



*We will produce
environmentally friendly mineral fertilizer
to support sustainable agriculture*

2022

Cinis Fertilizer AB | Annual and Sustainability report 2022

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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.

Our 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.

We will offer a unique and circular product that facilitates sustainable agriculture.

"Cinis Fertilizer" refers to Cinis Fertilizer AB (publ), corp. ID no. 559154-0322. Address: Bytaregatan 4D, SE-222 21 Lund, Sweden. Email: info@cinis-fertilizer.com LEI-code: 6488R5365PITL3DK2R87.

The audited Annual report for Cinis Fertilizer AB consists of pages 37–56. The Annual report is published in Swedish and English, with the Swedish version being the original. Sustainability priorities are integrated throughout the Annual Report. This Annual Report and other financial information are available at www.cinis-fertilizer.com.

Shares in Cinis Fertilizer AB are traded on Nasdaq First North Growth Market. Ticker: CINIS | ISIN code: SE0018040784 | No of shares and votes: 72,526,468. Certified adviser: FNCA Sweden AB. Liquidity provider: ABG Sundal Collier.

The figures reported in this annual and sustainability report have, in some cases, been rounded and therefore the tables do not necessarily add up exactly. All figures are in Swedish kronor ("SEK") unless otherwise stated. "SEK 000" refers to one thousand SEK and "SEK m" refers to millions of SEK. Information in the annual report relating to future conditions, such as statements and assumptions regarding Cinis Fertilizer AB's future development and market conditions, is based on current conditions at the time of publication. Forward-looking information reflects the company's current view and expectations of future events as well as financial and operational development and is always associated with uncertainties because it relates to and is dependent on circumstances beyond Cinis Fertilizer's control. Any assurance that assessments made in the annual report regarding future conditions will be realized is therefore not provided, either explicitly or implicitly.

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Cinis Fertilizer’s plan for production of environmentally friendly mineral fertilizer

Production facilities

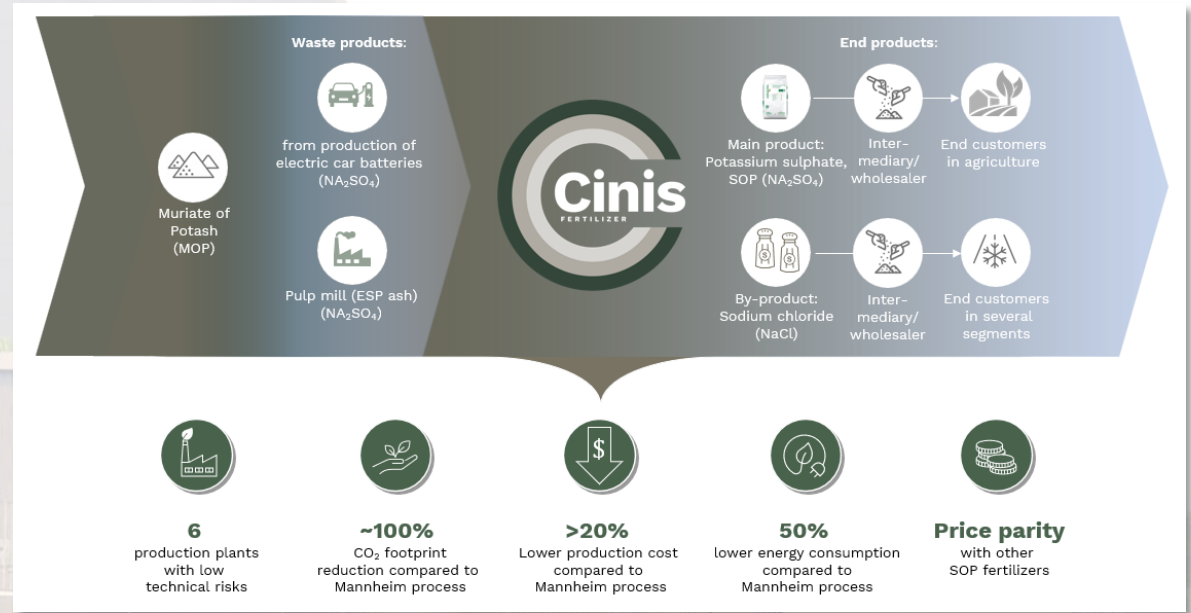
Location Örnsköldsvik (Köpmanholmen)
Start of construction February 2023
Start of production* beginning of 2024
Production capacity** around 100,000 tonnes

Location Skellefteå (Bergsbyn)
Start of construction* 2024
Start of production* 2025
Production capacity** around 200,000 tonnes

Location Central Sweden
Start of construction* 2025
Start of production* 2026
Production capacity** around 300,000 tonnes

Location the Nordic region
Located in close proximity to an EV battery manufacturing facility
Start of production* 2026
Production capacity** around 300,000 tonnes

Two additional production facilities are planned to be completed by 2030. All facilities will be established in strategic locations, close to electric vehicle battery manufacturers and pulp mills, as well as ports and other infrastructure to facilitate transportation of input goods and distribution of sold products.



* Cinis Fertilizer’s assessment

** Potassium-based mineral fertilizer, SOP, per year. Gradual increase to this level.

CEO'S COMMENT

Cinis Fertilizer was founded with the mission to produce the world's most sustainable mineral fertilizer for more sustainable, circular and fossil-free agriculture. The work of going from a concept to construction of a production plant and a finished product involves taking risks and managing challenges. From the time the company was founded, I have been helped greatly in achieving the original ambition and goal of establishing Cinis Fertilizer as a pioneer in environmentally friendly mineral fertilizer. Our mission is to make agriculture greener and more sustainable.

Together with talented employees, board members and advisers, I now have the privilege, together with new shareholders, suppliers, customers and all the other stakeholders, to witness the construction in Örnköldsvik of Cinis Fertilizer's first production plant, and to watch our second plant progressing according to plan in Skellefteå.

Stock exchange listing 2022

In 2022 we made preparations for the big step that the company took in the autumn. Despite headwinds in the capital markets, and with support from visionary investors, Cinis Fertilizer listed its shares on Nasdaq First North Growth Market.

Capital from new shareholders and a credit facility agreement with Nordea bank and the Swedish Export Credit Corporation (SEK) have guaranteed financing for our long-term business plan. This has also enabled construction of our first production plant for fossil-free mineral fertilizer to begin, and fossil-free production will begin at the beginning of 2024.

We will use our own patented and patent-pending process, which uses residual products from the pulp industry and from the production of electric vehicle

batteries. Our mechanical equipment is manufactured by established European suppliers.

The production technology is tried and tested, having been used since the 1950s. This makes us confident that within one year we will be able to produce Cinis Fertilizer's core product – circular mineral fertilizer of the type called potassium sulphate (also called sulphate of potash, SOP).

Greener agriculture

At present, the agricultural industry accounts for around 25 percent of the world's total carbon emissions. This has increased the demand for alternative, more efficient and sustainable agricultural methods. Mineral fertilizer is necessary for conventional agriculture and complements natural fertilizer. There is not enough natural fertilizer to cultivate the crops required for the amount of food needed to feed a growing population. There are not enough animals, nor is this a long-term solution for the situation today.

Cinis Fertilizer is part of the sustainable solution. We will use residual products from other important industries and reduce dependence on countries outside the EU. Our production process will use fossil-free electricity. Our mineral fertilizer will be able to be used for important crops such as potatoes, fruit, berries and tomatoes, and will also function well in irrigation systems and greenhouse cultivation.

Our products

There are three different types of SOP that vary in terms of purity, particle size, applications, composition and price. We will produce water-soluble SOP – a type of fertilizer that is dissolved in water and applied in

connecting with watering. The product is also used in greenhouses and for cultivation in water baths, so-called hydroponic agriculture. Water-soluble SOP has a price premium of just over 20 percent compared to ordinary SOP.

Our SOP production will generate the by-product sodium chloride, which is commonly called salt. Sodium chloride is a completely harmless by-product and can be used by both individuals and companies, for example as road salt, and as an input in other chemical production processes.

All products are sold

The majority of Cinis Fertilizer's revenue will be generated from the sale of water-soluble SOP. Sales of our by-product sodium chloride (salt) is expected to account

for around 1 percent of the Group's revenue. We have a contract with Van Iperen International, a manufacturer in the Netherlands that specialises in mineral

fertilizer products. Van Iperen has committed to purchasing all the potassium sulphate produced at production plant 1 and 2 to prevailing market price.

The price of the finished products is linked to the SOP market price, which varies in line with the price of our main cost item, the input potassium chloride or MOP (muriate of potash).

Future growth

We have a clear plan for Cinis Fertilizer's future growth, the first stage of which involves building four production plants in strategic locations that will produce a total of around 900,000 tonnes of SOP by the end of 2028. In a second phase we plan to build two more facilities that will have a total production capacity of around 600,000

Cinis Fertilizer is a pioneer in environmentally friendly mineral fertilizer. Our mission is to help make agriculture greener and more sustainable.

tonnes at the end of 2030. With total production of around 1.5 million tonnes, Cinis Fertilizer will be one of the largest suppliers of SOP to the global market.

To benefit from contracts already signed and to manage deliveries of input goods more efficiently, our production plants will be in strategic locations enabling cost-effective logistics and close to electric vehicle battery manufacturers and pulp mills. The production facilities will also be located where there is access to fossil-free and renewable electricity at a reasonable price.

At the end of March the Swedish Land and Environmental Court held a hearing in Örnsköldsvik which included a visit to Köpmanholmen. No new requests emerged during negotiations for the company to address or respond to. We feel confident as we await the court's decision on May 5.

The process of applying for an environmental permit for our second production plant, in Skellefteå, will be concluded by a decision being made without a hearing. Production plant 2 is thus also progressing according to plan.

Today there is significant demand for sustainable and locally produced mineral fertilizer that can support Sweden's and Europe's independence and reduce the carbon footprint of agriculture. We have an ambitious plan to fulfil and I look forward to progressing steadily towards facilitating more sustainable agriculture.

We are proud of the great interest shown in Cinis Fertilizer as a company and in our products. It is extremely gratifying to see the breadth of actors who have chosen to support our investment in circular and environmentally friendly potassium sulphate (SOP) produced in Sweden. Our customers, lenders, private individuals and institutional investors, as well as end-users in several countries, are sending clear signals that the green transformation is important to them and that Cinis Fertilizer is part of the solution.

I would like to take this opportunity to thank all those who have worked to enable construction to start in Örnsköldsvik, and to warmly welcome all current and future employees, shareholders and partners to join us on our future growth journey.



Jakob Liedberg,
CEO

Important events in 2022

- **Project team recruited to establish and start construction of the company's first production facility**
- **Key contracts and letters of intent in place with suppliers of input goods as well as customers for Cinis Fertilizer's end-products**
- **International patent application, based on the company's three patents, submitted to the World Intellectual Property Organization**
- **Building permits granted for the production plants in Örnsköldsvik and Skellefteå**
- **Cinis Fertilizer entered into a credit facility agreement for an about up to SEK 300 million from Nordea bank and the Swedish Export Credit Corporation (SEK)**
- **Cinis Fertilizer's share was listed on First North Growth Market on 21 October. In connection with the listing, a new issue of a total of 15,862,068 shares was carried out and brought the company approximately SEK 460 million before issue costs**

Five reasons to invest in Cinis Fertilizer

Cinis Fertilizer has the following strengths and competitive advantages, which contribute to realising the company's vision, to decarbonizing plant nutrition:

- **Large, global, and non-cyclical SOP market** with significant demand for sustainable solutions **supported by several global megatrends**, such as a growing global population generating an increased demand for food, less arable land per capita, climate change, changed eating habits and a better diet due to reduced poverty.
- Cinis Fertilizer's SOP production process is **circular, sustainable, energy and cost efficient with strong patents**. The process is based on established technology, uses half as much energy as the dominant production method and has lower production costs, while also solving a waste management problem for multiple industries.
- Long-term agreements with key actors in the value chain **securing both future sales and inputs purchases** for many years into the future. The agreements that Cinis Fertilizer has entered into ensure the company's future growth and revenue streams, and reduce business-related risk.
- Production facilities will be strategically located in regions **with significant growth potential and have a profitable growth plan**.
- **Experienced executive management supported by an experienced Board of Directors**. All Directors and employees are shareowners in Cinis Fertilizer.



ABOUT CINIS FERTILIZER

Cinis Fertilizer was founded in 2018 with the ambition to produce the world's most environmentally friendly mineral fertilizer for sustainable, circular and fossil-free agriculture.

To realise its ambition and vision, Cinis Fertilizer will produce potassium-based mineral fertilizer (SOP), using the company's proprietary, patented and patent-pending process that processes residual products from the pulp industry and from the production of electric vehicle batteries.

Three main nutrients for increased harvests and sustainable agriculture



Mineral fertilizer provides enormous benefits for agriculture and society by supporting food production to feed much of the global population.

Nitrogen-based (N), phosphorus-based (P) and potassium-based (K) fertilizer account for the largest portion of the fertilizer market. Cinis Fertilizer has chosen to focus on the potassium segment of the fertilizer market, specifically water-soluble potassium sulphate (sulphate of potash, SOP). SOP is a more sustainable alternative that can support larger harvests, and improved taste, appearance, and sustainability to facilitate sustainable and organic agriculture. SOP currently accounts for around 10 percent of the potassium-based fertilizer market.

Cinis Fertilizer was founded after chemical engineer Jakob Liedberg (CEO) and Roger Johansson (Board Chair) had been considering ways to reduce chemical emissions from large industries, and how to instead use the residual products generated by these industries for something better. Residual products from the electric vehicle battery industry (sodium sulphate) and residuals from the pulp and paper industry (ESP ash) are not currently being utilised.

With their backgrounds in chemical engineering and many years of experience in both the processing and mineral fertilizer industries, the founders succeeded in

Circular, sustainable, and cost-effective production process



Cinis Fertilizer's patented production process uses residual products from other industries – ESP ash from paper mills and residual salt (sodium sulphate, Na_2SO_4) from electric vehicle battery manufacturing – to produce a circular and environmentally friendly mineral fertilizer, potassium sulphate (SOP).

The production process runs on fossil-free electricity, recycles all water, and is designed so that it will not add to emissions or pollution. Compared with today's dominant process,

Cinis Fertilizer's process has 50 percent lower energy consumption, 20 percent lower production costs and no harmful by-products such as hydrochloric acid (HCl).

identifying a potential solution to the challenges that several industries are facing. They realised that, through a proven chemical process, they would be able to use sodium sulphate and ESP ash (which is almost 90 percent sodium sulphate) to manufacture the mineral fertilizer, potassium sulphate, also called SOP.

Through a sustainable production process run on fossil-free electricity, Cinis Fertilizer will be able to produce a product with minimal negative impact on the environment. The first production facility is now under construction in Örnköldsvik and planning is under way for the second one to be built in Skellefteå.

Customers will use Cinis Fertilizer's products to manufacture finished fertilizer varieties



Cinis Fertilizer's customers are mainly producers of other types of mineral fertilizers and are usually part of large chemical companies. Customers generally use SOP to produce NPK fertilizer mixes. The Company's customers will turn the product into the type of mineral fertilizer they produce (which can take place in multiple stages). Then their end-customers, who are mineral fertilizer distributors and farmers, will use this fertilizer for their crop cultivation.

MOP has attractive properties, such as strengthening the plants' quality, resilience, and root systems. It protects plants from diseases, cold and dry climates, and reduces the risk of wilting. SOP also increases harvest volumes.

IMPORTANT MILESTONES IN 2021 INCLUDE:

- Land allocation agreement entered into with Örnsköldsvik and Skellefteå municipalities for land designated for production plant 1 and 2, respectively
- Application for an environmental permit for production plant 1 submitted to the Swedish Land and Environment Court
- Sales and distribution agreement entered into with Van Iperen International
- Supplier agreement signed with Northvolt to purchase sodium sulphate
- Work on listing the company's share on First North Growth Market began
- The company's current name was registered
- Application for an environmental permit for production plant 2 submitted to the Swedish Land and Environment Court
- Application filed for a patent for use of residual products from the steel industry
- Application filed for a patent for use of residual products from the battery manufacturing industry
- Application filed for a patent for the use of residual products from battery recycling
- CFO and IR, Communications & Marketing Director recruited

Cinis Fertilizer's share has been traded on Nasdaq First North Growth Market since October 21, 2022.
 Ticker: CINIS
 ISIN code: SE0018040784

**MILESTONES IN 2022****First quarter**

- Recruitment of project team
- Supplementary agreement with Northvolt to purchase sodium sulphate from Northvolt's planned plant in Borlänge, central Sweden
- Supplier agreement entered into with Swiss company Evatherm for delivery of advanced engineering and process technology

Second quarter

- Contract signed with E.ON Energy distribution for connection to the power grid for production plant 1
- International Patent Cooperation Treaty (PCT) application based on three of the company's patent applications submitted to the World Intellectual Property Organization (WIPO)
- Building permit for production plant 1 granted
- Annual General Meeting 2022

Third quarter

- Notification of environmental permit application for the plant in Skellefteå to the Swedish Land and Environmental Court
- The company entered into a credit facility agreement for an amount up to SEK 300 million with Nordea bank and the Swedish Export Credit Corporation (SEK) with a green credit guarantee from the Swedish Export Credit Agency (EKN)

Fourth quarter

- On October 21, Cinis Fertilizer's share was listed on Nasdaq First North Growth Market. In connection with the listing a substantially oversubscribed new share issue was carried out and raised SEK 460 million for the company before issue costs (including an overallotment option)
- The Swedish Land and Environmental Court announced a hearing to be held in March 2023 to decide on Cinis Fertilizer's environmental permit application for the Örnsköldsvik production plant
- The overallotment option in connection with Cinis Fertilizer's new share issue and listing was fully exercised
- Supplemented building permit for production plant 1 approved

IMPORTANT EVENTS AFTER THE END OF THE YEAR

- Start date announced for groundwork in Örnsköldsvik, and We Construction and Cinis Fertilizer signed a turnkey contract for this partnership
- Building permit for production plant 2, in Skellefteå, granted
- Anna Kinberg Batra resigned from her position on Cinis Fertilizer's Board of Directors after the Swedish Government named her County Governor of Stockholm County
- At the end of March, the Swedish Land and Environmental Court held a hearing in the case of an environmental permit for the company's plant in Örnsköldsvik. The court's decision is expected to be announced on May 5, 2023



On February 13, 2023, the Chair of Örnsköldsvik Municipal Executive Board, Anna-Britta Åkerlind, and Cinis Fertilizer's CEO, Jacob Liedberg, along with We Construction's CEO, Jonas Lindén, dug up the symbolic first spade of earth at the site in Köpmanholmen, Örnsköldsvik.

OUR BUSINESS

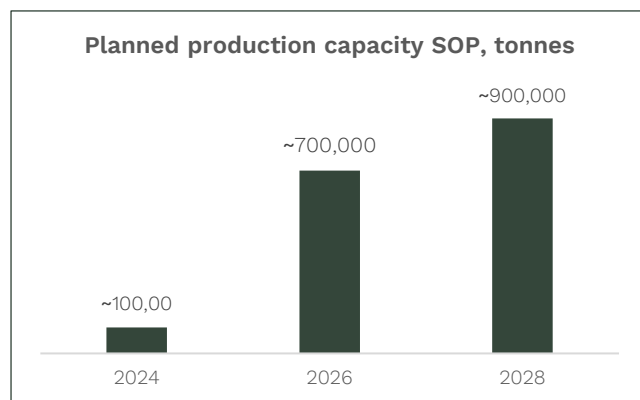
Vision and mission

Cinis Fertilizer was founded with the purpose of enabling sustainable agriculture and a vision of decarbonizing plant nutrition. Cinis Fertilizer's mission is to produce the world's most sustainable mineral fertilizer through innovative upcycling.

Operational targets, financial targets and strategy

Operational targets

Cinis Fertilizer has the following operational targets for annual installed production capacity and production volume of SOP. The company intends to reach its targets by building four production plants, in Örnsköldsvik and Skellefteå as well as one additional production plant in Sweden, and one in another part of the Nordic region during 2023–2028.



Financial targets

The company's financial 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.

Strategy

Cinis Fertilizer has three strategic areas of focus to reach its operational and financial targets:

1) *Expand the inflow of input goods from new and existing industries*

The company has identified pulp, electric vehicle battery, and steel production and the metal recycling industry as potential areas to find new partners to expand the inflow of residual products.

2) *Enter into new product sales agreements for further expansion*

The company sees good opportunities to increase its customer base for both SOP and sodium chloride. Several actors have indicated their interest in both of these products. This interest has been expressed by both actors in Europe and globally, and includes chemical conglomerates, salt producers and mineral fertilizer manufacturers.

3) *Expand production by adding production plants*

In addition to four production plants Cinis Fertilizer will build by the end of 2026, the company also intends to establish two additional production plants.

Establishing these plants will increase the company's production volume and support future growth. The two additional production plants will most likely be located in a Nordic country and each plant is expected to have annual production capacity of 300,000 tonnes of water-soluble SOP by 2030.

Planned production facilities

Örnsköldsvik – Köpmanholmen

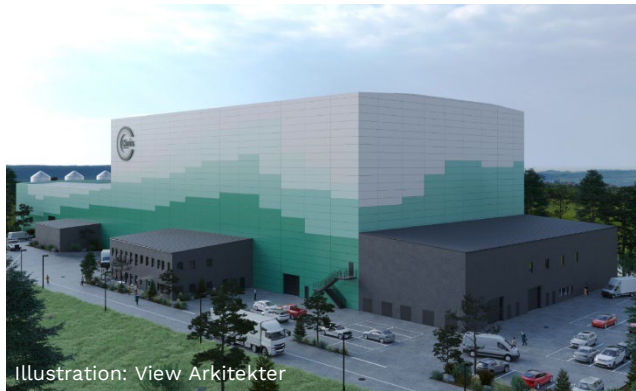


Cinis Fertilizer plans to put its first production plant in Örnsköldsvik into operation at the beginning of 2024. The plant will produce around 100,000 tonnes of SOP and 65,000 tonnes of salt at full production capacity.

The plant will have shift teams in addition to daytime personnel. There will be three shifts and the plant will have five available shift teams for active production 24 hours a day, seven days a week.

The plant will have around 30 employees and is expected to use around 50 GWh of energy per year for production.

Skellefteå – Bergsbyn



The company plans to put its second production plant into operation at the beginning of 2025, this time in Skellefteå. It will have annual production capacity of around 200,000 tonnes of SOP and 130,000 tonnes of salt at full production capacity.

The plant will be located in close proximity to Northvolt's battery factory, thus facilitating deliveries of sodium sulphate. The plant will have around 50 employees and is expected to use around 100 GWh of energy per year for production.

Central Sweden

By mid-2026, the company plans to put its third production plant into operation with an annual production capacity of 300,000 metric tonnes of SOP.

The intention for production plant 3 is to be strategically located in relation to Northvolt's new battery manufacturing facility in Borlänge, which will facilitate the supply of sodium sulphate.

There will be around 60 employees working at production plant 3. The production plant is expected to use approximately 150 GWh of energy per year.

Nordic region

In mid-2026, the company is planning to put its fourth production plant in the Nordic region into operation with an initial annual production capacity of 100,000 metric tonnes of SOP. The production volume will gradually increase and by 2028 reach its full annual production capacity of 300,000 tonnes.

The plan is for the production plant to be strategically located in relation to a battery production facility owned by the BASF Group, with which Cinis Fertilizer has signed a letter of intent for the input sodium sulphate.

The production plant is expected to have around 60 employees and is expected to use approximately 150 GWh of energy per year.

Clearly defined growth plan

Cinis Fertilizer has a clear plan for the company's future growth, the first stage of which includes the construction of the abovementioned four production plants and a further two in a second phase.

To benefit from the signed agreements and to manage input deliveries more efficiently, Cinis Fertilizer's production plants will be in strategic locations close to, for example, electric vehicle battery manufacturers and pulp mills to facilitate transport of inputs, and close to ports to facilitate distribution of the company's sold products.

The production facilities will also be in locations with access to fossil-free and renewable electricity for a reasonable price.

Business modell

Product offering

Cinis Fertilizer will produce a sustainable and circular mineral fertilizer – water-soluble potassium sulphate (sulphate of potash, SOP). SOP is used both by agricultural farmers for their crops and by chemical companies to produce other mineral fertilizers, such as NPK (nitrogen, phosphorous and potassium) blends (see also page 15). The company will primarily deliver its core product from the first two plants in containers and in bulk.

Cinis Fertilizer's SOP will be produced from potassium chloride (muriate of potash, MOP) and residual products from other growing industries. By recycling residual products from the electric vehicle battery and pulp and paper industries, the company will be part of the future circular society. MOP and residual products from these two industries are allowed to react under low temperatures and low pressure, a process that generates the end-product, water-soluble SOP, and the by-product sodium chloride.

There are currently several production methods in use for SOP. The difference between the dominant production method, the Mannheim process, and Cinis Fertilizer's process is that the Mannheim process uses sulphuric acid as its input material. This substance is harmful to the environment, humans and ecosystems. The Mannheim process also requires high temperatures during production to initiate the chemical reaction and thus requires large quantities of fossil energy.

Apart from the fact that sulphuric acid is a harmful chemical substance, it is also extracted from oil and natural gas, i.e. finite resources that have a direct negative impact on the environment.

Unlike Cinis Fertilizer’s process, the Mannheim production method reinforces fossil fuel dependence and has significant negative impacts on the environment. By contrast, Cinis Fertilizer uses residuals from other industries to manufacture its products. The company’s production thus solves waste management problems while also ending dependence on fossil fuels.

Cinis Fertilizer’s process of using residual products from other industries as input materials for its production is protected by patents and has patent applications pending. For more information on these, visit www.cinis-fertilizer.com.

Water-soluble SOP

Cinis Fertilizer will produce an environmentally friendly mineral fertilizer, a water-soluble SOP, using an innovative method to recycle residual products from the pulp and electric vehicle battery industries.

Potassium sulphate will be produced in a circular way using fossil-free electricity. There will be no harmful by-products from the production process. The result is a mineral fertilizer that not only improves harvests in terms of volume and taste, but will also reduce the carbon footprint.

Sodium chloride (NaCl)

The by-product from the main production process is fossil-free and circular sodium chloride. The high quality of this salt and the sustainable production process make it an excellent choice in multiple application areas including applying on icy roads.

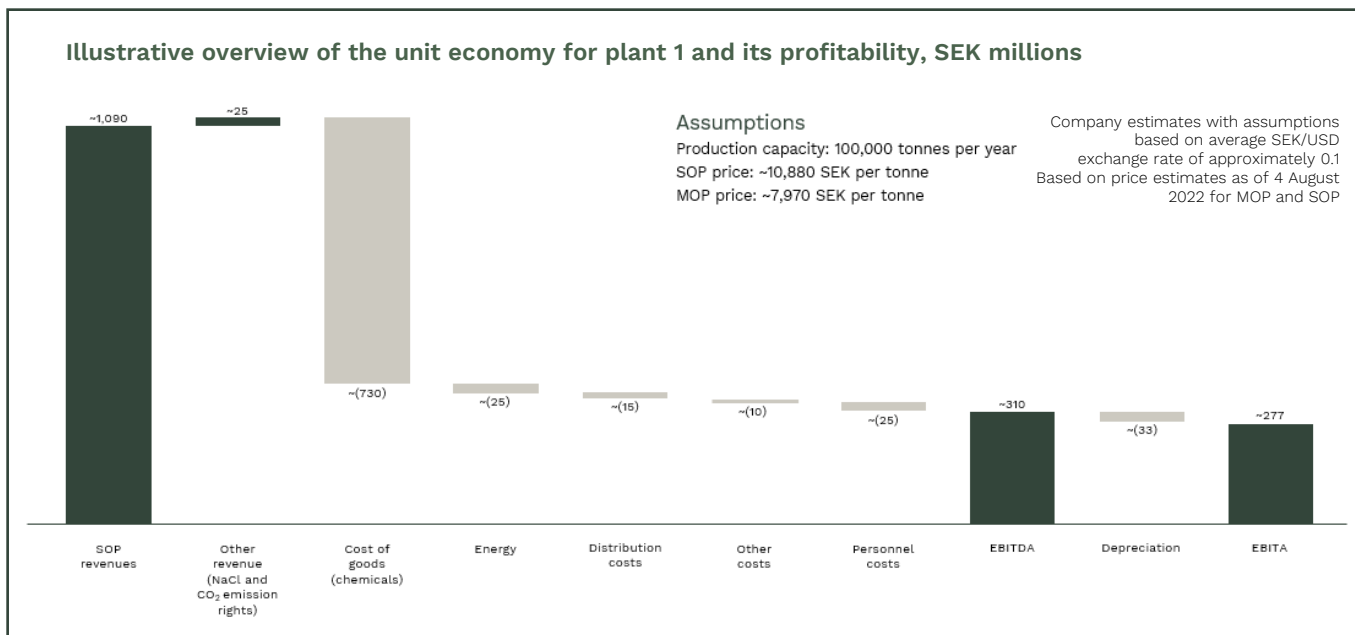
Revenue model

Approximately 98 percent of Cinis Fertilizer’s revenue will be generated from sales of water-soluble SOP. Additional revenue will be derived from sales of sodium chloride (approximately one percent) and sales of carbon emission rights (approximately one percent).

All water-soluble SOP produced at plants 1 and 2 has been sold to Van Iperen International. The value of the agreement based on the spot price on 31 December 2022 was around SEK 3.3 billion annually. The price of SOP is hedged and locked in at the spot price for water-soluble SOP with a discount of 10 percent (water-soluble SOP has a price premium relative to standard SOP of approximately 20 percent).

The company has also entered into a letter of intent with K+S which intends to buy all Cinis Fertilizer’s produced SOP from production plants 3 and 4. The company’s 2022 prospectus described the unit economy for possible sales of SOP to K+S, with an indicative value of around SEK 6.5 billion annually, based on the SOP spot price as of August 2022.

In 2022 the average SOP market price was around EUR 940 per tonne (equivalent to SEK 10,940 per tonne). The spot price for standard SOP at the end of December 2022 was EUR 945 per tonne (equivalent to around SEK 10,962 per tonne). Historically the price has varied based on the price of input goods and the underlying price of input components.



As MOP is an input for the production of SOP, the price of SOP depends on the price of MOP. As such, there is a slight lag in the price of SOP compared to MOP price fluctuations. The price of MOP is affected by macro-economic factors, such as sanctions against Russia and Belarus, export restrictions relating to China and higher gas prices. The spot price for standard MOP at the end of December 2022 was EUR 693 per tonne (equivalent to around SEK 8,035 per tonne).

Compared with MOP, SOP is a premium product and is priced accordingly. Historically SOP has been traded at an average premium compared to MOP of around USD 250 per tonne. Water-soluble SOP is also traded at a premium of 20 percent compared to normal SOP due to the beneficial properties of water-soluble SOP.

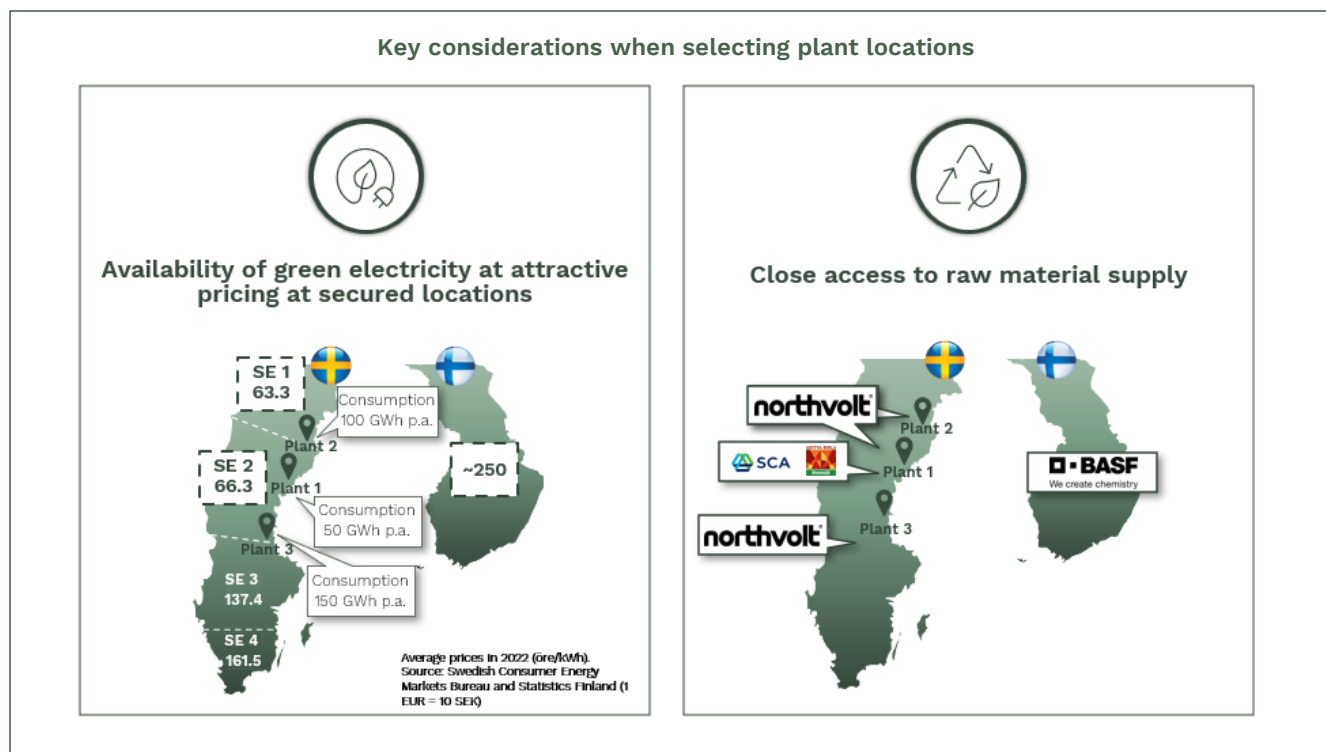
Cinis Fertilizer believes that, over time, there is potential to add an additional price premium due to the product's green profile, but has chosen in the first phase to sign long-term contracts to hedge future revenue for fast penetration into the market.

Location of production facilities

Important factors in the selection of the locations where Cinis Fertilizer intends to establish its operations include proximity to suppliers of residual products, such as the pulp industry, such as Domsjö and SCA, and electric car battery manufacturers, such as Northvolt and BASF.

In order to manage logistics effectively, a flexible infrastructure is needed as well as access to fossil-free electricity at low market prices.

As production plant 1, 2, 3 and 4 will have different production capacities and be located in different geographical areas, the items other direct expenses and other operating expenses relating to the plants will vary somewhat.



PRODUCTION PROCESS

Tried, tested and patented process

The production method that Cinis Fertilizer will use at its plants has existed since the 1950s. The method of producing SOP is tried and tested, and the technical risk associated with it is low.

The company's patented production process uses residual products from other industries – ESP ash from paper mills and residual salts (sodium sulphate, Na_2SO_4) from electric vehicle battery manufacturing – to produce a circular mineral fertilizer, potassium sulphate (SOP).

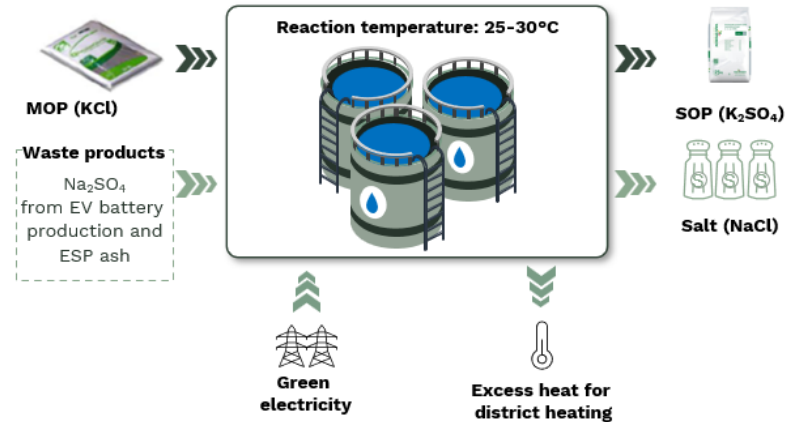
The production process runs on fossil-free electricity, recycles all water, and was designed so that it would not contribute to emissions or pollution. Compared with today's dominant process to produce potassium sulphate, the Mannheim process, Cinis Fertilizer's process has 50 percent lower energy consumption, 20 percent lower production costs and no harmful by-products such as hydrochloric acid (HCl).

Machinery and equipment

Cinis Fertilizer has signed an agreement with an established manufacturer of machinery and process equipment. One of the main suppliers of the machinery and tools necessary for the company's production process is Evatherm, a Swiss company specialising in evaporation and crystallisation technology.

Evatherm is a recognised and well-established engineering company that has multiple international customers to which it delivers similar machinery and equipment.

Overview of Cinis Fertilizer's production process



A more energy and cost-efficient process and an environmentally friendly product

- 
 Low technical risk
- 
 Production is circular and fossil fuel free
- 
 All water recycled
- 
 No high pressures
- 
 No hazardous waste
- 
 Waste heat to be sold
- 
 Eligible for carbon credits

Cinis Fertilizer's fossil fuel free production process is a sulphate reaction process called the Glaserite process that is based on salts dissolving in water forming new precipitates when salt solutions are mixed. The inputs for this process are sodium sulphate and potassium chloride. These are dissolved in water, allowed to react, and form a precipitate of potassium sulphate, which has lower solubility than sodium sulphate and potassium chloride.

The potassium sulphate is separated mechanically in a centrifuge. The salt is then dewatered and dried in a fluidised bed dryer. The salts that do not react and form potassium sulphate are sent to an evaporator where the concentration of salts in the liquid is increased, during which the sodium chloride forms as a solid salt precipitate. This salt is then separated in a centrifuge, dewatered, and dried in a fluidised bed drier and packaged for delivery to the customer. The liquid from the centrifuge where the sodium chloride is dewatered is sent back to the first stage where sodium sulphate and potassium chloride are mixed to once again form potassium sulphate. All of the water removed is collected and reused to dissolve salts.

Mechanical vapour recompression (MVR) technology is used to run the evaporators for the dewatering process and to concentrate the salt solution. This is an efficient way to remove water from a solution because it requires very little energy per metric tonne of water removed.

CINIS FERTILIZER'S KEY SUPPLIERS AND CUSTOMERS

The electric vehicle battery industry

Northvolt AB

Cinis Fertilizer has entered into long-term agreements exceeding ten years with key actors in the supply chain. The company has entered into agreements with Northvolt AB ("Northvolt") for the delivery of residues from electric vehicle battery manufacturing, both from Northvolt's facility in Skellefteå and its planned facility in Borlänge.

Northvolt expects its plant in Skellefteå, Northvolt Ett, to generate around 250,000 tonnes of sodium sulphate. Northvolt's future plant in Borlänge is estimated to generate around 200,000 tonnes of sodium sulphate.

Cinis Fertilizer has entered into an agreement with Northvolt regarding the purchase of 200,000 metric tonnes per year for the first two production facilities when these are in full operation.

BASF Group

In addition to the above, Cinis Fertilizer has signed a letter of intent with a company within BASF Group regarding sodium sulphate from one of BASF's facilities of electric car batteries in Finland to Cinis Fertilizer's production plant 4.

The pulp industry

Domsjö Fabriker AB and SCA Massa

Also the pulp industry is a large market for input deliveries for Cinis Fertilizer's production. The company has signed letters of intent with Domsjö Fabriker AB and SCA Massa, under which the company intends to procure the respective pulp mills' residues in the form of ESP ash.

Through Cinis Fertilizer's approved and pending patent application process of using residues from both battery manufacturing and the pulp industry, the company will contribute to solving major residues issues within the pulp and electrical car battery industry and will become an important actor in the future circular society.

Mineral products

K+S Minerals and Agriculture GmbH

Cinis Fertilizer has also entered into a letter of intent with K+S Minerals and Agriculture GmbH ("K+S"). Cinis Fertilizer intends to buy all its need of MOP from K+S, that K+S intends to buy all produced sodium chloride from Cinis Fertilizer's production plants 1 and 2 and potentially from production plants 3 and 4. K+S also intends to buy all Cinis Fertilizer's produced SOP from production plants 3 and 4.

Agricultural products

Van Iperen International BV

Cinis Fertilizer has entered into an agreement with its customer Van Iperen International BV ("Van Iperen") for the purchase of SOP produced at the production plant 1 and 2.

These agreements and letters of intent that Cinis Fertilizer has entered into secure the company's future growth and revenue streams and reduce business-related risk.



Sales and distribution agreement with Van Iperen International

On July 30, 2021, Cinis Fertilizer entered into an agreement with Van Iperen International BV regarding the purchase of potassium sulphate. Under the agreement Van Iperen International has undertaken to purchase at 100,000 metric tonnes of potassium sulphate in 2024, 200,000 metric tonnes of potassium sulphate in 2025 and 300,000 metric tonnes of potassium sulphate per year from 2026 for the duration of the agreement, ten years from start of production. The agreement is for ten years from production start and will be renewed automatically for five years, unless notice of termination is provided no later than six months before the original agreement term expires.

MARKET OVERVIEW

Plants need carbon dioxide, oxygen, water, and minerals to grow. Carbon dioxide and oxygen are absorbed by the leaves, while water and minerals are absorbed from the soil via the plant's roots. During active agriculture, however, a significant amount of nutrients disappears from the soil. Some nutrients are returned naturally and organically as plants die and decay. However, this is often not enough for optimal mineral composition when the soil is actively cultivated. Thus, mineral fertilizers, which provide crops with the right nutrients for the soil and type of crop, are a necessary part of agriculture.

There are three main types of mineral fertilizers, which are based on the elements nitrogen, phosphorus, and potassium. Of these, nitrogen fertilizer holds the largest market share¹. Some mineral fertilizers are found naturally and do not require a chemical process. Other mineral fertilizers do not exist naturally and must be chemically produced by adding sub-minerals to the elements.

The agricultural industry is today under severe pressure as a result of an increased global population, reduced arable land per capita and increased global GDP, which has led to changed and improved eating habits and diets. Currently, the agricultural industry accounts for approximately 25 percent of the world's total carbon dioxide emissions², which has increased the demand for alternative, more efficient and sustainable agricultural methods. This has also increased the demand for mineral fertilizers. Today, there are several different mineral fertilizers and mineral fertilizer production methods, which to varying extent have negative impacts on the environment³.

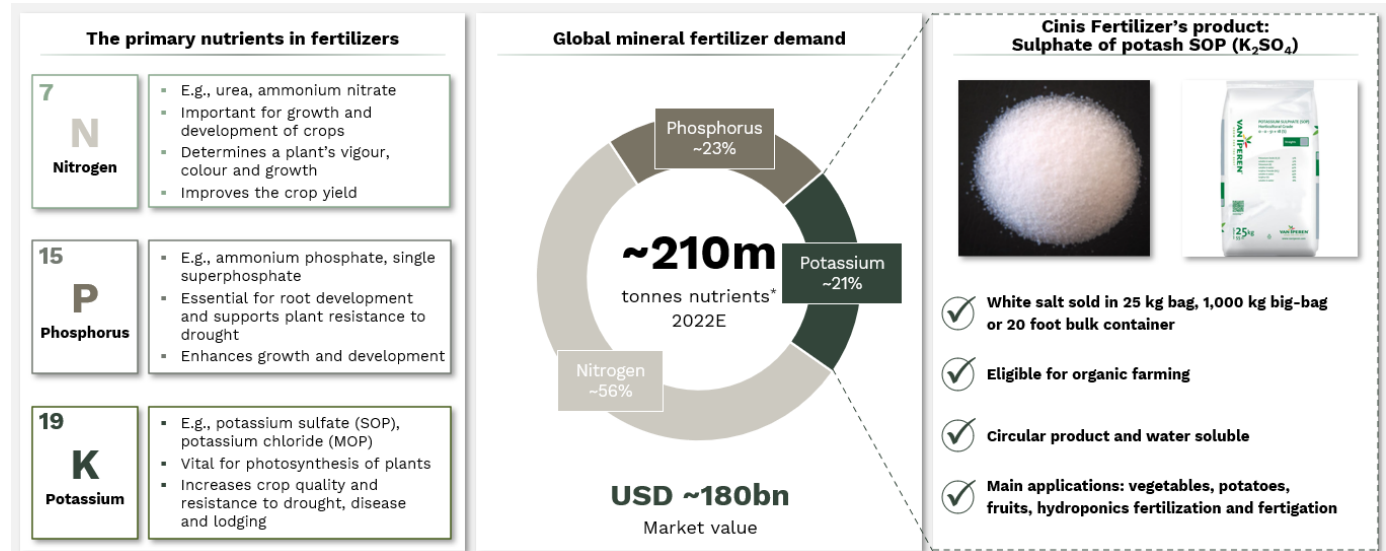
The mineral fertilizer market

The mineral fertilizer market consists of three main types of mineral fertilizers, which are based on the elements nitrogen, phosphorus, and potassium. The three main types differ in market share and composition as well as in their main advantages and application methods.

The main advantage of **nitrogen-based** mineral fertilizers is that it increases the size of the plants. Nitrogen is the most essential nutrient that usually is lacking in plants. Examples of nitrogen-based mineral fertilizers are urea and ammonium nitrate. The industry for the production of nitrogen-based mineral fertilizers is fragmented and under consolidation. Prices for nitrogen-based mineral fertilizers are dynamic, but with a stable demand volume. The majority of the capacity to produce nitrogen-based mineral fertilizers is located in China³.

The main advantage of **phosphorus-based** mineral fertilizers is that it increases the quality of the plants. Examples of phosphorus-based mineral fertilizers are ammonium phosphate and super single phosphate. The industry for the production of phosphorus-based mineral fertilizers is consolidated to a smaller number of suppliers and production methods. The majority of the capacity to produce phosphorus-based mineral fertilizers is located in China³.

The main advantage of a **potassium-based** mineral fertilizer is that it ensures a healthy plant and optimal yield, and that it improves the plant's ability to assimilate nitrogen and optimises the plant's water use. Potassium-based mineral fertilizer also increases the quality of the plants, the yield of the harvest and the plants' resistance to weather and wind.



1 Green Markets – A Bloomberg Company: Global Nitrogen Supply & Demand Model
 2 Food and Agriculture Organization of the United Nations
 3 Argus Potash Analytics – Annual Long-term Outlook 2021

Sources: Bloomberg, IFA, Statista
 * All end products on the fertilizer market are converted to their respective nutrient content i.e. N, P, K

Examples of potassium-based mineral fertilizers are potassium chloride (“muriate of potash” or “MOP”) and potassium sulphate (“sulphate of potash” or “SOP”)⁶. The industry for the production of potassium-based mineral fertilizers is consolidated to a smaller number of suppliers and production methods where the five largest producers hold approximately 50 percent of the market. The potassium-based mineral fertilizer market is dominated by MOP and SOP producers⁴.

The mineral fertilizer market is large and non-cyclical, and driven by global megatrends, among others an increased global population. The mineral fertilizer market is estimated to have a future compounded annual growth rate (“CAGR”) of approximately two percent between the years 2022 and 2030, in terms of the number of metric tonnes of nutrients⁴. The distribution between the elements on the mineral fertilizer market (seen to number of metric tonnes elements) is 56 percent nitrogen, 23 percent phosphorous, and 21 percent potassium. The total mineral fertilizer market in 2022 has been estimated at approximately 210 million metric tonnes of nutrients with a market value of approximately USD 180 billion⁴.

Players in the mineral fertilizer market

Some of the largest companies in the nitrogen market (excluding Chinese actors) are K+S (Germany), Yara (Norway), CF (USA), Agrium (Canada) and Uralchem (Russia)⁵.

Some of the largest actors in the phosphorus market (excluding Chinese companies) are Mosaic (USA), Vale (Brazil), OCP (Morocco) and Phosagro (Russia)⁵.

Some of the largest companies in the potassium market (excluding Chinese companies) are Nutrien (Canada), Mosaic (USA), CF (USA), OCP (Morocco), K+S (Germany), Phosagro (Russia), ICL (Israel), Yara (Norway), Belaruskali (Belarus), Uralkali (Russia) and Eurochem (Russia)⁵.

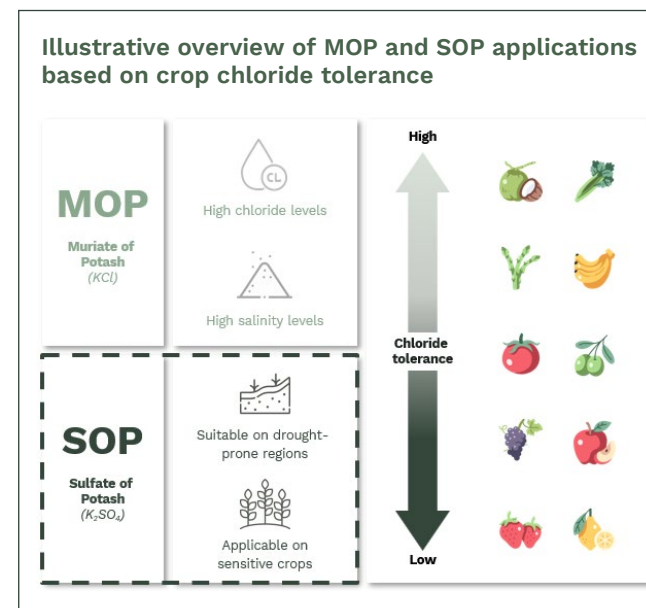
When nitrogen, phosphorus and potassium fertilizers have been produced, these are re-sold, which usually takes place through another company in the mineral fertilizer market. The product buyer then mixes the different types of mineral fertilizers to create so-called NPK mixes, which are blends of nitrogen, phosphorus and potassium fertilizers. Major companies in the NPK market are Yara (Norway), Nutrien (Canada), SQM (Chile), Van Iperen International (Netherlands), K+S (Germany) ICL (Israel) and Uralkali (Russia)⁵.

The potassium fertilizer market

Potash is a collective name for extracted and manufactured salts that contain potassium in water-soluble form and that form the basis for potassium-based mineral fertilizers. Potash occurs naturally and requires no chemical production.

Potassium-based mineral fertilizers have several benefits, such as strengthening the crops’ resistance to disease, increasing the harvest volume and quality of the crop, protecting the plant against adverse, cold weather conditions, strengthening root systems and preventing wilting. Potassium fertilizer can be applied to a wide variety of crops, such as potatoes, melons, grasses, onions and chillies⁵.

The market for potassium-based mineral fertilizers consists of the mineral fertilizer types MOP and SOP, where MOP is the most common. The market for potassium-based mineral fertilizers is large, non-cyclical and stable, and not sensitive to cyclical fluctuations. In 2021, 79 million tonnes of potassium fertilizer were consumed⁴.



MOP and SOP-market

The market for potassium-based mineral fertilizers consists of the mineral fertilizer types MOP and SOP, where MOP is the most common. The market for MOP is around 10 times larger than the market for SOP, in terms of the number of tonnes consumed per year⁴. Like MOP, SOP is used as an input component in the production of NPK mixes.

The MOP market

MOP, or potassium chloride, is a naturally occurring mineral fertilizer consisting of the elements potassium and chlorine. MOP has a higher chloride and salt content than SOP, which means that the mineral fertilizer types are suitable for different types of crops, soils and areas. Due to the low chloride content, SOP, unlike MOP, is also suitable for more sensitive crops. However, some crops thrive better on mineral fertilizers with higher chloride content and for these, MOP is a better alternative⁵.

4 Bloomberg Green Markets – A Bloomberg Company: Global Potash Supply & Demand Model, International Fertilizer Association – Public Summary: Medium-Term Fertilizer Outlook 2021–2025
5 Argus Potash Analytics – Annual Long-term Outlook 2021

MOP is used to a greater extent all over the world, primarily because MOP is a cheaper mineral fertilizer than SOP as it is naturally occurring, while SOP must be produced. MOP is also used as an input in the production of SOP and as part of NPK mixes. China is the market that consumes the most MOP and SOP. After China, Latin America and North America consume the most MOP and Europe consumes the most SOP⁶.

MOP production

MOP is naturally occurring and is produced by mining in so-called potash mines. The largest potash mines are located in Canada, Russia and Belarus, followed by China, Germany and the United States⁶.

MOP is produced by either underground or solution mining. Underground MOP comes from evaporated lake bottoms. Machines drill out the ore and then transport it to the surface. On the surface, the raw ore is crushed and refined in process plants to extract the potassium salts. Where MOP deposits are located far underground, solution mining is used. In solution mining, water or saline solutions are used to dissolve the potassium minerals. Wells are drilled to reach the salt deposits and the solution is injected to dissolve the salts. The dissolved salts are then pumped up to the surface, together with the solution, and the minerals are recovered by recrystallisation⁷.

About 90 percent of the total MOP production is used for the production of NPK mixes. About 10 percent of the total MOP consumption is used for the production of SOP. Less than 1 percent of the total MOP consumption is used as pure mineral fertilizer⁶.

⁶ Argus Potash Analytics – Annual Long-term Outlook 2021

⁷ Bureau of land management – Potash: <https://www.blm.gov/programs/energy-and-minerals/mining-and-minerals/nonenergy-leasablematerials/Potash>

⁸ The World Bank – Population, total:

<https://data.worldbank.org/indicator/SP.POP.TOTL>

⁹ Food and Agriculture Organization of the United Nations - <https://www.fao.org/home/en>

SOP market

SOP, or potassium sulphate, is a mineral fertilizer consisting of the elements potassium, sulphur, and oxygen (sulphate). Unlike MOP, SOP does not contain chlorine, which makes it applicable even to crops that are sensitive to chlorine. Given the drying properties of chlorine, SOP is also a good alternative for dry soils and areas at risk of drought.

Furthermore, SOP has similar beneficial properties as MOP, strengthening plant quality, resilience, and root systems. It protects plants from diseases, cold and dry climates, and reduces the risk of wilting. SOP also increases harvest volumes. When comparing SOP and MOP, SOP increases the yield of crops by 20 percent⁶.

Historically, the SOP market has had strong, non-cyclical growth with resilience through economic cycles. The market has grown by a CAGR of around 4 percent between the years 2005 and 2020. The growth between 2014 and 2018 is primarily attributable to the increase in capacity of SOP production in China. Going forward, the SOP market is expected to continue to grow in the same direction with a CAGR of around 2 percent between the years 2020 and 2030⁶. This growth is driven to some extent by climate change which causes increased drought, which has increased the demand for mineral fertilizers that are applicable in dry climates.

The market for SOP consists of some 50 percent of smaller companies. However, there are a number of major actors in the market that together make up around 30 percent of the market. These are primarily SDIC (China), K+S (Germany) and Bindi Potash (China).

SOP production

There are four methods for the production of SOP, of which two take place through so-called natural extraction and two take place through chemical production processes. The natural extraction processes are the open pit process (saline solution leaching) with a market share of around 35 percent and mining with a market share of around 2 percent. The chemical production processes are the Mannheim process with a market share of around 50 percent and sulphate reaction with a market share of around 13 percent⁶.

Global market trends

Growth in the market for mineral fertilizers and its underlying markets is primarily driven by global megatrends such as the increasing global population, globally increasing GDP and climate change. The global population is expected to increase from around 6.1 billion people in 2000 to around 9.8 billion people in 2050⁸.

The growing global population is driving an increased demand for food as well as less arable land per capita, which requires efficient agricultural processes. This in turn drives the demand for mineral fertilizers to enable more efficient agriculture.

Furthermore, the absolute total arable area is gradually decreasing as a result of climate change, which increasingly prevents cultivation in certain areas, also through an expanding built environment⁹. The limited arable land available means that the yield on existing land must increase to meet the increased demand for food and crops. 90 percent of the anticipated increase in food and crops is expected to come from increased yields on

existing areas, rather than through new cultivation areas being created. Technical developments, including the use of mineral fertilizers, are expected to enable increased yields in these areas¹⁰.

Another growth-driving market trend is GDP increasing globally, which increases demand for the type of quality raw materials that agriculture produces. Between 2000 and 2020, global GDP increased by 95 percent¹¹. Increased prosperity enables more people to eat until they are full. In addition, priority is given to a healthier lifestyle and better diet as the middle class grows and people have more money at their disposal¹¹.

Climate change, and the need for climate adaptation, is also a growth-driving market trend for mineral fertilizers. Global warming has caused an ever-increasing number of regions to be affected by drier soils, which increases the need to use low-chloride mineral fertilizers, such as SOP. The drier soils are driving the shift from MOP to SOP, and towards water-soluble mineral fertilizer, as it is desirable to reduce water consumption by dosing mineral fertilizer and water together, so-called fertigation.





Climate change is also leading to stronger shifts in weather and wind, which requires greater resilience in plants, something that can be achieved through increased use of SOP¹⁰.

The agricultural industry today accounts for around 25 percent of the world's carbon emissions. As global warming becomes more critical and people increasingly demand sustainable alternatives, demands from authorities for more sustainable agriculture also increase. This is driving the green shift – the transition to a greener approach with lower carbon emissions⁹.

The demand for mineral fertilizers produced in Europe is also driven by an increased awareness of the need for national and European independence. The Covid-19 pandemic has forced companies to review their global supply chains and placed local production high up on the political agenda in Europe.

Geopolitical developments as a result of Russia's invasion of Ukraine has further driven the demand for Swedish and European production of mineral fertilizers, as sanctions affect global export flows and existing supply chains in food production¹².

SOP fertilizers is a better and more sustainable alternative

	
20% crop yield increase	Increased shelf life
	
Virtually chloride-free and low salinity levels	Improved taste and appearance

¹⁰ Argus Potash Analytics – Annual Long-term Outlook 2021

¹¹ The World Bank – GDP: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

¹² The German Post – Europe must become more independent, yet cannot forgo its alliance with the US

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

The global SOP market consisted of around 7 million tonnes of consumed SOP in 2021. The SOP market from 2005 to 2020 had an accumulated sales increase of around 4 percent. SOP is usually produced via a chemical process where MOP is used as an input. Since SOP generally requires additional production processes and a refinement of the MOP, SOP is considered a premium product and is thus sold with a price premium compared to MOP.

There are several underlying global megatrends driving the global market for mineral fertilizer in general and SOP fertilizer in particular. These trends include a growing global population generating increased demand for food, less arable land available per capita due to the growing global population, climate change and an expanding built environment, as well as changed and better eating habits and diets due to improved finances in the global population.

Based on the trends that are driving the market for mineral fertilizers including SOP fertilizer, the SOP market is expected to grow by a CAGR of around 2 percent from 2020 to 2030. The SOP market has historically experienced stable growth and is non-cyclical, as demand for agricultural products is constant.

The market for Cinis Fertilizer’s main product, water-soluble SOP, is expected to see stronger growth than the SOP market in general.

The increase in environmental destruction and global warming increase and the fact that the agricultural industry accounts for 25 percent of the world’s carbon emissions, have increased interest in sustainable solutions in the agricultural industry. The combination of global megatrends and the increased interest in sustainable solutions, benefits Cinis Fertilizer as the company will help meet an increased demand for food and support more efficient agriculture through its sustainable product. The company is well-positioned to capitalise on market trends and the green shift taking place in the agricultural industry.

Also, almost all of the global SOP production takes place in China, where the majority of production generates large volumes of carbon emissions and is dependent on fossil fuels as the Mannheim process is used for production. China consumes a smaller amount of SOP than it produces, which means that large volumes of SOP are transported to other parts of the world, thereby generating further carbon emissions. Europe, for example, consumes more SOP than it produces and therefore needs to import SOP.

Cinis Fertilizer thus has an opportunity to supply Europe’s SOP import needs, and the product the company is offering will also be produced with close to zero carbon emissions, unlike the majority of SOP, which is produced using the Mannheim process.

The Covid-19 pandemic and Russia’s invasion of Ukraine have resulted in increased calls for Europe to be independent of suppliers in China, Russia and Belarus. This is a trend that works in Cinis Fertilizer’s favour.

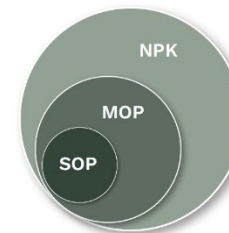
OVERVIEW OF A NUMBER OF RELEVANT COMPANIES IN THE SOP MARKET

Company	Location	Process	Production capacity ¹	Comment
SDIC	China	Natural brine process	~1.6 million tonnes	Largest state-owned company in China, invests in mineral fertilizer production and other raw material areas
Cinis Fertilizer	Sweden	Glaserite process	~1.5 million tonnes ²	Estimated production capacity with six production facilities
K+S	Germany	Sulphate salt reaction	~0.9 million tonnes	One of the world’s largest salt producers who also produces mineral fertilizers
Bindi Potash	China	n/a	~0.9 million tonnes	Active in organic and microbial mineral fertilizers and chemical raw material production
Tessenderlo Group	Belgium	Mannheim	~0.6 million tonnes	International company with production throughout Europe
Compass Minerals	USA	Natural brine process	~0.5 million tonnes	Producer of salt, plant nutrients and magnesium chloride for distribution, primarily in North America
Yara	Norway	Mannheim	~0.2 million tonnes	Global plant nutrition company with 28 production facilities and operations in over 60 countries
Kemira	Sweden	Mannheim	~0.1 million tonnes	Producer in southern Sweden

¹ Million metric tonnes, estimated capacity 2022, source: Argus Potash Analytics ² Cinis Fertilizers estimate of future production capacity as per 2030

NPK, MOP and SOP market size*

NPK ~210 million tonnes of nutrients (USD ~180 bn market)
 MOP ~38 million tonnes of nutrients (USD ~48 bn market)
 SOP ~4 million tonnes nutrients (USD ~6 bn market)



* 2022E tonnes of nutrients

Source: Green Markets – A Bloomberg Company

SUSTAINABILITY

Cinis Fertilizer was founded with the objective of facilitating sustainable agriculture. By producing plant nutrients with a close-to-zero carbon footprint, we are working towards a common vision to reduce carbon emissions.

Today ash and salts rich in valuable chemicals are being dumped at sea and in rivers. This is pollution and waste that could be turned into mineral fertilizer to help plants grow and give the planet healthy fruit and vegetables.

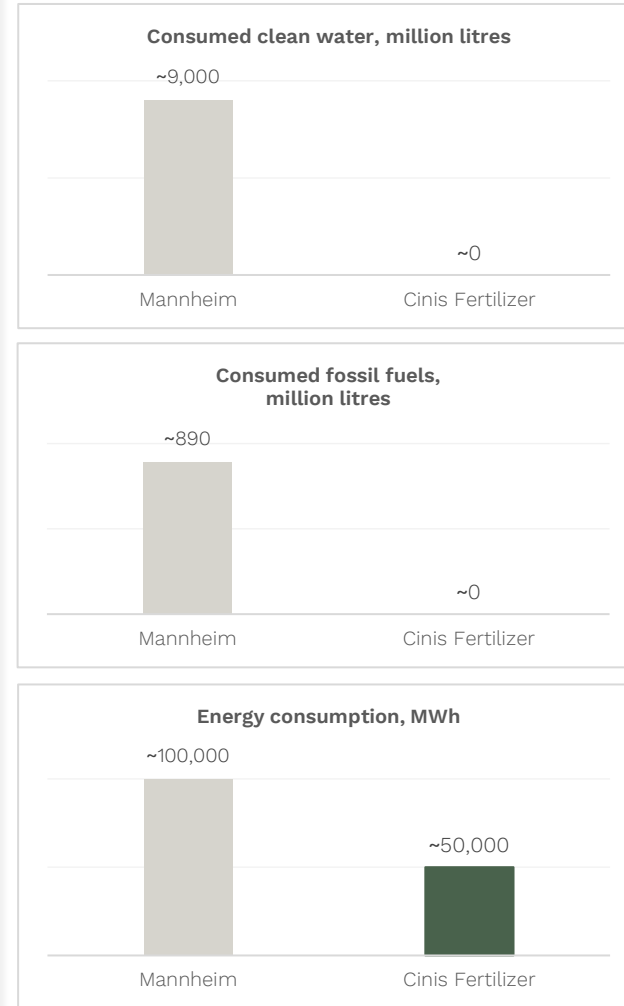
Cinis Fertilizer’s production process runs on fossil-free electricity with zero emissions to air and water. Water used in the process is recycled and reused.

Sustainable production process

Our patented production process uses residual products from other industries – ESP ash from paper mills and residual salt (sodium sulphate, Na₂SO₄) from electric vehicle battery manufacturing – to produce a circular and environmentally friendly mineral fertilizer, potassium sulphate (SOP).

The production process runs on fossil-free electricity, recycles all water, and was designed so that it would not contribute to emissions or pollution. Compared with today’s dominant process to produce potassium sulphate, the Mannheim process, Cinis Fertilizer’s process has 50 percent lower energy consumption, 20 percent lower production costs and no harmful by-products such as hydrochloric acid (HCl).

Cinis Fertilizer’s process uses no water or fossil fuels, and uses half as much energy as the dominant Mannheim process *



* Diagram comparing Cinis Fertilizer’s production process with the current, dominant production method, the Mannheim process. All figures are 100,000 tonnes of potassium sulphate (SOP) produced. Source: Solenco 2022.

Organisational structure

Cinis Fertilizer prioritizes working in a sustainable way to support a sustainable existence for people, the climate and our planet. The company’s sustainability approach is integrated into the business model and operations, and builds on Cinis Fertilizer’s business concept, Code of Conduct and other governing documents. Integrating sustainability will create value for the company’s stakeholders – now and for many years to come.

Cinis Fertilizer’s CEO and Board of Directors are ultimately responsible for the company’s sustainability approach and initiatives, and the results from these. In 2023 construction on the company’s first production plant began and this was accompanied by establishing sustainability routines, and reporting and complying with new regulations, and meeting the expectations of key stakeholders.

Employees

Cinis Fertilizer’s employees and the specialists it engages are crucial in ensuring that all of the company’s goals can become reality. The priorities for 2023 include establishing health and safety programmes for the workplaces, recruiting the right talent and providing professional development opportunities.

There were nine full-time employees as of December 31, 2022.

GENDER DISTRIBUTION AS OF DECEMBER 31, 2022

	Women	Men
Board of Directors	50%	50%
Group management	33%	66%
All employees	33%	66%

Membership, initiatives and networks

Cinis Fertilizer has signed the UN Global Compact and supports the Sustainable Development Goals (SDGs), both directly and indirectly.

Sustainability Policy

Cinis Fertilizer's Sustainability Policy forms the foundation for the company's efforts to promote sustainability and is supplemented by the Code of Conduct and additional policies. The precautionary principle is particularly relevant in how the company manages its emissions to air and water as well as the use of chemicals.

- Sustainability is fully integrated into our strategy and we aim to run our business so that the impact on people, the environment and property is minimised. We operate our company based on a long-term perspective taking into consideration both climate impact and profitability.

- We set high sustainability standards for ourselves and our partners. One important basic principle for us is being open about our sustainability work. We are aiming to have a continual dialogue with our stakeholders to develop our way of working and set relevant priorities. We expect the same openness from our suppliers and partners.

- We focus on increasing resource efficiency and reducing carbon emissions – from our own operations and within the agricultural sector in general through our products.

- We evaluate the environmental impact of the company's products in different phases of their life cycles, and involve suppliers and customers in this process. We have active cooperation with our suppliers and customers to improve sustainability outcomes in the industry.

- We focus on constantly identifying opportunities, risks and improvement potential throughout our value chain from various perspectives, such as health and safety, the environment and climate, ethics, working conditions and social impact.

- We make every effort to be an inclusive employer that embraces diversity and where employees can reach their full potential. We work constantly on improvement and on the professional

development of our employees to achieve the company's goals and long-term strategy.

- We want to develop alongside the local communities where the company operates and be a responsible partner that contributes to a more sustainable future.

Code of Conduct

Cinis Fertilizer's operations and sustainability approach are based on the company's Code of Conduct. The Code is to be followed by the company's employees and our suppliers. It contains guidelines based on the UN Global Compact, as well as commitments to human rights, business ethics and anti-corruption, environmental responsibility, community relations, information security and a whistleblower service.

The principles for how Cinis Fertilizer and the employees of the company are to act are based on the company's core values: Cooperation, innovation and courage. Cinis Fertilizer's business is based on close and long-term relationships with customers, suppliers and other business partners, and the company strive to be perceived as a long-term and reliable partner. It is therefore important to run the business, not only based on the company's commercial needs, but also with high standards for sustainability, integrity and ethics. At a minimum, Cinis Fertilizer is to comply with laws and regulations in all countries where the company operates, and follow the company's existing policies.

Cinis Fertilizer chooses to work with actors who share the principles set out in our Code of Conduct and who are also working towards a more sustainable society.

Whistleblower Policy

Employees who are uncertain about whether specific conduct may be in violation of the Code of Conduct are to consult their manager for advice. We encourage employees to report circumstances that may be in conflict with the Group's Code of Conduct to their manager or manager's manager.

Purpose



Enabling sustainable agriculture

Vision



Create a circular and fossil free agriculture

Mission



Produce the world's most environmentally friendly mineral fertilizer through innovative upcycling

Cinis Fertilizer's vision is to support the agricultural industry in the essential shift towards a more sustainable approach. We can reduce the industry's residual products and use these to create value for our customers, shareholders and employees, as well as end-customers, people and ecosystems around the world.

We support Agenda 2030 and the UN's 17 Sustainable Development Goals. Through Cinis Fertilizer's business concept, production and targets, we are addressing nine of the UN's Global Goals (Sustainable Development Goals, SDGs). The global challenges where Cinis Fertilizer has the greatest potential to contribute solutions are:



Goal 2 – Zero hunger

Cinis Fertilizer will produce mineral fertilizer to facilitate crop cultivation. Our SOP will increase agricultural harvests and make it possible to farm on dryer land, thus increasing global food production to meet the needs of a growing population.



Goal 3 – Good health and well-being

SOP will facilitate sustainable cultivation of fruit and vegetables, which will increase both demand and consumption. Our SOP will make it possible for more people to access locally produced and healthy fruit and vegetables.



Goal 6 – Clean water and sanitation

Our product will prevent waste salts from being dumped into rivers and seas, and thereby improve the local water quality. The process also reduces the amount of water needed to rinse salts and fresh-water needs, compared to the current dominant production processes for SOP.



Goal 8 – Decent work and economic growth

The planned production plants will provide good-quality jobs that will increase economic growth in regions that need more job opportunities.



Goal 9 – Industry, innovation, and infrastructure

Our product will be produced using an innovative approach where waste from other industries is used to create something new of value. With the innovative production process, our fossil fuel-free mineral fertilizer will have a near-zero carbon footprint.



Goal 12 – Responsible consumption and production

We will recycle residues from industries and thus be part of a circular economy that promotes a more sustainable consumption chain.



Goal 13 – Climate action

Our production will reduce waste, replace fossil-based energy in production with other sources and reduce demand for fossil fuels.



Goal 14 – Life below water

Our production process will not generate waste that will end up in the sea, and by recycling residuals from other industries will also prevent waste from being flushed into the seas.



Goal 17 – Partnerships for the goals

We have established strong industrial partnerships based on trust and a common interest in developing products for a sustainable and fossil-free future.

RISK AND RISK MANAGEMENT

Uncertainty about future events is a natural aspect of all business activity. Future events may impact Cinis Fertilizer's business positively and provide opportunities to create more value, or have a negative impact on the company's business and outcomes.

Risk management

Cinis Fertilizer's Board of Directors is responsible to the shareholders for the company's risk management. Risks associated with business development and long-term strategic planning are discussed by the management team and proposals referred to the Board for decisions.

Management reports on an ongoing basis on risks affecting the Group's financial status and progress. Cinis Fertilizer's Code of Conduct and all key policies provide a basis for operational risk management, which is carried out at all levels in the organisation.

Identifying risks

The management team is responsible for analysing the overall risk profile on an ongoing basis. In 2022 the effects of Covid-19 decreased, while the risks and disruptions in supply chains as well as cyberthreats increased as a result of Russia's invasion of and war in Ukraine. An important factor for Cinis Fertilizer's business is access to a supply of fossil-free energy at competitive prices.

From 2023, sustainability risks will also be analysed in a broader context and the company intends to provide additional information throughout the year.

Some of the risk areas that have been identified within the framework of Cinis Fertilizer's risk management process are presented below, along with the measures being taken to manage these risks.

Strategic risk

Macroeconomics and geopolitical situation

Russia's ongoing military invasion of Ukraine has had a negative impact on the global economy. Economic sanctions against Russian and Belarussian individuals, banks and companies may affect the price of potassium chloride (MOP), which is the most important input in the company's production of potassium sulphate.

Higher market interest rates can negatively impact the company's net profits.

Cinis Fertilizer is working to minimise the effects of these fluctuations by signing agreements for longer periods of time, and monitoring political discussions and decisions, as well as the supply of various input.

Competitors

Competitors may develop alternative competitive products.

Cinis Fertilizer monitors and analyses factors in the external environment on an ongoing basis and also enlists the help of industry experts if needed.

Growth

Cinis Fertilizer is in a growth phase that places high demands on both the management team and the company's operational and financial infrastructure. There is a risk that conditions necessary for the company's planned construction of production facilities will cease to exist or be changed to the company's disadvantage, resulting in the company being required to find alternative locations.

In its planning of the plants the company has studied several options and has an ongoing process to identify alternative and future options for establishing plants in Sweden and other Nordic countries.

Partnership agreements

Cinis Fertilizer's production is dependent on agreements being reached with suppliers of, among other things, residual products from industry as well as processing equipment and power solutions. The company may also be negatively impacted if suppliers and partners are affected by economic, legal or operational problems, if they raise prices, or if they cannot deliver as agreed or deliver products of an inferior quality than expected.

Cinis Fertilizer's aim is to sign long-term agreements with established partners to guarantee deliveries, price levels and quality at the levels required by the company.

Operational risk

Exercise of authority

Cinis Fertilizer's operations require permits and approval from the authorities in the various municipalities and regions where these operations take place. There is a risk that the planning or construction of production plants will be halted, take more time or be more costly than expected due to negative or delayed decisions from authorities.

Cinis Fertilizer has established processes to manage requirements associated with permits and applications. The company and its advisers also monitor decisions in adjacent industries on an ongoing basis.

Construction process

Delays in deliveries of materials and errors in specifications or construction could lead to construction being halted or delayed, thereby affecting commercialisation and production.

Cinis Fertilizer has clear specifications when ordering materials and has an ongoing process to monitor deliveries.

Talent supply

The company's organisation is limited at this time, which means that the company is dependent on the individual and collective initiatives of a few key individuals to continue to develop Cinis Fertilizer's business.

The company needs to recruit talented employees, in particular process operators. If the company's ability to recruit and retain employees is diminished, the company's commercialisation phase, expansion, corporate culture and relationships with important stakeholders could be affected.

Cinis Fertilizer expects recruitment for the company's production plants to begin at the end of 2023. To guarantee it finds the right talent, the company has contacted established HR specialists who work both locally and nationwide.

Production disruptions

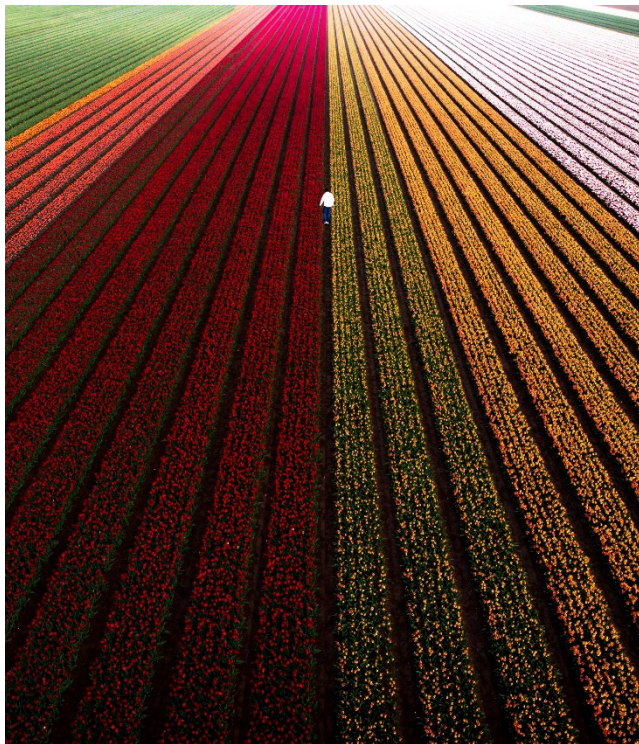
The company's operations may be affected by interruptions and disruptions in production, for example as a result of machine breakdowns, delayed, incorrect or contaminated deliveries of input materials, technical errors, IT breakdowns, labour-related legal action, accidents, suppliers violating agreements or other disruptions.

Cinis Fertilizer's process technology is supplied by established suppliers and the company's assessment is that they can handle any interruptions and errors. Once operational, the company's own employees will have the expertise to troubleshoot most errors, enlisting the help of specialists if needed.

Economic and political developments

There is a risk that environmental laws, regulations and regulatory requirements could change in the future and that this could lead to increased costs for the company, such as remediation costs relating to the company's current or future operations.

Cinis Fertilizer has applied for environmental permits. These applications describe the company's production and include important assessments. The company and its advisers monitor decisions on an ongoing basis that may affect the company's operations.



Financial risk

Financing

The Group has entered into a credit facility agreement with Nordea bank and the Swedish Export Credit Corporation. The terms of the agreement include that Cinis Fertilizer must receive all necessary permits and meet set covenants.

Cinis Fertilizer's cash flow is expected to remain mainly negative until the beginning of 2024. The company needs to obtain sufficient capital on favourable terms to execute its long-term business plan.

Cinis Fertilizer's expectation is that the new share issue in connection with the company's listing on Nasdaq First North Growth market, combined with the credit facility under an agreement with Nordea bank and the Swedish Export Credit Corporation of SEK 300 million will be used in the most part to finance production plant 1 and will be sufficient to meet the company's working capital needs for the next 12-month period. The company's Board of Directors makes an ongoing assessment of the optimal capital structure needed to implement the company's projects.

Rising costs

Investing in new and upgraded equipment is associated with substantial cost for Cinis Fertilizer, and rapid technical development could, from time to time, lead to the company's existing equipment becoming outdated earlier than planned.

The company has purchased equipment from leading producers in Europe, and will work on efficiency improvement and an active maintenance plan.

Earning capacity

The company's SOP is considered a premium product and will thus be sold with a price premium compared to other types of mineral fertilizer. Earnings will be relatively even over the year.

Cinis Fertilizer's aim is to sign long-term agreements with customers and suppliers, to ensure stability in the terms and conditions. The price of SOP and MOP is set in a global market that has historically followed a stable trend with a consistent price difference between the two categories.

Sustainability risk

Access to fossil-free electricity/energy

In order for the company to successfully compete with suppliers who produce potassium sulphate using the Mannheim process, and with other, new producers of potassium sulphate and other environmentally friendly mineral fertilizers, the company must fulfil its promise of producing products using fossil-free electricity as well as other factors that reduce the company's climate footprint.

Cinis Fertilizer's power requirements are much lower than several other industrial enterprises in northern Sweden and the company is working towards signing a contract with a power producer in the second half of 2023.

Logistics chain

Transportation to and from the company's plants is the largest source of greenhouse gas emissions, mainly carbon emission. The company must choose logistics solutions that meet legal requirements and also encourage its partners to choose transport solutions with a climate footprint that is as low as possible.

Cinis Fertilizer has an ongoing process to monitor development of green alternatives in all areas. Transportation to and from the company's plants is a priority focus area due to the high percentage of carbon emissions caused.

Sourcing

Cinis Fertilizer's Code of Conduct states that the company is to obtain partners that meet criteria such as having a structured focus on the climate and the environment, ethical and safe workplaces, as well as quality and transport solution criteria. The company purchases input goods from various suppliers, primarily ones operating within the EU. If the company is unable to identify reliable partners, this could cause delays or increased costs.

Cinis Fertilizer monitors market trends and analyses its partners on an ongoing basis.

KPI's

New legal requirements and expectations from key stakeholders increase the need for the company to set clear and relevant sustainability goals and targets. The company may need to map and analyse its climate impact to meet new requirements and wishes.

Cinis Fertilizer monitors development and in 2023 will update its sustainability targets and communication on progress with respect to the company's ambitions in this area.

SHARES AND SHAREHOLDERS

Cinis Fertilizer's share has been listed on Nasdaq First North Growth Market since October 21, 2022. As of January 2, 2023, the share is included in the Nasdaq First North 25 Index.

THE CINIS FERTILIZER SHARE

Market place	Nasdaq First North Growth Market
Listed	October 21, 2022
Listing price	SEK 29
Sector	Chemicals
Ticker	CINIS
Liquidity provider	ABG Sundal Collier
ISIN code	SE0018040784
Currency	SEK

The number of outstanding shares as of December 31, 2022, totalled 72,526,468, representing the same number of votes. Cinis Fertilizer's market value on December 31, 2022, amounted to SEK 2,843 million. Each share in Cinis Fertilizer entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal to the number of shares held by the shareholder in the company. All shares in the company confer equal entitlement to any surplus in the event of liquidation.

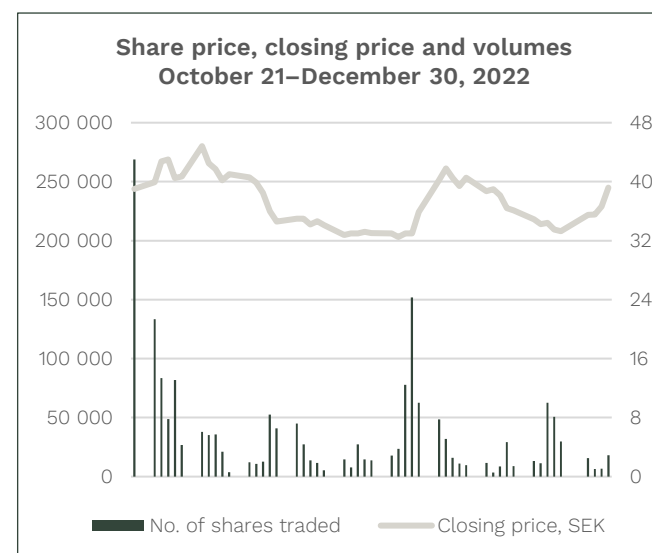
Dividend and dividend policy

Cinis Fertilizer is in an expansive growth phase and has not yet provided any dividends. According 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.

Share price development

When trading commenced on October 21, 2022, the price was SEK 29. When trading closed on December 30, 2022, the price of one share in Cinis Fertilizer was SEK 39.20. The highest closing price paid was SEK 44.49 on October 31, 2022, and the lowest closing price, SEK 32.50, was noted on November 29, 2022.

During the period October 21–December 30, 2022, the daily trading volume for the share averaged 36,299 shares.



Source: Nasdaq

Shareholders

On December 31, 2022, Cinis Fertilizer had around 4,200 shareholders. The three largest shareholders were Jakob Liedberg, Roger Johansson and Thomas Ranje. As of December 31, 2022, the combined holdings of the Board and management team amounted to 44,306,887 shares, equivalent to 61.1 percent of capital and votes in Cinis Fertilizer.

An updated list of the principle shareholders is provided on the company's website in connection with publication of the interim reports.

At year-end the company had no treasury shares.

LARGEST SHAREHOLDERS, DECEMBER 31, 2022

NAME	Number of shares	Share of capital and votes, %
Jakob Liedberg	26,400,000	36.4
Roger Johansson*	13,947,427	19.3
Thomas Ranje*	11,206,895	15.5
Molindo Energy AB	2,557,457	3.5
Livförsäkringsbolaget Skandia	1,724,137	2.4
Åsa Källenius*	1,005,733	1.4
Schroders	945,393	1.3
Poularde AB	862,068	1.2
Nash Invest AB	833,320	1.2
Libra invest	668,000	0.9
<i>Other shareholders</i>	<i>12,376,038</i>	<i>1.1</i>
Total	72,526,468	100.0
<i>Of which board and mamt</i>	<i>44,306,887</i>	<i>61.1</i>

* Includes related parties and where applicable through endowment insurance
Source: Euroclear and Cinis Fertilizer

Share capital

Cinis Fertilizer's share capital as of December 31, 2022, amounted to SEK 725.3, divided between 72,526,468 shares. The share's quota value is SEK 0.01.

The share capital development since the company was formed is described in the table below.

Incentive programme

The company has an incentive programme based on outstanding warrants. The shareholders' meeting September 17, 2021, decided to issue 70,000 warrants in the company. On 31 December 2022, 42,000 warrants were transferred to board members and employees of Cinis Fertilizer. The transfers were made based on the market price according to the Black-Scholes model.

Each warrant entitles the holder, after remeasurement, to subscribe for 40 shares in the company at a subscription price of SEK 18.75 per share. The warrants can be exercised to subscribe for shares from October 1, 2024 to October 31, 2024. If all warrants in the programme are exercised, the dilution would be less than 0.1 percent of the total number of shares in the company.

Insiders

Persons in senior positions at Cinis Fertilizer and any individuals or legal entities closely associated with them are required to inform the company and Finansinspektionen (the Swedish financial supervisory authority, FI) about every transaction that changes their holding of

Cinis Fertilizer shares when the total amount reaches EUR 5,000 during one calendar year. Cinis Fertilizer keeps a record of people who are employed or are working on assignment for the company and have access to insider information about the company, such as financial statements or press releases where the information could affect share price development.

Undertaking to refrain from selling shares

In connection with the listing on Nasdaq First North Growth Market, existing shareholders with a combined shareholding of around 95 percent of the company's shares, entered into an agreement not to sell or in any other way transfer their shares for a specific period of time after the trading commencement date.

The lock-up period for principle owners Jacob Liedberg and Roger Johansson, who are the company's CEO and Chair, is 540 days from the first day of trading in the company's shares. The lock-up period for other board members and other senior executives, as well as senior advisers, is 360 days from the first day of trading of the company's shares. The lock-up period for other

shareholders who were owners before the listing is 180 days from the first day of trading of the company's shares.

All of the above undertakings are subject to customary exceptions. In addition to the lock-up agreements, all shares are freely transferable and are not subject to any transfer restrictions.

Quiet periods

Cinis Fertilizer applies a quiet period of at least 30 days before publishing its interim reports. During this period the company's representatives do not meet with financial media representatives, analysts or investors.

Analysts covering Cinis Fertilizer

The analysts below follow Cinis Fertilizer's development on a regular basis:

- **ABG Sundal Collier**, Olof Cederholm, olof.cederholm@abgsc.se
- **Nordea**, Axel Persson, axel.o.persson@nordea.com
- **Pareto Securities**, Magnus Behm, magnus.behm@paretosec.com

Distribution of financial reports

The Annual Report and interim reports are available on the company's website, www.cinis-fertilizer.com.

SHARE CAPITAL DEVELOPMENT

Date	Event	Change in number of shares	Change in number of votes	Total number of shares	Total number of votes	Share capital (SEK)	
						Change	Total
2018-03-28	Founding	1,000	1,000	1,000	1,000	100,000	100,000
2021-09-20	Conversion to A shares and B shares	1,000 ¹	117	1,000	1,117	–	100,000
2021-09-20	New share issue	250 ²	475	1,250 ³	1,592	25,000	125,000
2021-11-22	Share split 1000:1	1,248,750 ⁴	1,590,408	1,250,000 ⁵	1,592,000	–	125,000
2021-11-22	New share issue	166,610 ⁶	166,610	1,416,610 ⁷	1,758,610	16,661	141,661
2022-03-02	Conversion to A shares and B shares	–	342,000	1,416,610	1,416,610	–	141,661
2022-05-30	Conversion of B shares to shares	–	–	1,416,610 ⁸	1,416,610	–	141,661
2022-05-30	Bonus share issue	–	–	1,416,610	1,416,610	424,983	566,644
2022-05-30	Share split 40:1	55,247,790	55,247,790	56,664,400	56,664,400	–	566,644
2022-10-21	New share issue	13,793,103	13,793,103	70,457,503	70,457,503	137,931.03	704,575.03
2022-11-22	New share issue	2,068,965	2,068,965	72,526,468	72,526,468	20,689.65	725,264.68

¹ Conversion of 1,000 shares to 13 A shares and 987 B shares.

² 25 A shares and 225 B shares.

³ 38 A shares and 1,212 B shares.

⁴ 37,962 A shares and 1,210,788 B shares.

⁵ 38,000 A shares and 1,212,000 B shares.

⁶ 166,610 B shares.

⁷ 38,000 A shares and 1,378,610 B shares.

⁸ 1,416,610 shares. The company only has one share class after the conversion.

CORPORATE GOVERNANCE

Cinis Fertilizer AB is a Swedish greentech company that will produce environmentally friendly mineral fertilizer, potassium sulphate (SOP), by recycling industrial waste from the pulp and paper industry and from electric vehicle battery production. The Parent company, Cinis Fertilizer AB, with corporate registration number 559154-0322, is a Swedish limited liability company with its registered office in Örnsköldsvik.

Cinis Fertilizer's share has been traded on Nasdaq First North Growth Market since October 21, 2022, and, accordingly, the company applies the rulebook of this marketplace. Cinis Fertilizer's corporate governance is governed by, among other things, the Swedish Company's Act, the Articles of Association adopted by the shareholders and the undertakings that Cinis Fertilizer has entered into through agreements, such as the listing agreement with Nasdaq First North Growth Market. The Board of Directors has also decided to apply the Swedish Corporate Governance Code in all material respects. Cinis Fertilizer must also comply with other

applicable laws, regulations, and internal rules and instructions. Cinis Fertilizer's Articles of Association are available on the company's website, www.cinis-fertilizer.com.

Shareholders

The number of shares in Cinis Fertilizer as of December 31, 2022, was 72,526,468.

The number of shareholders with a direct or indirect holding in Cinis Fertilizer as of December 31, 2022, who represented at least 10 percent of the voting rights for all shares in the company:

	Number of shares	Share of votes
Jakob Liedberg	26,400,000	36.4%
Roger Johansson*	13,947,427	19.3%
Thomas Ranje*	11,206,895	15.5%

* privately held shares and through endowment insurance

Sources: Euroclear and Cinis Fertilizer

Shareholders' meeting

The shareholders' right to vote on Cinis Fertilizer's affairs is exercised at the shareholders' meeting. The shareholders exercise their right to vote on key issues, such as the adoption of income statements and balance sheets, allocation of the company's profit or loss, discharging members of the Board and the CEO from liability, election of members of the Board and auditors, and fees for the Board and auditors.

The Annual General Meeting must be held within six months of the end of each financial year. In addition to the Annual General Meeting, extraordinary general meetings may be convened. Pursuant to Cinis Fertilizer's Articles of Association, notice of shareholders' meetings is to be published in Post- och Inrikes Tidningar (Sweden's official gazette) and on the company's website. When notice of a meeting is given, the company is also to communicate this by advertising in the Dagens industri newspaper.

Right to attend shareholders' meetings

All shareholders who are registered in the shareholder register, and who have notified the company of their intention to participate within the prescribed timeframe provided in the notice of the meeting, have the right to participate in the meeting and vote based on their shares.

Shareholders may attend shareholders' meetings in person or by proxy and may also be assisted by up to two individuals. There are usually several ways for shareholders to register to attend a shareholders' meeting and these are described in detail in the notice of the meeting.

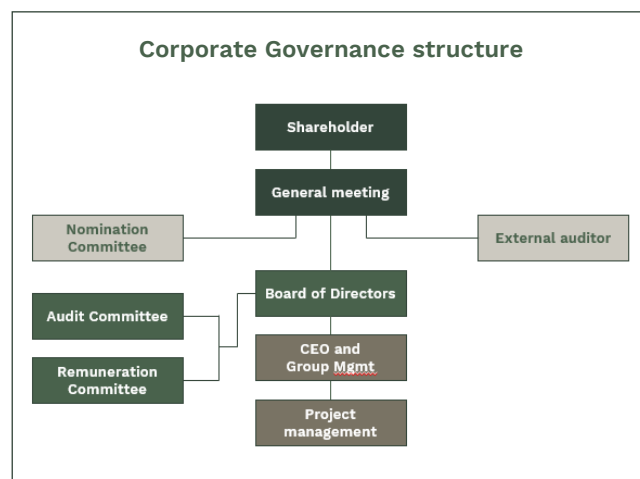
Initiatives from shareholders

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. This request must normally be received by the board no later than seven weeks prior to the shareholders' meeting.

Shareholders' meeting 2022

The Annual General Meeting was held in Stockholm on May 25, 2022. At the Annual General Meeting the Board of Directors and auditors were elected and the fees were established. The meeting re-elected Roger Johansson, Viktoria Bergman, Sten Hedbäck, Anna Kinberg Batra, Åsa Källenius and Morgan Sadarangani, all of them for the period until the 2023 AGM. Roger Johansson was re-elected as Chair of the Board.

The meeting also resolved on amendment of the Articles of Association, and on establishing instructions for the Nomination Committee and guidelines for senior executives. The meeting also authorised the Board to decide on issuing shares, warrants and/or convertibles, with or without preferential rights for the company's shareholders.



Extraordinary shareholders' meeting 2022

An extraordinary shareholders' meeting was held on October 20, 2022, to decide on a directed new share issue for individuals covered by the so-called Leo rules in Chapter 16 of the Swedish Companies Act.

Nomination committee

Cinis Fertilizer's Annual General Meeting on May 25, 2022, decided to establish a Nomination committee and adopted instructions on how to appoint the committee ahead of the 2023 AGM. The instructions for the Nomination committee will apply until the shareholders' meeting decides to amend them.

According to the Nomination committee's instructions, which are based on the Swedish Corporate Governance Code, the Nomination committee ahead of the 2023 AGM is to consist of representatives from each of the three largest known shareholders in the company in terms of votes as of the last banking day in the month of September before the AGM, joined by the chair of the Board who is to convene the Nomination committee's first meeting.

The chair of the Nomination committee is to be the member who represents the largest shareholder in terms of votes, or is to be appointed by Nomination committee from among its members.

Should any of the three largest shareholders in terms of votes refrain from taking a seat on the Nomination committee, the seat will go to the fourth largest shareholder in terms of votes, and so on until the owners are represented by three shareholders. If a member leaves the Nomination committee before its work is complete, the shareholder is entitled to appoint a new member.

If a shareholder who appointed a member of the Nomination committee is no longer among the three

largest shareholders, the member appointed by this shareholder is to relinquish the seat. The shareholder that becomes one of the three largest shareholders is to be asked and has the right to appoint a member. The Nomination committee members are not to be replaced if there are only marginal changes in the number of votes, or if the majority of the Nomination committee's work in preparation for the Annual General Meeting is deemed by the chair of the Nomination committee to have been completed.

The names of the Nomination committee members with details of which shareholders they represent are to be published no later than six months before the AGM or, if a change occurs later, as soon as the change takes place.

The Nomination committee is tasked with presenting proposals at the next Annual General Meeting regarding a chair for the AGM, the Board, chair of the Board, auditors and audit fees, any committee fees, and possible proposals on changes to these Nomination committee instructions.

No fee will be paid by the company to the members of the Nomination committee. Any reasonable expenses arising in connection with the Nomination committee's duties are to be paid by the company. The Nomination committee will serve until a new Nomination committee is appointed.

Nomination committee ahead of the 2023 Annual General Meeting

The Nomination Committee ahead of the 2023 AGM has the following members: Frederik Nilner, appointed by shareholder Jakob Liedberg (36.4 percent of the votes in the company), Thomas Ranje, representing himself (15.5 percent of the votes in the company), Morgan Sadarangani, appointed by shareholder Molindo Energy AB (3.5 percent of the shares in the company) and Chair of the Board, Roger Johansson.

Shareholders who wish to contact the Nomination Committee can do so based on this information on Cinis Fertilizer's website.

Annual General Meeting 2023

The Annual General Meeting of Cinis Fertilizer AB will take place at 4 p.m. CEST on May 25, 2023. Location: Schjødts law firm, Hamngatan 27 in Stockholm, Sweden.

Shareholders may attend in person or by proxy. Read more in the notice of the Annual General Meeting published on the company's website.

Board of Directors

The Board of Directors is Cinis Fertilizer's highest decision-making body after the shareholders' meeting. According to the Swedish Companies Act the Board of Directors is responsible for the company's administration and organisation, which means that the Board is responsible for – among other things – establishing goals and strategies, ensuring that routines and systems are in place to evaluate performance in relation to established targets, evaluate the company's performance and financial position on an ongoing basis, and evaluate operational management.

The Board is also responsible for ensuring that the annual reports and interim reports are prepared at the right time. The Board also appoints the company's CEO.

Pursuant to Cinis Fertilizer's Articles of Association, the Board is to consist of no fewer than three and no more than ten members with no deputies. The 2022 Annual General Meeting decided that the Board of Directors is to consist of six members with no deputies. Board members are normally elected by the AGM for the period until the end of the following AGM.

Work of the Board of Directors

The Chair of the Board is to be elected by the Board or, where applicable, the AGM and is to have special responsibility for overseeing the work of the Board and for ensuring that the Board’s duties are well-organised. The Chair of the Board is also responsible for ensuring that the Board performs an annual evaluation of its work and that the Board receives sufficient information in order to perform its duties efficiently.

The Board follows written work procedures revised annually and adopted at the statutory board meeting every year. The work procedures stipulate, for example, board practices, functions and the distribution of duties among the board members and the Chief Executive Officer. At the statutory board meeting the Board also adopts instructions for the CEO, including on financial reporting.

The Board meets according to a schedule established on an annual basis. In addition to these meetings, further board meetings may be convened to discuss issues that cannot be deferred until an ordinary board meeting takes place. In addition to attending board meetings, the Chair and the CEO conduct an ongoing dialogue concerning management of the company.

The Board of Directors’ agenda 2022

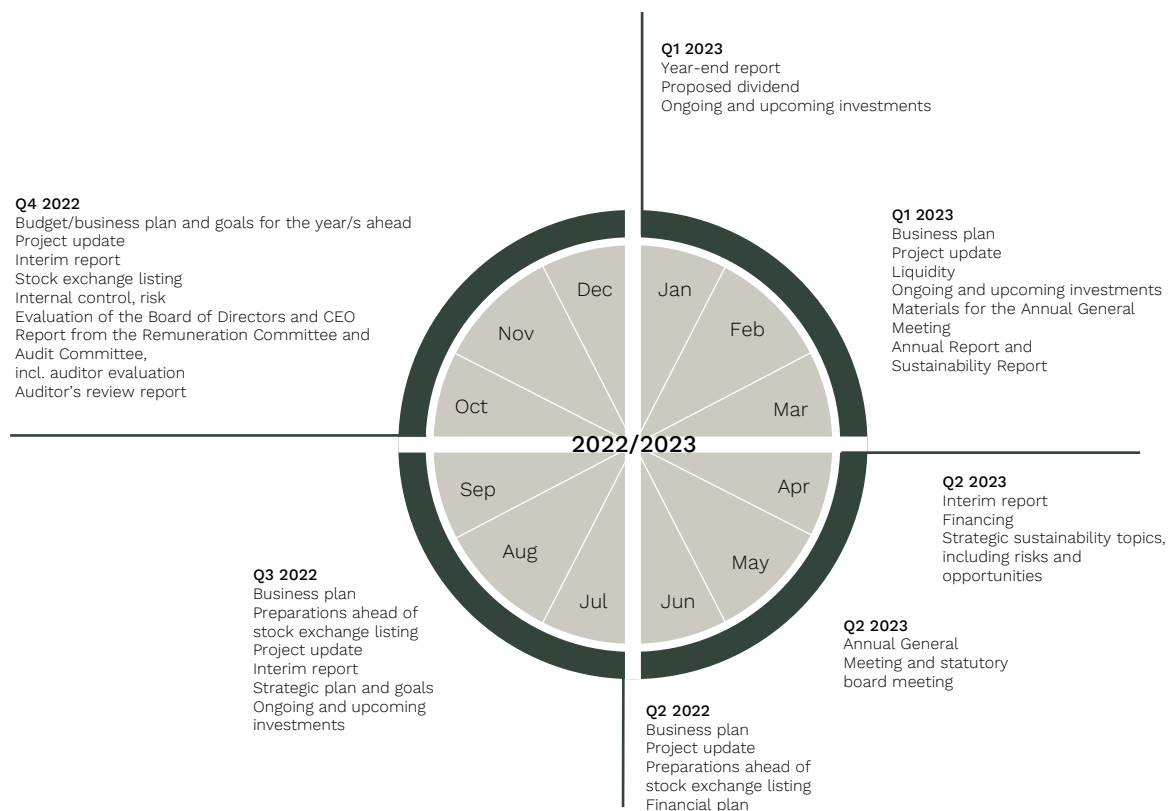
The Board held 32 meetings during the year at which minutes were kept. The CEO and CFO participated in every board meeting and reported on the company’s situation, including the status of projects, market conditions and business environment.

Other employees of the company may if needed participate at board meetings. When the Board discusses matters relating to the CEO, neither the CEO nor the CFO participate. The work of the CEO is evaluated once a year. Board member attendance at board meetings during the year is presented in the table on page 30.

Evaluation of the Board of Directors

The work of the Board is evaluated for the purpose of developing the Board’s work and procedures, and for efficiency. The chair of the Board, Roger Johansson, is responsible for this evaluation and that it is presented to the Nomination committee.

At the beginning of 2023 the Chair held an oral interview with all board members. The results were then compiled and presented to the full Board and the Nomination committee.



Board committees

Audit Committee

The Board of Directors of Cinis Fertilizer decided in 2022 to establish an Audit Committee. This committee consists of the Board in its entirety. The Audit Committee's responsibilities include ensuring the quality of the company's financial reporting, sustainability reporting, risk management and internal control.

The committee is to meet regularly with the company's auditor to stay informed about the focus and scope of the audit and to discuss complex accounting matters and the approach to the risks facing the company.

Remuneration Committee

The Board of Directors of Cinis Fertilizer decided in 2022 to establish a Remuneration Committee. This committee consists of the Board in its entirety.

The responsibilities of the Remuneration Committee include preparing recommendations for the Board on principles for remuneration and other employment terms for the management team, and to monitor and evaluate the application of the remuneration guidelines

adopted by the Annual General meeting as well as the Group's present remuneration structures.

CEO and other senior executives

The CEO reports to the Board of Directors and is responsible for the ongoing administration of the company and its day-to-day operations. The distribution of duties between the Board and the CEO is stipulated in the Board's work procedures and in the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from management in preparation for board meetings and is to report this information at board meetings.

According to the instructions for financial reporting, the CEO is responsible for the company's financial reporting and consequently must ensure that the Board of Directors receives sufficient information to be able to evaluate the company's financial position on an ongoing basis.

The CEO is to keep the Board continually informed of the performance of Cinis Fertilizer's operations, sales development, earnings and financial position, the

Liquidity and credit situation, important business events and all other events, circumstances or situations that can be assumed to be of material significance to the company's shareholders.

Audit and auditor

The statutory auditor is appointed by the Annual General Meeting. The auditor is to examine the company's Annual Report and accounting records, as well as the administration of the company by the Board and CEO.

After the end of each financial year, the auditor is to submit its Auditor's Report to the AGM. According to Cinis Fertilizer's Articles of Association, the company is to have 1-2 authorised public accountants (or a registered accounting firm).

Cinis Fertilizer's auditor is Mazars AB at Jakobsgatan 6, SE-111 52 Stockholm, Sweden. Mazars has been the auditor for Cinis Fertilizer AB since November 22, 2021, and was re-elected by the AGM on May 25, 2022, for the period until the end of the 2023 AGM.

The Auditor-in-Charge is Michael Olsson (born 1974). He is an Authorised Public Accountant and member of FAR

Name	Nationality	Position	Independent of:		Attendance ¹	Board fees ² Basic salary	Variable remuneration	Pension expenses	Other remuneration	Total
			the company and its management	major shareholders						
Board members										
Roger Johansson	Swedish	Chairman	Yes	No	32/32	SEK 200,000	-	-	-	SEK 200,000
Viktoria Bergman	Swedish	Board member	Yes	Yes	32/32	SEK 80,000	-	-	-	SEK 80,000
Sten Hedbäck	Swedish	Board member	Yes	Yes	32/32	SEK 80,000	-	-	-	SEK 80,000
Anna Kinberg Batra ³	Swedish	Board member	Yes	Yes	27/32	SEK 80,000	-	-	-	SEK 80,000
Åsa Källenius	Swedish	Board member	Yes	Yes	31/32	SEK 80,000	-	-	-	SEK 80,000
Morgan Sadarangani	Swedish	Board member	Yes	Yes	31/32	SEK 80,000	-	-	-	SEK 80,000
Senior executives										
Jakob Liedberg	-	CEO	-	-	-	SEK 976,762	-	SEK 185,517	-	SEK 1,162,279
Other senior executives (2)	-	-	-	-	-	SEK 1,722,395	-	SEK 519,290	-	SEK 2,241,685

¹ Attendance refers to meetings in the 2022 financial year

² The board fees consist of fixed amounts from the Annual General Meeting on May 25, 2022, until the Annual General Meeting on May 25, 2023

³ Resigned on February 3, 2023

(professional institute for Swedish authorised public accountants).

Remuneration for board members, the CEO and other senior executives

Guidelines for remuneration to senior executives

At the Annual General Meeting on May 25, 2022, the guidelines set out below on remuneration for senior executives were adopted. The guidelines are to be applied to contractual remuneration, and to changes that are made to contractual remuneration, after the guidelines were adopted by the 2022 Annual General Meeting. The guidelines do not cover remuneration that is decided on at shareholders' meetings.

The guidelines are to apply until new guidelines have been adopted by the shareholders' meeting.

How the guidelines promote Cinis Fertilizer's business strategy, long-term interests and sustainability

Cinis Fertilizer will create shareholder value by manufacturing and selling environmentally friendly potassium sulphate. To successfully implement the company's business strategy and safeguard the long-term interests of Cinis Fertilizer, including its sustainability, the company needs to be able to recruit and retain employees who will work to achieve value creation for shareholders, customers, other key stakeholders and society. To do this, the company needs to be able to offer competitive remuneration.

These guidelines enable senior executives to be offered a competitive remuneration package.

Forms of remuneration etc.

Remuneration for senior executives is to be in line with market norms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

The shareholders' meeting may in addition – and irrespective of these guidelines – decide to offer, for example, share-related/share price-related remuneration. Total senior executive remuneration should consist of a balanced mix of the abovementioned components, and terms relating to end of employment and severance pay.

The Board should annually evaluate whether share-related or share price-related long-term incentive programmes should be proposed to the shareholders' meeting. Fixed cash salary is to be set on an individual basis and based on the senior executive's area of responsibility and experience. The variable cash remuneration must not exceed 50 percent of the executive's fixed annual cash salary.

Pension benefits for senior executives are to be defined-contribution plans, unless the executive is covered by a defined-benefit pension plan or by provisions in a collective bargaining agreement.

Variable cash remuneration is to be pensionable. Other benefits may include a company car, pension solutions and access to occupational health services. The value of such benefits is to be limited in value in proportion to other compensation, and be consistent with market norms in the respective geographical market.

End of employment

A mutual notice period of a maximum of six months applies for senior executives when their employment ends. The fixed cash salary is to be paid during the notice period. As a rule, no severance pay or similar compensation is to be paid.

Criteria for payment of variable cash remuneration etc.

The purpose of variable cash remuneration is to promote Cinis Fertilizer's business strategy and long-term interests, including the company's sustainability. The

amount of variable cash remuneration is to be based on the individual's fulfilment of criteria established annually. There must also be a clear link between this remuneration and the individual's work and performance.

The criteria may be financial or non-financial, qualitative or quantitative, and be based on factors that support the company's business strategy and long-term interests, including its sustainability by, for example, being clearly linked to value-creation and the company's development. The outcome of variable cash remuneration is to be followed up annually.

When the measurement period for meeting the criteria for payment of variable cash remuneration has ended, the outcome in relation to the performance criteria is to be assessed. The Board of Directors is responsible for this assessment. With respect to financial targets, the assessment is to be based on the latest financial information published by the company. The company must have the ability, by law or contractually, and observing any limitations thereby imposed, to reclaim any variable remuneration that has been paid out on erroneous grounds.

Salary and employment terms for employees

In the preparation of the Board's proposals for these remuneration guidelines, the salary and employment terms of the company's employees have been taken into account by including information on total remuneration, remuneration components, and remuneration increases and rates of increase over time, as a basis for the Board's decision when evaluating whether the guidelines and the limitations they impose are reasonable.

Decision process to establish, review and implement the guidelines

The Board of Directors of Cinis Fertilizer decided in 2022 to establish a Remuneration committee. This committee

consists of the Board in its entirety. The responsibilities of the Remuneration committee include preparing recommendations for the Board on principles for remuneration and other employment terms for the management team, and to monitor and evaluate the application of the remuneration guidelines adopted by the Annual General Meeting as well as the Group's present remuneration structures.

The Remuneration committee is also to monitor and evaluate variable remuneration programmes for the management team, the application of guidelines for remuneration for senior executives, and the remuneration structures and levels applied within the Group.

When the Board discusses and decides on remuneration-related matters, neither the Chief Executive Officer nor other senior executives are to be present if the discussion concerns them.

Deviation from the guidelines

The Board may decide to temporarily deviate entirely or partly from the guidelines if there are special reasons for doing so in an individual case and deviation is necessary to serve Cinis Fertilizer's long-term interests, including its sustainability, or to ensure the company's financial strength.

Fees for board members

The remuneration amounts granted for the Board, including the Chair, are established in a resolution at the Annual General Meeting. Cinis Fertilizer's Annual General Meeting held on May 25, 2022, decided on remuneration of a total of SEK 600,000 annually. The chair of the Board is to receive SEK 200,000 and the other board members SEK 80,000 each. Board members have no entitlement to benefits after their term on the Board has ended.

Remuneration to the CEO and other senior executives

The CEO is entitled to monthly remuneration. In 2022 this amounted to SEK 80,000. As of January 1, 2022, the CEO

is entitled to occupational pension insurance according to the company's policy on insurance at the time. A mutual notice period of six months applies between the company and the CEO. The CEO is not entitled to any severance pay.

Other senior executives receive a fixed salary and have a mutual period of notice of between three and six months. Other senior executives are entitled to occupational pension insurance. For more information, see Note 5 Payroll expenses.

Incentive programme

The company has an incentive programme based on outstanding warrants. The shareholders' meeting on September 17, 2021, decided to issue 70,000 warrants in Cinis Fertilizer to transfer to board members and employees of the company. The transfers were made based on the market price according to the Black-Scholes model.

Board of Director's report on internal control

According to the Swedish Companies Act the Board is responsible for corporate governance and internal control of financial reporting. This report is limited to internal control over financial reporting.

Internal control covers the control of Cinis Fertilizer's organisation, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the company's and the Group's financial reports are prepared in compliance with laws and applicable accounting standards, that the company's assets are protected and that other requirements are met.

The system for internal control is also intended to monitor compliance with the company's and the Group's policies, principles and instructions. Internal control also involves risk analysis and monitoring information and business systems.

The Group identifies, assesses and manages risks based on the Group's vision and goals. Risk assessment of strategic, compliance, operational and financial risks is summarised annually by the CFO. This assessment is then discussed by the Board of Directors.

The Board is responsible for internal control. Processes for managing the business and delivering value are to be defined in the business management system. The CEO is responsible for the structure of business processes within the Group.

A self-assessment of minimum requirements of defined controls for mitigating identified risks in each business process is to be performed and reported on annually to the Board of Directors. The CFO is responsible for this self-assessment process, which is facilitated through effective internal control based on the Financial policy. In addition, the CFO perform control according to the plan agreed upon with the Board and management team.

Authority and responsibilities are documented and communicated in internal guidelines and instructions. This includes the distribution of duties between the Board and the CEO, accounting and reporting instructions and authorisation instructions for the Parent company and subsidiaries. The instructions in these documents are designed to provide reasonable assurance on the quality and reliability of the company's external financial reporting and to minimise the risk of irregularities or improper favouring of a third party at the company's expense.

The Board monitors the company's financial development by reporting at board meetings and through regular financial reporting. The CEO is responsible for preparing and presenting reports containing the following main information for the period in question at each board meeting:

- The development of projects, including investments and capital tied up
- Key ratios
- Forecast for the current quarter and full year.

Evaluation of the need for a separate internal audit function

There is currently no internal audit function within Cinis Fertilizer. The Board has reviewed this and determined that existing monitoring and evaluation structures are adequate. External resources may be used for specific internal reviews.

Information and communication

The Board of Directors has established a Communication Policy that sets out procedures and systems to ensure that Cinis Fertilizer provides the market with relevant, reliable, accurate and current information on the company's development and financial position.

BOARD OF DIRECTORS



Roger Johansson

Chairman of the board since 2021.

Born 1968.

Holding in Cinis Fertilizer AB 13,947,427 shares.*

Education: MSc Chemical Engineering from Lund University and UCLA.

Background: Roger Johansson is currently Executive Vice President, Marine & Offshore Business Area at Roxtec and has many years of experience from senior international positions with Alfa Laval, Unilever, Findus and Tetra Pak. Since 2011 Johansson has served as Chair of Power Heat Group in Malmö, a privately owned company with investments in around 30 companies.

Independent:

In relation to principle shareholders: No

In relation to the company and management team: Yes



Viktoria Bergman

Board member since 2021.

Born 1965.

Holding in Cinis Fertilizer AB 100,561 shares and 5,000 warrants corresponding to 200,000 shares.*

Education: PR and Communication at Berghs School of Communication. Communications Executive Program at Stockholm School of Economics.

Background: Viktoria Bergman has held multiple senior positions in international companies in food, energy and industrial operations. This includes serving as Director of Sustainability and communications for the Trelleborg Group and E.ON. Bergman has broad global experience of sustainability, corporate governance and communication. She is Chair of the boards of Galver AB and Trianon, member of the board and Vice Chair of Water Aid Sweden and member of the board of Novus Group.

Independent:

In relation to principle shareholders: Yes

In relation to the company and management team: Yes



Sten Hedbäck

Board member since 2021.

Born 1969.

Holding in Cinis Fertilizer AB 280,088 shares and 5,000 warrants corresponding to 200,000 shares.*

Education: Master of Laws from Stockholm University.

Background: Sten Hedbäck is a lawyer and partner in the TM & Partners law firm where he focuses on mergers & acquisitions. Hedbäck has many years of experience in corporate law, including from the Vinge law firm and within the Electrolux Group.

Independent:

In relation to principle shareholders: Yes

In relation to the company and management team: Yes

* The number of shares stated is as of 31 December 2022 and includes related party holdings and endowment insurance.



Åsa Källenius

*Board member since 2021.
Born 1967.*

*Holding in Cinis Fertilizer AB
1,005,733 shares and 5,000
warrants corresponding to
200,000 shares*.*

Education: MSc in Business and Economics, Stockholm University.

Background: Åsa Källenius is currently CFO of MEKO AB and has many years of experience from senior positions in business and finance. This includes serving as CFO of Tele2 Sweden AB, CFO for Inflight Service AB, and CFO at Spendrups Bryggerier AB. Källenius is a member of the boards of, among other companies, SinterCast AB and Green Landscaping Group AB.

Independent:

In relation to principle shareholders: Yes

In relation to the company and management team: Yes



Morgan Sadarangani

*Board member since 2021.
Born 1975.*

*Holding in Cinis Fertilizer AB
2,557,457 shares and 5,000
warrants corresponding to
200,000 shares*.*

Education: Master of Economics from Uppsala University.

Background: Morgan Sadarangani is founder and CEO of Molindo Energy AB. Sadarangani has many years of experience in business and finance. His past experience includes serving as CFO for Tethys Oil, and serving in roles at SEB and Enskilda Securities' Corporate Finance department. Sadarangani is Chair of Ecohelix AB and Meva Energy AB, CEO and member of the board of Apstec Sweden AB and a member of the board of, among other companies, Graphmatech AB and Altris AB.

Independent

In relation to principle shareholders: Yes

In relation to the company and management team: Yes

* The number of shares stated is as of 31 December 2022 and includes related party holdings and endowment insurance.

GROUP MANAGEMENT



Jakob Liedberg

Born 1972.
CEO since 2021.

Holding in Cinis Fertilizer AB
26,400,000 shares*.

Education: MSc Chemical Engineering from Lund University.

Background: Jakob Liedberg has more than 20 years of experience of international sales and exports in the chemical industry. Liedberg has held senior positions in sales in the processing industry and in 2007 founded Arotech Engineering AB, a company that sells processing solutions for the chemical industry in Sweden and Eastern Europe.

Other current positions: Member of the boards and CEO of Rearden Holding AB and Arotech Engineering AB. Member of the board of Jakob Liedberg Holding AB.



Henrik Andersson

Born 1971.
CFO since 2022.

Holding in Cinis Fertilizer AB
8,620 shares and 5,000 warrants
corresponding to 200,000 shares*.

Education: BSc in Business Economics from Lund University.

Background: Henrik Andersson has more than 20 years of experience in positions in business and finance. Henrik Anderson's most recent position was as Business Control Director for Tetra Pak. He has held several leading financial positions within the Tetra Pak Group in Sweden and abroad.



Charlotte Becker

Born 1992.
IR, Communication & Marketing
Director since 2022.

Holding in Cinis Fertilizer AB
7,000 shares and 5,000 warrants
corresponding to 200,000 shares*.

Education: BSc in Business and Economics from Stockholm School of Economics.

Background: Charlotte Becker has many years of experience of investor relations, financing and communication, including as Head of Investor Relations and PR at the First North-listed company Climeon, where she also was a member of the senior.

* The number of shares stated is as of 31 December 2022 and includes related party holdings and endowment insurance.

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Cinis Fertilizer AB (publ) corporate registration number 559154-0322, the head office of which is in Örnköldsvik, Sweden, hereby submit the Annual Report for the financial year 1 January–31 December 2022 for the Parent company and the Group. The company's shares are listed on Nasdaq First North Growth Market.

Cinis Fertilizer is a Swedish greentech company that will produce environmentally friendly mineral fertilizer, potassium sulphate (SOP), by recycling residual products from electric vehicle battery production and from the pulp and paper industry. The Parent company's participations in Group companies as of 31 December 2022 consisted of the wholly owned subsidiary Cinis Sweden AB (559322-4156) and Asset-KH (55939-91329). The Group was formed on 23 December 2022.

Group operations

Cinis Fertilizer was founded with the mission to produce the world's most sustainable mineral fertilizer for more sustainable, circular and fossil-free agriculture. To realise its ambition and vision, Cinis Fertilizer will produce a potassium-based mineral fertilizer by using the company's own patented and patent-pending processes that process residual products from the pulp industry and from the production of electric vehicle batteries.

The company plans to establish six production plants by 2030. The first two plants will be in Örnköldsvik and Skellefteå respectively.

Sales and profit

Net sales amounted to SEK – (–). Operating profit amounted to SEK –24.1 million (0.0). Profit after financial items amounted to SEK 0.5 million (0.0). Profit after financial items amounted to SEK –23.6 million (–).

Cash flow, investments and financial position

Cash flow from operating activities after changes in working capital amounted to SEK –9.1 million (0.0), of which changes in working capital amounted to SEK 15.0 million (–). Cash flow from investing activities amounted to SEK –49.3 (0.0). Cash flow from financing activities amounted to SEK 422.9 million (0.0). The company carried out a new share issue in October 2022 and was listed on the Nasdaq First North Growth Market. Cash flow for the year amounted to SEK 364.5 million (0.0).

Investments

Investments in property, plant and equipment in the fourth quarter amounted to SEK –49.3 million and related to capitalisation of expenses for the company's first production plant. The total investment needed for the first production plant is expected to be around SEK 600 million.

Change in cash and cash equivalents

Cash and cash equivalents increased during the year by SEK 364.5 million to SEK 402.5 million (38.1). The new share issue worth SEK 422.2 million that was carried out in the fourth quarter of 2022 is the main reason for the increase in cash and cash equivalents.

Capital situation

In the fourth quarter of 2022 the company was listed on First North Growth Market and carried out a new share issue of 15,862,068 shares including an overallotment option. The new share issue raised SEK 422.2 million for Cinis Fertilizer after deducting listing costs. The Board of Directors' assessment is that this amount, combined with the credit facility under an agreement with Nordea bank and the Swedish Export Credit Corporation of SEK 300 million, which will be used in the most part to finance production plant 1, is sufficient to meet the company's working capital needs for the next 12-month period.

Equity

Cash and cash equivalents at year-end amounted to SEK 402.5 million (38.1). The equity/assets ratio was 94.6 per cent (97.8) and the debt/equity ratio was 0.06 (0.02). Equity amounted to SEK 436.5 million (37.7). Equity per share was SEK 6.0 (0.7).

Parent company

Cinis Fertilizer AB (publ), corporate registration number 559154-0322, is a parent company registered in Sweden and its registered office is in Örnköldsvik. The Parent company's operations mainly focus on corporate activities/administration, such as executive management and finance.

Net sales for the full year 2022 amounted to SEK – million (–). Operating profit amounted to SEK –24.1 million (–3.4) and profit after financial items to SEK –23.6 million (–3.4).

Research and development

Patents

Cinis Fertilizer has a patent family that includes active patents in Sweden, Finland and Canada for the process of producing a potassium sulphate fertilizer using residuals from pulp mills as the raw material (patent number: SE 537 954 C2). This patent family protects the company's process of using ESP ash (residuals from pulp mills) as input goods for its production of SOP. Finland and Canada have been selected as countries in which to obtain patents (in addition to Sweden) because they have a similar approach to the environment, residuals management and establishing a circular society. They have also been selected for access to wood and the number of domestic pulp mills they have. In addition, Canada has a plentiful supply of MOP, and the company's assessment is that conditions are good in Canada for SOP production based on ESP ash as the input material.

In addition to the patent family, Cinis Fertilizer has four active patent applications pending approval. For more information on these, visit www.cinis-fertilizer.com.

Employees

The average number of employees for full year 2022 was 8 (0), 35 percent (0) of whom are women and 65 percent (0) are men. At the end of December the number of employees was 9 (1).

Multi-year overview

Group	2022	2021*
Total assets, SEK m	461.1	38.6
EBITDA, SEK m	-24.1	0.0
Profit/loss after financial items, SEK m	-23.6	0.0
Equity/assets ratio, %	94.6	97.8
Net cash, SEK m	-377.4	-37.2
Net debt/EBITDA, multiple	15.7	n.a.

* The Group was formed on December 23, 2021

Significant events in 2022

First quarter

- Recruitment of project team
- Supplementary agreement with Northvolt to purchase sodium sulphate from Northvolt's planned plant in Borlänge
- Supplier agreement entered into with Swiss company Evatherm for delivery of advanced engineering and process technology

Second quarter

- Contract signed with E.ON Energy Distribution for electricity for plant 1
- International Patent Treaty Cooperation (PCT) application based on the company's three patent applications submitted to the World Intellectual Property Organization (WIPO)
- Building permit for plant 1 approved
- Annual General Meeting 2022

Third quarter 3

- Notification of environmental permit application for the second plant, in Skellefteå, to the Swedish Land and Environmental Court
- The company entered a SEK 300 million credit facility agreement with Nordea bank and the Swedish Export Credit Corporation (SEK) with a green credit guarantee from the Swedish Export Credit Agency (EKN)

Fourth quarter 4

- On 21 October Cinis Fertilizer's share was listed on Nasdaq First North Growth Market. In connection with the listing a substantially oversubscribed new share issue was carried out and raised SEK 460 million for the company before costs (including an overallotment option)
- The Swedish Land and Environmental Court announced a hearing in the case to decide on Cinis Fertilizer's environmental permit application for the Örnköldsvik plant, which will be held in March 2023
- The overallotment option in connection with Cinis Fertilizer's new share issue and listing was fully exercised
- Supplemented building permit for plant 1 approved

Important events after the end of the period

- Start date announced for groundwork in Örnköldsvik
- Building permit for plant 2, in Skellefteå
- Anna Kinberg Batra resigned from her position on Cinis Fertilizer's Board of Directors after the Government named her County Governor of Stockholm County
- At the end of March, the Swedish Land and Environmental Court held a hearing in the case of an environmental permit for the company's plant in Örnköldsvik. The court's decision is expected to be announced on May 5, 2023

Effects of Covid-19 pandemic

The actions of countries during the pandemic, including lockdowns, have varied. Most of the regions and countries where Cinis Fertilizer has business relationships have ended their restrictions and returned to normal regulatory frameworks.

Effects of Russia's war in Ukraine

Russia's ongoing war in Ukraine has had significantly negative effects on multiple levels, both globally and locally. For Cinis Fertilizer the main effect is uncertainty over fluctuating supply prices and exchange rates.

Material risks and uncertainties

The Group is exposed through its operations to various types of risk, such as strategic, operational and financial risk. Risk management and internal control within the Group are described in the corporate governance section on pages 27–36. Below is a description of the risks within the organisation which Cinis Fertilizer considers to be material.

Macroeconomics and geopolitical situation

Russia's ongoing war in Ukraine is having a negative effect on the global economy, including an increase in the price of potassium chloride (MOP) which is the most important input for the company's production of potassium sulphate. Higher market interest rates can also negatively impact the company's net profits.

Growth

Cinis Fertilizer is in a growth phase that places high demands on both the management team and the company's operational and financial infrastructure.

Exercise of public authority

Cinis Fertilizer's operations require permits and approval from the authorities in the various municipalities and regions where these operations take place. There is a risk

that the planning or construction of production plants will be halted, take more time or be more costly than expected due to negative or delayed decisions from authorities. Delays in deliveries of materials and errors in specifications or construction could also lead to construction being halted or delayed, thereby affecting commercialisation and production.

Financing

The Group has entered a credit facility agreement with Nordea bank and the Swedish Export Credit Corporation. The terms of the agreement include that Cinis Fertilizer must receive all necessary permits and meet set covenants. Cinis Fertilizer's cash flow is expected to remain mainly negative until the beginning of 2024. The company needs to obtain sufficient capital on favourable terms to execute its long-term business plan.

Supply of fossil-free electricity/energy

For the company to successfully compete, it must fulfil its promise of producing products using fossil-free electricity as well as other factors that reduce the company's climate footprint. Transportation to and from the company's plants is the largest source of greenhouse gas emissions, mainly carbon dioxide, and the company must choose logistics solutions that meet legal requirements and also encourage its partners to also choose transport solutions with a climate footprint that is as low as possible.

Sustainability

Since inception, Cinis Fertilizer has had a clear sustainability profile. Sustainability is a key area of focus. The entire business concept is based on a desire to reduce emissions and facilitate a more circular and sustainable society. The company is in a start-up phase and in 2023 it will focus on processes and routines to report development of key aspects of its sustainability approach.

Ownership structure and share capital

Owners as of 31 December 2022 with more than 10 percent of the votes and capital:

	Share of capital	Share of votes
Jakob Liedberg	36.4%	36.4%
Roger Johansson*	19.3%	19,3%
Thomas Ranje*	15.5%	15.5%

* Includes related parties, ISK and holdings in endowment insurance

Sources: Euroclear and Cinis Fertilize

The market value amounted to SEK 2,843 million at year-end. The company had no treasury shares as of the end of 2022. For more information on major shareholders, see the section "The share and shareholders".

Transactions with related parties

See Note 19 Transactions with related parties.

Outlook

Cinis Fertilizer expects the market outlook to be good based on demand for the Group's know-how within circular and sustainable production of end-products for which there is substantial demand among customers in the EU. The Group has good relationships with key suppliers and with important customers in Sweden and elsewhere in Europe. Cinis Fertilizer has signed important contracts for the construction of production plants, and for input goods and end-products.

The market conditions have become more favourable due to increased demand for mineral fertilizer for fossil-free agriculture.

The Group's employees and other key resources are focusing on completing Cinis Fertilizer's first two production plants with the aim of production start in Örnköldsvik at the beginning of 2024.

Proposed appropriation of the Parent company's profit

The Board of Directors is proposing to the Annual General Meeting that no dividend be distributed for the 2022 financial year. The Board is proposing that the funds at the disposal of the AGM be allocated as follows:

SEK	2022
Share premium reserve	462,797
Retained earnings	-3,538
Profit/loss for the year	-23,560
Funds at the Board's disposal	435,699
The Board of Directors' proposed allocation of profit	
Carried forward	435,699
Total	435,699

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2022	2021*
Net sales		–	–
Other operating income		0.0	0.0
Other external expenses	6, 7	-12.4	0.0
Personnel costs	5	-11.6	0.0
Depreciation/amortisation		0.0	–
Other operating expenses		0.1	0.0
Operating profit/loss (EBIT)		-24.1	0.0
Interest income		0.5	–
Interest expense		0.0	–
Profit/loss after financial items		-23.6	0.0
Tax		–	–
Total profit/loss for the year	8	-23.6	0.0
Profit or loss for the year attributable to:			
Attributable to owners of the parent company		-23.6	0.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2022	2021*
Profit/loss for the year		-23.6	0.0
Other comprehensive income for the year		–	–
Comprehensive income for the year		-23.6	0.0
Comprehensive income for the year attributable to:			
Attributable to owners of the parent company		-23.6	0.0
Earnings per share before and after dilution, SEK		-0.3	0.0
Number of shares**		72,526,498	56,664,400
Average number of shares before and after dilution**		59,591,183	56,664,400

* Group formed on December 23, 2021

** Share split 40:1 implemented on May 30, 2022

*** The group holds warrants, however as the result is negative, no dilution effect will be caused by this programme

CONSOLIDATED BALANCE SHEET

SEK m	Note	December 31, 2022	December 31, 2021*
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>	9		
Construction in progress and advance payment for property plant and equipment	9	49.3	–
Equipment		0.0	–
<i>Total property, plant and equipment</i>		49.3	–
<i>Total non-current assets</i>		49.3	–
<i>Current assets</i>			
Accounts receivables		0.0	–
Other current receivables	13	8.2	0.5
Prepaid expenses and accrued income	12	1.6	–
Cash and cash equivalents	14	402.5	38.1
<i>Total current assets</i>		412.3	38.6
Total assets		461.6	38.6
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	15, 16	0.7	0.1
Other capital contributions		462.9	41.1
Retained earnings		-3.5	-3.5
Profit/loss for the year		-23.6	0.0
<i>Equity attributable to owners of parent company</i>		436.5	37.7
Non-controlling interests			
Total equity		436.5	37.7
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable		23.3	0.6
Other current liabilities		1.1	0.2
Deferred income and accrued expenses		0.7	0.1
<i>Total current liabilities</i>		25.1	0.8
<i>Total liabilities</i>		25.1	0.8
Total equity and liabilities		461.6	38.6

* Group formed on December 23, 2021.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK m	Note	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance, December 23, 2021		0.1	41.1	-3.5	0.0	37.7
Profit/loss for the year		—	—	—	0.0	—
Other comprehensive income		—	—	—	—	—
<i>Comprehensive income of the year</i>		—	—	—	0.0	0.0
<i>Total transactions with shareholders</i>		0.0	0.0	0.0	0.0	0.0
Closing balance, December 31, 2021		0.1	41.1	-3.5	0.0	37.7
Opening balance, January 1, 2022		0.1	41.1	-3.5	0.0	37.7
Profit/loss for the year		—	—	—	-23.6	-23.6
Other comprehensive income		—	—	—	—	—
<i>Comprehensive income for the year</i>		—	—	—	-23.6	-23.6
<i>Retained earnings</i>				0.0	0.0	
Bonus share issue		0.4	-0.4			
New share issue		0.1	459.9			
Issue costs			-37,7			
Option premiums			0.1			
<i>Total transactions with shareholders</i>		0.6	421.8			422.3
Closing balance, December 31, 2022		0.7	462.9	-3.5	-23.6	436.5

* Group formed on December 23, 2021.

CONSOLIDATED CASH FLOW STATEMENT

SEK m	2022	2021*
Operating activities		
Operating profit/loss	-24.1	0.0
Adjustments for non-cash items	0.0	0.0
Cash flow from operating activities before changes in working capital	-24.1	0.0
Operating receivables (+ decrease)	-9.3	0.0
Operating liabilities (+ increase)	24.3	0.0
<i>Cash flow from working capital</i>	<i>15.0</i>	<i>0.0</i>
Cash flow from operating activities	-9.1	0.0
Investing activities		
Investments in property, plant, and equipment	-49.3	-
Cash flow from investing activities	-49.3	0.0
Financing activities		
New share issue	422.3	-
Option premiums	0.1	-
Interest received	0.5	-
Interest paid	0.0	-
Cash flow from financing activities	422.9	0.0
Cash flow for the year	364.5	0.0
Cash and cash equivalents at beginning of year	38.1	38.1
Cash and cash equivalents at year-end	402.5	38.1

* Group formed on December 23, 2021.

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2022	2021
Net sales		-	-
Other operating income		0.0	-
Other external expenses	6, 7	-12.4	-3.0
Personnel costs	5	-11.6	-0.4
Depreciation/amortisation		0.0	-
Other operating expenses		-0.1	-
Operating profit/loss		-24.1	-3.4
Interest income and similar profit/loss items		0.5	-
Interest expense and similar profit/loss items		0.0	0.0
Profit/loss after financial items		-23.6	-3.4
Tax		-	-
Total profit/loss the year	8	-23.6	-3.4

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2022	2021*
Profit/loss for the year		-23.6	-3.4
Other comprehensive income for the year		-	-
Comprehensive income for the year		-23.6	-3.4

PARENT COMPANY BALANCE SHEET

SEK m	Note	December 31, 2022	December 31, 2021
ASSETS			
<i>Non-current assets</i>			
<i>Property, plant and equipment</i>	9		
Construction in progress and advance payment for property, plant and equipment	9	49.3	–
Equipment		0.0	–
<i>Total property, plant and equipment</i>		49.3	–
<i>Financial non-current assets</i>			
Participations in Group companies	10	0.1	–
<i>Total financial non-current assets</i>		0.1	–
<i>Total non-current assets</i>		49.4	–
<i>Current receivables</i>			
Receivables from Group company		0.8	–
Other current receivables	13	8.2	0.5
Prepaid expenses and accrued income	12	0.7	–
<i>Total current receivables</i>		9.8	0.5
<i>Cash and cash equivalents</i>			
Cash and bank equivalents	14	402.4	38.1
<i>Total cash and cash equivalents</i>		402.4	38.1
<i>Total current assets</i>		412.2	38.6
Total assets		461.6	38.6
EQUITY AND LIABILITIES			
Share capital	15, 16	0.7	0.1
<i>Total restricted equity</i>		0.7	0.1
<i>Unrestricted equity</i>			
Share premium reserve		462.8	41.0
Retained earnings		-3.4	0.0
Profit/loss of the year		-23.6	-3.4
<i>Total unrestricted equity</i>		435.8	37.6
Total equity		436.5	37.7
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable		23.3	0.6
Other current liabilities		1.1	0.2
Deferred income and accrued expenses		0.7	0.1
<i>Total current liabilities</i>		25.1	0.8
<i>Total liabilities</i>		25.1	0.8
Total equity and liabilities		461.6	38.6

PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK m	Note	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance, December 23, 2021		0.1		0.0	-0.1	0.1
Profit/loss for the year		–	–	–	-3.4	-3.4
Other comprehensive income		–	–	–	–	–
<i>Comprehensive income for the year</i>		0.0	0.0	0.0	-3.4	-3.4
<i>Retained earnings</i>				-0.1	0.1	0.0
New share issue		0.0	40.9			
Issue costs			0.2			
<i>Total transactions with shareholders</i>		0.0	41.0	0.0	0.0	41.1
Closing balance, December 31, 2021		0.1	41.0	0.0	-3.4	37.7
Opening balance, January 1, 2022		0.1	41.0	0.0	-3.4	37.7
Profit/loss for the year		–	–	–	-23.6	-23.6
Other comprehensive income		–	–	–	–	–
<i>Comprehensive income of the year</i>					-23.6	-23.6
<i>Retained earnings</i>				-3.4	3.4	
Bonus share issue		0.4	-0.4			
New share issue		0.1	459.9			
Issue costs			-37.7			
Option premiums			0.1			
<i>Total transactions with shareholders</i>		0.6	421.8	–	–	422.3
Closing balance, December 31, 2022		0.7	462.8	-3.4	-23.6	436.5

PARENT COMPANY CASH FLOW STATEMENT

SEK m	2022	2021
Operating activities		
Operating profit/loss	-24.1	-3.4
Adjustments for non-cash items	0.0	-
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	-24.1	-3.4
Operating receivables (+ decrease)	-9.3	-0.5
Operating liabilities (+ increase)	24.2	0.8
<i>Cash flow from working capital</i>	<i>15.0</i>	<i>0.3</i>
Cash flow from operating activities	-9.1	-3.1
Investing activities		
Investments in property, plant, and equipment	-49.3	-
Acquisition of operations and participations	-0.1	-
Cash flow from investing activities	-49.4	0.0
Financing activities		
New share issue	422.3	41.1
Option premiums	0.1	-
Amortisation of loans	-	-
Interest received	0.5	-
Interest paid	0.0	0.0
Cash flow from financing activities	422.9	41.1
Cash flow for the year	364.4	38.0
Cash and cash equivalents at beginning of year	38.1	0.1
Cash and cash equivalents at year-end	402.4	38.1

NOTES

Note 1 General information

Cinis Fertilizer is a Swedish greentech company that will produce environmentally friendly mineral fertilizer, potassium sulphate (SOP), by recycling industrial waste from the pulp and paper industry and from electric vehicle battery production. The Parent company, Cinis Fertilizer AB, with corporate registration number 559154-0322, is a Swedish limited liability company with its registered office in Örnköldsvik. The Parent company's holdings in Group companies as of 31 December 2022 consisted of the wholly owned subsidiary Cinis Sweden AB (559322-4156) and Asset-KH (55939-91329). The Group was formed on December 23, 2021.

Since October 21, 2022, the company's shares have been registered on the Nasdaq First North Growth Market.

Note 2 Accounting principles

Conformity with laws and standards

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Commission for application within the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. The Parent company applies the same accounting principles as the Group except as stated below in the section "Parent company accounting principles". The most important accounting principles applied in the preparation of these consolidated financial statements are presented below. These principles have been applied consistently for all years presented unless otherwise indicated.

Conditions when preparing the Group's financial statements

Cinis Fertilizer's consolidated financial statements are based on historical acquisition cost, other than for non-current assets held for sale. Non-current assets held for sale are recognised at the lower of the carrying amount and fair value after deducting selling costs. Offsetting of receivables and liabilities and of income and costs is only done if this is required or expressly permitted according to IFRS.

The preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the application of the accounting principles and thus also the carrying amounts. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable based on the circumstances. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities

that are not clearly apparent from other sources. Actual results may differ from these estimates and assessments. Estimates and assumptions are reviewed on a regular basis.

There are no critical assessments or material sources of uncertainty in the estimates as of the report date that would involve a material risk of significant adjustments being required to recognised amounts of assets and liabilities in future financial years.

New IFRS that have not yet begun to be applied

A number of new IFRS have not entered into force for the 2022 financial year and have therefore not been applied in the preparation of these financial statements. Cinis Fertilizer does not expect any of these new IFRS to have any material impact on the consolidated financial statements.

Classification

The Group's non-current assets and non-current liabilities consist, in all material respects, only of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. The Group's current assets and current liabilities consist, in all material respects, only of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Group's accounting principles and include reporting for the Parent company, Cinis Fertilizer AB and all Group companies. Group companies are consolidated from the date the Group gains control of or a controlling influence over the company. The Group controls a company when the Group is exposed or has the right to variable returns from its holding in the company and has the ability to affect those returns through its control over the company. Divested companies are included in the consolidated financial statements until the date the Group loses control or its controlling influence over them.

Subsidiaries

Subsidiaries are companies over which Cinis Fertilizer has a controlling influence. The purchase method is applied in consolidated accounting. With this method, an acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities.

The consolidation cost is established in an acquisition analysis performed in connection with the acquisition. This analysis establishes the cost of participations or operations and the fair value on the acquisition date of acquired identifiable assets and assumed liabilities and contingent liabilities. The cost of a participations or operations is calculated as the total, at the acquisition date, of the fair value of assets acquired plus liabilities

that have arisen or been taken over, as well as equity instruments issued as payment in return for the acquired net assets. Any contingent considerations are measured at fair value. If cost exceeds the fair value of the acquired company's net assets, the difference is recognised as goodwill. If cost is less than the fair value of the acquired company's net assets, the difference is recognised directly in operating profit or loss. Acquisition-related expenses are recognised directly in operating profit or loss. In connection with remeasurement of the fair value of a contingent consideration, the amount is recognised in operating profit or loss.

Transactions eliminated upon consolidation

Intra-group receivables and liabilities, revenue and costs, as well as gains and losses arising in intra-group transactions, are eliminated in their entirety when the consolidated accounts are prepared.

Employee benefits

Salaries, benefits and other remuneration for employees are recognised as an expense in the operating profit as and when the employees have performed services in exchange for the remuneration.

Pension obligation

The company's pension commitments are only in the form of defined contribution plans, according to which the company pays fixed contributions to a separate legal entity. The company has no obligation to pay more contributions if this legal entity does not have sufficient assets to pay all compensation to employees related to the employees' service during the current or previous period.

Warrants

Warrants are issued at an assessed market value and there is therefore no requirement to disclose a theoretical cost for the company according to IFRS 2. The effect on financial statements of warrant programmes occurs only in the case of cash payment for the warrants and upon conversion to share capital.

Taxes

Income taxes consist of current and deferred tax. Income taxes are recognised in profit or loss unless the underlying transaction is directly recognised in other comprehensive income or directly in equity, in which case the related tax effect is recognised in other comprehensive income or equity, respectively.

Current tax is tax to be paid or received in the current year applying the tax rates enacted or substantively enacted as of the balance sheet date. This includes adjustment of current tax relating to previous periods.

Deferred income tax is calculated according to the balance sheet method based on temporary differences between the carrying amount of assets and liabilities and their value for tax purposes. The deferred tax amount is based on how carrying amounts of assets or liabilities are expected to be realised or settled, and on tax rules that are enacted or substantively enacted as of the balance sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are only recognised to the extent it is likely that they will be used. The amount of deferred tax assets is reduced if it is no longer deemed likely that they can be used.

Financial assets

The Group's financial assets consist of cash and cash equivalents. Purchases and sales of financial assets are recognised on the transaction date, i.e. the date the Group undertakes to purchase or sell the asset. Accounts receivable are recognised when the invoice has been dispatched. Financial assets are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred essentially all risks and benefits associated with owning the assets.

Financial assets are initially recognised at fair value plus transaction expenses.

Financial assets measured at amortised cost

Financial assets in this category have a business model involving receiving contractual cash flows, and that the assets' contractual cash flows consist solely of payment of principal and interest. Assets in this category consist of cash and cash equivalents.

Impairment of financial assets measured at amortized cost

Impairment of financial assets is based on expected future credit losses. A simplified method is applied for accounts receivable whereby calculation of the loss reserve is based on anticipated credit losses for the remaining time until maturity. The impairment amount includes future changes in anticipated credit losses recognised in the Group's operating profit or loss.

The Group in general defines credit-deteriorated assets as assets that are overdue by more than 90 days or assets where there is observable data indicating that there will be a measurable decrease in estimated future cash flows.

Property, plant and equipment

Computers and fixtures are recognised at cost after deducting accumulated depreciation and any impairment losses. Cost includes the purchase price as well as expenses directly to bringing the asset to the location and condition for it to be used according to the purpose of the acquisition.

Depreciation, based on the net acquisition cost, is recognised in the income statement, on a straight-line basis over the estimated useful life of each asset. The estimated useful lives are:

- Equipment, tools and installations: 5–10 years
- Computers: 3 years

When there is an indication at the closing date that a tangible fixed asset has decreased in value, this is tested for possible impairment.

Financial liabilities

The Group's financial liabilities consist of accounts payable. Financial liabilities are recognised in the balance sheet when the counterparty has performed and there is a contractual obligation to pay. Accounts payable are recognised when the invoice is received. Financial liabilities are derecognised from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. Financial liabilities are initially recognised at fair value plus transaction costs.

Financial liabilities valued at fair value

The Group's other financial liabilities are recognised in this category. Valuation Other financial liabilities are measured at fair value. Accounts payable have a short expected term and are therefore measured at nominal value without being discounted.

Provisions

A provision is recognised in the balance sheet among current and non-current liabilities when the company has a legal or constructive obligation as a result of an event that has occurred and it is likely that an outflow of financial resources will be required to settle the obligation and the amount can be reliably estimated.

Contingent liabilities

Information is provided on a contingent liability when there is a possible obligation stemming from past events, the occurrence of which depends on one or more uncertain future events, or where there is an obligation that is recognised as a liability or provision because it is not likely that an outflow of resources will be required or if the amount cannot be estimated with sufficient reliability.

Cash flow statement

The cash flow statement shows incoming and outgoing payments. The indirect method has been applied for operating activities. In addition to cash and bank balances, the category of cash and cash equivalents includes short-term, liquid investments with an original maturity of less than three months.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash, bank balances and other short-term investments. Other short-term investments are classified as liquid assets if they mature within three months of the date of acquisition, can be easily converted into cash for a known amount and are exposed to an insignificant risk of value fluctuations.

Equity

Equity in the company consists of the following items:

- Share capital represented by the value of ordinary shares.
- Share premium reserve including the proceeds received from a new issue of share capital. Any transaction costs associated with a new share are deducted from the proceeds, taking into account any income tax effects.
- Retained earnings, i.e. all gains/losses for current and prior periods carried forward.

Earnings per share

When calculating earnings per share after dilution, the average number of shares – which is used when calculating earnings per share before dilution – must be increased by the weighted average number of shares that would be added if all potential shares that give rise to a dilution effect are assumed to have been converted to shares. Options and warrants only give rise to a dilution effect when the average share price during the period exceeds the strike price for the options or warrants. Furthermore, potential shares give rise to dilution only if their conversion into shares results in a lower profit or a higher loss per share. When the company reports a loss for the financial years presented, there is thus no dilution effect.

Parent company accounting principles

The Parent company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The differences between the Group's and the Parent company's accounting principles are presented under the headings below.

The accounting principles for the Parent company described below have been applied consistently for all periods presented in the Parent company's financial statements.

Changed accounting principles

The Parent company started to apply RFR 2 in 2021. Previously the Swedish Accounting Standards Board's general guidelines (BFNAR 2016:10) on annual reporting for smaller entities were applied. The changes to the accounting principles have not had any effect

on the Parent company's accounting, other than that additional financial statements are provided in accordance with RFR 2.

Presentation format

The income statement and balance sheet are presented according to the Annual Account Act's presentation format. This means that there are differences compared with the consolidated financial statements, in particular differences in financial income and expense, and equity.

Participations in subsidiaries

Participations in subsidiaries are recognised at cost after deducting any impairment losses. Cost includes the purchase consideration paid for the shares as well as acquisition costs. Any capital contributions are added to cost as they arise. The value of subsidiaries is tested if there is any indication of impairment.

Note 3 Assessments and estimates

When preparing financial statements, it is necessary to make a number of important estimates for accounting purposes. Management is also required to make certain judgments when applying the company's accounting principles. Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

The company makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual outcome. Assumptions regarding the useful life of property, plant and equipment, residual value and any need for impairment are subject to annual assessments.

Note 4 Financial risk management

The factors that have impacted the company's profits are linked to currency risk, interest rate risk, credit risk and liquidity risk. Cinis Fertilizer aims to minimise potential unfavourable effects on the company's financial outcomes.

Currency risk: Cinis Fertilizer is exposed to currency risk, mainly with respect to euro due to equipment purchases for the production plant in Örnsköldsvik.

Interest rate risk: Cinis Fertilizer is not exposed to any material interest rate risk relating to financial assets as the company's investments consist of bank deposits. The company had no interest-bearing liabilities as of December 31, 2022. In 2023 the company will utilise the credit facility under an agreement with Nordea bank and the Swedish Export Credit Corporation (SEK), in the amount of SEK 300 million.

Credit risk: Cinis Fertilizer has not had any sales in 2021 and 2022 nor has it been exposed to any counterparty with respect to accounts receivable.

Liquidity and financing risk: Cinis Fertilizer has reported a negative cash flow since the business was launched and the cash flow is expected to remain negative until Cinis Fertilizer generates revenue from production of SOP. The plan is for this to happen at the beginning of 2024. The company currently has no sales, which means the company's current operations rely on external financing. In the fourth quarter of 2022 the company carried out a new share issue worth around SEK 460 million in connection with the company's listing on Nasdaq First North Growth Market.

In addition, the company has signed a credit facility agreement with Nordea bank and SEK (guaranteed by EKN) equivalent to SEK 300 million. The terms of the agreement include that Cinis Fertilizer must receive all necessary permits and meet set covenants.

Asset management

The company's goal regarding the capital structure is to secure the company's ability to continue its operations and allow the company to carry forward any profits to invest in the business. The company therefore does not anticipate to distribute any dividends in the near future. However, dividends may be distributed in the future, when Cinis Fertilizer's profits and financial position allow this.

* The Group was formed on 23 December 2021.

Note 5 Payroll expenses

Remuneration of the Board of Directors, CEO, senior executives and other employees.

Remuneration principles

The Chair of the Board and board members receive fees as decided at the Annual General Meeting.

The guidelines for remuneration and other employment terms for the management team mainly involve the company offering its executives remuneration on market terms. Remuneration to the CEO and other senior executives consists of a fixed monthly salary. If notice of termination of employment is given by Cinis Fertilizer AB, the notice period is a maximum of six months for the CEO and for the other senior executives. No additional remuneration, such as severance pay, is payable.

PAYROLL EXPENSES SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Salaries and other remuneration	6.8	0.0	6.8	0.0
Social security contributions	2.1	0.0	2.1	0.0
Pension benefits	1.6	–	1.6	–
Total	10.6	0.0	10.6	0.3

SALARIES AND OTHER REMUNERATION SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Board of Directors	0.6	–	0.6	–
Chief Executive Officer	1.1	0.0	1.1	0.2
Other senior executives	1.9	–	1.9	–
Other employees	3.8	–	3.8	–
Total	6.8	0.0	6.8	0.2

SOCIAL SECURITY EXPENSES SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Board of Directors	0.2	–	0.2	–
Chief Executive Officer	0.4	–	0.4	–
Other senior executives	0.6	–	0.6	–
Other employees	1.2	–	1.2	–
Total	2.1	–	2.1	–

PENSION EXPENSES SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Board of Directors	–	–	–	–
Chief Executive Officer	0.4	–	0.4	–
Other senior executives	0.6	–	0.6	–
Other employees	0.9	–	0.9	–
Total	1.6	–	1.6	–

Salaries and fees for the CEO and Board of Directors

Remuneration for the CEO and Board of Directors has been expensed in 2022 in an amount totalling SEK 1.1 million (0.2) and SEK 0.6 million (0.0) respectively. Remuneration has mainly been in the form of basic salary and board fees. Board fees were paid as follows: Chair of the Board SEK 200,000 SEK per year, other members of the Board: SEK 80,000 SEK per individual and year.

NUMBER OF EMPLOYEES AVERAGE NUMBER OF EMPLOYEES	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Men	6	0	6	0
Women	3	0	3	0
Total	9	0	9	0

BOARD MEMBERS AND OTHER SENIOR EXECUTIVES	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
<i>Women</i>				
Board members	3	3	3	3
Other senior executives	1	–	1	–
<i>Men</i>				
Board members	3	3	3	3
Other senior executives	2	1	2	1
Total	9	7	9	7

* The Group was formed on 23 December 2021.

Note 6 Other external expenses

SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Legal fees	2.8	–	2.8	0.2
Consulting services	1.9	–	1.9	–
Process consultants	1.8	–	1.8	–
Investor relations	0.9	–	0.9	–
Travel expenses	0.7	–	0.7	–
Other	4.3	0.0	4.3	0.5
Total	12.4	0.0	12.4	1.9

Note 7 Auditor's fees

Audit assignment fees constitute the auditor's compensation for the statutory audit. The assignment involves examining the annual financial statements, the consolidated financial statements and the accounting records, the administration of the company by the board of directors and CEO, and fees for audit advisory services provided in connection with the audit.

MAZARS AB SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Audit services	0.6	0.1	0.6	0.1
Audit activities (IPO-related)	0.8	–	0.8	–
Tax advisory services	–	–	–	–
Other services	–	–	–	–
Total	1.4	0.1	1.4	0.1

Note 8 Tax on profit for the year

RECONCILIATION OF TAX FOR THE YEAR SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Recognised profit before tax	-23.6	-0.0	-23.6	-3.4
Tax based on the current tax rate	-4.9	0.0	-4.9	0.7
Effect of non-deductible expenses	-0.1	–	-0.1	-0.0
Effect of non-taxable income	–	–	–	–
Effect of costs expensed in equity	7.8	–	7.8	0.1
Effect of deficit for which no deferred tax has been recognised	-12.5	-0.0	-12.5	0.8
Total	0.0	0.0	0.0	0.0
Adjustments recognised in current year for tax from previous years	–	–	–	–
Tax expensed recognised for the year	0.0	0.0	0.0	0.0

No tax has been recognised directly in equity or other comprehensive income. The total deficit for the Group as of December 31, 2022, is SEK 65,061,465.

The company's deficit has no maturity period.

Note 9 Financial assets

CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENT FOR PROPERTY, PLANT AND EQUIPMENT SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Production plant 1, Örnsköldsvik				
Works	7.5	–	7.5	–
Buildings	3.0	–	3.0	–
Production equipment	37.7	–	37.7	–
Other	0.1	–	0.1	–
Total production plant 1, Örnsköldsvik	48.4	–	48.4	–
Total production plant 2, Skellefteå	0.8	–	0.8	–
Total production plant 1 and 2	49.3	–	49.3	–

Investments in property plant and equipment in 2022 amounted to SEK 49.3 million and related to capitalisation of expenses for the company's first production plant. The total investment needed for the first production plant is expected to be around SEK 600 million.

Note 10 Participations in Group companies

SEK m	PARENT COMPANY	
	2022	2021
Opening balance	0.0	0.0
Acquisitions	0.0	0.0
Closing balance	0.0	0.0
Impairment losses, opening balance	0.0	0.0
Accumulated impairment losses, closing balance	0.0	0.0

The Parent company has holdings in the following subsidiaries:

Company, corporate registration number	Registered office	Share of capital, %	Carrying amount, SEK m
Cinis Sweden AB (Asset SK AB), 559322-4156	Örnsköldsvik	100	0.0
Asset-KH AB, 559379-9132	Örnsköldsvik	100	0.1

Note 11 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES SEK m	RECOGNISED VALUE	
	2022	2021
Assets	-	-
Accounts receivable	-	-
Other receivables	-	-
Accrued income	-	-
Liquid assets	402.4	38.1
Total	402.4	38.1
Liabilities		
Accounts payable	23.3	0.6
Other liabilities	-	-
Accrued expenses	0.3	0.1
Total	23.6	0.6

Taking into account that all financial assets and liabilities fall due within 1 year, the discounting effect is deemed not to be significant and thus the reported value is deemed to be consistent with the fair value.

Note 12 Prepaid expenses

SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Rent	0.0	-	0.0	-
Insurance	0.0	-	0.0	-
Legal fees	0.5	-	0.5	-
Other	1.0	-	0.2	-
Total	1.6	-	0.0	-

Note 13 Other current receivables

CURRENT RECEIVABLES SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
VAT receivable	8.2	0.5	8.2	0.5
Tax account	0.0	0.0	0.0	0.0
Total	8.2	0.5	8.2	0.5

Note 14 Cash and cash equivalents

SEK m	GROUP*		PARENT COMPANY	
	2022	2021	2022	2021
Bank balances	222.5	38.1	221.9	38.1
Deposit account	180.0	-	180.0	-
Total	402.5	38.1	401.9	38.1

Note 15 Equity

	EQUITY AND OTHER PAID-IN CAPITAL		
	NUMBER OF SHARES	SHARE CAPITAL (SEK '000)	OTHER PAID-IN CAPITAL (SEK '000)
Opening balance, January 1, 2021	1,000	100	100
Option premiums received	-	-	190
Share split	1,248,750	-	-
New share issue after issue costs	0.9	-	-
Closing balance, Dec. 31, 2021	1,416,610	142	41,144
Bonus share issue	-	425	-425
Option premiums received	-	-	57
Share split	55,247,790	-	-
New share issue after issue costs	15,862,068	159	422,099
Closing balance, Dec. 31, 2022	72,526,468	725	462,876

Note 16 Warrants

In 2021 an extraordinary shareholders' meeting approved an issue 70,000 warrants in Cinis Fertilizer AB. In 2021 41,000 and in 2022 1,000 warrants were transferred to employees of Cinis Fertilizer. The transfers were made based on the market price according to the Black-Scholes model. Each warrant entitles the holder, after remeasurement, to subscribe for 40 shares in the company at a subscription price of SEK 18.75 per share. The warrants can be exercised to subscribe for shares from October 1, 2024, to October 31, 2024.

* The Group was formed on 23 December 2021.

Note 17 Pledged assets and contingent liabilities

Cinis Fertilizer has no pledged assets or contingent liabilities.

Note 18 Segment reporting

Cinis Fertilizer's CEO, who is the highest decision-maker, monitors and analyses the performance and financial position of the company as a whole and thus the company only consists of one reporting segment.

Note 19 Transactions with related parties

On November 1, 2019, the patent entitled "Process for production of fertilizer comprising potassium sulphate with application number 3004882 in Canada" was transferred from Aprotech Engineering AB to Cinis Fertilizer. The transfer was documented on February 15, 2022, in a separate agreement.

Under the shareholder agreement between the Cinis Fertilizer shareholders dated April 1, 2021, patent 1451569-5 in Sweden (SE 537 954) "Process for production of fertilizer comprising potassium sulphate" and patent 3004882 in Canada "Process for production of fertilizer comprising potassium sulphate" have been transferred to Cinis Fertilizer from Aprotech Engineering. The transfer was documented on January 20, 2022, in a separate agreement.

Aprotech Engineering AB is owned by Jakob Liedberg (CEO and shareholder in Cinis Fertilizer AB).

No goods or services have been purchased from senior executives or from any other parties related to the Group, nor have there been any sales of this nature.

Note 20 Dividend and allocation of profit

The allocation proposal set out below will be presented at the Annual General Meeting on May 15, 2023:

THE FOLLOWING FUNDS ARE AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING

SEK	2022
Share premium reserve	462,797
Retained earnings	-3,538
Profit for the year	-23,560
Total	435,699

The Board of Directors proposes that the profit be allocated as follows:

Carried forward	435,699
	435,699

Note 21 Important events after the period

- Örnköldsvik Municipality approved the start of construction in Köpmanholmen
- Skellefteå Municipality granted a building permit for the production plant in Skellefteå
- On February 2, 2023, Anna Kinberg Batra was appointed County Governor of Stockholm County and has therefore resigned from her position on the Board of Cinis Fertilizer Cinis Fertilizer
- At the end of March, the Swedish Land and Environmental Court held a hearing in the case of an environmental permit for the company's plant in Örnköldsvik. The court's decision is expected to be announced on May 5, 2023.

* The Group was formed on 23 December 2021.

BOARD OF DIRECTORS' AND CEO'S ASSURANCE

The Board of Directors and Chief Executive Officer hereby provide an assurance that the annual financial statements provide a fair and true overview of the Parent company's and the Group's operations, financial position and performance, and that they describe any significant risks and uncertainties facing the Parent company and the Group.

Örnsköldsvik, April 27, 2023

Roger Johansson
Chair

Viktoria Bergman
Board member

Sten Hedbäck
Board member

Åsa Källenius
Board member

Morgan Sadarangani
Board member

Jakob Liedberg
Chief Executive Officer

Our audit report was submitted on April 27, 2023

Mazars AB

Michael Olsson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Cinis Fertilizer AB, corporate identity number 559154-0322

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Cinis Fertilizer AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 37–56 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted

auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–36 and 60–61. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and We do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure We also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts.

- We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If We conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Cinis Fertilizer AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Base for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type

of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and

the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation.

We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss We examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm, April 27, 2023

Mazars AB

Michael Olsson
Authorized Public Accountant

DEFINITIONS

General	All amounts in tables are in SEK millions unless otherwise stated. All amounts within parentheses are comparative figures for the corresponding period the previous year, unless otherwise stated.	
Definitions of key ratios		
Margins	Definition/calculation	Purpose
Gross margin, %	Gross profit in relation to net sales.	Used to measure product profitability.
EBITDA margin, %	EBITDA in relation to net sales plus other operating income	Measure of the underlying earnings capacity of the company's operations.
Operating margin (EBIT margin), %	Operating profit in relation to net sales.	The company considers the operating margin to be a useful key ratio, together with sales growth, to monitor value creation.
Profit margin, %	Profit for the period after tax in relation to net sales.	Key ratios that show how much value exists for shareholders in the company.
Return	Definition/calculation	Purpose
Equity/assets ratio	Equity divided by total assets at the end of the period.	Equity/assets ratio is stated as the company considers it to be a measure of financial position commonly used by certain investors, securities analysts and other analysts.
Per share data	Definition/calculation	Purpose
Number of shares	Number of outstanding shares at the end of the reporting period.	—
Average number of shares	Weighted average number of outstanding shares during the period plus a weighted number of shares added if all potential shares are converted into shares, giving rise to dilutions.	—
Equity per share	Equity divided by the number of outstanding shares after dilution.	A measure that shows the shareholders' share of Cinis Fertilizer's total net assets per share.
Earnings per share, before and after dilution, SEK	Earnings after tax divided by average number of outstanding shares before and after dilution.	
Other definitions	Definition/calculation	Purpose
Net sales	The company's income from normal operations.	—
EBITDA	Operating profit/loss according to the income statement before depreciation, amortisation and impairment of intangible assets and property, plant and equipment	Measure of the underlying earnings capacity of the company's operations.
Operating profit (EBIT)	Operating profit before financial items.	—
Profit after tax	Profit for the year.	—
Total assets	The sum of all of the company's assets.	—
Cash flow from operating activities	Cash flow from operating activities including changes in working capital and before cash flow from investing and financing activities.	Cash flow from operating activities is used as a measure of the cash flow the company generates before investments and financing.
Net debt	Non-current and current interest-bearing liabilities less cash and cash equivalents.	This measure is used to assess the company's ability to meet its financial obligations.
Net debt/EBITDA	Net debt in relation to EBITDA.	This measure shows the company's net debt in relation to its underlying earning capacity.
Average number of employees	Average number of employees in the company during the period.	

INFORMATION FOR SHAREHOLDERS

Financial calendar

Interim report Jan–Mar 2023	May 9, 2023
Annual General Meeting 2023	May 25, 2023
Interim report Apr–Jun 2023	August 25, 2023
Interim report Jul–Sep 2023	November 16, 2023

Shareholder contact: Anders Antonsson.
Email: info@cinis-fertilizer.com

Subscribe to receive Cinis Fertilizer's press releases.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting of Cinis Fertilizer AB will take place at 4 p.m. CEST on May 25, 2023. Location: Schjødts advokatfirma, Hamngatan 27 in Stockholm, Sweden. Notice to attend the AGM was published on April 25, 2023. The notice and other information will be published on the company's website.

About Cinis Fertilizer

Cinis Fertilizer is a Swedish greentech company that will produce environmentally friendly mineral fertilizer, potassium sulphate (SOP), by recycling industrial waste from the pulp and paper industry and from electric vehicle battery production. Our patented technology will use half as much energy as today's production methods with a close to zero climate footprint and the result is an environmental sound mineral fertilizer. A unique and circular product that facilitates sustainable agriculture.

FNCA Sweden AB is the Certified Adviser, +46 8 52 800 399, info@fnca.se.

For more information about Cinis Fertilizer and its operations, visit www.cinis-fertilizer.com.

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