



# Interim report

1 APRIL 2022 – 30 JUNE 2022

C-GREEN AB (PUBL), ORG NR 559001-6001



# Interim Report Summary – Second Quarter 2022

## DURING SECOND QUARTER 2022:

- The profit/loss was -11.6 MSEK.
- The war in Europe continued to have a negative effect on financial markets, which has led to inflation, economic uncertainty, and stock market instability. Despite this, C-Green carried out a successful share issue with Corpura Fondkommission AB as financial advisor and broadened the shareholder base (Sw: *spridningsemission*). The new issue, supplemented with so-called green loans, will secure C-Green's capital needs until a larger share issue is carried out.
- The production rate at the Heinola OxyPower HTC™ biorefinery more than doubled during the period. A trial with sewage sludge from the town of Heinola produced odorless hydrochar with a high dry content, demonstrating that the plant can also process municipal sewage sludge. C-Green will achieve the plant's targets for energy efficiency, capacity, and availability by the end of 2022.
- A cooperation for circular and climate-smart sludge handling in the Netherlands was co-founded with Waternet, Amsterdam's wastewater treatment provider, and REYM Rotterdam, a leading Dutch industrial waste recycling company. The cooperation includes using C-Green's pilot plant on-site for sludge trials in Rotterdam during the first half of 2023.
- C-Green established a partnership with the US-based engineering organization Next Rung to manage the marketing and development of opportunities in North America and the growing interest there in our technology.



**AFTER THE END OF THE QUARTER:**

- C-Green submitted a budgetary tender to MEWAB, a Swedish recycling company, for an OxyPower HTC™ biorefinery for their site near Karlstad, Sweden. The hydrochar produced will replace peat in soil improvement products. MEWAB has expressed interest in establishing several C-Green biorefineries during the coming years.
- The ongoing war in Europe continues to have a negative effect on financial markets. Raw material prices have been affected but C-Green's margins are wide enough to mitigate the situation with product price increase.
- C-Green called for the conversion of its convertibles, which resulted in 36 764 new A shares and 36 921 B shares.
- C-Green can make a significant contribution towards achieving EU's new goal of more than doubling biomethane production, from 167 TWh to 350 TWh by 2030, as part of the plan to reduce dependency on Russian fossil energy. C-Green's technology can increase biogas production by 5-10%.
- In August, SCG, the leading conglomerate in Southeast Asia focusing on chemical, packaging, cement, and building material businesses made a study visit to the biorefinery in Heinola. SCG is evaluating processing sludge from their packaging mills in a C-Green biorefinery and using the hydrochar produced as fuel in their cement production.



# CEO Commentary

THE ONGOING WAR IN EUROPE continues to have a negative effect on financial markets causing inflation, economic uncertainty, and stock market instability. Raw material prices have been affected but our margins are wide enough to mitigate the situation with product price increase.

Despite the current financial situation, we carried out a successful share issue, raising 22.6 MSEK in capital and broadening our shareholder base. A larger share issue is planned for Q4 2022.

During the quarter, we focused on improvements of our full-scale biorefinery at Stora Enso's Heinola mill in Finland, where we expect to meet the plant targets in energy efficiency, capacity, and availability by the end of 2022. Two full-scale plants are planned to be commissioned in Sweden during coming 12-18 months.

C-Green has more than 30 projects in the pipeline stretching over coming years, all in the EU and backed by MoU's, and that number is rapidly increasing. The unique combination of our sustainable, circular technology and the financial viability of our projects makes our most pressing challenge not to generate more sales but to scale-up with a lean approach. 'One-size C-Green biorefinery fits all' combined with our modular production approach is our strategy to scale up effectively. Assembly at site is four times more expensive compared to our strategy for modular production at a factory.

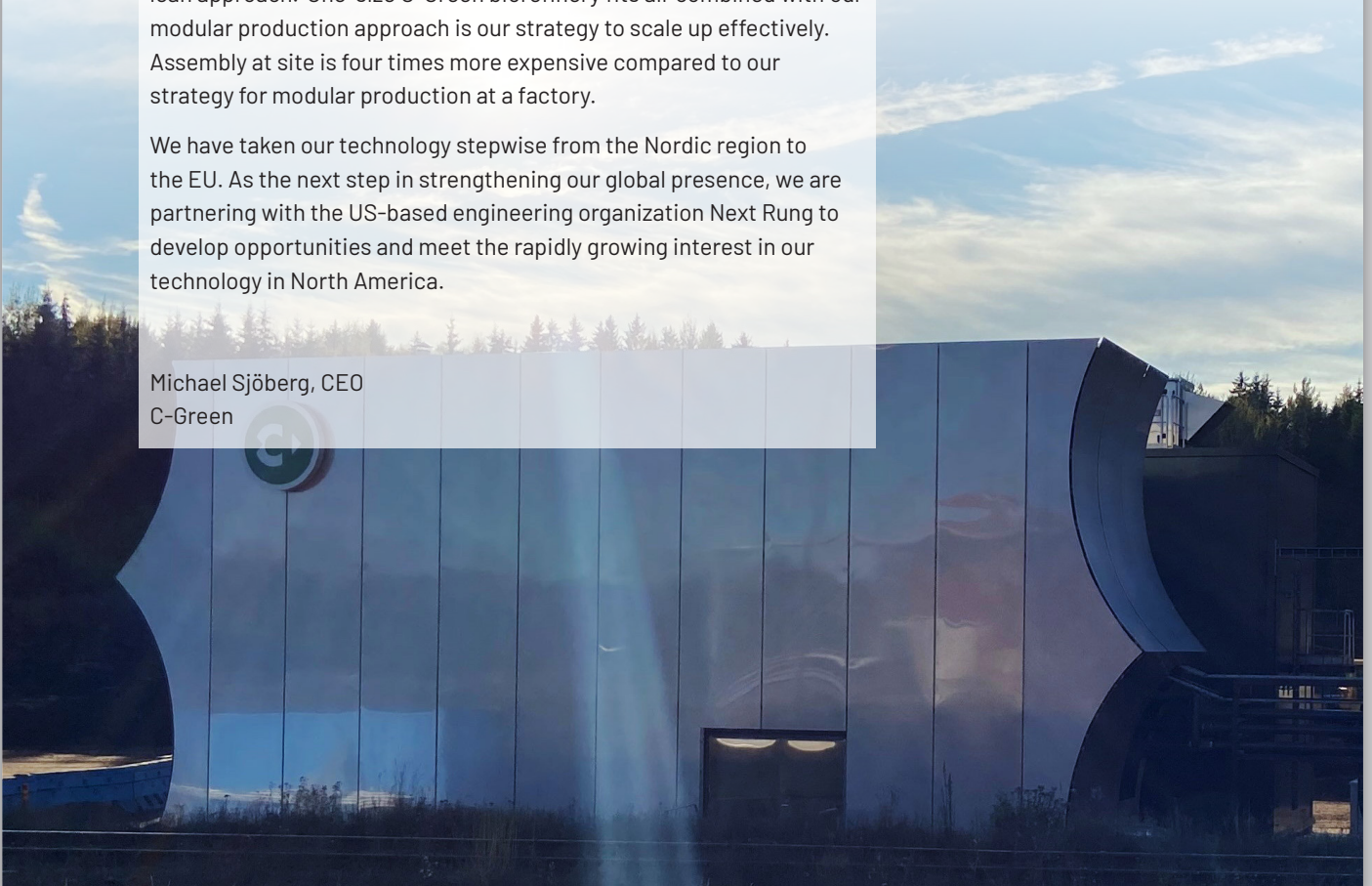
We have taken our technology stepwise from the Nordic region to the EU. As the next step in strengthening our global presence, we are partnering with the US-based engineering organization Next Rung to develop opportunities and meet the rapidly growing interest in our technology in North America.

Michael Sjöberg, CEO  
C-Green



FOTO: JOEL SHERWOOD, SEB

*»C-Green has more than 30 projects in the pipeline, all in the EU and backed by MoU's, and that number is rapidly increasing.«*



# Focus market sectors

## PULP AND PAPER DEVELOPMENT PROJECT: STORA ENSO, HEINOLA, FINLAND

**During Q2 2022** the production rate of the biorefinery plant more than doubled and we aim to reach our targets in energy efficiency, capacity, and availability by the end of 2022. Several equipment improvements were identified, and these were carried out during Q3.

In June, a trial with municipal sewage sludge from the town of Heinola was carried out, demonstrating that the plant can process sewage sludge. The trial produced odorless hydrochar with a high dry content (60%).

In addition to Stora Enso, two major pulp producers in Sweden are in contact with C-Green to explore using our technology to process their mill sludge.

**After the end of the period:** Stora Enso will take over monitoring the operations of the facility in October with our continued technical support.

### Pulp & Paper

#### Unique Selling Points

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

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<sub>2e</sub> per year, when operating at design capacity.



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

## RECYCLING SERVICES

**Waternet and REYM, Netherlands:** C-Green co-founded a cooperation for circular and climate-smart sludge handling in the Netherlands with Waternet, Amsterdam's wastewater treatment provider, and REYM Rotterdam, a leading Dutch industrial waste recycling company. 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 focus on the establishment of OxyPower HTC™ biorefineries 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. Waternet provides 1.5 million people with clean water and treatment of wastewater.

REYM Rotterdam and C-Green are also exploring the feasibility of building an OxyPower HTC™ biorefinery at a REYM facility. REYM Rotterdam is 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.

**Ragn-Sells:** work continued on C-Green's biorefinery for municipal sewage sludge planned to be commissioned during Q4 2023 at Ragn-Sells' waste recycling site near Norrköping, Sweden. The plant will have an annual capacity of handling 25,000 tons of sewage sludge, produce ~5,000 tons of hydrochar, and recover nitrogen fertilizer. The Swedish Energy Authority is financing the project with 40 MSEK. C-Green will be paid a gate fee per ton of sludge processed. A commercial agreement has been signed, and a partnership agreement regarding several additional OxyPower HTC™ plants is expected to be signed during Q3 2022. Ragn-Sells manages 300.000 tons of sludge in Sweden annually.

A unique cooperation between C-Green, Ragn-Sells, and Nodra (Norrköping's water and wastewater treatment company) was established. 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 are not allowed to be spread on land.

### After the end of the period

**MEWAB:** C-Green submitted a budgetary quote to the recycling company MEWAB for a C-Green biorefinery for pulp and paper sludge for their recycling site near Karlstad, Sweden. The Swedish Environmental Protection Agency has granted MEWAB financial support to build a facility to produce hydrochar. MEWAB has expressed interest in establishing several C-Green biorefineries during the coming years. MEWAB contributes to the circular economy by reusing and processing residual products from agriculture, recycling, and landfill construction. They convert organic residues from industrial companies into soil improvement products, raw compost, and construction soil.

## Recycling Services

### Unique Selling Points

- enables increased volumes and more diverse wet waste treatment
- simplifies regulatory compliance
- reduces greenhouse gas emissions and other pollution

*»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 climatesmart, sustainable sludge handling worldwide. It is a win-win situation.«*

Fred Muller,  
Branch Manager  
at REYM Rotterdam.

## SEWAGE SLUDGE

**C-Green continues** to collaborate with a world leader in water treatment technologies. Where possible, the company will integrate C-Green's OxyPower HTC™ technology in ten projects during the coming five years in their quotes for public tenders in central Europe. A quote for a facility at a wastewater treatment plant in Europe is being developed and is expected to be submitted during Q4 2022.

## Sewage Sludge

### Unique Selling Points

- reduces disposal fees
- reduces greenhouse gas emissions
- reduces transportation by 80%
- enables regulatory compliance
- produces odorless hydrochar

## Hydrochar as a replacement for fossil peat

A collaboration with Biototal/MEWAB, EcoNova, and Stora Enso was initiated by C-Green with the aim of producing a roadmap during 2022 for applications of hydrochar in forests, spreading on farmland, or 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.

## C-Green in dialogue with SCG - world leader in cement industry - to make cement greener

In August, SCG, the leading conglomerate in Southeast Asia focusing on chemical, packaging, cement, and building material businesses made a study visit to the biorefinery in Heinola. In a climate-smart circular use of resources, SCG is evaluating processing sludge from their packaging mills in a C-Green biorefinery and using the hydrochar produced as fuel in their cement production.

C-Green and SCG representatives in Heinola



**C-Green's contribution to EU's goal to increase biogas production**

C-Green can make a significant contribution towards achieving EU's new goal of more than doubling biomethane production, from 167 TWh to 350 TWh by 2030. This goal is part of EU's REPowerEU plan to reduce dependency on Russian fossil energy. C-Green's technology can increase biogas production by 5-10%. Biogas plants produce biomethane from wastewater sludge, food waste, and manure, reducing the sludge volume by 30%. C-Green's technology can convert the remaining sludge into hydrochar and HTC water, which can then be returned to the biogas plant and increase its biomethane production.

*»C-Green's technology can increase biogas production by 5-10%.«*

**Presence on the North American market**

C-Green has established a partnership with the US-based engineering organization Next Rung to manage the marketing and development of opportunities for C-Green's technology in North America. Together, we have established contacts with many key players and participated in several conferences. We have ongoing technical and financial discussions with recycling companies and project developers about projects in several cities.





# Financials

Due to the war in Europe, 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 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.

On June 30, 2022, C-Green successfully carried out the new issue of Series B shares approved by the Board of Directors on June 15, 2022. The new share issue widened the ownership base (Sw. *spridningsemission*) by increasing the distribution of the shares among investors and strengthened the company's financial position by securing 22.6 MSEK in new capital. In consultation with Corpura Fondkommission AB, the sole financial advisor in the transaction, the subscription price in the new share issue was set at 680 SEK per share.

This emission will be supplemented with so-called green loans totaling 10 MSEK. These measures will secure the company's capital needs until the larger share emission is carried out. We expect that this share emission will improve the conditions for the future listing that will be carried out with Carnegie as financial advisor.

In August, after the end of the quarter, C-Green called for conversion of the convertibles in accordance with the convertible terms, which resulted in 36 764 new A shares and 36 921 B shares. The new share issue set the conversion price for the company's convertibles at 544 SEK per B share.

*»In June, C-Green carried out a new share emission that widened the ownership base.«*



# Financial Statements in Brief

## INCOME STATEMENT

SEK	2022 APRIL-JUNE	2021 APRIL-JUNE
Operating income net sales	-	26 100
Other operating income	611 611	1 572 632
<b>Total operating income</b>	<b>611 611</b>	<b>1 598 732</b>
Raw materials and consumables	-1 550 231	-3 486 326
Other external costs	-3 126 339	-3 203 307
Personnel Costs	-5 764 608	-4 110 418
Depreciation	-1 305 889	-393 944
Other Operating expenses	-30 613	-51 157
Financial instruments	-299 563	-497
Appropriations	-110 368	-78 082
<b>Total operating expenses</b>	<b>-12 187 612</b>	<b>-11 323 732</b>
<b>Estimated TOTAL PROFIT/LOSS FOR THE PERIOD</b>	<b>-11 576 001</b>	<b>-9 725 000</b>

## STATEMENT OF FINANCIAL POSITIONS

SEK	2022 JUNE 30	2021 JUNE 30
<b>ASSETS</b>		
<b>Fixed Assets</b>		
Intangible assets	25 968 064	18 058 408
Tangible assets	35 583 746	3 740 644
Financial assets (Long term receivables)	340 000	1 327 898
<b>Total fixed assets</b>	<b>61 891 810</b>	<b>23 126 950</b>
<b>Current assets</b>		
Current receivables	3 644 583	4 985 603
Cash and bank balances	12 661 530	14 302 752
<b>Total current assets</b>	<b>16 306 113</b>	<b>19 288 355</b>
<b>TOTAL ASSETS</b>	<b>78 197 923</b>	<b>42 415 305</b>

## EQUITY AND LIABILITIES

SEK	2022 JUNE 30	2021 JUNE 30
<b>Equity</b>		
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	73 268 375
Retained profit/loss	-61 407 628	-47 191 270
Profit/loss for the period	-20 289 981	-18 761 622
<b>Total equity</b>	<b>52 198 588</b>	<b>22 264 207</b>
<b>Provisions</b>	<b>2 802 474</b>	<b>3 202 827</b>
<b>Long term liabilities</b>		
<b>Current liabilities</b>	<b>23 196 861</b>	<b>16 948 271</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78 197 923</b>	<b>42 415 305</b>

## 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 31, 2021	665 448	50 600	-52 361 695	-29 340 987	52 193 515
<b>Shareholders' equity as per June 30, 2022</b>	<b>665 448</b>	<b>50 600</b>	<b>-61 407 628</b>	<b>-20 289 981</b>	<b>52 198 588</b>

## CASHFLOW STATEMENT

SEK	2022 APRIL-JUNE	2021 APRIL-JUNE
Cash and cash equivalents at start of the period	19 864 903	28 638 127
Net cash flow for the period	-7 203 373	-14 335 375
<b>Cash and cash equivalents at the end of period</b>	<b>12 661 530</b>	<b>14 302 752</b>

# Other information

## C-GREEN'S TEAM

We speak Swedish, English, Swiss German, German, Spanish, French, Arabic, Portuguese, Afrikaans, Polish, Farsi, and Swedish sign language. Together we have a total of 3 PhDs & 16 Master's degrees.

The number of employees at the end of Q2 2022 was 26 (Q2 2021: 20), of which 7 (Q2 2021: 4) were women and 19 (Q1 2021: 16) were men (calculated based on paid hours in relation to a standard full-time position).

**After the end of Q2 2022**, 2 additional employees have been hired, making the total number of employees 28 (8 women and 20 men).

## Contact Person

Margaret Rainey  
Chief Communications Officer  
+46 708 247664

## Contact Information

C-Green AB (publ.)  
Växlarevägen 31, 170 63 Solna  
Reg.nr. 559001-6001  
[www.c-green.se](http://www.c-green.se)

## 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.

