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 **GREEN**

Interim report

1 JANUARY 2022 – 31 MARCH 2022

C-GREEN TECHNOLOGY AB (PUBL). ORG NR 559001-6001



Interim Report Summary – First Quarter 2022

DURING FIRST QUARTER 2022:

- The profit/loss was -8,714 MSEK
- At our industrial-scale demonstration OxyPower HTC™ biorefinery at the Stora Enso packaging mill in Heinola, Finland the focus has been on continuous operation and availability. The trend was positive and during the period the biorefinery was in operation for a total of thirty-five around the clock periods.
- A collaboration was initiated with a world leader in water treatment technologies. Where possible, the company is committed to integrating C-Green's OxyPower HTC™ technology in 10 projects in their quotes for public tenders in central Europe during the next 5 years.
- A cooperation was established with REYM Rotterdam, part of Remondis Group, one of the world's largest privately-owned recycling service company, to explore the feasibility of building an OxyPower HTC™ biorefinery in Rotterdam. We established our first sales office outside the Nordic region in Rotterdam to increase our presence in the region and become eligible for co-funded projects.
- Our presence increased on the North American market through participation in conferences and discussions with several waste handling companies and project developers. A preliminary tender for a project in New York City has been submitted.



Municipal sludge trial in Heinola: the municipal wastewater treatment plant produces sludge that is converted into hydrochar by C-Green's biorefinery

AFTER THE END OF THE QUARTER:

- The war in Ukraine has had a negative effect on financial markets, which led to the postponement of the long-term capital round planned with Carnegie Investment Bank. A new share issue will be carried out in June, with Corpura Fondkommission AB as financial advisor, to broaden the shareholder base (Sw: *spridningsemission*). This new issue, supplemented with so-called green loans, will secure C-Green's capital needs until the larger share issue is carried out with Carnegie.
- The production rate of the Heinola biorefinery more than doubled during Q2 2022. We have still not reached our goal for the level of availability. A trial with municipal sewage sludge from the town of Heinola produced odorless hydrochar with a high dry content, demonstrating that the plant can also process sewage sludge.
- A cooperation for circular and climate-smart sludge handling in the Netherlands was co-founded with Waternet, a major Dutch wastewater treatment provider, and REYM Rotterdam. The cooperation includes using C-Green's pilot plant on-site for sludge trials in Rotterdam during Q1 and Q2 2023.
- We have been asked by Mewab, a recycling company, to submit a tender for an OxyPower HTC™ biorefinery for sludge from pulp and paper production for their site near Karlstad, Sweden. Mewab has expressed interest in establishing several C-Green biorefineries during the coming years.



CEO Commentary

DURING FIRST QUARTER 2022, C-Green's sales pipeline started to fill up and continues to do so at a fast pace. Our sales process typically takes 2-3 years to bring a project to 'shovel-readiness'. It is extremely important to be pro-active. If you're not active on the market today, the contracts will not materialize a few years down the line. As a result of the unique combination of a green circular technology and the financial viability of our projects, our most pressing challenge is not to generate sales. Our challenge going forward is to evolve our technology to best meet the needs of our broad customer base, to recruit competency and to scale up the company with a lean approach. 'One-size C-Green biorefinery fits all' is our strategy to scale effectively.

The war in Ukraine means that we all are facing increasing costs for raw materials and uncertain financial markets. At C-Green we have wide enough margins so that production cost increases can be mitigated by product price increases. By postponing the long-term capital round that was planned for the second quarter, and instead opting for a smaller new share issue that will broaden our investor base, we are adapting to the current situation while at the same time securing the company's capital needs.

The productification of hydrochar is an important factor in our business case and two important steps have been taken in achieving that goal: the C-Green initiated collaboration with Biototal/Mewab and Stora Enso to study and develop applications of hydrochar and the pending third-party certification system for hydrochar for use on agricultural land.

C-Green now has more than 30 projects in the pipeline stretching over the next few years, all located in the EU and backed up with MoU's. Particularly positive is the intense activity in the Netherlands, demonstrated by the keen interest in our technology by market leading sludge producers and handlers, which led to the establishment of a C-Green sales office in Rotterdam.

Michael Sjöberg, CEO
C-Green



FOTO: JOEL SHERWOOD, SEB

»We are adapting to the current situation while at the same time securing the company's capital needs.«



Focus market sectors

PULP AND PAPER DEVELOPMENT PROJECT: HEINOLA, STORA ENSO FINLAND

During Q1 2022, there has been continuous improvement of plant operations compared to Q4 2021, with thirty-five around the clock periods. The wet oxidation process was operational and the performance test of running wet oxidation for 7 consecutive days was achieved. With these achievements, all of Stora Enso's plant acceptance criteria have been fulfilled. Several prospective customers visited the facility during Q1 2022.

After the end of Q1 2022, the production rate of the plant more than doubled. We have still not reached our goal for the level of availability. Several equipment improvements were identified, and these will be addressed during Q3 2022. In June, a trial with municipal sewage sludge from the town of Heinola was carried out, demonstrating that the full-scale plant can process sewage sludge. The trial produced odorless hydrochar with a high dry content (60%).

In addition to Stora Enso, two major pulp and paper companies in Sweden have contacted C-Green to explore using C-Green's technology for processing their pulp and paper mill sludge.

Pulp & Paper

Unique Selling Points

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

C-Green's industrial-scale OxyPower HTC™ biorefinery in Heinola, Finland has an annual capacity to process 18,000 tons of sludge. The biorefinery will produce heat and electricity for use at the mill. The hydrochar produced replaces fossil fuels, including peat, and will reduce the mill's greenhouse gas emissions by ~2,500 tons of CO_{2e} per year, when operating at design capacity.

Hydrochar from trial with municipal sewage sludge at the Heinola biorefinery.



Sludge from Heinola wastewater treatment plant was processed at our full-scale OxyPower HTC™ biorefinery at the Stora Enso pulp and paper mill nearby.



RECYCLING SERVICES

REYM Rotterdam, a leading Dutch industrial waste recycling company, and C-Green will explore the feasibility of building an OxyPower HTC™ biorefinery at a REYM facility. The initiative is expected to increase REYM's operational activities. The City of Rotterdam awarded the project a grant of € 56 000 as part of its Smart Energy Systems (SES) program, which supports innovations that contribute to a cleaner, smarter, and more efficient energy system. REYM Rotterdam is part of the REMONDIS Group, one of the world's largest privately-owned water and recycling companies in the world, with 32,000 employees serving 30 million people.

After the end of Q1 2022, C-Green co-founded a cooperation for circular and climate-smart sludge handling in the Netherlands with Waternet, the Amsterdam wastewater treatment provider, and REYM Rotterdam. The aim of the cooperation is to change the mind-set from seeing sludge as a problematic waste to recognizing it as a potential resource for useful and climate-smart products. The cooperation will explore the feasibility of using OxyPower HTC™ biorefineries to achieve circular sludge handling in the Netherlands. At the beginning of 2023, C-Green's mobile OxyPower HTC™ pilot plant will be set up at REYM Rotterdam to process and analyze Waternet sludge and other types of sludge handled by REYM. The project will also evaluate local hydrochar applications that can reduce climate impact. Waternet provides 1.5 million people with clean water and treatment of wastewater.

»C-Green's technology is entirely in line with our vision to integrate sustainable solutions into our sludge management services and reduce climate impact. With this cooperation, we will contribute to the development of climate-smart, sustainable sludge handling worldwide. It is a win-win situation.«

Fred Muller,
Branch Manager
at REYM Rotterdam.

Waternet and C-Green investor EIT InnoEnergy
on a visit to C-Green's industrial-scale
biorefinery in Heinola, Finland



Ragn-Sells: work continued on C-Green's biorefinery for municipal sludge planned to be commissioned during Q4 2023 at a Ragn-Sells recycling center in Sweden. This plant will have an annual capacity of handling 25,000 tons of sewage sludge, produce ~5,000 tons of hydrochar, and recover nitrogen. C-Green will be paid a gate fee per ton of sludge. The Swedish Energy Authority is financing the project with 40 MSEK. The finalization of the agreement is expected during Q3 2022. Ragn-Sells manages about 300.000 tons of sludge in Sweden annually.

After the end of Q1 2022, Ragn-Sells' waste recycling site near Norrköping, Sweden was chosen to be the site for the biorefinery. A unique cooperation between C-Green, Ragn-Sells, and Nodra (Norrköping's water and wastewater treatment company) was established where Nodra's municipal sewage sludge will be treated at C-Green's biorefinery, and Nodra will take back the process water. This trial will help develop new circular ways of treating sewage sludge that may not be spread on land.

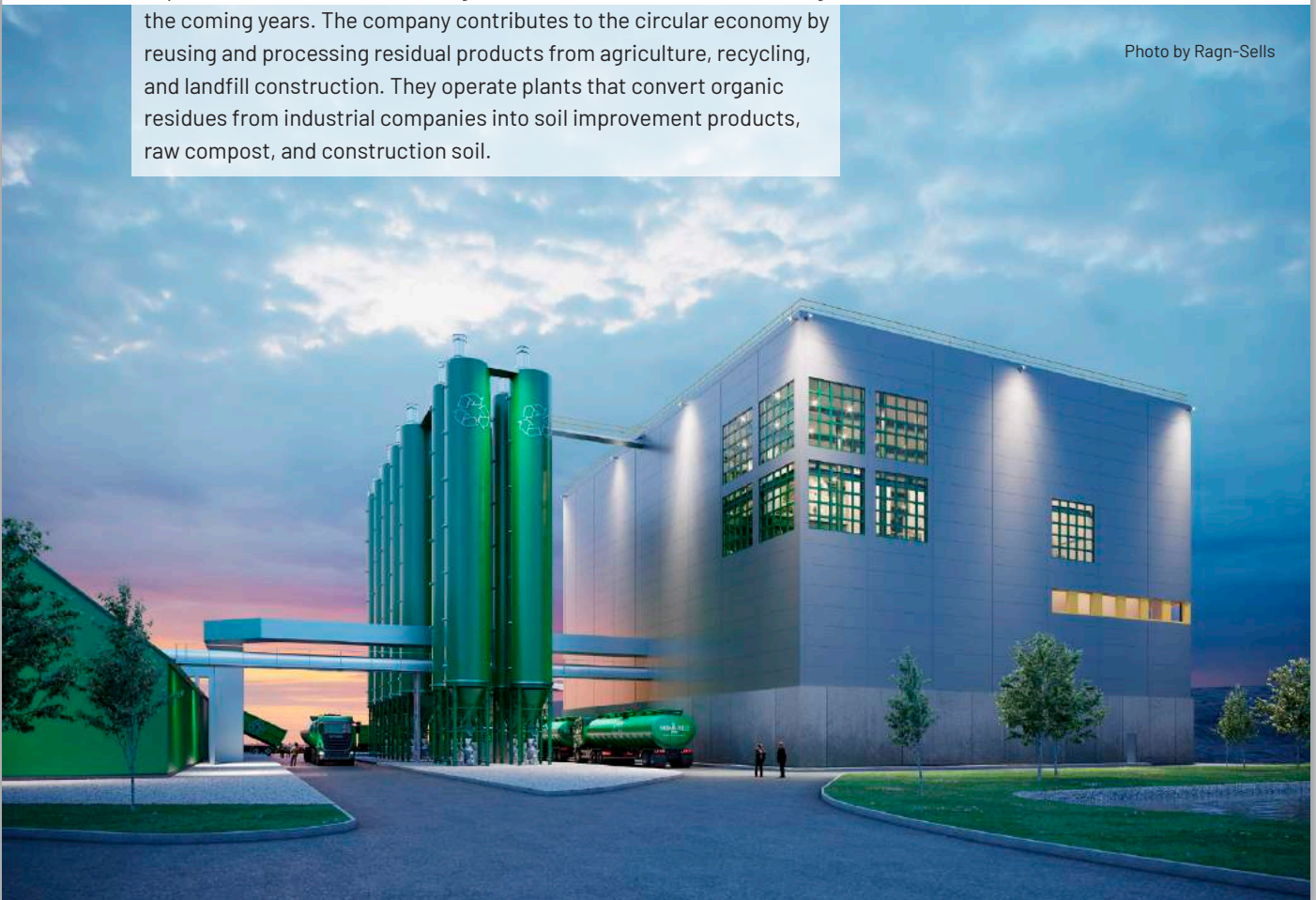
After the end of Q1 2022, C-Green was asked by the recycling company Mewab to submit a tender for a C-Green biorefinery for pulp and paper sludge for their recycling site near Karlstad, Sweden. Mewab has expressed interest in establishing several C-Green biorefineries during the coming years. The company contributes to the circular economy by reusing and processing residual products from agriculture, recycling, and landfill construction. They operate plants that convert organic residues from industrial companies into soil improvement products, raw compost, and construction soil.

Recycling Services

Unique Selling Points

- makes higher volumes possible and allows more diverse wet waste treatment
- simplifies regulatory compliance
- less pollution and reduced greenhouse gas emissions

Photo by Ragn-Sells



SEWAGE SLUDGE

During Q1 2022, a collaboration with a world leader in water treatment technologies was initiated. Where possible, the company will integrate C-Green's OxyPower HTC™ technology in ten projects during the next five years in their quotes for public tenders in central Europe. The first tender will be submitted during Q3 2022.

After the end of Q1 2022, a tender for an OxyPower HTC™ biorefinery for municipal wastewater treatment sludge in Margretelund, near Stockholm was submitted to Roslagsvatten in April. The capacity of the plant was too large for the foreseeable future and Roslagsvatten chose a different and more conventional technical solution.

Two major steps towards the productification of hydrochar. A collaboration with Biototal/Mewab, EcoNova, and Stora Enso was initiated by C-Green with the aim of producing a roadmap by 2022 for applications of hydrochar for use in the forest, spreading on farmland, or use as a replacement for peat in commercial and consumer soil products. The collaboration also includes plant cultivation in hydrochar and peat replacement experiments, as well as defining the carbon sink potential.

Criteria for hydrochar will be launched by REVAQ, a Swedish sewage sludge certification system initiated by the Swedish Water & Wastewater Association (Svenskt Vatten). REVAQ focuses on contributing to the safe recycling of nutrients to agricultural land. With input from C-Green, REVAQ recently published a proposal for review for a certification system for hydrochar intended to be spread on farmland. The goal is to launch the hydrochar certification system for agricultural use during 2024.

INCREASED MARKET PRESENCE

First sales office established outside the Nordic region: In March, C-Green opened a sales office in Rotterdam. This will increase our presence in the region, improve coverage and communication and make us eligible for co-funded projects.

Increased presence on the North American market: We continue to investigate the market potential for C-Green in North America together with our US partner Next Rung Technologies. We have established contacts with many key players, participated in several conferences and have noted a significant increase in interest in our OxyPower HTC™ technology. We have ongoing technical and financial discussions with recycling companies and project developers about projects in several cities and have submitted a preliminary tender for a project in New York City.

Sewage Sludge

Unique Selling Points

- sludge-free wastewater treatment
- regulatory compliance
- reduced disposal fees
- transportation reduced by 80%
- odorless
- reduced greenhouse gas emissions



Financials

Due to the war in Ukraine, some raw materials have increased in cost, which has had a negative effect on the cost of C-Green's biorefinery. These cost increases can, however, be offset by a corresponding price increase. The war in Ukraine has also had a negative effect on financial markets, which led to the postponement of the long-term capital round planned with Carnegie Investment Bank. To secure our short-term capital needs and to broaden the shareholder base (Sw: spridningsemission), a new issue of B-shares in the amount of SEK 15-30 million will be carried out in June. Corpura Fondkommission AB has been appointed as financial advisor for the transaction. This new issue will be supplemented with so-called green loans totaling SEK 10-15 million. These two measures will secure the company's capital needs until the larger share issue is carried out with Carnegie. We expect that the current share issue will improve the conditions for the future listing planned in cooperation with Carnegie.

»To secure the our short-term capital needs and to broaden the shareholder base (Sw: spridningsemission), a new issue of B-shares in the amount of SEK 15-30 million will be carried out in June.«



Financial Statements in Brief

INCOME STATEMENT

SEK	2022 JAN-MARCH	2021 JAN-MARCH
Operating income net sales	9 425	28
Other operating income	677 663	807 870
Total operating income	687 088	807 898
Raw materials and consumables	-1 011 409	-2 584 237
Other external costs	-3 006 797	-2 851 227
Personnel Costs	-4 730 593	-4 020 591
Depreciation	-610 229	-336 003
Other Operating expenses	-41 053	-51 518
Financial instruments	-987	-943
Appropriations	0	0
Total operating expenses	-9 401 068	-9 844 519
Estimated TOTAL PROFIT/LOSS FOR THE PERIOD	-8 713 980	-9 036 621

STATEMENT OF FINANCIAL POSITIONS

SEK	2022 MARCH 31	2021 MARCH 31
ASSETS		
Fixed Assets		
Intangible assets	24 382 983	17 783 883
Tangible assets	15 543 336	506 619
Financial assets (Long term receivables)	340 000	1 327 898
Total fixed assets	40 266 319	19 618 400
Current assets		
Current receivables	3 776 904	4 440 094
Cash and bank balances	19 864 903	28 638 127
Total current assets	23 641 807	33 078 221
TOTAL ASSETS	63 908 126	52 696 621

EQUITY AND LIABILITIES

SEK	2022 MARCH 31	2021 MARCH 31
EQUITY AND LIABILITIES		
Equity		
Number of shares	1 255 563	1 182 860
Quota value	0,53	0,53
Share capital	665 448	626 916
Unregistrerad share capital	37 959	
Options	12 640	12 640
Patent revaluation fund	10 253 083	12 003 448
Convertible	40 070 360	
Fund balanced cost	9 626 863	2 305 720
Share premium fund	73 229 844	72 480 563
Retained profit/loss	-81 702 683	-47 191 270
Profit/loss for the period	-8 713 979	-9 036 622
Total equity	43 479 535	31 201 395
Provisions	2 802 474	3 202 827
Long term liabilities	0	0
Current liabilities	17 626 117	18 292 399
TOTAL EQUITY AND LIABILITIES	63 908 126	52 696 621

CHANGES IN EQUITY

SEK	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTIONS	RETAINED PROFIT/LOSS	PROFIT/LOSS FOR THE PERIOD	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 30, 2021	665 448	50 600	-52 361 695	-29 340 987	52 193 515
Shareholders' equity as per March 31, 2022	665 448	50 600	-81 702 683	-8 713 980	43 479 535

CASHFLOW STATEMENT

SEK	2022 JAN-MARCH	2021 JAN-MARCH
Cash and cash equivalents at start of the period	33 074 537	38 803 702
Net cash flow for the period	-13 209 634	-10 165 575
Cash and cash equivalents at the end of period	19 864 903	28 638 127

Other information

PERSONNEL

The number of employees at the end of Q1 2022 (calculated based on paid hours in relation to a standard full-time position) was 25 (Q1 2021: 17), of which 6 (Q1 2021: 3) were women and 19 (Q1 2021: 14) were men.

After the end of Q1 2022, one additional employee has been hired, making the total number of employees 26 (7 women and 19 men).

C-Green's team: we speak Swedish, English, Swiss German, German, Spanish, French, Arabic, Portuguese, Afrikaans, Polish, and Farsi. Together we have a total of 3 PhDs & 16 Master's degrees.

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Review

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



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.

