 Dec. 2023
Provision for credit losses 1 January	**5,886**	**415**
Net change in provision for credit losses during the period	57,842	5,470
Recognised as credit losses during the financial year	0	0
Credit loss allowance 31 December	**63,728**	**5,886**

Accounting principle

Trade receivables are recognised on the balance sheet at the original invoice value less any impairment losses. An impairment loss is recognised immediately through profit or loss. For the recognition of expected credit losses, the Group applies the simplified procedure set out in IFRS 9 for recognising expected lifetime credit losses on trade receivables. The expected credit loss is determined by estimating the impairment of the exposures of individually material clients on the basis of their probability of default. In the financial year 2024, the company recognised a credit loss allowance of EUR 63,728 (2023: EUR 5,886).

A trade receivable is derecognised as a final credit loss when it is not reasonably estimated to be recoverable. Such situations include the customer's bankruptcy, debt restructuring or other insolvency-indicating circumstances.

No realised impairment losses on trade receivables were recognised in the financial years 2024 and 2023.

16. OTHER RECEIVABLES AND ACCRUED INCOME AND PREPAID EXPENSES

Other non-current receivables

EUR	31 Dec. 2024	31 Dec. 2023
Rental security deposits paid	150,000	48,115
Credit card guarantees paid	40,035	149,995
Financial leasing receivables	4,416	11,159
Total	**194,451**	**209,269**

Other current receivables

EUR	31 Dec. 2024	31 Dec. 2023
VAT receivables	106,269	148,049
Other receivables	0	0
Total	**106,269**	**148,049**

Current accrued income and prepaid expenses

EUR	31 Dec. 2024	31 Dec. 2023
Grant accruals	366,024	336,709
Other	113,818	165,365
Total	**479,843**	**502,074**

Accounting principle

Other accounts receivable and accrued income and prepaid expenses comprise accruals related to taxes and other expenses and securities paid.

17. CASH AND CASH EQUIVALENTS

EUR	31 Dec. 2024	31 Dec. 2023
Cash and bank accounts	2,087,786	942,937
Total	**2,087,786**	**942,937**

Accounting principle

Cash and cash equivalents are comprised of bank balances and liquid financial securities. Items classified as cash and cash equivalents have a maturity of three months or less from the date of acquisition.

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18. SHARE CAPITAL AND EQUITY RESERVES

	Number of outstanding shares (qty)	Treasury shares (qty)	Number of shares (qty)	Share capital (EUR)	Share issue (EUR)	Treasury shares (EUR)	Reserve for invested unrestricted equity (EUR)	Translation differences (EUR)
1 Jan. 2023	**19,531,757**	**0**	**19,531,757**	**80,000**	**0**	**0**	**45,086,315**	**4,435**
Cancellation of treasury shares	0	0	0	0	0	0	0	0
Registration of shares	75,125	0	75,125	0	0	0	86,102	0
Share issue, less transaction costs	0	0	0	0	0	0	0	0
Change in translation differences	0	0	0	0	0	0	0	1,838
31 Dec. 2023	**19,606,882**	**0**	**19,606,882**	**80,000**	**0**	**0**	**45,172,417**	**6,274**
Cancellation of treasury shares	0	0	0	0	0	0	0	0
Registration of shares	0	0	0	0	0	0	0	0
Share issue, less transaction costs	1,960,688	0	1,960,688	0	2,186,941	0	2,186,941	0
Change in translation differences	0	0	0	0	0	0	0	599
31 Dec. 2024	**21,567,570**	**0**	**21,567,570**	**80,000**	**2,186,941**	**0**	**47,359,358**	**6,872**

Company shares

The number of the company's shares on 31 December 2024 is 21,567,570.

The company's shares are included in the book-entry system maintained by Euroclear Finland Oy. The company's share capital is EUR 80,000.

Share capital

The subscription price of the shares received in connection with the share issues is recorded in the share capital to the extent that the subscription price has not been decided to be recorded in the reserve for invested unrestricted equity.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments and the subscription price of shares to the extent that it is not recognised in share capital according to an explicit decision.

Translation differences

Translation differences include translation differences arising from the translation of the financial statements of foreign operations. The Group's accumulated translation differences on 31 December 2024 totalled EUR 599 (31 December 2023: EUR 1,838).

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19. SHARE-BASED PAYMENTS

Betolar has option-based incentive and commitment plans, aimed to encourage the management and selected key persons and employees to work to increase shareholder value in the long term. The different option programs and their terms and conditions are presented in the tables below.

The option rights are measured at fair value at the date of issue and are recognised as expenses in personnel expenses and retained earnings/losses at a constant rate over the vesting period. During 2024, the restructuring measures resulted in the return of stock options and shares to the company from the bonus schemes. The company did not grant a new incentive plan during the financial year. The Board of Directors allocated to key employees the options and bonus shares returned from the 2023 plan. In 2024, EUR 93 thousand of the returns have been recognised to reduce expenses. The amount expensed for 2023 is EUR 252 thousand.

The subscription price at the date of issue is determined using a modified Black-Scholes-model including a Monte Carlo simulation model that takes into account the exercise price, the duration of the option, the effect of dilution (if material), the share price at the date of issue and the expected volatility of the price, the expected dividend yield, the risk-free interest rate over the term of the option and the correlation with and volatility of the companies in the reference group.

The model used the following as inputs for options granted in 2024:

Plan	Option plan 2019	Option plan 2020	Option plan 2021	Option plan 2021	Option plan 2022	Option plan 2022	Option plan 2023	Option plan 2023	Option plan 2023
Type	OPTION	OPTION	OPTION	OPTION	OPTION	SHARE	OPTION	SHARE	SHARE
Instrument	**2019-2A - 2019-2D**	**2020A - 2020G**	**2021-1A - 2021-1C**	**2021-2A - 2021-2B**	**Options 2022**	**Restricted stock option plan 2022 - 2024**	**Options 2023**	**Restricted stock option plan 2023 - 2025**	**Restricted stock option plan 2023 - 2025**
Grant date	5.6.2019	16.9.2020	05.06.2019, 16.09.2020, 23.02.2021, 27.07.2021	16.09.2020, 23.02.2021	23.3.2022	23.3.2022	21.6.2023, 9.10.2024	21.6.2023	9.10.2024
Number of options/shares granted, qty	207	280	1,004	202	500,000	20,000	710,000	20,000	97,500
Subscription ratio, qty	601	601	601	601	1	n/a	1	n/a	n/a
Initial exercise price, EUR	382	790	790	790	n/a	n/a	n/a	n/a	n/a
Dividend adjustment	No	No	No	No	No	No	No	No	No
Initial exercise price after share split, EUR	0.635607	1.314476	1.314476	1.314476	5.96	n/a	2.59	n/a	n/a
Original allocation date	30.8.2019	22.11.2020	22.1.2021	26.9.2021	8.7.2022	1.11.2022	21.6.2023	21.6.2023	9.10.2024
Release date	1.1.2020, 1.1.2021, 9.12.2021	22.11.2020, 1.1.2021, 1.4.2021, 1.7.2021, 1.10.2021, 9.12.2021	9.12.2021	1.12.2021, 9.12.2021	1.4.2025	31.8.2024	1.4.2026	21.6.2026	1.9.2026
Release criterion	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work
Expiration date	31.12.2030	31.12.2030	31.12.2030	31.12.2030	28.2.2027	n/a	28.2.2028	21.6.2026	21.6.2026
Maximum duration, years	11.3	8.5	9.9	9.3	4.6	0	4.7	3.0	3.0
Running time remaining, years	6	6	6	6	2.2	n/a	3.2	1.5	2.5
Persons at the end of the financial year	1	1	6	0	5	0	11	0	11
Method	In shares	In shares	In shares	In shares	In shares	In cash and in shares	In shares	In cash and shares	In cash and shares

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Plan	2019-2A - 2019-2D	2020A - 2020G	2021-1A - 2021-1C	2021-2A - 2021-2B	Options 2022	Restricted stock option plan 2022 - 2024	Options 2023	Restricted stock option plan 2023 - 2025	Restricted stock option plan 2022
1 Jan. 2024									
Outstanding at the beginning of the period	52	280	920	101	366,191	20,000	666,333	20,000	0
Changes during the period									
Issued	0	0	0	0	0	0	390,000	0	97,500
Lost	0	0	37	101	268,623	20,000	510,000	20,000	0
Exercised	0	0	0	0	0	0	0	0	0
Expired	0	0	0	0	0	0	0	0	0
Weighted average exercise price, EUR	0.635607		1.314476	1.314476					
Average share value, EUR	3.118, 2.331		2.959	2.834, 2.465, 2.572, 2.82, 2.734					
31 Dec. 2024									
Exercised at the end of the period	0	0	0	0	0	0	0	0	0
Outstanding at the end of the period	52	280	883	0	97,568	0	546,333	0	97,500
Exercisable at the end of the period	52	280	883	0	0	0	0	0	0

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The model used the following as inputs for options granted during 2023:

Plan	**Option plan 2019**	**Option plan 2020**	**Option plan 2021**	**Option plan 2021**	**Option plan 2022**	**Option plan 2022**	**Option plan 2023**	**Option plan 2023**
Type	OPTION	OPTION	OPTION	OPTION	OPTION	SHARE	OPTION	SHARE
Instrument	**2019-2A - 2019-2D**	**2020A - 2020G**	**2021-1A - 2021-1C**	**2021-2A - 2021-2B**	**Options 2022**	**Restricted stock option plan 2022–2024**	**Options 2023**	**Restricted stock option plan 2023-2025**
Grant date	5.6.2019	16.9.2020	05.06.2019, 16.09.2020, 23.02.2021, 27.07.2021	16.09.2020, 23.02.2021	23.3.2022	23.3.2022	21.6.2023	21.6.2023
Number of options/shares granted, qty	207	280	1,004	202	500,000	20,000	710,000	20,000
Subscription ratio, qty	601	601	601	601	1	n/a	1	n/a
Initial exercise price, EUR	382	790	790	790	n/a	n/a	n/a	n/a
Dividend adjustment	No	No	No	No	No	No	No	No
Initial exercise price after share split, EUR	0.635607	1.314476	1.314476	1.314476	5.96	n/a	2.59	n/a
Original allocation date	30.8.2019	22.11.2020	22.1.2021	26.9.2021	8.7.2022	1.11.2022	21.6.2023	21.6.2023
Release date	1.1.2020, 1.1.2021, 9.12.2021	22.11.2020, 1.1.2021, 1.4.2021, 1.7.2021, 1.10.2021, 9.12.2021	9.12.2021	1.12.2021, 9.12.2021	1.4.2025	31.8.2024	1.4.2026	21.6.2026
Release criterion	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work	Obligation to work
Expiration date	31.12.2030	31.12.2030	31.12.2030	31.12.2030	28.2.2027	31.8.2024	28.2.2028	21.6.2026
Maximum duration, years	11.3	8.5	9.9	9.3	4.6	0	4.7	3.0
Running time remaining, years	7.0	7.0	7.0	7.0	3.2	0.7	4.2	2.5
Persons at the end of the financial year	1	1	8	1	10	1	16	1
Method	In shares	In shares	In shares	In shares	In shares	In cash and in shares	In shares	In cash and in shares

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Instrument	2019-2A - 2019-2D	2020A - 2020G	2021-1A - 2021-1C	2021-2A - 2021-2B	Options 2022	Restricted stock option plan 2022 - 2024	Options 2023	Restricted stock option plan 2023 - 2025
1 Jan. 2023								
Outstanding at the beginning of the period	83	280	970	202	486,788	20,000	0	0
Changes during the period								
Issued	0	0	0	0	10,000	0	723,333	20,000
Lost	0	0	37	20	130,597	0	57,000	0
Exercised	31	0	13	81	0	0	0	0
Expired	0	0	0	0	0	0	0	0
Average exercise price, EUR	0.635607		1.314476	1.314476				
Average share value, EUR	3.118, 2.331		2.96	2.834, 2.465, 2.572, 2.82, 2.734				
31 Dec. 2023								
Exercised at the end of the period	155	0	37	81	0	0	0	0
Outstanding at the end of the period	52	280	920	101	366,191	20,000	666,333	20,000
Exercisable at the end of the period	52	280	920	101	0	0	0	0

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Inputs used in the valuation of options

The tables below describe the inputs and fair values used to calculate the fair value of each option plan.

	2023
Share value at the time of issue, EUR	2.56
Share value at the time of reporting, EUR	1.29
Subscription price, EUR	2.59
Expected volatility	36.04%
Maturity, years	4.7
Risk-free interest rate	3.27%
Expected dividends, EUR	0
Valuation model	Black-Scholes
Weighted fair value of options granted	0.86

Betolar has option-based incentive and commitment plans, aimed to encourage the management and selected key persons and employees to work to increase shareholder value in the long term. The plans have been approved by the Board of Directors. Persons participating in the plan are granted options not subject to special conditions. The Board of Directors decides who participates in the plan, and no one has a contractual right to participate in the plan or to receive any guaranteed benefits.

The options granted before 2022 expired in connection with the listing and their subscription period expires at the end of 2030. The subscription period for new options approved in 2023 is 1 April 2026–28 February 2028 and their vesting period ends on 28 February 2028.

The options are granted without consideration and do not carry any dividend or voting rights.

The expected volatility of the price is based on the realised volatility (based on the remaining maturity of options), adjusted, according to publicly available information, to reflect expected changes.

According to Finnish tax laws, Betolar Plc withholds an amount equal to the employee's tax obligation related to the granting of options and remit it to the tax authorities on behalf of the employee.

The amount withheld and remitted to the tax authorities in conjunction with the options granted in the financial year 2024 was EUR 0.

20. FINANCIAL RISK MANAGEMENT

In its normal business operations, the Group is exposed to a number of financial risks. The main financial risks are credit, solvency, currency and interest rate risks.

The Group's financial risk management focuses on the above-mentioned risks and aims to reduce the uncertainty that financial market changes may cause to the company's profit and cash flows. The aim is to secure continuous operations in different market conditions and to support the Group's long-term strategic development.

The Board of Directors and the CEO are responsible for the organisation and supervision of internal control and risk management. The CEO is responsible for the implementation of risk management together with financial administration.

20.1 Counterparty and credit risk

Counterparty and credit risks are related to all business relationships where Betolar is exposed to the risk that the counterparty's performance does not meet Betolar's requirements and contractual obligations. The risk arises especially from sales and procurement transactions and the investment in cash assets. The size of the risk is determined by the size of the transaction and the creditworthiness of the counterparty. The goal of counterparty and credit risk management is to prevent and minimize losses resulting from the counterparty's failure to fulfil its obligations. The Group manages credit risk already at the contract stage by assessing the creditworthiness of the counterparty. In addition, the company's financial administration continuously monitors customers' payment behaviour. The age distribution of trade receivables and the recognition of credit loss provisions are presented in Note 15. The Group's fund investments are in a fund that is quoted on the public market.

20.2 Liquidity risk

The Group's risk management objective in terms of liquidity risk is to secure a sufficient amount of liquid assets for financing operations and repaying maturing loans. The company aims to continuously assess and monitor the amount of financing required for business operations in order to achieve the above-mentioned goal.

Cash flows from operating activities and liquid assets (financial securities and cash equivalents), together with any new debt or equity financing, are the main source of funding for future payments.

The company has taken active measures to secure the financial conditions to implement its strategy, which was updated in 2023. In 2023, Betolar initiated cost structure adjustment measures aimed at achieving annual cost savings of EUR 5,000 thousand. Betolar continued its cost saving measures, started change negotiations in April 2024, and reduced the size of the Management Team. The change negotiations resulted in a reduction of 13 employees which will not jeopardize Betolar's ability to meet its contractual commitments, ensure customer satisfaction, or develop its business in line with its strategy. The measures to achieve the cost saving target were completed largely during the period.

Betolar has received public financing for research and development. Business Finland granted Betolar EUR 2,700 thousand for a research and development project on alternative sidestreams during financial year 2023. The remaining EUR 2,200 thousand of the grant remains undrawn, with the remainder to be disbursed as the research project progresses during 2025 and 2026. In addition, EUR 2,500 thousand out of the EUR 7,000 thousand loan from the Finnish Climate Fund remains undrawn. The loan drawdown is linked to development objectives. The loan will be disbursed during 2025. In addition, during the period Finnpartnership awarded the company a grant of EUR 370 thousand to pilot the prefabrication of hollow-core slabs in Malaysia.

During the reporting period, Betolar successfully completed a directed share issue, with 1,960,688 new shares issued, raising EUR 2,353 thousand. The subscription price was recorded in full to the Company's invested unrestricted equity reserve.

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Maturities of contractual financial liabilities at the end of 2024

EUR	2025	2026	2027	2028 - later	Total	Book value on 31 Dec. 2024
Loans from credit institutions	3,681	2,939	0	0	6,620	7,189
Subordinated loans	0	0	0	4,500,000	4,500,000	5,149,582
*Interest on subordinated loan **	*336,429*	*336,944*	*336,944*	*356,219*	*1,366,536*	*649,582*
Government loan	115,629	114,515	113,401	112,287	455,833	399,895
Accounts payable	173,961	0	0	0	173,961	173,961
Lease liabilities	141,458	72,074	0	0	213,532	206,248
Total	**771,158**	**526,472**	**450,345**	**4,968,506**	**6,716,482**	**6,586,457**

Maturities of contractual financial liabilities at the end of 2023

EUR	2024	2025	2026	2027 - later	Total	Book value on 31 Dec. 2023
Loans from credit institutions	3,851	3,681	2,939	0	10,471	10,461
Subordinated loans	0	0	0	4,500,000	4,500,000	4,801,712
*Interest on subordinated loan **	*337,869*	*336,429*	*336,944*	*693,162*	*1,704,404*	*301,712*
Government loan	4,469	115,629	114,515	225,688	460,302	374,610
Accounts payable	417,531	0	0	0	417,531	417,531
Lease liabilities	225,191	215,663	0	0	440,854	419,100
Total	**988,911**	**671,402**	**454,398**	**5,418,850**	**7,533,561**	**6,325,126**

** The payment of interest on the subordinated loan is tied to the repayment terms of the subordinated loan in accordance with the terms and conditions of chapter 12 of the Limited Liability Companies Act. The principal and interest of the loan become payable in a situation where the company's unrestricted equity and all subordinated loans at the time of payment exceed the loss to be confirmed for the last ended financial period or the loss included in more recent financial statements, if the company's unrestricted equity is sufficient. The table shows the interest rates that would be payable annually if these conditions were met.*

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20.3 Foreign exchange risk

Foreign exchange risk arises from transactions in currencies other than the functional currencies of the Group companies. The functional currencies of the Group companies are the euro and the Indian rupee. The majority of the Group companies' sales and purchase transactions are denominated in euros. The Group seeks to avoid foreign exchange risk by negotiating contracts in euros, as far as possible. Betolar India Private Ltd's operations include piloting and sales of the Geoprime solution and related purchases. All sales contracts in India are in INR. There are a few commercial agreements in India under which the Geoprime solution is sold. Betolar India's accounting currency is INR, so there is no foreign exchange risk in India. The only foreign exchange risk is between the parent and Betolar India (EUR/INR), which, due to the small volume of transactions, is seen as a minor risk and not a material risk for the Group.

The general objective of foreign exchange risk management is to limit the short-term negative effects of exchange rate changes on profit and cash flow, thereby increasing the predictability of earnings. The Group manages the effects of foreign exchange risk by regularly monitoring risk exposures and, if necessary, hedging relevant cash flows. The Group has not had currency hedges in the reporting or comparison periods.

The table below shows the currency breakdown of the Group's trade receivables, financial securities, cash and cash equivalents and trade payables. Assets and liabilities denominated in a foreign currency are translated into euros at the exchange rate prevailing at the end of the reporting period.

31 Dec. 2024	EUR	INR	Total
Trade receivables	179,992	17,563	197,555
Financial securities	6,899,153	0	6,899,153
Cash and cash equivalents	2,077,583	10,203	2,087,786
Accounts payable	150,392	23,569	173,961
Net position	**9,307,120**	**51,335**	**9,358,455**

31 Dec. 2023	EUR	INR	Total
Trade receivables	222,345	12,504	234,849
Financial securities	13,371,638	0	13,371,638
Cash and cash equivalents	897,210	45,726	942,936
Accounts payable	399,074	18,457	417,531
Net position	**14,890,267**	**76,687**	**14,966,954**

20.4 Interest rate risk

Interest rate risk is the risk that the fair values or future realised cash flows of a financial instrument fluctuate due to changes in market interest rates. The Group's income and operating cash flows are mainly independent of fluctuations in market interest rates. Any increase in interest rates as a result of changes in market interest rates may have a direct impact on the costs of available financing and the company's existing financing costs. The company has not had derivatives to hedge interest rate risk at the balance sheet date or during the comparison periods.

The Group had financial liabilities totalling EUR 5,557 thousand (2023: EUR 5,187 thousand), consisting of bank loans, subordinated loans and the Business Finland loan. All of the Group's financial liabilities are fixed-rate liabilities. The average interest rate on financial liabilities in 2024 was 8.02 percent (2023: 7.18 per cent).

The Group's fund investments include a short-term interest rate fund. The fund is exposed to interest rate risk through fluctuations in fair value.

20.5 Capital management

The purpose of the Group's capital management is to ensure the continuity of operations in different market conditions and to support the company's long-term strategic development in all circumstances. The Company assesses the development and adequacy of its capital structure and equity ratio on a regular basis. There are no specific targets for the equity ratio. The equity ratio was 54 per cent (2023: 65 per cent).

21. FINANCIAL ASSETS

Betolar classifies its financial assets according to IFRS 9 as financial assets at amortised cost and financial assets at fair value through profit or loss. At initial recognition, financial assets are classified based on their business model and cash flow characteristics.

All purchases and sales of financial assets are recorded on the balance sheet on the trade date. Trade receivables are recorded at the transaction cost. Other financial assets are recognised on the balance sheet at their original cost, which corresponds to their fair value at the time of acquisition. In the case of an item that is not measured at fair value through profit or loss, transaction costs are included in the original book value of the financial assets. After initial recognition, these items are measured at amortised cost using the effective interest method.

A financial asset is derecognised when the Group no longer has a contractual right to cash flows or has transferred the material risks and rewards of the financial asset outside the Group. Financial assets are included in non-current balance sheet items when they have a maturity of more than 12 months.

Financial assets at fair value through profit or loss include financial securities consisting of a short-term interest rate fund. These financial instruments are measured at fair value and any revaluation is recognised through profit or loss in the period in which they are incurred.

Financial assets at amortised cost include trade receivables and cash and cash equivalents. Trade receivables are measured at amortised cost less any impairment losses. Items classified as cash and cash equivalents have a maturity of three months or less from the date of acquisition. Cash and cash equivalents include cash and cash in bank accounts and financial securities.

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EUR	Fair value hierarchy	Book value on 31 Dec. 2024	Fair value on 31 Dec. 2024	Book value on 31 Dec. 2023	Fair value on 31 Dec. 2023
Financial assets at fair value through profit or loss					
Financial securities	1	6,899,153	6,899,153	13,371,638	13,371,638
Financial assets at amortised cost					
Trade receivables	N/A	133,827	N/A	228,964	N/A
Guarantees given	N/A	194,451	N/A	209,270	N/A
Cash and cash equivalents	N/A	2,087,786	N/A	942,937	N/A
Total financial assets		**9,315,218**		**14,752,809**	

The book values of trade receivables, guarantees and cash and cash equivalents correspond substantially to their fair values.

Accounting principle

Fair value items are defined according to hierarchy levels 1 to 3 as follows:
Level 1: The fair values of financial instruments are based on prices quoted for identical assets or liabilities in active markets.
Level 2: The fair value of financial instruments is calculated on the basis of inputs other than level 1 quoted prices that are observable for the asset or liability, either directly or indirectly.
Level 3: The fair value of financial instruments is calculated based on inputs that are not observable for the asset or liability

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22. FINANCIAL LIABILITIES

Betolar classifies its financial liabilities as financial liabilities at amortised cost. At initial recognition, the classification of financial liabilities is made on the basis of the purpose of the asset.

Financial liabilities at amortised cost are initially recognised at their original value, which corresponds to the amount of consideration received. Transaction costs are included in the original book value of the financial liability. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are included in long-term and short-term liabilities. Borrowing costs are recognised as interest expense in the period when they are incurred. Borrowing costs are capitalised on the balance sheet to the extent that they relate to borrowed assets that have acquired an asset to be capitalised on the balance sheet.

The financial liability, or portion of it, is derecognised when the obligation identified in the contract has been settled, extinguished or terminated. A financial liability is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities measured at amortised cost include the Group's external financial loans, lease liabilities, trade payables and other interest-bearing liabilities.

EUR	Fair value hierarchy	Book value on 31 Dec. 2024	Fair value on 31 Dec. 2024	Book value on 31 Dec. 2023	Fair value on 31 Dec. 2023
Financial liabilities at amortised cost					
Loans from credit institutions	2	7,189	7,189	10,461	10,461
Subordinated loans	2	5,149,582	5,149,582	4,801,712	4,801,712
Government loan	2	399,895	399,895	374,610	374,610
Accounts payable	N/A	173,961	N/A	417,531	N/A
Lease liabilities	N/A	206,248	N/A	419,100	N/A
Total financial liabilities		**5,936,875**		**6,023,414**	

The book values of trade payables correspond substantially to their fair values.

Accounting principle

Fair value items are defined according to hierarchy levels 1 to 3 as follows:
Level 1: The fair values of financial instruments are based on prices quoted for identical assets or liabilities in active markets
Level 2: The fair value of financial instruments is calculated on the basis of inputs other than level 1 quoted prices that are observable for the asset or liability, either directly or indirectly.
Level 3: The fair value of financial instruments is calculated based on inputs that are not observable for the asset or liability

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Loans from credit institutions

The Group's loans from credit institutions include one instalment credit arrangement. The interest rate is 4.99% and the term of the loan is 5 years. The loan was drawn down in the 2021 financial year.

Government loan

The Group has one product development loan issued by the State Treasury. Two tranches of the total loan granted have been drawn down during the financial year 2021. The loan interest rate was during the period 1 January - 30 June 2024 1.25 % and during the period 1 July - 31 December 2024 1%. Before the reporting period the interest rate was 1 %. The loan period is 7 years, of which the first four years are free of repayment. The loan is a government loan that meets the interpretation of IFRS because its interest rate is below the market rate. The benefit of a government loan at a rate lower than the market rate is treated as a government grant under IAS 20. The actual loan is recognised initially at its present value in accordance with IFRS 9 and subsequently measured at amortised cost. The benefit of a loan at a rate lower than the market rate, that is, a government grant, is determined as the difference between the present value of the loan at initial recognition of the loan, calculated in accordance with IFRS 9, and the cash payment receivable from the lender.

Changes in liabilities arising from financing operations

The table below provides a reconciliation of the opening and closing balances of financial liabilities.

EUR	Loans from credit institutions	Subordinated loans	Government loan	Lease liabilities	Total
Balance on 1 Jan. 2023	**13,579**	**2,152,774**	**353,894**	**490,014**	**3,010,260**
Cash flow	-4,073	2,500,000	0	-272,806	2,223,121
Conversion into equity	0	0	0	0	0
Other non-monetary changes	956	148,938	20,716	201,892	372,502
Balance on 31 Dec. 2023	**10,461**	**4,801,712**	**374,609**	**419,100**	**5,605,882**
Cash flow	-4,073	0	0	-252,345	-256,418
Conversion into equity	0	0	0	0	0
Other non-monetary changes	801	347,870	25,285	39,493	413,449
Balance on 31 Dec. 2024	**7,189**	**5,149,582**	**399,895**	**206,248**	**5,762,913**

Subordinated loan

The Group has one product development loan issued by the State Treasury. Two tranches of the total loan granted have been drawn down during the financial year 2021. The loan interest rate was during the period 1 January - 30 June 2024 1.25 % and during the period 1 July - 31 December 2024 1%. Before the reporting period the interest rate was 1 %. The loan period is 7 years, of which the first four years are free of repayment. The loan is a government loan that meets the interpretation of IFRS because its interest rate is below the market rate. The benefit of a government loan at a rate lower than the market rate is treated as a government grant under IAS 20. The actual loan is recognised initially at its present value in accordance with IFRS 9 and subsequently measured at amortised cost. The benefit of a loan at a rate lower than the market rate, that is, a government grant, is determined as the difference between the present value of the loan at initial recognition of the loan, calculated in accordance with IFRS 9, and the cash payment receivable from the lender.

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23. OTHER PAYABLES AND ACCRUALS AND DEFERRED INCOME

Other payables

EUR	31 Dec. 2024	31 Dec. 2023
Tax liabilities	0	0
Withholding tax liability	81,932	133,203
Other payables	1,100	12,643
Total	**83,032**	**145,846**

Accruals and deferred income

EUR	31 Dec. 2024	31 Dec. 2023
Payroll liabilities	266,612	508,466
Holiday pay liabilities	425,014	610,435
Other payables	206,487	161,337
Total	**898,112**	**1,280,238**

Accounting principle

Other payables and accruals and deferred income include accruals related to salaries, taxes and other expenses.

24. COMMITMENTS AND CONTINGENT LIABILITIES

Liabilities for which collaterals have been given

EUR	31 Dec. 2024	31 Dec. 2023
Loans from financial institutions	10,461	10,461
Business mortgages	150,000	150,000

The company has no other reportable collaterals or contingent liabilities.

Disputes and legal proceedings

The company's management is not aware of any open disputes or litigation that could have a significant impact on the company's financial position.

25. RELATED PARTY TRANSACTIONS

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

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

Remuneration of key management personnel

EUR		
Board of Directors	**2024**	**2023**
Chair	44,400	38,500
Members	119,200	98,300
Total	**163,600**	**136,800**
CEO	**2024**	**2023**
Salaries and other short-term benefits	348,874	488,212
Post-employment benefits	0	0
Share-based remuneration	0	0
Total	**348,874**	**488,212**
Key management personnel	**2024**	**2023**
Salaries and other short-term benefits	639,571	1,305,379
Post-employment benefits	0	0
Share-based remuneration	0	0
Total	**639,571**	**1,305,379**

The key personnel of the company's management include the members of the Board of Directors and the Management Team. In the financial year 2024, the Management consisted on 3 members (2023: 6 members) and the Board of Directors consisted of 7 membeers (2023: 6 members).

Betolar Plc's Board of Directors for the financial year 2024 consisted of Ilkka Salonen (Chair), Anders Dahlblom, Kalle Härkki, Soile Kankaanpää, Juha Leppänen, Inka Mero and Tero Ojanperä.

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Management's shareholding	31 Dec. 2024	31 Dec. 2023
Number of shares (qty)	0	48,567
Shareholding, percentage	0.0%	0.2%

Shareholding of the Board of Directors	31 Dec. 2024	31 Dec. 2023
Number of shares (qty)	2,584,884	2,486,551
Shareholding, percentage	12.0%	8.7%
Total number of outstanding shares (qty))	21,567,570	19,606,882

Related party transactions and outstanding balances

The following transactions have been concluded with related parties

Purchases from entities controlled by key management personnel

EUR	2024	2023
Sales management services	0	0
Consulting services	127,999	133,477
	127,999	**133,477**

EUR	2024	2023
Trade payables, consulting services	10,730	0
	10,730	**0**

26. GROUP STRUCTURE

Information about the Group companies Company name	Registered office	2024 Shareholding (%)	2023 Shareholding (%)
Parent company Betolar Plc	Finland		
Betolar Chemicals Ltd	Finland	100%	100%
Betolar India Private Limited	India	100%	100%

27. 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 in the annual financial statements. The risks and uncertainties specific to the near term are described below.

Economic cycles, and uncertainty, affect the demand for Betolar's products and services, posing a risk to the implementation of Betolar's growth strategy. Geopolitical risks and the unstable global situation may affect Betolar's markets and expose the company to business risks.

Commercial, financial and technical success of projects will be required to ensure the uptake and viability of concrete solutions. Clear phasing of deployment and continuous customer support will substantially reduce the risk of failure in deployment projects.

Betolar also aims to offer alternative, non-commercialized industrial sidestreams and their recovery technologies for use alongside or instead of blast furnace slag. The main risk associated with industrial sidestreams and other alternative materials is that they are not defined in existing construction standards and therefore need to be further processed or find a non-construction use.

Regarding liquidity risk, the objective is to secure sufficient liquid assets to finance operations and repay maturing loans. The company will continuously assess and monitor the level of funding required for its operations to achieve the above objective.

28. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group is not aware of any significant events after the financial period.

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EUR	Note	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
NET SALES	5.	697,665.11	500,385.53
Production for own use (+)		0.00	0.00
Other operating income	6.	946,558.39	200,973.08
Materials and services			
Materials, supplies and goods			
Purchases during the period		-141.847.31	-120,303.36
Increase (+) or decrease (-) in inventories		0.00	0.00
External services		0.00	-19,654.05
Materials and services, total		**-141,847.31**	**-139,957.41**
Personnel expenses			
Salaries and fees		-3,967,449.48	-5,202,298.99
Indirect employee costs		-661,531.62	-1,032,706.49
Pension expenses		-633,717.81	-899,043.28
Other social security expenses		-27 ,813.81	-133,663.21
Total personnel expenses	7	**-4,628,981.10**	**-6,235,005.48**

EUR	Note	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
Depreciation and impairment			
Depreciation according to plan		-1,907,595.94	-1,828,459.25
Depreciation and impairment, total	8.	**-1,907,595.94**	**-1,828,459.25**
Other operating expenses	9.	-3,144,863.48	-5,699,567.19
Operating profit (loss)		-8,179,064.33	-13,201,630.72
Financial income and expenses			
Other interest and financial income			
From others		548,727.19	287,678.11
Interest and other financial expenses			
To others		-11,519.41	-26,395.88
Total financial income and expenses		**537,207.78**	**261,282.23**
PROFIT BEFORE APPROPRIATIONS AND TAXES		**-7,641,856.55**	**-12,940,348.49**
PROFIT FOR THE FINANCIAL PERIOD		**-7,641,856.55**	**-12,940,348.49**

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PARENT COMPANY BALANCE SHEET

EUR	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenses	12.	3,756,332.15	4,330,469.69
Other capitalised long-term expenditures		104,356.49	33,240.29
	12.	**3,860,688.64**	**4,363,709.98**
Tangible assets			
Land and waters		52,845.16	52,845,.16
Buildings and constructions		690,174.08	654,483.86
Machinery and equipment		223,128.64	297,504.87
Other tangible assets		42,750.00	42,750.00
	12.	**1,008,897.88**	**1,047,583.89**
Investments			
Holdings in Group undertakings		0.11	0.00
	13.	**0.11**	**0.00**
NON-CURRENT ASSETS, TOTAL		**4,869,586.63**	**5,411,293.87**

EUR	Note	31 Dec. 2024	31 Dec. 2023
CURRENT ASSETS			
Inventories			
Materials and supplies		0.00	0.00
Work in progress		0.00	0.00
Finished goods		0.00	0.00
		0.00	**0.00**
Non-current receivables			
Receivables from Group companies		116,964.60	116,964.60
Other receivables		190,035.19	198,110.61
		306,999.79	**315,075.21**
Current receivables			
Trade receivables		179,992.23	222,345.47
Receivables from Group companies		1,331.85	25,109.72
Loan receivables		0.00	0.00
Other receivables		75,047.23	127,044.97
Accrued income and prepaid expenses		478,891.35	496,480.41
	14.	**735,262.66**	**870,980.57**
Financial securitiest			
Other shares and holdings		6,899,152.65	13,371,638.31
		6,899,152.65	**13,371,638.31**
Cash and cash equivalents		2,038,155.09	844,697.73
CURRENT ASSETS, TOTAL		**9,979,570.19**	**15,402,391.82**
TOTAL ASSETS		**14,849,156.82**	**20,813,685.69**

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SHAREHOLDERS' EQUITY AND LIABILITIES

EUR	Note	31 Dec. 2024	31 Dec. 2023
SHAREHOLDERS' EQUITY			
Share capital		80,000.00	80,000.00
Invested unrestricted equity reserve		50,466,579.93	48,113,754.33
Share issue		0.00	0.00
Retained earnings (losses)		-34,141,382.02	-21,201,033.53
Profit for the financial period		-7,641,856.55	-12,940,348.49
TOTAL EQUITY	15.	**8,763,341.36**	**14,052,372.31**

EUR	Note	31 Dec. 2024	31 Dec. 2023
LIABILITIES			
Non-current			
Loans from credit institutions		338 668.88	454,264.77
Subordinated loans		4 500 000.00	4,500,000.00
	16.	**4 838 668.88**	**4,954,264.77**
Short-term			
Loans from credit institutions		115,595.89	3,484.49
Accounts payable		149,634.92	398,731.22
Liabilities to Group companies		0.00	0.00
Other payables		83,803.54	143,555.24
Accruals and deferred income		898,112.23	1,261,277.66
	17.	**1,247,146.58**	**1,807,048.61**
TOTAL LIABILITIES		**6,085,815.46**	**6,761,313.38**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**14,849,156.82**	**20,813,685.69**

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PARENT COMPANY CASH FLOW STATEMENT

EUR	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
Cash flow from operating activities		
Loss before appropriations and taxes	-7,641,856.55	-12,940,348.49
Adjustments:		
Depreciation and impairment	1,907,595.94	1,828,459.25
Financial income and expenses	-532,609.18	-261,282.23
Other adjustments	-4.58	353,581.98
Cash flow before change in working capital	-6,266,874.37	-11,019,589.49
Changes in working capital:		
Change in trade receivables and other receivables	135,717.91	91,231.54
Increase (-) / decrease (+) in inventories	0.00	0.00
Change in accounts payable and other liabilities	-672,462.57	-536,092.53
Cash flow from operating activities before financing items and taxes	-6,803,619.03	-11,464,450.48
Interest paid and payments for other financial expenses	533,058.32	-6,197.75
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**-6,270,560.71**	**-11,470,648.23**

EUR	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
Cash flows from investing activities:		
Investments in tangible and intangible assets	-1,365,888.59	-3,179,379.35
Loans granted	8,080.00	-146,662.30
Repayments of loan receivables	0.00	0.00
Investments in subsidiary shares	-0.11	0.00
NET CASH USED IN INVESTING ACTIVITIES (B)	**-1,357,808.70**	**-3,326,041.65**
Cash flows from financing activities:		
Paid increase in equity	2,352,825.60	0.00
Short-term loan disbursements	0.00	0.00
Repayment of short-term loans	-3,484.49	-3,315.24
Long-term loan disbursements	0.00	2,500,000.00
CASH FLOWS FROM FINANCING ACTIVITIES (C)	**2,349,341.11**	**2,496,684.76**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**-5,279,028.30**	**-12,300,005.12**
Cash and cash equivalents at the beginning of the period	**14,216,336.04**	**26,516,341.16**
Cash and cash equivalents at the end of the period (*	**8,937,307.74**	**14,216,336.04**

(* Cash and cash equivalents include financial securities

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NOTES TO THE FINANCIAL STATEMENTS

1 BASIC INFORMATION ABOUT THE ENTITY

Betolar Plc is the Group's parent company. It is a Finnish public limited company domiciled in Kannonkoski, Finland. The registered address of the company is Mannilantie 9, 43300 Kannonkoski, Finland. Betolar Plc has a subsidiary, Betolar Chemicals Ltd, which is 100% owned by Betolar Plc. Betolar Plc also owns 1% of Betolar India Private Ltd.

2 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the accrual basis, the going concern principle and the prudential principle independent of the result of the financial period. The financial statements have been prepared in accordance with Finnish accounting legislation.

3 MEASUREMENT AND ACCRUAL PRINCIPLES

Development expenses

Betolar Plc recognises research expenses, such as the acquisition of new knowledge and the search for product and process alternatives, as expenses on an accrual basis, i.e. at the time the expenses are incurred. The company recognises capitablisable development expenses in the income statement through the Capitalisation account of each account group.

Betolar capitalises development expenses in intangible assets if they are expected to generate income in several financial years. When the company classifies an intangible asset as development expenses, completion is technically feasible so that the asset is available for use or sale, the entity has the ability, intention and resources to complete the asset and use or sell it. The company estimates that an asset has probable future economic benefits that can be demonstrated and that the company can reliably measure the costs incurred from the intangible asset during its development phase.

At the end of each reporting period, the company evaluates whether there are indications that the capitalised development expenses have decreased in value. Estimates of capitalised development costs are subject to uncertainties and it is possible that, as conditions change, the expected return on development projects will change. The value of capitalised development costs may decrease if the expected economic benefits change. If the expected return on a capitalised asset is less than the sum of the development expenses recognised on the balance sheet, the value of the capitalised development expenses is adjusted by means of an impairment charge to correspond to the expected return.

Capitalised development costs are depreciated on a straight-line basis over their useful life of 5 years.

When distributable funds are presented, the residual amount of capitalised development expenses is deducted from unrestricted equity.

Capitalisation of development expenses

Personnel expenses and other operating expenses are capitalised in development expenses as follows:

EUR	2024	2023
Personnel expenses	-555,928.39	-212,747.83
Other operating expenses	-636,821.39	-2,064,260.59
Total production for own use	**-1,192,749.78**	**-2,277,008.42**

Intangible and tangible assets - depreciation according to plan

Intangible and tangible assets are expensed as depreciation according to plan over their estimated useful life. The depreciation periods according to plan are:

Development expenses	5 years
Other capitalised long-term expenditures / intangible assets	5 years
Buildings and structures	10–20 years
Machinery and equipment	5–10 years

Revenue recognition principles for grants received

Grants are recognised as income in other operating income to the extent that the project concerned gives rise to acceptable costs in accordance with the grant decision and terms and conditions. The income recognition of grants also takes into account any self-financing related to the grants.

4 MATERIAL EVENTS AFTER THE END OF THE FINANCIAL YEAR

There have been no significant events after the financial period.

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NOTES TO THE INCOME STATEMENT

5 NET SALES

	2024	2023
Sales domestic	280,584.10	119,658.33
Sales Europe	298,485.73	154,456.15
Sales in other continents	118,595.28	226,271.05
	697,665.11	**500,385.53**

6 SALES IN OTHER CONTINENTS

	2024	2023
Grants received	943,337.53	184,994.38
Other operating income	3,220.86	15,978.70
	946,558.39	**200,973.08**

Grants received include grants that have been earmarked for expensed projects. The grants received consist mostly of a project grant from Business Finland.

7 PERSONNEL EXPENDITURES

Personnel expenses	2024	2023
Wages and salaries	-3,967,449.48	-5,202,298.99
Pension expenses	-633,717.81	-899,043.28
Other social security expenses	-27,813.81	-133,663.21
Total personnel expenses	**-4,628,981.10**	**-6,235,005.48**

Number of employees	2024	2023
Average number of persons employed during the financial year	43	55

8 DEPRECIATION AND AMORTISATION

	2024	2023
Development expenses	-1,766,887.32	-1,642,366.56
Other intangible rights	-14,383.80	-37,662.19
Buildings and structures	-51,948.59	-49,262.22
Machinery and equipment	-74,376.23	-99,168.28
Depreciation according to plan, total	**-1,907,595.94**	**-1,828,459.25**

9 OTHER OPERATING EXPENSES

	2024	2023
Voluntary personnel expenses	-186,848.12	-316,780.86
Facilities expenses	-302,601.68	-337,399.35
Vehicle expenses	-22,119.23	-31,104.71
IT expenses	-333,643.57	-431,611.92
Other machinery and equipment expenses	-119,320.10	-322,219.98
Marketing and communication expenses	-344,952.86	-909,328.96
Travel and entertainment expenses	-220,193.32	-386,107.31
Research and development expenses	-276,729.12	-828,744.10
Administrative expenses	-1,071,490.72	-1,818,781.41
Other expenses	-266,964.76	-317,488.59
Total other operating expenses	**-3,144,863.48**	**-5,699,567.19**

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NOTES TO THE INCOME STATEMENT

10 AUDITOR'S FEES

	2024	2023
Assignments referred to in section 1.1,2 of the Auditing Act	70,000.00	63,133.52
Tax advice	0.00	14,000.00
Other services	15,008.02	38,456.00
Total auditor's fees	**85,008.02**	**115,589.52**

The other services presented in the 2024 auditor´s fee consists mainly of consulting and a separate project audit. The other services presented in the 2023 auditors' fee consists mainly of IFRS conversion consultancy and consultancy on intra-group contracts.

11 FINANCIAL INCOME AND EXPENSES

	2024	2023
Other interest and financial income	548,727.19	287,678.11
Other interest and financial income, total	**548,727.19**	**287,678.11**
The financial income for the financial period consists mainly of capital gains and impairment reversals related to the mutual fund investment		
Other interest and financial expenses	-11,519.41	-26,395.88
Interest expenses and other financial expenses, total	**-11,519.41**	**-26,395.88**
Financial income and expenses, total	**537,207.78**	**261,282.23**

The financial expenses for the financial period mainly consist of interest on the loan and management costs related to the fund investment.

NOTES TO THE ASSETS ON THE BALANCE SHEET

12 INTANGIBLE AND TANGIBLE ASSETS

	2024	2023
Development expenses 1 January	8,236,221.35	5,959,212.91
Increases	1,192,749.78	2,277,008.44
Deductions	0.00	0.00
Cost on 31 December	9,428,971.13	8,236,221.35
Accumulated depreciation and impairment on 1 January	-3,905,751.66	-2,263,385.10
Depreciation for the financial period	-1,766,887.32	-1,642,366.56
Development expenses - Book value on 31 December	**3,756,332.15**	**4,330,469.69**
Intangible rights 1 January	86,261.07	114,563.65
Increases	85,500.00	0.00
Deductions	0.00	-28,302.58
Cost on 31 December	171,761.07	86,261.07
Accumulated depreciation and impairment on 1 January	-53,020.78	-43,661.17
Depreciation for the financial period	-14,383.80	-9,359.61
Intangible assets - Book value on 31 December	**104,356.49**	**33,240.29**
Land and waters 1 January	52,845.15	0.00
Increases	0.00	52,845.15
Deductions	0.00	0.00
Cost on 31 December	52,845.15	52,845.15

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	2024	2023
Buildings and constructions on 1 January	706,198.73	8,016.99
Increases	87,638.81	698,181.74
Deductions	0.00	0.00
Cost on 31 December	793,837.54	706,198.73
Accumulated depreciation and impairment on 1 January	-51,714.87	-2,452.65
Depreciation for the financial period	-51,948.59	-49,262.22
Buildings and constructions - Book value on 31 December	**690,174.08**	**654,483.86**

	2024	2023
Machinery and equipment on 1 January	606,513.03	455,169.02
Increases	0.00	151,344.01
Deductions	0.00	0.00
Cost on 31 December	606,513.03	606,513.03
Accumulated depreciation and impairment on 1 January	-309,008.16	-209,839.88
Depreciation for the financial period	-74,376.23	-99,168.28
Machinery and equipment - Book value on 31 December	**223,128.64**	**297,504.87**

Other tangible assets on 1 January	42,750.00	42,750.00
Increases	0.00	0.00
Deductions	0.00	0.00
Cost on 31 December	42,750.00	42,750.00
Other tangible assets - Book value on 31 December	**42,750.00**	**42,750.00**

13 INVESTMENTS

	2024	2023
Holdings in Group undertakings on 1 January	0.00	0.00
Increases	0.11	0.00
Deductions	0.00	0.00
Book value on 31 December	**0.11**	**0.00**

14 CURRENT RECEIVABLES

	2024	2023
Trade receivables	179,992.23	222,345.47
Loan receivables	1,331.85	25,109.72
Other receivables	75,047.23	127,044.97
Accrued income and prepaid expenses	478,891.35	496,480.41
Total current receivables	**735,262.66**	**870,980.57**

Accrued income items	2024	2023
Grant accruals	366,024.47	336,709.02
Purchase accruals	112,866.88	159,771.39
Total	**478,891.35**	**496,480.41**

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NOTES TO THE SHAREHOLDERS' EQUITY AND LIABILITIES ON THE BALANCE SHEET

15 SHAREHOLDERS' EQUITY

	2024	2023
Share capital on 1 January	80,000.00	80,000.00
Increases	0.00	0.00
Share capital on 31 December	**80,000.00**	**80,000.00**
Reserve for invested unrestricted equity on 1 January	48,113,754.33	48,027,652.33
Increases	2,352,825.60	86,102.00
Acquisition of treasury shares	0.00	0.00
Invested unrestricted equity reserve on 31 December	**50,466,579.93**	**48,113,754.33**
Retained earnings/losses on 1 January	-21,201,033.53	-9,102,551.74
Transfers retained earnings/losses	-12,940,348.49	-12,098,481.79
Adjustment of error in previous financial year	0.00	0.00
Retained earnings (losses) on 31 December	**-34,141,382.02**	**-21,201,033.53**
Result for the financial year	-7,641,856.55	-12,940,348.49
Total equity	**8,763,341.36**	**14,052,372.31**

Calculation of the distributable unrestricted equity of the parent company

	2024	2023
Reserve for invested unrestricted equity	50,466,579.93	48,113,754.33
Retained earnings/losses	-34,141,382.02	-21,201,033.53
Profit for the financial period	-7,641,856.55	-12,940,348.49
Total unrestricted equity	8,683,341.36	13,972,372.31
- Capitalised development expenses	-3,756,332.15	-4,330,469.69
Distributable equity, total	**4,927,009.21**	**9,641,902.62**

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

The Board of Directors proposes that the loss of EUR 7,641,856.55 for the financial period be transferred to retained earnings.

Number of shares of the Company by share class and the main provisions of the Articles of Association for each class

The number of the company's shares on the closing date 31 December 2024 is 21,567,570.

All the decisions of the Annual General Meeting, the authorisations of the Board of Directors and the decisions of the Board of Directors mentioned below have been registered in the Trade Register during the financial period.

Shares and share capital:

The company's shares are included in the book-entry system maintained by Euroclear Finland Oy. The company's share capital is EUR 80,000.

Valid authorisations of the Board of Directors

Betolar's Board of Directors has the following authorisations issued by the Annual General Meeting on 27 March 2024.

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

The Annual General Meeting resolved to authorize the Board of Directors, in accordance with a proposal of the Board, resolve on the issuance a maximum of 1,960,688 shares (including shares to be issued under special rights) in one or more tranches corresponding to approximately ten (10) percent of all the shares in the company. The Board of Directors decides on all terms and conditions of the share issue and the issuance of option rights and other special rights entitling to shares within the limits of the authorization. The issuance of shares and special rights entitling to shares, including options, may be carried out in deviation from the shareholders' pre-emptive right (directed issue). The total

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number of option rights or other special rights entitling to shares to be issued for the implementation of the company's incentive and commitment programs may not exceed 800,000 new shares and/or treasury shares held by the company, the amount of which corresponds to approximately four (4) percent of the total number of shares in the company at the time of the convening of the Annual General Meeting. The number of shares to be issued for the implementation of the incentive and commitment programs is included in the maximum number of shares referred to in the authorization.

The authorization is valid until the next Annual General Meeting, but not later than 30 June 2025, and the previous authorization granted by the Annual General Meeting of 31 March 2023 to the Board of Directors was revoked.

Authorisation to acquire treasury shares

The Annual General Meeting resolved to authorize the Board of Directors in accordance with the proposal of the Board to resolve on the repurchase a maximum of 1,960,688 shares, which corresponds to approximately ten (10) percent of the current number of all the company's shares. The company's own shares can only be repurchased with unrestricted equity and the shares can be repurchased on the repurchase date at a price formed in multilateral trading or otherwise at a price formed in the market. Shares may also be acquired outside public trading at a price that does not exceed the market price in public trading at the time of acquisition.

The Board of Directors decides how the shares are acquired. Own shares may be repurchased other than in proportion to the shares held by the shareholders (directed repurchase) if there is a compelling financial reason for doing so. The authorization is valid until the next Annual General Meeting, but not later than 30 June 2025, and the previous authorization granted by the Annual General Meeting of 31 March 2023 to the Board of Directors was revoked.

Option decisions:

In 2024, options and bonus shares returned from the 2023 plan were reallocated.

16 NON-CURRENT LIABILITIES

	2024	2023
Loans from financial institutions	338,668.88	454,264.77
Subordinated loans	4,500,000.00	4,500,000.00
Total	**4,838,668.88**	**4,954,264.77**
Loans due in more than five years	**0.00**	**4,500,000.00**

Subordinated loan

The Climate Fund has granted Betolar Plc a subordinated loan of a total of EUR 7 million, of which the first tranche of EUR 2 million was drawn down on 8 February 2022, and the second tranche, EUR 2.5 million, was drawn down on 29 November 2023. The final tranche, of EUR 2.5 million is still undrawn. The loan is due on 1 January 2029. The interest rate on the loan depends on Betolar Plc's credit rating, the reference period is annually on 30 June. During the financial period, the rate has been 7.75 %. The accrued interest not recognised as an expenses at 31 December 2024 is EUR 756,848.92. Interest is repaid in conjunction to the repayment of the loan. The loan has priority over other subordinated loans to the company.

17 CURRENT LIABILITIES

	2024	2023
Loans from financial institutions	115,595.89	3,484.49
Accounts payable	149,634.92	398,731.22
Other current liabilities	83,803.54	143,555.24
Accruals and deferred income	898,112.23	1,261,277.66
Total	**1,247,146.58**	**1,807,048.61**

Significant items in accruals and deferred income	**2024**	**2023**
Salary expenses, bonus salaries	195,530.21	369,407.34
Holiday pay expenses	425,013.87	610,434.94
Other accruals and deferred income	277,568.15	281,435.38
Total	**898,112.23**	**1,261,277.66**

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18 GUARANTEES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2024	2023
Lease liabilities (incl. VAT 25.5%, for reference period VAT 24%).	51,072.70	71,325.25
Business mortgages	185,186.92	208,335.29
Other liabilities, total	**236,259.62**	**279,660.54**

19 TRANSACTIONS WITH RELATED PARTIES

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

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

The following transactions were carried out with related parties

Income statement	2024	2023
Purchased services	127,999.34	133,477.03

Balance sheet	2024	2023
Subordinated loan to Betolar Chemicals Ltd	116,964.60	116,964.00
Accounts payable	10,730.25	0.00

Management salaries and fees	**2024**	**2023**
Remuneration to the members of the Board of Directors	163,600.00	136,800.00
Salaries and fees	288,683.47	404,048.32
Pension expenses	51,876.42	73,334.77
Indirect employee costs	8,314.08	10,828.49
	348,873.97	**488,211.58**
Other Management Team		
Salaries and fees	529,227.25	1,080,343.62
Pension expenses	95,102.14	196,082.37
Indirect employee costs	15,241.74	28,953.21
Total	**639,571.13**	**1,305,379.20**

During the financial periods 2024 and 2023, management has been granted options (qty) as follows:

	2024	2023
Members of the Board of Directors	0	0
CEO	120,000	280,000
Other members of the Management Team	110,000	278,333
Total	**230,000**	**558,333**

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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.
Order intake	The value of orders for materials and services received during the reporting period.	The indicator describes the expected future development of the company´s sales.
New Non-Recurring Engineering (NRE) projects	The number of new NRE order intakes received in the reporting period.	The indicator describes the development of the contract of the company´s research service business.
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.

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Signatures to the Financial Statements

Place: Kannonkoski, Finland
Date: February 4, 2025

Tuija Kalpala
CEO

Ilkka Salonen
Chair of the Board of Directors

Anders Dahlblom
Member of the Board of Directors

Kalle Härkki
Member of the Board of Directors

Soile Kankaanpää
Member of the Board of Directors

Juha Leppänen
Member of the Board of Directors

Inka Mero
Member of the Board of Directors

Tero Ojanperä
Member of the Board of Directors

Auditor's note

Our auditor's report on the audit was issued today. .

Place: Helsinki, Finland
Date: February 7, 2025

PricewaterhouseCoopers Oy
Audit firm

Janne Rajalahti
APA

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Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Betolar Oyj

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Betolar Oyj (business identity code 2800638-3) for the year ended 31 December, 2024. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

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

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

Independence

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

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

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

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

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

Helsinki 7 February 2025
PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

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Information to shareholders

Betolar's Investor Relations

Betolar's Investor Relations are the responsibility of the CEO and CFO. Our email addresses are in the format firstname.lastname@betolar.com.

Tuija Kalpala
CEO

Mikko Wirkkala
CFO

Objectives and principles of investor communications

The objective of Betolar's investor communications is to provide reliable, timely and accurate information to support the correct valuation of the company's shares in accordance with the disclosure policy approved by the company's Board of Directors.

In investor relations and related communication situations, Betolar's principle is to ensure equal service for stakeholders, good availability and quick reaction of the company's representatives, high ethics and compliance with the guidelines and regulations concerning listed companies.

The disclosure policy approved by Betolar's Board of Directors is available in full at www.betolar.com/disclosure-policy

Annual General Meeting

The Annual General Meeting will be held on Thursday 27 March 2025. The notice of the Annual General Meeting and the proposals of the Board of Directors to the Annual General Meeting will be published as a company release and also on Betolar's website.

Further information: www.betolar.com/general-meeting

Dividend proposal

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

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year 1 January 2024 – 31 December 2024 and that the loss for the financial year be carried over under retained earnings.

Financial reports in 2025

Betolar will publish the following financial reports in 2025

- Business Review 1–3/2025 will be published on 25 April 2025
- Half-year financial report 2025 will be published on 18 July 2025
- Business Review 1–9/2025 will be published on 28 October 2025

Betolar share

Betolar Plc's share is listed on Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd. The trading code of the share is BETOLAR and the ISIN code is FI4000512587.
The company has one class of shares and each share carries one vote. At the end of the financial year 31 December 2024, Betolar's registered share capital of EUR 80,000 and the number of shares was 21,567,570.

Share information 31 December 2024

- Highest paid: EUR 1.44
- Lowest paid: EUR 0.69
- Volume weighted average price: EUR 1.05
- Total turnover in 2024: 4,371,916 shares
- Closing price: EUR 0.77
- Market capitalisation: EUR 16.6 million

The shares have been entered into the book-entry securities system maintained by Euroclear Finland Ltd. The company's shareholder register is maintained, and the list of shareholders is available at Euroclear Finland Oy at Urho Kekkosen katu 5 C, 8th floor, Helsinki.

Silent period and closed window

Betolar observes a 30-day silent period in its investor and media relations prior to the publication of business reviews, half-year financial reports or financial statements releases. During the silent period, the company does not comment to the media or other parties on the company's financial situation, markets or future prospects. During the silent period, the company also does not meet with representatives of the capital markets.

Betolar observes a closed window of 30 days, during which persons discharging managerial responsibilities in Betolar may not trade, on their own account or on behalf of a third party, in the company's shares or debt instruments or related derivatives or other financial instruments or engage in any other transaction. Betolar also applies the closed window to persons who participate in or have access to the financial reporting information during the preparation phase.

Certified Advisor

The company's certified adviser in accordance with the First North Rulebook is Aktia Alexander Corporate Finance.

Betolar Plc
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contact@betolar.com