

C-GREEN.SE

 **GREEN**

Interim report

1 OCTOBER 2022 – 31 DECEMBER 2022

C-GREEN AB ORG NR 559001-6001



CEO Commentary

During the quarter we have increased our presence on the Benelux and North American markets. Our mobile OxyPower HTC™ biorefinery for testing is now on-site in Rotterdam and ready to go - the result of intensive planning and preparation work during the fall. The mobile biorefinery will process sludge samples from our customers, a key service that will inform their decision to invest in our technology. In North America, our technology has been chosen as one of three being evaluated by one of the top ten largest wastewater treatment plants in the US.

In our cooperation with Estonian Cell, Estonia's largest biogas plant and part of the Heinzl group, the focus is on the synergistic effect of our technology on biogas production.

We have signed an agreement with Ragn-Sells with the goal of establishing eight to ten C-Green biorefineries during the coming years. The first project is now shovel-ready and the groundwork has begun on-site in Norrköping, Sweden.

As of October 2022, Stora Enso's operators are managing the operation of the OxyPower HTC™ biorefinery in Heinola, Finland, with support from C-Green. We are working together with Stora Enso on continuous improvement of the industrialization of the plant.

Our ambition is to close the current capital round during Q2 2023. Despite the current turbulence on the financial markets, investors have shown a keen interest in C-Green. We are in dialogue with several investors who, in addition to capital, can offer key industrial competence and provide access to strong networks.

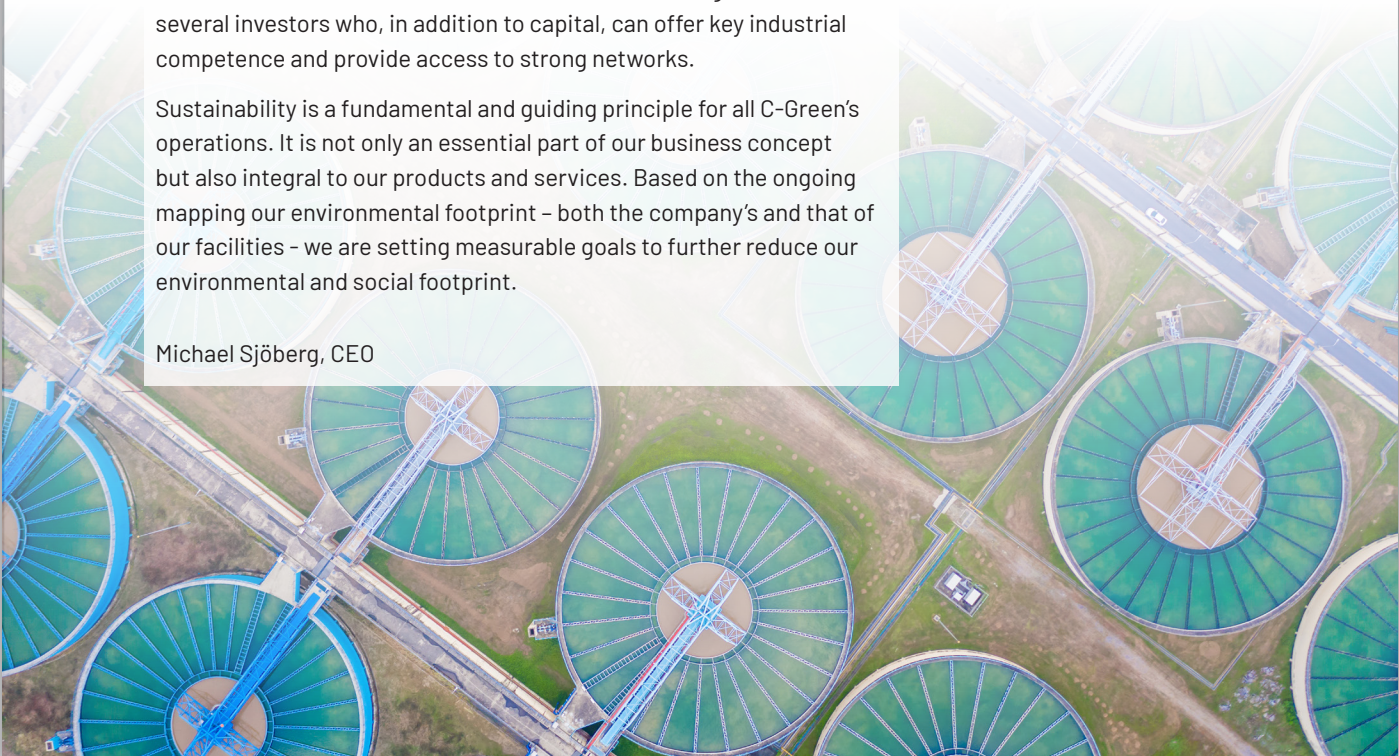
Sustainability is a fundamental and guiding principle for all C-Green's operations. It is not only an essential part of our business concept but also integral to our products and services. Based on the ongoing mapping our environmental footprint - both the company's and that of our facilities - we are setting measurable goals to further reduce our environmental and social footprint.

Michael Sjöberg, CEO



FOTO: JOEL SHERWOOD, SEB

»Sustainability is a fundamental and guiding principle for all C-Green's operations.«



This is C-Green

Every year the world produces 5.7 billion tons of sewage sludge and other wet organic waste. Sludge is incinerated, disposed of in landfills, or spread on agricultural land, resulting in the loss of valuable resources and enormous emissions of greenhouse gases.

C-Green, a Swedish clean-tech company, enables the harvest of energy and nutrients, including phosphorus, from wet waste and effectively reduces greenhouse gas emissions from sludge handling. In an economically viable way we capture the wet carbon in sludge and concentrate it in HTC hydrochar, a dry sterile material that can be used as biofuel to replace fossil fuels or as soil improvement.

Using a combination of hydrothermal carbonization (HTC) and wet oxidation, both well-proven technologies, our OxyPower HTC™ biorefinery is powered by the heat generated from the sludge. It is compact and specially designed for large-scale serial production, consisting of easily transportable prefabricated modules the size of standard containers.

Our headquarters, just outside of Stockholm, are equipped with a customized, state-of-the-art lab for sludge analysis. Our two mobile plants - one for HTC and one for wet oxidation - together make up our mobile biorefinery that can process wet waste at customer sites.

»We capture the wet carbon in sludge and concentrate it in HTC hydrochar, a dry sterile material that can be used as biofuel to replace fossil fuels or as soil improvement.«



Focus market sectors

RECYCLING SERVICES

REYM and Waternet, the Netherlands

In March 2023, our mobile biorefinery for testing arrived at REYM in Rotterdam. Made up of our HTC and wet oxidation pilot plants, we will use the mobile biorefinery to analyze and process different types of industrial sludge from REYM and municipal sewage sludge from Waternet. With a sludge processing capacity of 500 kg per day and lab capacity for hydrochar analysis we can produce large sample amounts for further testing. The pilot trials are an important step in the evaluation of the feasibility of building a C-Green biorefinery at REYM. For Waternet, the pilot trials are a part of a larger feasibility study for the forthcoming extension of its wastewater treatment plant in Amsterdam.

The focus of C-Green's cooperation with REYM and Waternet is circular and climate-smart sludge handling in the Netherlands and the establishment of OxyPower HTC™ biorefineries there. Waternet is Amsterdam's wastewater treatment provider, serving 1.5 million people with clean water and treatment of wastewater. REYM Rotterdam is a leading Dutch industrial waste recycling company and part of the REMONDIS Group, one of the world's largest privately-owned water and recycling companies, with 32,000 employees serving 30 million people.

Recycling Services Unique Selling Points

- more diverse wet waste treatment
- simplifies the regulatory compliance of our customers
- reduces greenhouse gas emissions and other pollution

»Our biorefinery for testing is made up of our HTC and wet oxidation mobile units.«



Ragn-Sells

We have signed an agreement with the environmental company Ragn-Sells, one of Sweden's largest sludge handlers, with the goal of establishing eight to ten C-Green biorefineries in the coming years. The hydrochar produced can be incinerated and the energy recovered. The resulting ash can then be processed using Ragn-Sell's Ash2Phos technology to extract phosphorus and other substances. It will also be possible to extract valuable nitrogen from the sludge.

"If we are serious about creating a sustainable society, we must use the raw materials that we already have, over and over again. That is why we look forward to the collaboration with C-Green and to combining their technology with our other processes enabling us to capture vital nutrients such as phosphorus from even more sewage sludge", says Jonas Wibom, business development manager at Ragn-Sells.

The first facility will be for municipal sewage sludge and located in Norrköping, Sweden. It will become operational during 2024. The project is partly financed with about SEK 40 million by the Swedish Energy Agency. The plant will have an annual capacity of handling 25,000 tons of sewage sludge, produce about 5,000 tons of hydrochar, and recover nitrogen fertilizer. Ragn-Sells will pay C-Green a gate fee per ton of sludge processed.

In a unique cooperation between C-Green, Ragn-Sells, and a local municipal wastewater treatment plant (MWWTP), sewage sludge will be treated at the facility, and the MWWTP will take back the process water to its biogas plant. This trial will help develop and validate new circular ways of treating sewage sludge that may not be spread on land.

»We look forward to the collaboration with C-Green and to combining their technology with our other processes enabling us to capture vital nutrients such as phosphorus from even more sewage sludge.«

Jonas Wibom,
business development manager
at Ragn-Sells.



PULP AND PAPER

In December, C-Green entered into a partnership with Estonian Cell, a pulp manufacturer and Estonia’s largest biogas producer. The partnership focuses on circular sludge treatment and the potential of using C-Green’s technology at Estonian Cell’s mill in Kunda, Estonia. Estonian Cell is owned by Heinzl Holding GmbH, a leading European producer of market pulp and packaging papers based in Austria.

“Sustainability is one of the cornerstones in our business. We are starting a partnership with C-Green to find the best possible solution for handling our wet organic waste. This partnership is part of our continued efforts to create value and circular solutions for all the residuals from our pulp production,” says Rain Pärn, CTO at Estonian Cell.

Stora Enso’s operators now run the OxyPower HTC™ plant at the packaging mill in Heinola, Finland, with support from C-Green. Together we are focused on continuous improvement of the plant which has resulted in increased process availability, increased energy efficiency, and the reduced need for operator interaction. This work is expected to continue through the first half of 2023.

NORTH AMERICAN MARKET

Our technology is one of three being evaluated in a New Jersey WWTP Site Master Plan process. The WWTP is one of the ten largest in the United States and they have a potential capacity for about 25 C-Green facilities. A budget quote was submitted in January 2023.

We are also in the process of establishing an HTC lab at the University of South Carolina in preparation for testing US sludge samples.

Pulp & Paper

Unique Selling Points

- efficient recycling of organic byproducts
- solves sludge disposal problems
- improves primary processes
- strengthens sustainability

» *This partnership is part of our continued efforts to create value and circular solutions for all the residuals from our pulp production.* «

Rain Pärn,
CTO at Estonian Cell.

The industrial-scale OxyPower HTC™ biorefinery in Heinola, Finland has an annual capacity of 18,000 tons of sludge. The hydrochar produced replaces fossil fuels, such as peat, and will reduce the mill’s greenhouse gas emissions by ~2,500 tons of CO₂e per year, when operating at design capacity.

C-GREEN in the North American Market

ONTARIO, CANADA
C-Green selected as an innovative technology in the Low Carbon Business Action (LCBA) Canada Challenge, part of the European Cluster Collaboration Platform (ECCP). Walker Industries, Ontario, Canada is now evaluating C-Green as onsite vs. centralized biosolids handling technology.

MAINE - LEWISTON-ABURN WWTP
Potential: one C-Green Biorefinery
We have demonstrated how C-Green technology can minimize volume of waste in a state that no longer allows land application

NEW JERSEY - PASSAIC VALLEY WWTP
Potential: 23-29 units
C-Green one of three technologies being evaluated as part of the Site Master Plan Jan. 2023; budget quote & technical evaluation submitted. Master Plan Timing: Q3-2023 Completion

C-GREEN LAB - UNIVERSITY OF SOUTH CAROLINA
C-Green is establishing an HTC lab at the University of South Carolina in preparation for testing of US biosolids
Timing: Q2/Q3-2023 Completion

TOP 10 LARGEST WWTP IN US!

Next Rung Technology

Financials

During Q4 2022, C-Green had a total revenue of SEK 4.1 million. Operating costs during the period amounted to SEK 23 million, which resulted in a loss of SEK 19 million. By the end of the quarter (year-to-date), C-Green had a total revenue of SEK 7.0 million, of which SEK 6.4 million is attributable to the project focused on producing an OxyPower HTC™ biorefinery for providing sludge handling services to Ragn-Sells. The total operating costs by the end of Q4 2022 amounted to SEK 59 million, which resulted in a year-to-date loss of SEK 52 million. At the end of December 2022, the company had cash in the amount of SEK 16 million and equity that amounted to SEK 41 million. C-Green was granted a so-called green loan from Almi of SEK 10 million, which was paid out in November 2022.

An extraordinary general meeting was held in December 2022 where it was decided to carry out a directed warrant share issue to KIC InnoEnergy S.E. of 27,520 shares of series A. The meeting also authorized the board to increase the share capital through new issues of shares, warrants and/or convertibles which will provide C-Green with the necessary working capital for continued expansion of the business. The board subsequently resolved to raise a convertible loan through a private placement round. In January 2023, C-Green issued 14.3 MSEK in convertible debentures for B shares, with 6% interest and no discount at conversion.

Our ambition is to close the planned long-term capital round during Q2 2023. In spite of the current turbulence on the financial markets, investors have shown a keen interest in C-Green. We are in dialogue with several investors who, in addition to capital, can offer key industrial competence and provide access to strong networks. Joakim Stenberg, an experienced financial advisor, has been appointed C-Green's head of investor relations and has taken the lead on current company financing.

»We are in dialogue with several investors who, in addition to capital, can offer key industrial competence and provide access to strong networks.«



Financial Statements in Brief

All values in SEK

INCOME STATEMENT

	2022 OCT-DEC	2021 OCT-DEC
Operating income net sales	146 068	513 115
Other operating income	3 978 983	787 610
Total operating income	4 125 051	1 300 725
Raw materials and consumables*	-8 942 514	5 679 412
Other external costs	-5 941 230	-2 986 928
Personnel costs	-6 345 085	-2 394 353
Depreciation	-1 684 108	-1 130 655
Other operating expenses	-33 073	-14 418
Financial instruments	-17 123	62 419
Appropriations	-	-987 898
Total operating expenses	-22 963 133	-1 772 421
Estimated TOTAL PROFIT/LOSS FOR THE PERIOD	-18 838 082	-471 696

* The costs of raw materials and consumables during Q4 2021 is positive due to the capitalization of development costs in the financial accounts for the whole of 2021.

STATEMENT OF FINANCIAL POSITIONS

	2022 DEC 31	2021 DEC 31
ASSETS		
Fixed Assets	28 686 138	22 936 610
Intangible assets	34 476 716	13 001 876
Tangible assets	340 000	340 000
Financial assets (Long term receivables)		
Total fixed assets	63 502 854	36 278 486
Current assets		
Current receivables	5 030 643	2 970 437
Cash and bank balances	16 444 902	33 074 537
Total current assets	21 475 545	36 044 974
TOTAL ASSETS	84 978 399	72 323 460

EQUITY AND LIABILITIES

	2022 DEC 31	2021 DEC 31
Equity		
Number of shares	1 362 539	1 255 563
Quota value	0,53	0,53
Share capital	722 146	665 448
Unregistrerad share capital	14 586	37 960
Options		
Patent revaluation fund	8 348 533	10 253 083
Convertible emission		-
New Emission		-
Fund balanced cost	17 681 295	9 626 863
Share premium fund	133 609 575	113 300 204
Retained profit/loss	-67 144 517	-52 349 055
Profit/loss YTD	-52 087 661	-29 340 988
Total equity	41 143 956	52 193 515
Provisions	2 402 120	2 802 474
Long term liabilities	10 000 000	0
Current liabilities	31 432 323	17 327 471
TOTAL EQUITY AND LIABILITIES	84 978 399	72 323 460

CHANGES IN EQUITY

	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTIONS	RETAINED PROFIT/LOSS	PROFIT/LOSS YTD	TOTAL EQUITY
Shareholders equity as per December 31, 2020	626 916	12 640	-30 929 346	-16 261 924	40 238 017
Shareholders equity as per December 31, 2021	665 448	37 960	-52 349 055	-29 340 988	52 193 515
Shareholders' equity as per Dec. 31, 2022	722 146	14 586	-67 144 517	-52 087 661	41 143 956

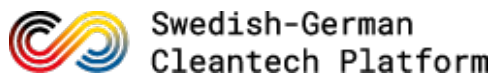
CASHFLOW STATEMENT

	2022 OCT-DEC	2021 OCT-DEC
Cash and cash equivalents at start of the period	18 626 731	45 693 547
Net cash flow for the period	-2 181 829	-12 619 010
Cash and cash equivalents at the end of period	16 444 902	33 074 537

Accolades

C-Green finalist in Swedish-German Cleantech Platform

C-Green was selected as one of ten 2023 finalists by the Swedish-German Cleantech Platform, a platform designed to support innovative Swedish scale ups entering the German market. Finalists are selected based on their ability to offer products and solutions that enable a 100% fossil-free society in areas such as renewable energy, energy, and resource efficiency. The platform helps find potential customers and partners in Germany for its members. It is hosted by the Swedish Energy Authority and driven by the German-Swedish Chamber of Commerce.



Introducing Swedish companies to Germany

Swedish-German Cleantech Platform

Welcome to the Swedish-German Cleantech Platform. On this website we keep you updated about the platform, our participating companies, events and news regarding the German and Swedish cleantech

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Commitment to Sustainability

Sustainability is a fundamental and guiding principle for all of C-Green's operations. We are committed to help drive sustainable economic, environmental, and social development. We contribute directly to five of the United Nation's seventeen global sustainability goals.

Our goal is to minimize our negative impact on people, the environment, and property through our work for resource efficiency and long-term profitability. This is not only an essential part of our business concept and but also integral in our products and services. We integrate sustainability issues into our operational management and our daily decisions.

We require our suppliers to conduct their business in a responsible and sustainable manner that does not conflict with our sustainability policy.

We are now in the process of mapping our environmental footprint – both the company's and that of our facilities. Based on this data, we are setting measurable goals to further reduce our footprint.

OUR VISION

»Sustainable, climate-smart circular conversion of organic wet waste into useful products globally.«

OUR MISSION

»To help protect the environment and fight climate change by offering the best circular organic wet waste handling technology.«

Our contribution to UN SDGs

C-Green's technology contributes to the achievement of 5 of the 17 sustainable development goals in the UN's Agenda 2030

SUSTAINABLE DEVELOPMENT GOALS

6 CLEAN WATER AND SANITATION



Helps clean water from pathogens, toxic organisms and an overexposure to nitrogen and phosphorus.

7 AFFORDABLE AND CLEAN ENERGY



Up-cycles wet waste to a sustainable biofuel.

11 SUSTAINABLE CITIES AND COMMUNITIES



Enables recovery of nitrogen and phosphorus while reducing the need for fossil fuels.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Solves the wet waste disposal challenges by converting waste into useful hydrochar.

13 CLIMATE ACTION



Greatly reduces the emission of greenhouse gases caused by the natural decomposition of wet organic waste.

The C-Green team & our core values

The number of employees during Q4 2022 was 25, of which 7 were women and 18 were men. The number of employees during Q4 2021 was 20, of which 5 were women and 15 were men.

We speak twelve languages: Swedish, English, Swiss German, German, Spanish, French, Arabic, Afrikaans, Polish, Czech, Finnish, and Farsi. Together we have a total of 4 PhDs & 15 Master's degrees.

Contact Person

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»Our core values are
sustainability, respect,
collaboration, creativity,
and transparency.«



Accounting Principles

APPLIED RULES

This interim report is prepared in accordance with the Swedish Annual Accounts Act (Swedish Årsredovisningslagen (1995:1554)).

FOREIGN CURRENCY

The Company's functional currency is Swedish kronor (SEK), which is also the reporting currency. Transactions in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date.

EMPLOYEE COMPENSATION: PENSIONS

The Company has defined pension plans. Costs for defined contribution pension plans are expensed in pace with payment of premiums.

INTANGIBLE ASSETS

Intangible fixed assets are reported at acquisition value after deductions for accumulated depreciation and any writedowns. Depreciation takes place on a straight-line basis over the asset's estimated useful life. Assessment of an asset's residual value and useful life is made annually.

TANGIBLE ASSETS

Tangible assets are reported at cost less accumulated depreciation and any impairment losses. Depreciation is recognized on a straight-line basis over the asset's estimated useful life, which estimated to be three to ten years. Estimation of an asset's residual value and useful life is done yearly.

CASHFLOW STATEMENTS

Cash flow statements are prepared according to the direct method.

Review

This interim report has not been reviewed by the company's auditors.

