



Interim report

1 JULY 2022 – 30 SEPTEMBER 2022

C-GREEN AB ORG NR 559001-6001



CEO Commentary

C-Green's pipeline continues to grow, now with more than 80 leads, 30 of which are under memorandums of understanding. Recently, many new leads have been established in the Middle East and North America. We continue to strengthen our presence in the United States together with our partner Next Rung through participation in trade fairs and numerous meetings with potential investors and customers.

Our access to the North American market was further enhanced by winning the 2022 Innovate Nordics Green Award from Ernst & Young and the Swedish American Chamber of Commerce in New York. Seeing C-Green's name on the Nasdaq pillar in Times Square announcing the win was one of the highlights of the year.

The recent market trend in increased investment in biogas production by actors like BP and Shell could prove very positive for C-Green. The biogas value chain is a perfect match for us. Our biorefinery converts biogas digestate into hydrochar and HTC water, which when returned to the biogas plant increases its methane production. The hydrochar and the excess heat from our biorefinery can contribute to powering the biogas plant. The new cooperation with Estonian Cell, Estonia's largest biogas plant and part of the Heinzl group, will demonstrate the ways our technology has a synergistic effect on biogas production.

My previous experience in the successful application of the BOOT (Build, Own, Operate and Transfer) business model in the biogas plant industry will be useful as we integrate this strategy at C-Green. We will develop projects into turnkey operations and divest to long-term investors.

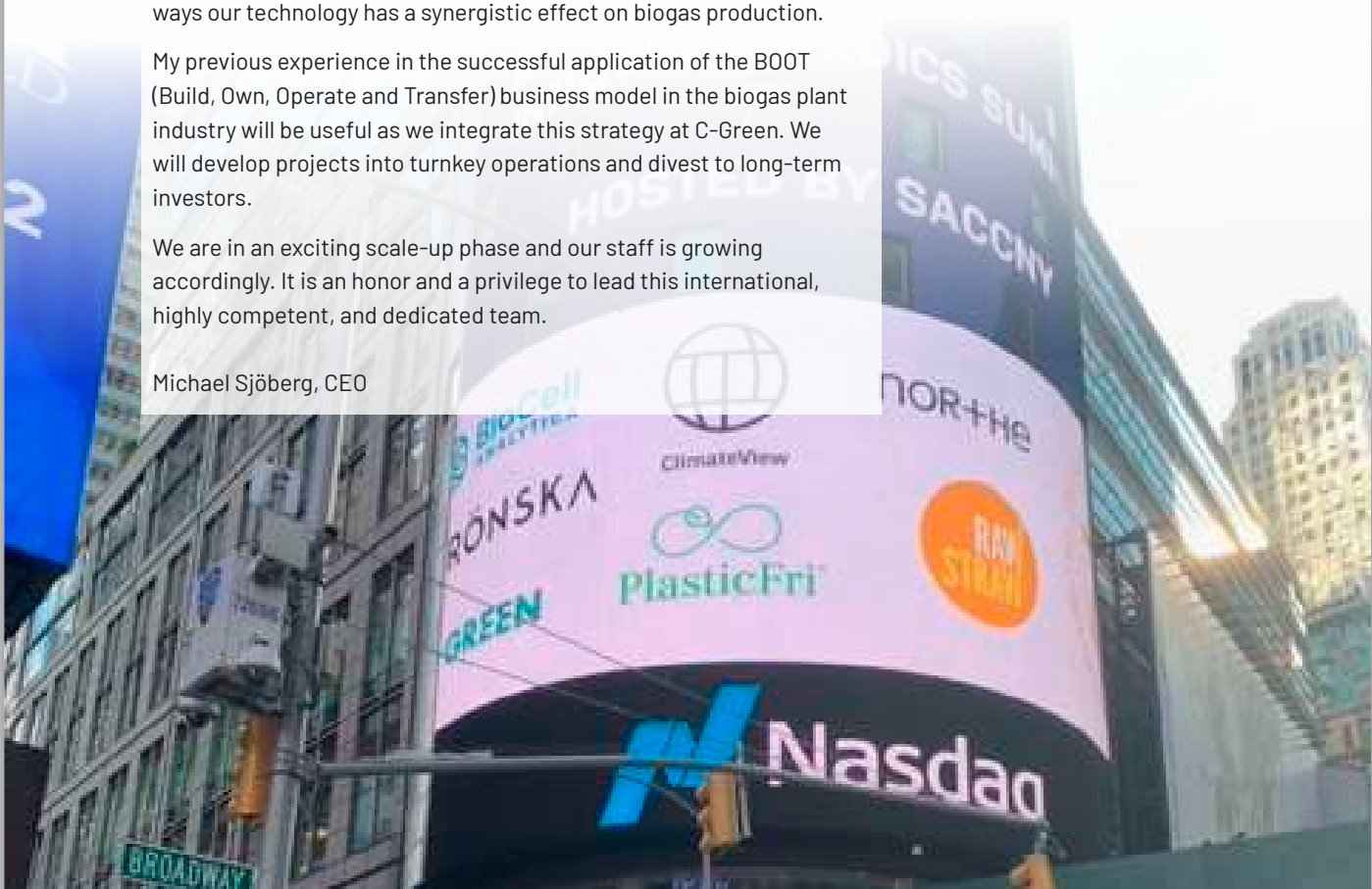
We are in an exciting scale-up phase and our staff is growing accordingly. It is an honor and a privilege to lead this international, highly competent, and dedicated team.

Michael Sjöberg, CEO



FOTO: JOEL SHERWOOD, SEB

»Seeing C-Green's name on the Nasdaq pillar in Times Square announcing the win was one of the highlights of the year.«



Summary

The total revenue during the third quarter was SEK 1.6 million. Operating costs during the period amounted to SEK 14,5 million, which resulted in a loss of SEK 13 million.

The war in Ukraine and the residual effects of the Covid-19 pandemic have affected costs and delivery times for materials and equipment. The war has also had a negative effect on financial markets, which led to the postponement of the long-term capital round that was planned for Spring 2022. This capital round will instead be carried out during the next six months.

As of October, Stora Enso's operators are running the OxyPower HTC™ biorefinery in Heinola, Finland, with support from C-Green. C-Green continues work on increasing the industrialization of the plant by increasing process availability, among other things. This work is expected to continue through the first half of 2023.

In December, C-Green entered into a partnership with Estonian Cell, a pulp manufacturer and Estonia's largest biogas producer. Estonian Cell is owned by Heinzl Holding GmbH, a leading European producer of market pulp and packaging papers based in Austria.

»C-Green entered into a partnership with Estonian Cell, a pulp manufacturer and Estonia's largest biogas producer.«



During the fall, C-Green was awarded two accolades. The first was the Swedish-American Chamber of Commerce in New York (SACCNY) and Ernst & Young's 2022 Innovative Nordics Green Award, in recognition of our contribution to driving development towards a greener more sustainable future.

C-Green was also selected by CMPC, one of the world's largest pulp and paper companies, and Foresight Canada, Canada's cleantech accelerator, as winner of the Pulp Mill Sludge Efficiency Challenge. The winners will have the possibility of developing a pilot project with CMPC.

In December, an extraordinary general meeting was held and a directed new share issue to KIC InnoEnergy S.E. was approved. The extraordinary general meeting also authorized the board to increase the share capital through new issues of shares, warrants and/or convertibles. The board subsequently resolved to raise a convertible loan in a maximum amount of SEK 40 million through a private placement.

*»During the fall,
C-Green was awarded
two accolades.«*



Focus market sectors

PULP AND PAPER

As of October, Stora Enso's operators are running C-Green's HTC biorefinery at the packaging mill in Heinola, Finland, with support from C-Green. At the same time, C-Green continues work on increasing the industrialization of the plant by increasing process availability, among other things. This work is expected to continue through the first half of 2023.

C-Green's industrial-scale OxyPower HTC™ biorefinery in Heinola, Finland has an annual capacity to process 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.

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.

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 possibility 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.

Pulp & Paper

Unique Selling Points

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

»We are starting a partnership with C-Green to find the best possible solution for handling our wet organic waste.«

Rain Pärn,
CTO at Estonian Cell.



RECYCLING SERVICES

REYM and Waternet, Netherlands

C-Green continues to cooperate with Waternet, Amsterdam's wastewater treatment provider, and REYM Rotterdam, a leading Dutch industrial waste recycling company. 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. Waternet provides 1.5 million people with clean water and treatment of wastewater.

The focus of the cooperation is circular and climate-smart sludge handling in the Netherlands and the establishment of OxyPower HTC™ biorefineries in the Netherlands. At the beginning of 2023, C-Green's mobile HTC and wet oxidation pilot plants are scheduled to be set up at REYM Rotterdam. Waternet sludge as well as other types of sludge handled by REYM will be processed and analyzed.

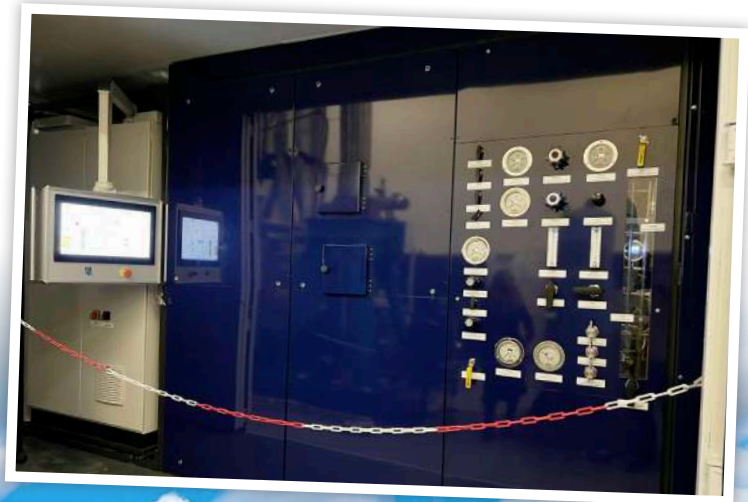
The pilot trials are an important step in the evaluation of the feasibility building a plant at REYM. For Waternet, the pilot trials are a part of a larger feasibility study for the forthcoming extension of its wastewater treatment plant in Amsterdam.

Recycling Services

Unique Selling Points

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

»At the beginning of 2023, C-Green's mobile HTC and wet oxidation pilot plants are scheduled to be set up at REYM Rotterdam.«



Ragn-Sells

Work continues on C-Green's biorefinery for municipal sewage sludge planned to be commissioned during Q4 2023 at Ragn-Sells' waste recycling site at Häradsudden, 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 shortly. Ragn-Sells manages 300.000 tons of sludge in Sweden annually.

In a unique cooperation between C-Green, Ragn-Sells, and Nodra (Norrköping's water and wastewater treatment company) 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 and validate new circular ways of treating sewage sludge that may not be spread on land.

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 biorefinery to produce hydrochar. MEWAB contributes to the circular economy by reusing and processing residual products from agriculture, recycling, and landfill construction.

»This trial will help develop and validate new circular ways of treating sewage sludge that may not be spread on land.«



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 budgetary offer is being developed for a quote for a new wastewater treatment plant in Europe.

Sewage Sludge

Unique Selling Points

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

There was great interest in C-Green's unique solution and value proposition at EIT InnoEnergy's Business Booster (TBB) in September, an annual two-day international networking event showcasing 150+ sustainable energy technologies under one roof.



Accolades

SACCNY and EY 2022 Innovate Nordics Green Award

In November, C-Green was awarded The Swedish-American Chamber of Commerce in New York (SACCNY) and Ernst & Young's 2022 Innovate Nordics Green Award in recognition of our contribution to "the Nordic GreenTech industry driving development towards a greener more sustainable future through smart solutions and cutting-edge innovation". As winner of SACCNY and EY Green Award, C-Green will receive a Business Membership at the SACCNY, as well as a one-year residency at SACCNY's Innovation platform Gateway in New York City.

CMPC Pulp Mill Sludge Efficiency Challenge

C-Green was selected by CMPC, one of the world's largest pulp and paper companies, and Foresight Canada, Canada's cleantech accelerator, as winner of the Pulp Mill Sludge Efficiency Challenge, a competition seeking innovative solutions to handling wastewater sludge. CMPC, has 47 plants in eight countries. The winners will have the possibility of developing a pilot project with CMPC.



Financials

During the third quarter, C-Green had a total revenue of SEK 1.6 million. Operating costs during the period amounted to SEK 14,5 million, which resulted in a loss of SEK 13 million. By the end of the third quarter (year-to-date), C-Green had a total revenue of SEK 2.9 million, of which SEK 2.6 million are attributable to the project focused on producing an OxyPower HTC™ biorefinery for providing sludge handling services to Ragn-Sells. This project is partially financed by the Swedish Energy Agency. The total operating costs by the end of third quarter 2022 amounted to SEK 36.1 million, which resulted in a year-to-date loss of SEK 33.2 million. At the end of September 2022, the company had cash in the amount of SEK 18.6 million and equity that amounted to SEK 59.6 million. C-Green was granted a so-called green loan from Almi of SEK 10 million, which was paid out in November.

The war in Ukraine and the residual effects of the Covid-19 pandemic have affected costs and delivery times for materials and equipment. The war has also had a negative effect on financial markets, which led to the postponement of the long-term capital round that was planned for Spring 2022. This capital round will instead be carried out during the next six months. Joakim Stenberg, an experienced financial advisor, was recently appointed as C-Green's head of investor relations and will take the lead on company financing.

In August, C-Green requested the conversion of its convertibles in accordance with the convertible terms, which resulted in 36,764 new A shares and 36,921 B shares. The total number of shares as of September 30, 2022 was 1 025 600 A shares and 336 939 B shares.

An extraordinary general meeting was held in December where a decision was made on a directed new issue to KIC InnoEnergy S.E. of 27,520 shares of series A. In September 2020, C-Green's A shareholders signed an agreement providing InnoEnergy with warrants in exchange for a capital injection of € 1.5 million during 2020-2021. The warrants give InnoEnergy the contractual right to convert the capital injection into shares. InnoEnergy has now called in the warrants for conversion to shares.

The extraordinary general meeting also authorized the board to decide, in the period until the next annual general meeting, on an increase in the share capital through new issues of shares, warrants and/or convertibles. This is to enable C-Green to finance investments and initiatives for continued growth and to ensure the necessary working capital for continued expansion of the business. The authorization by the board that was registered with the Swedish Companies Registration Office only applied to new issues of shares. The new authorization is broader and covers other financial instruments. The board subsequently resolved to raise a convertible loan in a maximum amount of SEK 40 million through a private placement, entailing an increase in the share capital of not more than SEK 31 176,19 upon full conversion of the convertibles.

»Joakim Stenberg, an experienced financial advisor, was recently appointed as C-Green's head of investor relations and will take the lead on company financing, including the upcoming long-term capital round.«



Financial Statements in Brief

INCOME STATEMENT

SEK	2022 JULY-SEP	2021 JULY-SEP
Operating income net sales	242 365	-
Other operating income	1 344 111	182 252
Total operating income	1 586 476	182 252
Raw materials and consumables	-5 009 098	-2 594 820
Other external costs	-3 373 290	-2 927 217
Personnel Costs	-4 104 697	-4 147 855
Depreciation	-1 673 461	-606 793
Other Operating expenses	-85 218	-13 176
Financial instruments	-298 244	-60
Appropriations	-2 066	-
Total operating expenses	-14 546 074	-10 289 921
Estimated TOTAL PROFIT/LOSS FOR THE PERIOD	-12 959 598	-10 107 669

STATEMENT OF FINANCIAL POSITIONS

SEK	2022 SEP 30	2021 SEP 30
ASSETS		
Fixed Assets		
Intangible assets	27 468 804	17 917 806
Tangible assets	34 979 072	5 796 961
Financial assets (Long term receivables)	340 000	1 327 898
Total fixed assets	62 787 876	25 042 665
Current assets		
Current receivables	3 112 498	1 139 127
Cash and bank balances	18 626 731	45 693 547
Total current assets	21 739 229	46 832 674
TOTAL ASSETS	84 527 105	71 875 339

EQUITY AND LIABILITIES

SEK	2022 SEPT 30	2021 SEPT 30
Equity		
Number of shares	1 362 539	1 255 563
Quota value	0,53	0,53
Share capital	722 145,67	665 448,39
Options		12 640
Patent revaluation fund	10 253 083	12 003 448
Convertible emission	40 070 360	
New Emission		749 279
Fund balanced cost	9 626 863	2 305 720
Share premium fund	93 539 215	72 480 563
Retained profit/loss	-61 394 989	-47 191 270
Profit/loss YTD	-33 249 580	-28 869 291
Total equity	59 567 098	12 156 538
Provisions (SEK)	2 802 474	3 202 827
Long term liabilities (SEK)		40 108 620
Current liabilities (SEK)	22 157 533	16 407 354
TOTAL EQUITY AND LIABILITIES (SEK)	84 527 105	71 875 339

CHANGES IN EQUITY

SEK	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	50 600	-52 361 695	-29 340 987	52 193 515
Shareholders' equity as per Sep 30, 2022	722 146	-	-61 394 989	-33 249 580	59 567 098

CASHFLOW STATEMENT

SEK	2022 JULY-SEP	2021 JULY-SEP
Cash and cash equivalents at start of the period	12 661 531	14 302 752
Net cash flow for the period	5 965 200	31 390 795
Cash and cash equivalents at the end of period	18 626 731	45 693 547

C-Green's team is growing!

After the end of Q3 2022, we hired 5 new employees, making our total number of employees 37 (9 women and 28 men).

The number of employees at the end of Q3 2022 was 32, of which 9 were women and 23 were men (calculated based on paid hours in relation to a standard full-time position).

In Q3 2021 we had 23 employees, 5 women and 18 men.

Contact Person

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Contact Information

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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.



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.

