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Örnsköldsvik

Press release 10 October 2022

Cinis Fertilizer intends to list the company's shares on Nasdaq First North Growth Market

Cinis Fertilizer AB ("Cinis Fertilizer" or the "Company"), a company with the mission to produce the world's most sustainable mineral fertilizer, today announces the intention to list the Company's shares on Nasdaq First North Growth Market in Sweden (the "Listing") and to carry out an offering of newly issued shares in the Company of SEK 400 million (the "Offering").

Cinis Fertilizer was founded with the mission to produce the world's most sustainable mineral fertilizer and thus contribute to a more sustainable, circular, and fossil-free agriculture. The Company will produce the mineral fertilizer type potassium sulphate (SOP¹) through a fossil-free production process using a proven technology. The Company has developed a unique patented and patent pending process that use residues from the pulp industry and the production of electrical car batteries. Cinis Fertilizer has entered into long-term agreements exceeding ten years with both Northvolt for the supply of residues from electrical car batteries, and Van Iperen International, who will purchase water-soluble SOP (*at a value of around SEK 3.3 billion annually*²).

The Company plans to start operations for its first production plant in Örnsköldsvik by the beginning of 2024 with an estimated annual production capacity of 100,000 tonnes SOP³. The Company's second production plant is planned to be finalised by mid-2025 in proximity to Northvolt's plant in Skellefteå. The second production plant is expected to have an annual production capacity of 200,000 tonnes of SOP. By mid-2026, the Company plans to open its third production plant that will receive residues from Northvolt's planned plant in Borlänge and have an annual production capacity of 300,000 tonnes of SOP. The fourth production plant has a planned production start by mid-2026 with an initial production capacity of 100,000 tonnes of SOP that will gradually increase to 300,000 tonnes of SOP by 2028. Cinis Fertilizer has entered into agreements for all the residue material needed for production plant 1 and 2, as well as the majority needed for production plant 3, from Northvolt. The Company has also entered into an agreement to sell the entire SOP production volume from production plant 1 and 2 with Van Iperen International.

The Company has also entered into a letter of intent with a company within the BASF Group regarding the intention to obtain residues (sodium sulphate) from BASF's facility for electrical car batteries in Finland.

The Company has also entered into a letter of intent with K+S Minerals and Agriculture GmbH ("**K+S**") with the intent (i) that Cinis Fertilizer shall purchase all its need of potassium chloride (MOP⁴) from K+S, (ii) that K+S shall purchase all produced by-product, sodium chloride from Cinis

¹ Sulfate of Potash.

² The value is based on the spot price according to Argus Index NW Europe as of 4 August 2022.

³ The finalisation of production plant 1 is dependent on the approval of the associated environmental permit.

⁴ Muriate of Potash.



Fertilizer's production plants 1 and 2, and potentially also from production plants 3 and 4, and (iii) that K+S shall purchase Cinis Fertilizer's produced water-soluble SOP from production plant 3 and 4 (based on *the spot price for SOP, an eventual sale of SOP to K+S gives an indicative value of approximately SEK 6.5 billion annually*⁵).

The Company's wholly-owned subsidiary Cinis Sweden AB has entered a SEK 300 million credit facility agreement with Nordea and the Swedish Export Credit Corporation (Sw. *Svensk Exportkredit*), which in all material respects will be used to finance the debt share for production plant 1 in Örnsköldsvik. The loan has been 80% guaranteed by the Swedish Export Credit Agency (Sw. *Exportkreditnämnden*).

Jakob Liedberg, Founder and CEO of Cinis Fertilizer, comments:

"Fossil-free mineral fertilizers are a prerequisite to secure the future food supply in a sustainable manner. We will produce a circular, fossil-free, and water-soluble SOP. Prior to the construction start of the first production plant, we have an agreement to sell all SOP production from the first two plants for the next ten years combined with a letter of intent to sell all SOP production from plants 3 and 4, which confirms the great demand. At the same time, we solve the challenges of waste recycling for important industries. I look forward to working with the team to build our first production facilities and provide the agriculture with a sustainable mineral fertilizer."

Roger Johansson, Founder and chairman of Cinis Fertilizer's board of directors, comments:

"Demand for sustainable mineral fertilizers such as Cinis Fertilizer's circular SOP has never been greater. Population growth and increased prosperity in combination with an increasingly warmer climate drives an increased need for SOP. Simultaneously, the geopolitical climate has led Europe and Sweden to open their eyes to the importance of becoming self-sufficient in mineral fertilizers to secure food supply. It is an incredibly exciting journey Cinis Fertilizer has ahead and with a new share issue and listing on Nasdaq First North Growth Market, we can take the next step toward a more sustainable agriculture."

The purpose of the Offering and Listing on Nasdaq First North Growth Market is to finance the equity share of the Company's construction of production plant 1. The board of directors and senior executives of Cinis Fertilizer believe that the Offering and the Listing will give the Company a broader shareholder base and access to the Swedish and international capital markets. Furthermore, a listing of the shares on Nasdaq First North Growth Market is expected to increase awareness of the Company and its operations and strengthen the Company's brand among customers, partners, employees, investors, and other important stakeholders.

To cover any over-allotment in the Offering and enable customary stabilisation of the share price after the Listing the Company has granted an option to the Joint Bookrunners to acquire additional shares in the Offering.

Livförsäkringsbolaget Skandia, Ömsesidigt, Molindo Energy, Thomas Ranje⁶, Strand Kapitalförvaltning, GADD & Cie, Cicero Fonder, Poularde, Board members and certain existing shareholders as well as SEB Investment Management (the "**Cornerstone Investors**") have undertaken in advance to acquire shares in the Offering for a total amount of approximately SEK 291 million, at a price per share of SEK 29. The Offering, assuming it is fully subscribed, excluding potential over-allotment option, corresponds to a post-money equity value of SEK 2,043 million.

⁵ The value is based on the spot price according to Argus Index NW Europe as of 4 August 2022.

⁶ Private and through Ranje Kapital AB.



The Offering in brief

If the Company proceeds with the Listing, the Offering is expected to include the following:

- An Offering to the general public in Sweden, and
- An Offering to institutional investors in Sweden and abroad.

The offering to institutional investors will only be made to certain institutional investors outside the United States, pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”).

The Offering is expected to consist of newly issued shares in the Company and is expected to raise SEK 400 million, before deduction of costs related to the Offering. The purpose of the Offering and the Listing on Nasdaq First North Growth Market is to finance the equity share of the Company’s construction of production plant 1. The Company estimates that the total cost for production plant 1 is around SEK 600 million, including a buffer for capital investments, installation and operation until the Company reaches a positive cash flow. The Company's wholly-owned subsidiary Cinis Sweden AB has entered into a SEK 300 million credit facility agreement with Nordea and the Swedish Export Credit Corporation, which in all material respects will be used to finance the debt share for production plant 1. Thus, Cinis Fertilizer has a financing plan for the total cost of production plant 1. The Company intends to use the net proceeds from the Offering to: (i) finance production plant 1 and (ii) to strengthen the Company’s balance sheet. The Company intends to finance production plants 2-4 through internally generated cash flows and loans.

Nasdaq Stockholm AB has assessed that Cinis Fertilizer fulfils the applicable Listing requirements for Nasdaq First North Growth Market and will approve an application for admission to trading of its shares. Such approval is conditional upon that the Company submits such application and fulfils the distribution requirement no later than on the first day of trading for its shares on Nasdaq First North Growth Market. The Listing and the Offering is expected to be completed in October 2022, depending on prevailing market conditions.

Full terms, conditions and instructions for the Listing will be included in the prospectus that will be prepared by the Company in connection with the Listing. The prospectus will be published on the Company’s website, www.cinis-fertilizer.com.

About Cinis Fertilizer

Cinis Fertilizer was founded with the mission to produce the world’s most sustainable mineral fertilizer and thus contribute to a circular and fossil-free agriculture. To realise its mission and vision, Cinis Fertilizer will produce a potassium-based mineral fertilizer by using the Company’s own patented and patent-pending process using residues from the electric car battery industry and the pulp industry.

Using a proven production technology that has existed since the mid-1950s, Cinis Fertilizer will produce potassium sulphate (SOP). The process that Cinis Fertilizer will use is protected by a patent family (with patent in Sweden and Finland, combined with a patent application in Canada) and four additional ongoing patent applications. The Company’s product will be circular by using residues from other growing industries and sustainable since the production will not contribute to global carbon emissions and will not use any hazardous chemical substances that could have a negative impact on the environment. In addition, all energy used in production will be fossil-free.



Cinis Fertilizer has entered long-term agreements exceeding ten years with key actors in the supply chain. The Company has entered an agreement with Northvolt for the supply of residues from electrical car battery manufacturing, both from Northvolt's plant in Skellefteå and the plant that will be constructed in Borlänge. The Company has also entered an agreement with the customer Van Iperen International for the purchase of the Company's product, water-soluble SOP. As such, the Company has secured both the entire supply of residues necessary for production plant 1 and 2, as well as the majority necessary for production plant 3 combined with the sale of the entire produced volume of SOP from production plant 1 and 2 (at a value of around SEK 3.3 billion annually⁷) has been secured.

Strengths and competitive advantages

- Large, global, and non-cyclical SOP market with significant demand for sustainable solutions
- Cinis Fertilizer's production process is circular, sustainable, energy and cost-effective
- Long-term agreements with key actors in the value chain securing future growth
- Production plants that are located in areas with significant growth potential and have a profitable growth plan
- Experienced executive management supported by a competent and experienced board of directors

Large, global, and non-cyclical SOP market with a significant demand for sustainable solutions

The global market for SOP comprises around 7 million tonnes consumed SOP during 2021 and have had a historical annual average growth rate ("CAGR") of around four percent between the years 2005 and 2020⁸. The market has global megatrends, such as increased world population, climate change, increased habitational areas and improved eating habits, as market drivers⁹. The SOP market is expected to grow with a CAGR of two percent between the years 2020 and 2030¹⁰. Water-soluble fertilizers (e.g. the type of water-soluble SOP that the Company will produce) is expected to grow with a CAGR of ten percent¹¹ in the future, driven by the use of fertigation¹², hydroponic¹³ agriculture, and climate change. Furthermore, the majority of all SOP is produced in China with large carbon emissions both during production and distribution. Europe consumes more SOP than what Europe produces, which implies a need for import¹⁴. Cinis Fertilizer can facilitate Europe's need of SOP, where the replacement product the Company offers is estimated to be produced with a close to zero carbon footprint.

Cinis Fertilizer's production process is circular, sustainable, energy- and cost-effective

Cinis Fertilizer's production of water-soluble SOP aims to solve global waste problems by using residues from the electrical car battery industry and pulp industry (sodium sulphate and ESP¹⁵ dust) as input materials. The electrical car battery industry is expected to grow almost exponentially and will thus generate large amounts of sodium sulphate as residues¹⁶. The pulp industry is a large market that is expected to grow and that generates large amounts of ESP dust

⁷ The value is based on the spot price according to Argus Index NW Europe as of 4 August 2022.

⁸ Argus Potash Analytics – Annual Long-term Outlook 2021.

⁹ Argus Potash Analytics – Annual Long-term Outlook 2021, The World Bank.

¹⁰ Argus Potash Analytics – Annual Long-term Outlook 2021.

¹¹ Fertilizer International 497.

¹² Plant nutrition irrigation.

¹³ Hydroponics is a method of growing plants without soil.

¹⁴ Argus Potash Analytics – Annual Long-term Outlook 2021.

¹⁵ Electrostatic precipitator.

¹⁶ Bloomberg NEF 2019 Electric Vehicle Outlook.



(which comprises 90 percent sodium sulphate) as residues¹⁷. The handling of these residues from these industries is currently and is expected to continue to constitute a major problem for the environment – a problem that Cinis Fertilizer has the possibility to solve. In the Company's process, the residues are reacting with MOP during low temperatures, low pressure and without the use of any dangerous chemical substances. Compared with the dominant SOP production method¹⁸, the Company's process has around 20 percent lower production costs, uses around 50 percent less energy and has close to 100 percent lower carbon emissions. The process the Company will use is proven and has existed since the 1950s. The Company has a patent family with approved patents in Sweden and Finland for the application of residues from the pulp industry as input material for the production of SOP combined with four pending patents for the application of residues from battery manufacturing, battery recycling and steel production as input material for the production of SOP.

Long-term agreements with key actors in the value chain securing future growth

The Company has secured its production and sales by entering agreements with important key actors in the Company's value chain. Cinis Fertilizer has entered a sales and distribution agreement of 10 + 5 years with Van Iperen International, through which the Company has secured the sale of the produced volume water-soluble SOP from production plant 1 and 2. The Company has entered a letter of intent with K+S with the intention of (i) Cinis Fertilizer to purchase their MOP need from K+S, (ii) K+S to purchase all produced sodium chloride from Cinis Fertilizer's production plant 1 and 2 with the potential for further purchase of volumes from production plant 3 and 4, (iii) K+S to purchase Cinis Fertilizer's water-soluble SOP from production plant 3 and 4 (based on the spot price for SOP, an eventual sale of SOP to K+S gives an indicative value of approximately SEK 6.5 billion annually¹⁹). The Company has also entered a supply agreement of 10 + 10 years with Northvolt, through which the Company has secured the necessary input material sodium sulphate to production plant 1 and 2 by purchasing the entire generated volume of sodium sulphate from Northvolt's facility "Northvolt Ett". The Company has entered into a supplementary agreement with Northvolt for the purchase of sodium sulphate from Northvolt's planned facility in Borlänge. The volume from this facility will suffice the majority of Cinis Fertilizer's need of sodium sulphate for production plant 3. The Company has also entered into a letter of intent with a company within the BASF Group in regard to obtain sodium sulphate from one of BASF's production facilities for electrical car batteries in Finland.

Production plants with significant growth potential and a profitable growth plan

Cinis Fertilizer has a clear plan for the Company's future growth, which at first includes the construction of four production plants in strategic locations in proximity to battery manufacturers, pulp mills and ports. The production plants will also be located in the Nordic region due to the access of fossil-free energy at beneficial prices. Production plant 1 will be located in Örnsköldsvik, production plant 2 will be located in Skellefteå in close proximity to Northvolt's facility Northvolt Ett, production plant 3 will be located in Sweden with proximity to Northvolt's planned facility in Borlänge and production plant 4 will be located in the Nordic region. These plants will, at full capacity, have an annual installed production capacity of 900,000 tonnes water-soluble SOP by 2028.

¹⁷ Europe Pulp & Paper Chemicals Market: Plant Capacity, Production, Operating Efficiency, Process, Demand & Supply, End Use, Sales Channel, Region, Competition, Trade, Customer & Price Intelligence Market Analysis, 2015-2030.

¹⁸ The Mannheim process.

¹⁹ The value is based on the spot price according to Argus Index NW Europe as of 4 August 2022.



Experienced executive management supported by a competent and experienced board of directors

Cinis Fertilizer was founded by Jakob Liedberg (CEO) and Roger Johansson (chairman of the board), who both are chemical engineers with over 25 years of experience from the industry. The founders have extensive understanding of the process technology and the market in which the Company will operate. Jakob Liedberg is supported by an experienced management team comprising Henrik Andersson (CFO) and Charlotte Becker (IR and Communication director), who both have extensive experience within relevant industries and roles. The management team is supported by an experienced and balanced board of directors comprising Roger Johansson, Anna Kinberg Batra, Åsa Källenius, Viktoria Bergman, Sten Hedbäck and Morgan Sadarangani. The Company’s competent board of directors has extensive and solid experience within board work, the industry and within green tech companies. Thomas Ranje is a senior adviser to the Company and its third largest shareholder. Thomas is an active investor with focus on clean-tech companies.

Operational and financial targets and dividend policy

Cinis Fertilizer’s board of director has adopted the following operational and financial targets, and dividend policy prior to the Listing, which are linked to the Company’s growth and profitability strategy:

Operational targets	2024	Annual installed production capacity of 100,000 metric tonnes Annual production volume of 100,000 metric tonnes
	2026	Annual installed production capacity of 700,000 metric tonnes Annual production volume of 500,000 metric tonnes
	2028	Annual installed production capacity of 900,000 metric tonnes Annual production volume of 850,000 metric tonnes
	2030	Annual installed production capacity of 1,500,000 metric tonnes Annual production volume of 1,500,000 metric tonnes
Financial targets	The Company’s target starting the fiscal year of 2024 is to have an annual EBITDA margin exceeding 25 percent and a net debt to EBITDA ratio that is not to exceed a multiple of 2.5 times.	
Dividend policy	Cinis Fertilizer is in an expansive growth phase and has not yet provided any dividends. According the to the Company’s dividend policy, the board of directors intends to allow the Company to carry forward any profits to invest in the business and therefore does not anticipate that any dividends will be paid in the near future. Future dividends, may however, be provided as Cinis Fertilizer’s results and financial position allow this.	

Advisors

ABG Sundal Collier AB (“**ABG Sundal Collier**”) is acting as Sole Global Coordinator and Joint Bookrunner. Nordea Bank Abp, branch in Sweden, (“**Nordea**”) and Pareto Securities AB, (“**Pareto**”), together with ABG Sundal Collier (“**Joint Bookrunners**”) are Joint Bookrunners. Advokatfirman Schjødt is legal advisor to Cinis Fertilizer. Baker & McKenzie Advokatbyrå KB is legal advisor to Joint Bookrunners.



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Cinis Fertilizer is a Swedish green tech company aiming to produce the world's most environmentally friendly mineral fertilizer, potassium sulphate (SOP), by recycling industrial waste products from the pulp & paper industry as well as the car battery manufacturing industry. The patent protected technology will use half as much energy as today's production methods and the result is a fossil-free fertilizer with a close to zero carbon footprint, a unique and circular contribution enabling sustainable agriculture.

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus will be prepared and in connection with the Offering and be scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) which is the national competent authority in Sweden with regard to the Prospectus Regulation.

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This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new securities. Any investment decision to acquire or subscribe for securities in connection with the Offering must be made on the basis of all publicly available information relating to the Company and the Company's securities. Such information has not been independently verified by the Joint Bookrunners. The Joint Bookrunners are acting for the Company in connection with the Offering and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offering or any other matter referred to herein.

This press release does not constitute an invitation to warrant, subscribe, or otherwise acquire or transfer any securities in any jurisdiction. This press release does not constitute a recommendation for any investors' decisions regarding the Offering. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies, and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-



looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or the Nasdaq First North Growth Market Rulebook.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Company's securities have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the securities in the Company has led to the conclusion that: (i) the target market for such securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate (the "**UK Target Market Assessment**" and, together with the EU Target Market Assessment, the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Company's securities may decline and investors could lose all or part of their investment; the Company's securities offer no guaranteed income and no capital protection; and an investment in the Company's securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Sole Global Coordinator will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Company's securities.

Each distributor is responsible for undertaking its own target market assessment in respect of the Company's securities and determining appropriate distribution channels.