



Fossil-free production of potassium sulfate generates growth



Cinis Fertilizer first plant is poised to start production of environmentally-friendly mineral fertilizer

2023

Cinis Fertilizer AB | Annual and Sustainability Report 2023

Cinis Fertilizer's first
production plant.
Location: Köpmanholmen in
Örnsköldsvik, Sweden.



A greener transition starts in Örnsköldsvik

Cinis Fertilizer's first plant is operational, and production of potassium sulfate will start shortly. The plant in Örnsköldsvik has capacity to produce some 100,000 metric tons potassium sulfate per year, for inclusion in mineral fertilizer products, and 65,000 metric tons sodium chloride (common salt) per year.

There is strong demand for environmentally-friendly mineral fertilizer. Before completion of the facility, all production of potassium sulfate had already been sold to a European customer with an established sales network. This helps global agriculture to become a little greener.

Cinis Fertilizer's unique expertise in handling residual products from battery and battery materials manufacturers, the pulp industry and other sectors, contributes to generating global demand for the company's plants and end products.

Cinis Fertilizer's business plan includes six production plants with production capacity of at least 1.5 million metric tons potassium sulfate per year by the end of 2030.

Planning for the company's two future plants in Hopkinsville and Skellefteå is currently underway.

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Cinis Fertilizer is a Swedish green-tech company that will produce potassium sulfate, an environmentally-friendly mineral fertilizer, by recycling industrial waste products from batteries and battery materials, the pulp industry and other industries and sources.

Our patent protected technology halves energy use compared to current production methods. The result is a fossil-free fertilizer with a low climate footprint.

Cinis Fertilizer has a unique and circular product that facilitates more sustainable and greener 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 of Cinis Fertilizer AB comprises pages 42–62. 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
Number 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 thousands SEK and "SEK m" refers to millions 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 progress and is always associated with uncertainty as it relates to and is dependent on circumstances beyond Cinis Fertilizer's control. No assurance, either explicit or implicit, can be given that the assessments in the Annual Report regarding future conditions will materialize.

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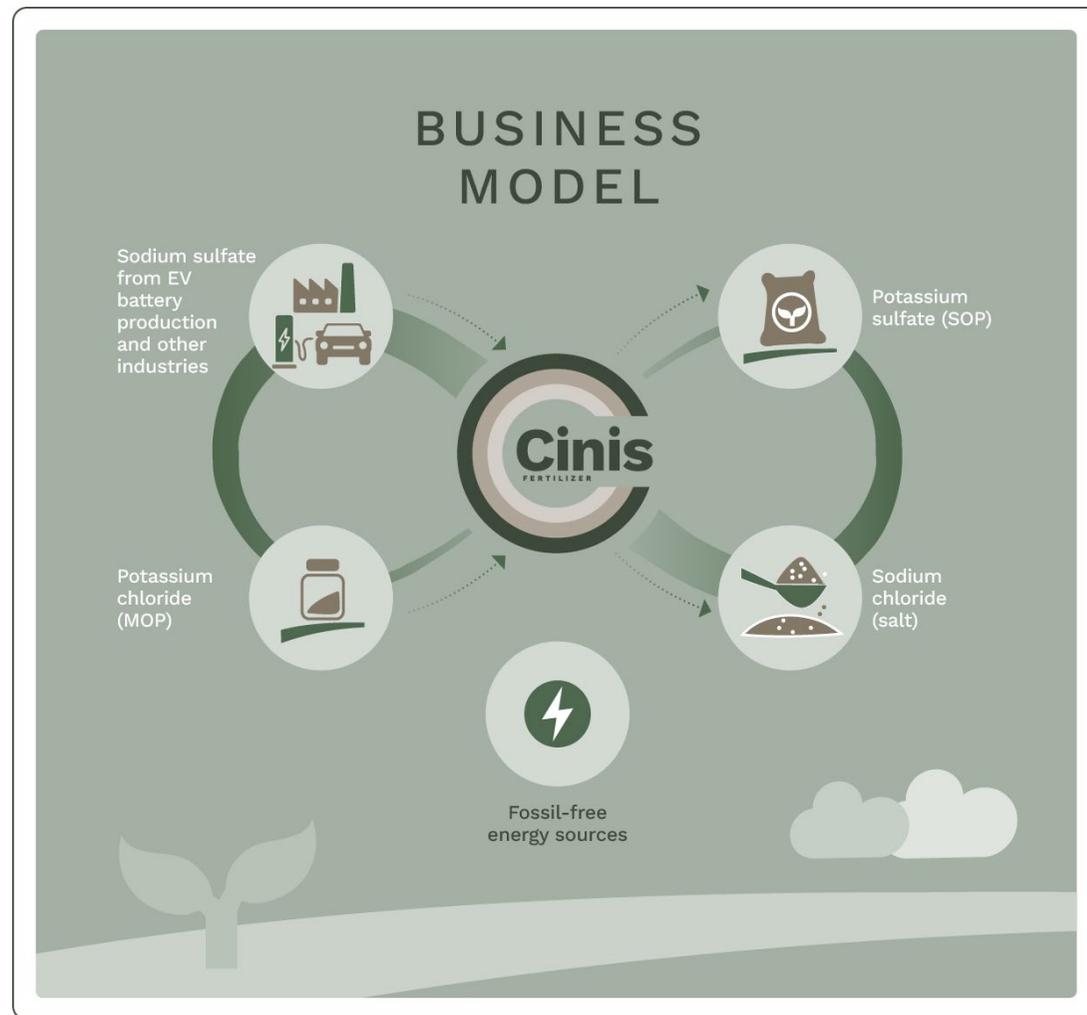
Cinis Fertilizer’s plan for production of environmentally-friendly mineral fertilizer

Production facilities

Location Örnköldsvik, Sweden
Start of construction February 2023
Commissioning March 2024
Production capacity*** Around 100,000 metric tons of potassium sulfate

Location Hopkinsville, Kentucky, USA
Start of construction* 2024
Commissioning* End of 2025
Production capacity** Around 300,000 metric tons of potassium sulfate

Location Skellefteå, Sweden
Start of construction* 2025
Commissioning* End of 2026
Production capacity** Around 100,000 metric tons of potassium sulfate



Three additional production facilities are scheduled for completion by 2030. All facilities are established in strategic locations, close to suppliers of sodium sulfate, including manufacturers of batteries and battery materials, the pulp and paper industry, and other industries. Cinis Fertilizer’s plants are located in regions with good access to skilled employees, fossil-free energy and cost-efficient infrastructure, such as ports and major road and rail transport links to ensure efficient transport of input materials and products sold.

* Cinis Fertilizer’s assessment

** Potassium-based mineral fertilizer per year at full production

CEO'S COMMENT

Cinis Fertilizer was listed on the stock market in October 2022, and we will shortly start production of sustainable potassium sulfate at our first plant, in line with the plan we presented two years ago.

We are proud of the work carried out by all employees in collaboration with our partners during the period. We appreciate everyone who has supported our vision of reducing CO₂ emissions from the production of plant nutrients, and who has supported our contribution towards ensuring a greener agriculture in various ways.

Cinis Fertilizer aims to reduce dependency on fossil fuels and minimize the climate impact, including greenhouse gas emissions, from the manufacture of mineral fertilizers. The green transition that is taking place in industrial operations across the world will affect global raw materials flows, and our aim is to become the first-choice manufacturer of potassium sulfate, as the demand for solutions that remove carbon from the processing industry will increase.

Cinis Fertilizer's business model

Our business model provides the right conditions for good growth and a strong position in a global market. Our fossil-free and efficient manufacturing process for potassium sulfate reduces CO₂ emissions, and our product contributes to increased yields in food production.

This is particularly important in more arid regions, where our product generates even more benefits for cultivated crops.

Örnsköldsvik

Cinis Fertilizer's first plant in Örnsköldsvik was built in record time. The period from application for environmental permits to commissioning and a facility poised for production was less than three years. Work on the site started just over a year ago. We broke ground in February 2023, and since then work has continued at a high pace. We are proud to look back and state that in all essentials we have succeeded to meet the schedule and investment framework.

I am pleased with our competent project team and the experienced and committed entrepreneurs that have carried out the work. In recent weeks, their focus has been on handing over an operational facility to our new colleagues who have now taken over the baton. No facility can run effectively without highly-skilled employees.

Cinis Fertilizer has gone from being a startup, to a construction project, to a company poised to start production of potassium sulfate and sodium chloride. All the expertise and experience we have accumulated since the start will now be used to build and operate future plants even more efficiently.



The process building in Örnsköldsvik one morning in March 2024.

Products

Potassium sulfate is an important component of plant nutrition and is used to improve the quality of cultivated crops. There is considerable demand from customers around the world, and we are delighted with our partnership with Van Iperen International, a leading operator in the development and sales of sustainable

Cinis Fertilizer aims to reduce dependence on fossil fuels and minimize the climate impact, including greenhouse gas emissions, from the manufacture of mineral fertilizers.

plant nutrition products. In connection with the production of potassium sulfate, we also produce sodium chloride, common salt, which is in demand from the chemicals industry and elsewhere.

Sustainable and circular production

Circular production models play an important role in our focus on sustainable production. Our business model is based on a high proportion of input materials being derived from residual products from the manufacturing industry, for example from pulp and/or battery materials production.

One of Cinis Fertilizers' partners for the delivery of sodium sulfate is battery manufacturer Northvolt, with its factory located in Skellefteå. While Northvolt is ramping up production, we work alongside other suppliers to ensure that a high proportion of volumes is derived from residual streams. In addition, we are party to delivery agreements for sodium sulfate as a raw material, which means that our supplier mix will vary over time.

Cinis Fertilizer's growth plan

We receive frequent confirmation that Cinis Fertilizer's competencies and unique process for the production of environmentally-friendly mineral fertilizers is attracting interest in several countries, including outside Europe. Cinis Fertilizer's future growth plan includes production plants in locations that meet our demands on fossil-free energy and optimal logistics. By the end of 2030, total production capacity is estimated at approximately 1.5 million metric tons potassium sulfate per year.

In September 2023, Cinis Fertilizer signed a 10-year agreement with Ascend Elements for the delivery of input goods sodium sulfate. Ascend Elements is an independent manufacturer of advanced battery materials with operations in Hopkinsville, Kentucky, where the company is currently building one of its largest plants. The agreement involves delivery of up to 240,000 metric tons sodium sulfate annually starting in 2026, enabling the establishment of Cinis Fertilizer in the USA. We have now started project planning of our second production plant in Hopkinsville, USA, with production capacity of approximately 300,000 metric tons potassium sulfate annually.

Project planning of our plant in Skellefteå is underway, with the planned production start postponed to the end of 2026 in order to prioritize our establishment in the USA. In Skellefteå, we plan to produce approximately 200,000 metric tons potassium sulfate annually.

In January 2024, we signed a Letter of Intent with the Japanese corporation Itochu. Under this Letter of Intent, we will collaborate on matters such as procurement and sales, as well as working towards a potential establishment of Cinis Fertilizer's production in Asia.

Activities in 2024

One of the most important events in 2024 is production start in Örnköldsvik. After this follows several milestones, including our first delivery to a customer. We are also looking forward to the formal opening of our first plant and being part of the local business community in Örnköldsvik and Köpmanholmen, the area in the municipality where we are located.

There is currently 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 looking ahead, and I look forward to progressing steadily towards facilitating more sustainable agriculture and reducing dependence on fossil fuels.

I am proud of what we have achieved in 2023 and during the start of 2024! We are now looking forward to taking the next step towards growth and establishing Cinis Fertilizer as a major operator on multiple markets. I would like to thank everyone who is making the green transition possible and who has joined us on Cinis Fertilizer's journey. The next exciting phase of the company's development is about to begin.



Jakob Liedberg,
CEO

Purpose



Enabling sustainable agriculture

Vision



Decarbonizing plant nutrition

Mission

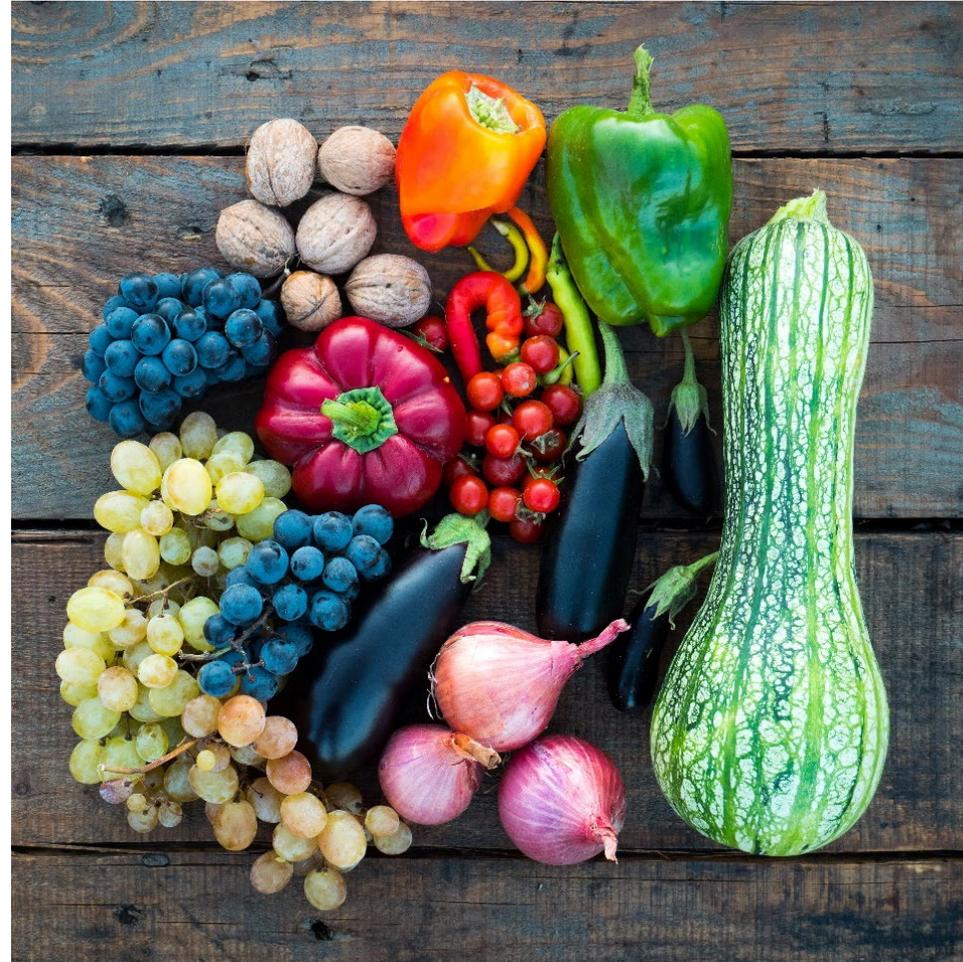


Produce the world's most environmentally friendly mineral fertilizer through innovative upcycling

Five reasons to invest in Cinis Fertilizer

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

- **Large, global, and non-cyclical market for potassium sulfate** with significant demand for sustainable solutions **supported by several global megatrends**. These include a growing global population which increases demand for food, less arable land per capita, climate change, changing eating habits and improved diet due to reduced poverty.
- Cinis Fertilizer's business model involves **significant expansion potential and a profitable growth plan, with a circular, sustainable, energy- and cost-efficient production process based on strong patent protection**. The production process is based on the established technology known as Glaserite or sulfate reaction, uses half as much energy as the dominant production method and has a lower production cost while solving waste problems for several industries.
- Long-term agreements with key operators in the value chain **secure future sales and input deliveries** for many years to come. The agreements that Cinis Fertilizer has entered into ensure the company's future growth and revenue streams, and reduce business-related risk.
- Strategically selected locations for production plants **close to partners** and the potential to attract competent employees.
- **Experienced executive management supported by an experienced Board of Directors**. The majority of Directors and the management group are shareholders in Cinis Fertilizer.



ABOUT CINIS FERTILIZER

Cinis Fertilizer AB was founded in 2018 with the aim of producing the world's most environmentally-friendly mineral fertilizer for sustainable, circular and fossil-free agriculture.

To realize its business model and vision, Cinis Fertilizer will produce a potassium-based mineral fertilizer (SOP) by using the company's patented process to refine residual products from the production of electric car batteries as well as the pulp industry and other industries.

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) fertilizers account for the largest proportion of the fertilizer market. Cinis Fertilizer has chosen to focus on the potassium segment of the fertilizer market, specifically water-soluble potassium sulfate (Sulfate of Potash, SOP). Potassium sulfate is a more sustainable alternative that can support larger harvests, and improve taste and appearance, and increase sustainability to facilitate sustainable and organic agriculture.

Cinis Fertilizer was founded after chemical engineer Jakob Liedberg (CEO) and Roger Johansson (Chair) had been considering ways of reducing chemical emissions from major industries, and how to use residual products from these industries for something better. There is currently no alternative use for residual products from the electrical vehicle battery industry (sodium sulfate, Na_2SO_4), and the paper and pulp industry (ESP-ash).

Through a sustainable production process run on fossil-free electricity, Cinis Fertilizer will be able to produce products with minimal negative impact on the environ-

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 sodium sulfate 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).

ment. The company uses a proprietary patented and patent-pending process for production of a potassium-based mineral fertilizer with sodium chloride as a by-product.

Cinis Fertilizer's first production plant in Köpmanholmen outside Örnköldsvik has now been completed, and production started at mid-April 2024. The company's second plant is planned to be built in Hopkinsville in Kentucky, USA, and the third is scheduled for completion in Skellefteå. The company intends to construct a further three plants by the end of 2030.

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 potassium sulphate (SOP) to produce NPK fertilizer mixes (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.

Potassium sulphate (SOP) 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 EVENTS IN 2023

First quarter

- Cinis Fertilizer started construction of its production plant at Bredånger 2:165 in Köpmanholmen in the Municipality of Örnsköldsvik
- Planning permission approved for Cinis Fertilizer's planned production plant in Bergsbyn in the Municipality of Skellefteå
- Anna Kinberg Batra resigned from her position on Cinis Fertilizer's Board of Directors after being appointed Governor of Stockholm County



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, broke ground at the new site in Köpmanholmen, Örnsköldsvik.

Second quarter

- The Nomination Committee for Cinis Fertilizer AB proposed Anna-Maria Tuominen-Reini as new Board member
- Cinis Fertilizer was granted environmental permit for its first production plant in Örnsköldsvik
- Annual General Meeting 2023
- Cinis Fertilizer was granted environmental permit for its second production plant in Skellefteå
- Roger Svensk was appointed COO; Roger is a member of management
- Cinis Fertilizer signed a long-term agreement with BASF relating to deliveries of sodium sulfate

Third quarter

- The Extraordinary General Meeting decided to introduce an incentive program aimed at two senior executives and a recently elected Board member
- Cinis Fertilizer signed a long-term agreement with K+S Minerals and Agriculture GmbH ("K+S") relating to the purchase and supply of potassium chloride for the company's production plants in Örnsköldsvik and Skellefteå
- Cinis Fertilizer signed an agreement with Ascend Elements, Inc, a leading US manufacturer of battery materials, relating to the delivery of sodium sulfate. This agreement, and a collaboration with K+S, a global operator and Europe's largest salt producer, creates the right conditions for Cinis Fertilizer to establish a production plant in Kentucky, USA

Fourth quarter

- Cinis Fertilizer decided to prioritize construction of the planned facility in Kentucky over the plant in Skellefteå. The decision to bring the facility forward for the production of 300,000 metric tons per year of environmentally-friendly fertilizer was largely the result of extensive investments currently being made in green industrial projects across North America
- Cinis Fertilizer's production plant in Örnsköldsvik is powered by fossil-free electricity



Processing plant and salt warehouse at the end of December 2023.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

- Cinis Fertilizer signed a Letter of Intent with Japanese Itochu Corporation, with the aim of establishing operations in Asia. The companies intend to collaborate by entering into binding sales and delivery agreements, and by exploring the potential for producing environmentally-friendly mineral fertilizers in Asia
- Cinis Fertilizer has secured supplies of inputs for the start of production according to plan and for full production during the rest of the year
- In February, Cinis Fertilizer completed recruitment of approximately 30 new employees for the production facility in Örnsköldsvik
- The first deliveries of the inputs sodium sulfate and potassium chloride were delivered to Cinis Fertilizer in mid-March by ship and truck. Thus, the important logistics flows for the inputs have been tested before the start of production



First ship delivery called at Köpmanholmen on March 21, 2024.

CINIS FERTILIZER'S OPERATIONS IN ÖRNSKÖLDSVIK

From breaking ground to production start

Project planning for Cinis Fertilizer's plant in Örnköldsvik began in spring 2022, with the company breaking ground in February 2023 and commissioning is currently ongoing. At present, the plant employs approximately 30 employees to contribute to the green transition.

The facility is the world's first to produce potassium sulfate using the Glaserit method, while operating with fossil-free fuel. Production of potassium sulfate is estimated at some 65,000 metric tons and some 40,000 metric tons of sodium chloride for 2024. On full production, the plant will produce some 100,000 metric tons of potassium sulfate per year and 65,000 metric tons of sodium chloride per year. Electricity consumption is estimated at 50 GWh and priced according to the prevailing market price in energy price in region SE2.

Environmental permit

In May 2023, Cinis Fertilizer received environmental permits for the company's facility in Örnköldsvik. The operations will generate very low noise levels, as well as



very low water- and airborne emissions. The plant will be powered by fossil-free energy and operate with high energy efficiency, in accordance with the company's energy-savings plan. Compliance with the environmental permit is carefully monitored by the company as well as by independent parties, and is reported in control programs and an annual environmental report presented to the supervisory authority, for example.

Electricity and logistics

Cinis Fertilizer has signed an agreement with E.ON relating to the supply of fossil-free electricity.



Transports to and from the plant in Örnköldsvik will mainly take place by ship with average load capacity of some 5,000 metric tons. The company's Örnköldsvik plant has warehouse capacity of approximately 35,000 metric tons.

In mid-March 2024, deliveries of input materials began. The photo on the left is from March 21, 2024, when the first cargo of potassium chloride arrived at Köpmanholmen, just outside Örnköldsvik. The photo above is from unloading in Cinis Fertilizer's salt storage.

Delivery of input materials

Cinis Fertilizer has signed agreements for deliveries of sodium sulfate with several partners, to supplement planned volumes from Northvolt. Total annual demand for sodium sulphate amounts to around 80,000 metric tons. The price for the product is set in agreement between seller and buyer.

The company has signed an agreement with K+S Minerals and Agriculture regarding deliveries of potassium chloride (MOP). The price for the product is based on the market price published by Argus Media and quarterly agreement between seller and buyer. Total annual demand for potassium chloride amounts to around 86,000 metric tons.

Sales and distribution agreements

Cinis Fertilizer has entered into an agreement with Van Iperen International BV relating to the purchase of potassium sulfate. The 10-year agreement means that Van Iperen will buy some 100,000 metric tons of potassium sulfate per year from Cinis Fertilizer's first plant. The price for the product is based on market price and quarterly agreement between seller and buyer.

The by-product sodium chloride (approx. 65,000 metric tons per year) will be sold to customers in the Nordic countries.

northvolt®



CINIS FERTILIZER'S OPERATIONS

Vision and mission

Cinis Fertilizer was founded with the aim of enabling sustainable agriculture and the 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's operational targets is to have annual installed production capacity and production volume for potassium sulfate totaling 1.5 million metric tons by the end of 2030. The company intends to reach its targets through the construction of six production plants.

The first plant, located in Örnsköldsvik, is ready for production, while the second, in Hopkinsville, USA, is planned for commissioning by the end of 2025. The third plant, in Skellefteå, is scheduled for commissioning by the end of 2026.

A further three production plants are also planned for the period 2026–2030, in locations that meet criteria such as access to cost-efficient logistics, fossil-free electricity, and skilled employees.

Financial targets

The company's financial targets from the financial year 2024 onwards are annual EBITDA margin of over 25 percent, and net debt/EBITDA not exceeding a multiple of 2.5.

Strategy

Cinis Fertilizer has three strategic focus areas for reaching its operational and financial targets:

- 1) *Expand the inflow of raw materials from existing and new industries as well as extend sales to existing and new customers*

The company has identified electric vehicle battery production and paper manufacturing, as well as steel production and the metal recycling industry, as potential partners to expand the inflow of residual products.

The company foresees good potential for expanding its sales of potassium sulfate and sodium chloride. Customers within and outside Europe have indicated interest in Cinis Fertilizer's expertise, patented production processes and products. These customers include chemical conglomerates, salt and mineral fertilizer producers, and battery material manufacturers.

- 2) *Expand production by constructing new production plants*

Cinis Fertilizer intends to build a total of six production facilities until the year 2030, of which currently three are designated to Örnsköldsvik, Hopkinsville and Skellefteå. The construction of these facilities will increase the company's produced volume and contribute to the company's continued growth.

Each of the three additional production facilities, currently not designated, is intended to have an annual production capacity of 300,000 metric tons of water-soluble potassium sulfate.

	Örnsköldsvik Sweden	Hopkinsville USA	Skellefteå Sweden	Plant 4	Plant 5	Plant 6
Production started/ scheduled to start	Q2-2024	Q4-2025	Q4-2026	2026-2028	2029	2030
Production capacity, tons per year	100,000	300,000	200,000	300,000	300,000	300,000
Potassium sulfate offtake	100% ¹⁾	100% ²⁾	100% ¹⁾	–	–	–
Sodium sulfate/ ESP dust intake	100% ^{3, 4)}	100% ⁵⁾	100% ^{3, 4)}	–	–	–
Potassium chloride intake	100% ⁶⁾	100% ²⁾	100% ⁶⁾	–	–	–

- 1) Signed agreement with Van Iperen for sales and distribution of potassium sulfate
- 2) Signed LOI with K+S for sales and distribution of potassium sulfate and purchase of potassium chloride
- 3) Signed long-term agreement with Northvolt for sodium sulfate intake

- 4) Signed long-term agreement with BASF for sodium sulfate intake
- 5) Signed long-term agreement with Ascend Elements for sodium sulfate intake
- 6) Signed agreement with K+S for potassium chloride

Location of these will be decided based on criteria that include proximity to suppliers of input goods and customers, price of fossil-free energy and access to competent employees.

3) *Expansion of circular products to customers with stable demand*

The company sees good opportunities to expand its customer base, by developing new circular flows within existing and new industries and widen its range of circular products.

The company therefore intends to develop established customer relationships as well as to create new relationships with, inter alia, customers in the chemical industry and related industries in order to strengthen the customers' circular position and profitability.

Clearly defined growth plan

Cinis Fertilizer foresees good potential for expanding operations and broadening the offering to several key partners in sectors where companies may be both a supplier of input materials, and a customer of Cinis Fertilizer.

To benefit from the agreements signed, and to manage input deliveries more efficiently, Cinis Fertilizer's production plants will be placed in strategic locations close to manufacturers of batteries and battery materials, as well as paper and pulp mills, with the aim of facilitating transport of input materials, primarily via rail and freight ships.

The production facilities will also be located in areas with good access to fossil-free and renewable electricity at a reasonable price.



First deliveries of the inputs, sodium sulfate and potassium sulfate, are handled in Cinis Fertilizer's salt storage in Örnsköldsvik in March 2024.

Production plant now operational

Örnsköldsvik

Cinis Fertilizer’s first production plant is now operational. The plant will produce approximately 100,000 metric tons of potassium sulfate per year and 65,000 metric tons of industrial salt per year on full production.

A total of six shift teams work 365 days a year, 24 hours a day, at the plant. Maintenance is carried out continuously and during short planned production stoppages.

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

Planned production plants

Hopkinsville



Towards the end of 2025, the company plans to bring its second production plant on stream, this time in Hopkinsville in Kentucky, US. The production capacity of the plant is approximately 300,000 metric tons of potassium sulfate per year and 165,000 metric tons of salt per year.

The plant will be located in close proximity to Ascend Element’s production of battery materials, facilitating delivery of sodium sulfate. The production plant is located in close proximity to national rail networks, will have some 70 employees, and is expected to use around 150 GWh of electricity per year for production.

In April 2024, ground preparation work and geo-technical investigations are underway to ensure that there are no obstacles to building the planned facility.

Skellefteå



The company’s third production plant will be built in Skellefteå, adjacent to Northvolt’s battery factory, Northvolt Ett. Operations are due to be brought on stream towards the end of 2026, and the facility’s annual production capacity is estimated at approximately 200,000 metric tons of potassium sulfate and 130,000 metric tons of salt on full production.

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

Other facilities

The company plans to produce approximately 1.5 million metric tons of potassium sulfate and just under 100,000 metric tons of sodium chloride by the end of 2030. According to the plan, production will take place in a total of six plants located near suppliers of input materials such as sodium sulfate. These suppliers include manufacturers of batteries and battery materials, the pulp industry, and other industries.

The planned production plants are estimated to have annual capacity of 300,000 metric tons of potassium sulfate, employ approximately 60 employees, and are expected to use approximately 150 GWh of energy per year in production.



Business model

Product offering

Cinis Fertilizer shall manufacture water-soluble potassium sulfate, with a low climate footprint. Potassium sulfate is used by farmers during agricultural processes, and by chemical companies in the production of other types of mineral fertilizer, such as NPK mixes (see also page 17).

Cinis Fertilizer's fossil-free production of potassium sulfate is based on residual products from growth industries such as manufacturers of batteries and battery materials, plus the input material potassium chloride. By recycling residual products from the battery industry and the pulp and paper industries, the company forms part of the circular society of the future.

Cinis Fertilizer's process is protected by confirmed patents and pending global patents. For more information, visit www.cinis-fertilizer.com.

Water-soluble SOP

Cinis Fertilizer will produce environmentally friendly and water-soluble potassium sulfate in a circular way using fossil-free electricity. This results in a mineral fertilizer that not only improves harvests in terms of volume and taste, but also reduces carbon footprint.

Sodium chloride (NaCl)

Sodium chloride is a by-product of the manufacture of potassium sulfate. The high quality of this salt and the sustainable production process make it an excellent choice in multiple application areas, which includes both further processing in the chemical industry, into sodium hydroxide, also called lye, and into road salt for deicing icy roads.

Partnership with Van Iperen International BV

Cinis Fertilizer has signed a sales and distribution agreement with Dutch company Van Iperen International relating to sales of potassium sulfate. The 10-year agreement means that Van Iperen will buy potassium sulfate to be manufactured at Cinis Fertilizer's two Swedish plants.

Van Iperen International is a global operator active on the wholesale market for mineral fertilizer and biostimulants. The company's history spans 100 years, with a presence in more than 100 countries. Over the past 10 years, Van Iperen's express ambition has been to participate in the transition towards a more sustainable agriculture, which has led to rapid expansion.



Van Iperen has developed two concepts that contribute to making agriculture greener, Plants for Plants® and GreenSwitch®. Water soluble potassium sulfate from Cinis Fertilizer is a key component in the latter concept. This fossil-free fueled production, in combination with recycling of residual waste from battery manufacturers and the pulp industry, is marketed under the brand GreenSwitch® Potassium Sulfate to customers all over the world. This is intended to be used in nutrient solutions for fertigation, and in foliar fertilizer for vegetables, house plants, fruit trees and berries, grown in fields and/or greenhouses.

Potassium sulfate is recommended during fruit or tuber development, up until maturation, and during the coloring of fruits. The high potassium level in the formula plays an essential role in achieving higher-quality yields and quality as it improves sugar content, firmness and shelf life.

More information about GreenSwitch® Potassium is available on Van Iperen's website.

Van Iperen market the finished product with potassium sulfate from Cinis Fertilizer in 25 kg bags and 1000 kg sacks.

Revenue model

Approximately 98 percent of Cinis Fertilizer’s revenue will be generated from sales of water-soluble potassium sulfate. The remainder will primarily be derived from sales of sodium chloride.

All water-soluble potassium sulfate produced at the two first production plants in Sweden has been sold to Van Iperen International. Planned production capacity at the Swedish plants totals some 300,000 metric tons per year of potassium sulfate, and some 195,000 metric tons per year of sodium chloride.

The company has also signed a Letter of Intent with K+S Minerals and Agriculture GmbH, relating to the purchase of all Cinis Fertilizer’s water-soluble potassium sulfate produced at the plant to be built in Hopkinsville, USA. Planned production capacity for this facility is some 300,000 metric tons potassium sulfate per year.

The price of the product is based on current market price and quarterly agreement between seller and buyer.

The price is based on the spot price for water-soluble potassium sulfate with a discount of 10 percent (water-soluble potassium sulfate has a price premium relative to standard potassium sulfate of approximately 20 percent).

Since August 2023, the bulk price for standard potassium sulfate has been in a rising trend in north-western Europe. At the end of December 2023, the price was EUR 575 per metric ton, up 17 percent on September 30, 2023. Water-soluble potassium sulfate has an additional price premium of some 20 percent against standard potassium sulfate.

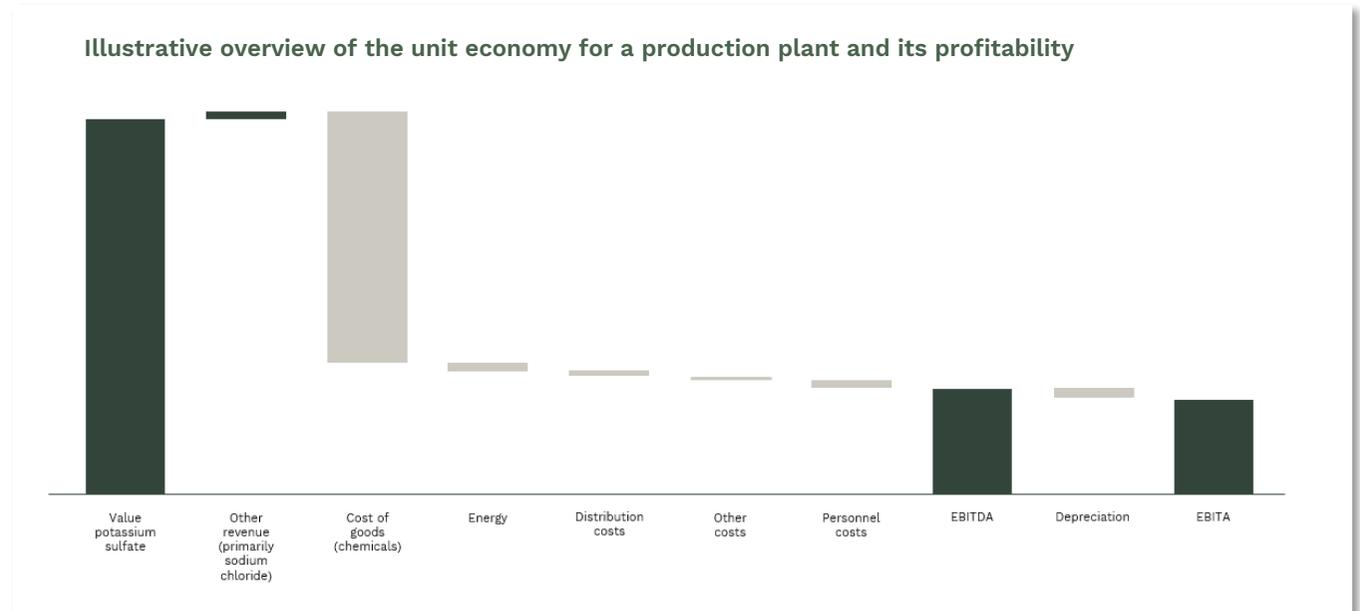
Cinis Fertilizer’s profitability is linked to the spread between input material potassium chloride and end product potassium sulfate. Historically, the prices have shown a correlation, which means that the price premium on potassium sulfate of EUR 200–300 per metric ton has been maintained. As of December 31, 2023, the spread was EUR 288 per metric ton. For more market information, see page 20.

Sales revenue is mainly affected by market price and exchange rate fluctuations. The largest cost item relates to the input material potassium chloride.

Cinis Fertilizer believes that, over time, there will be potential for adding a further price premium as a result of the product’s green profile although, in the initial stage, the company has chosen to sign long-term contracts to hedge future revenue in order to ensure rapid market penetration.



Cinis Fertilizer’s salt warehouse in Örnsköldsvik has a storage capacity of about 35,000 metric tons.



Sustainable, tried, tested and patented process

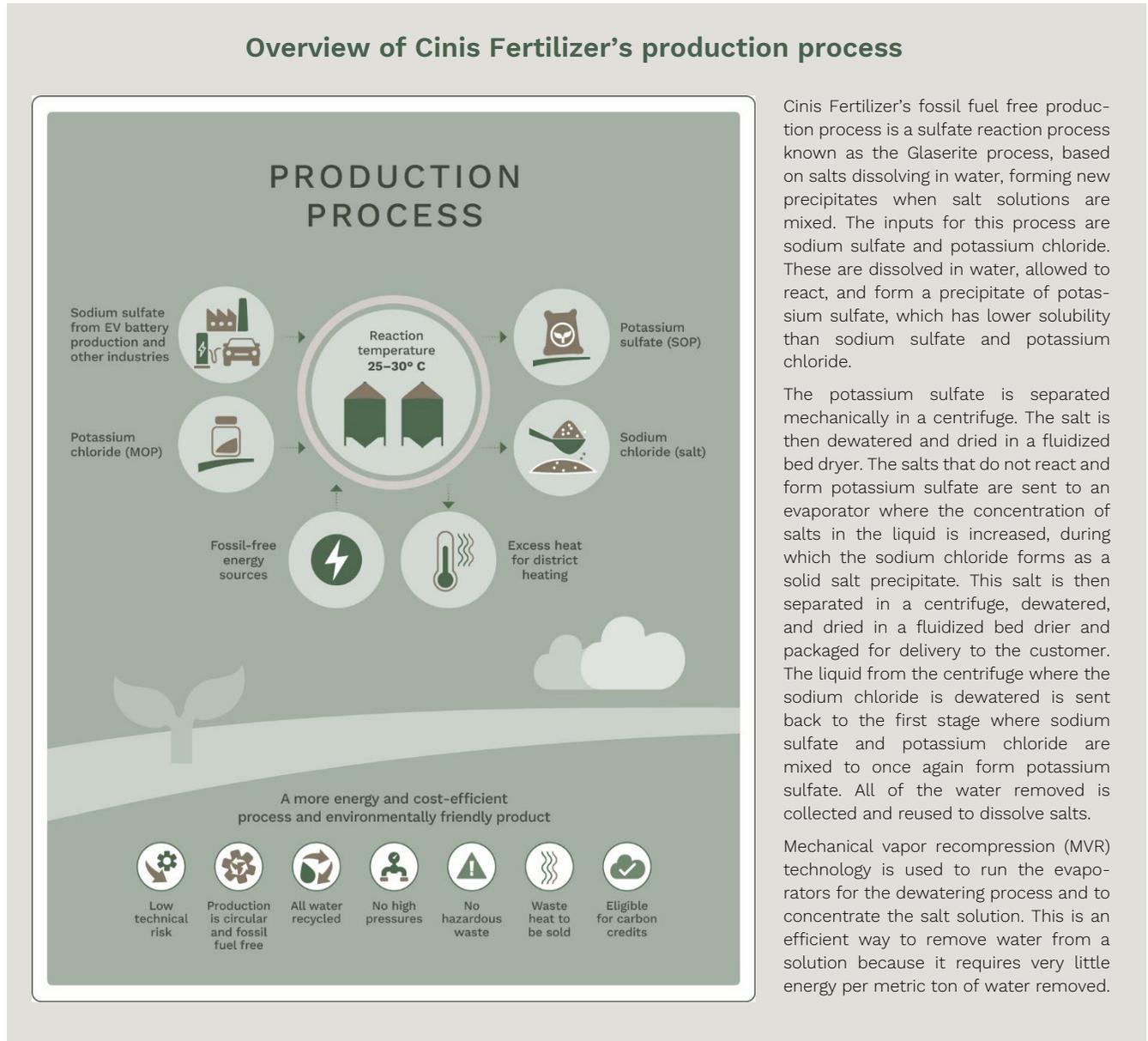
There are currently several production methods in use for potassium sulfate (SOP). The difference between the dominant production method (Mannheim), and Cinis Fertilizer’s process (Glaserite), is that the dominant method uses sulfuric acid as its input material. This substance is harmful to the environment, humans and ecosystems. The Mannheim process also requires high temperatures during production in order to initiate the chemical reaction, and thus requires large quantities of energy, often derived from oil and gas. In addition to the fact that sulfuric acid is a harmful chemical substance, it is also extracted from oil and natural gas, i.e. finite resources that have a direct negative environmental impact.

The production method that Cinis Fertilizer will use at its plants has been in operation since the 1950s. The method for production of SOP is tried and tested and associated with low technical risk.

However, Cinis Fertilizer uses residuals from other industries to manufacture its products. The company’s production thus solves waste management problems while also reducing dependence on fossil fuels.

The production process runs on fossil-free electricity, recycles all water, and has been designed to minimize emissions or pollution. Compared to the current dominant process for producing potassium sulfate, Cinis Fertilizer’s process consumes 50 percent less energy, reduces production costs by 20 percent, and generates no harmful by-products such as hydrochloric acid (HCl).

Overview of Cinis Fertilizer’s production process



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

The potassium sulfate is separated mechanically in a centrifuge. The salt is then dewatered and dried in a fluidized bed dryer. The salts that do not react and form potassium sulfate 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 fluidized 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 sulfate and potassium chloride are mixed to once again form potassium sulfate. All of the water removed is collected and reused to dissolve salts.

Mechanical vapor 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 ton of water removed.

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 is removed from the soil. Some nutrients are returned naturally and organically as plants die and decay. However, this is often not sufficient 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 has the largest market share¹. Some mineral fertilizers are found naturally and do not require chemical processing. Other mineral fertilizers do not exist naturally and must be chemically produced by adding sub-minerals to the elements.

The agricultural industry is currently under severe pressure as a result of a growing global population, reduced arable land per capita, and rising global GDP, which has led to changes and improvements to eating habits and diets. Currently, the agricultural industry accounts for approximately 25 percent of the world's total carbon dioxide emissions², which has increased demand for alternative, more efficient and sustainable agricultural methods. This has also increased demand for mineral fertilizers.

The mineral fertilizer market

The mineral fertilizer market consists of three main types, which are based on the elements nitrogen and potassium.

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 2023

The three main types differ in terms of market share and composition, as well as the main advantages and application methods.

N The main advantage of **nitrogen-based** mineral fertilizer is that it increases the size of plants. Nitrogen is the most essential nutrient that is usually lacking in plants. Examples of nitrogen-based mineral fertilizers include urea and ammonium nitrate. The industry for the production of nitrogen-based mineral fertilizers is fragmented and undergoing consolidation. Prices for nitrogen-based mineral fertilizers are dynamic, but with stable demand volumes. Most of the production capacity for nitrogen-based mineral fertilizers is located in China³.

P The main advantage of **phosphorus-based** mineral fertilizer is that it increases the quality of plants. Examples of phosphorus-based mineral fertilizers include ammonium phosphate and super single phosphate. The production industry for phosphorus-based mineral fertilizers has been consolidated into a small number of suppliers and production methods.

The majority of production capacity for phosphorus-based mineral fertilizers is located in China³.

K The main advantage of **potassium-based** mineral fertilizer is that it ensures a healthy plant and optimal yield as well as improving the plant's ability to assimilate nitrogen and optimizes the plant's water use.

Potassium-based mineral fertilizer also increases the quality of plants, the yield of harvests, and the plants' resistance to weather and wind.

Examples of potassium-based mineral fertilizers include potassium chloride ("muriate of potash" or "MOP"), potassium sulfate (Sulfate of Potash or "SOP") and potassium nitrate (Nitrate of Potash or "NOP").

The production industry for potassium-based mineral fertilizers has been consolidated into a small number of suppliers and production methods, with the five largest producers holding approximately 50 percent of the market. The potassium-based mineral fertilizer market is dominated by MOP and SOP producers⁴.

Operators on the mineral fertilizer market

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

Some of the largest operators on the phosphorus market (excluding Chinese companies) are Mosiac (US), Vale (Brazil), OCP (Morocco) and Phosagro (Russia)⁵.

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

Once nitrogen, phosphorus and potassium fertilizers have been produced, these are then distributed for onward sales, usually through another company on the mineral fertilizer market. The product buyer then mixes the different types of mineral fertilizers to create what are known as NPK mixes, i.e. blends of nitrogen, phosphorus and potassium fertilizers. Major companies on the NPK market include Yara (Norway), Nutrien (Canada), SQM (Chile), Van Iperen International (Netherlands), K+S (Germany) ICL (Israel) and Uralkali (Russia)⁵.

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

The potassium fertilizer

Potash is a collective name for extracted and manufactured salts that contain potassium in water-soluble form, forming 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 harvest volume and crop quality, 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 chillies⁶.

MOP and SOP market

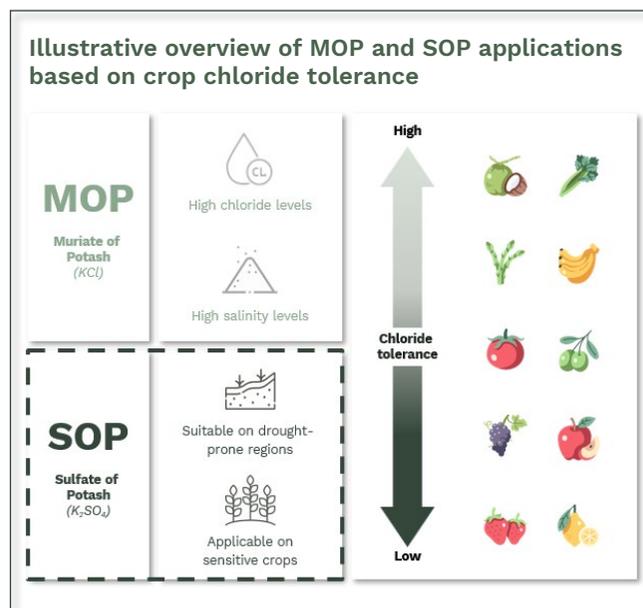
The market for potassium-based mineral fertilizers consists of the mineral fertilizer types MOP and SOP, where MOP is the most common. The market for MOP is around 10 times larger than the market for SOP, in terms of number of metric tons consumed per year⁷. Like MOP, SOP is used as an input component 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 mineral fertilizer is 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 represents a better alternative⁶.

MOP is used extensively all over the world, primarily because MOP is a cheaper mineral fertilizer compared to SOP as it occurs naturally, while SOP must be produced.

MOP is also used as an input goods in the production of SOP, and as part of NPK mixes. China has the highest market consumption of MOP and SOP. After China, Latin America and North America have the highest MOP consumption, and Europe the highest SOP consumption⁶.



MOP production

MOP occurs naturally and is derived from what are known as potash mines. The largest potash mines are located in Canada (representing approximately two thirds of total global production), Belarus and Russia, followed by China, Germany and the United States⁶.

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

SOP market

SOP, or potassium sulfate, is a mineral fertilizer consisting of the elements potassium, sulfur, and oxygen (sulfate). Unlike MOP, SOP does not contain chlorine, which means that it can be used even in crops 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 crop yield by 20 percent⁶.

Historically, the SOP market has enjoyed strong, non-cyclical growth, showing resilience through economic cycles. Going forward, the SOP market is expected to continue to grow with CAGR of around five percent in the period 2023–2030⁸. This growth is partly driven by climate change, which causes drought, which in turn has increased demand for mineral fertilizers that can be used in dry climates.

Around 50 percent of the market for SOP consists of smaller companies. However, there are a number of major market operators that together comprise around 30 percent of the market. These are primarily Chinese producers SDIC, Xinjian Luobupo and Qinghar Lenghu Bindi Potash, and German K+S⁶.

⁶ Argus Potash Analytics – Annual Long-term Outlook 2021

⁷ Bloomberg Green Markets – A Bloomberg Company: Global Potash Supply & Demand Model, International Fertilizer Association – Public Summary: Medium-Term Fertilizer Outlook 2021–2025

⁸ Argus Potash Analytics – Annual Long-term Outlook 2021

⁹ Bureau of land management – Potash: <https://www.blm.gov/programs/energy-and-minerals/mining-and-minerals/nonenergy-leasablematerials/Potash>

SOP production

There are four methods for 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 Cinis Fertilizer's sulfate reaction with a market share of around 13 percent¹⁰.

Global market trends

Growth on the market for mineral fertilizers and underlying markets is primarily driven by global mega-trends such as an increasing global population, global GDP growth, 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 demand for food, while also reducing arable land per capita, which necessitates more efficient agricultural processes. This, in turn, drives demand for mineral fertilizers that enable more efficient agriculture.

Furthermore, absolute total arable area is gradually decreasing as a result of climate change, which increasingly prevents cultivation in certain areas, as well as the expansion of the built environment⁹. The limited arable land available means that yields on existing land must increase in order to meet growing demand for food and crops. 90 percent of the anticipated increase in food and crops is expected to come from higher yields in existing areas, rather than through the creation of new cultivation. Technical developments, including the use of mineral fertilizers, are expected to enable increased yields in these areas¹⁰.

Rising global GDP is another growth driver, 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 allows more people to eat until they are full. In addition, a healthier lifestyle and improved diet is being prioritized in line with an expanding middle class and rising disposable income¹¹.

Climate change, and the need for climate adaptation, is also a growth driver 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 patterns, which requires greater resilience in plants, something that can be achieved through increased use of SOP¹⁰.

Today, the agricultural industry accounts for some 25 percent of global carbon emissions. As global warming becomes more critical and people increasingly demand sustainable alternatives, public authorities will increasingly require more sustainable agriculture solutions. This is driving the green shift – the transition to a greener approach with lower carbon emissions⁹.

Demand for mineral fertilizers produced in Europe is also driven by increased awareness of the need for national and European independence. Factors like the pandemic, the ongoing war and related conflicts have forced companies to review their global supply chains, and local production has been placed high on the political agenda in Sweden and Europe.

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**

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>

¹⁰ Argus Potash Analytics – Annual Long-term Outlook 2021

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

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

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

Global demand for MOP totaled approximately 68.2 million metric tons in 2023, after the market recovered from exceptionally low demand in 2022 when MOP consumption fell to approximately 60 million metric tons due to rapid price growth. Looking ahead, market demand is expected to return to in excess of 70 million metric tons.

In 2023, the global market for SOP comprised some 6.3 million metric tons consumed SOP, due to continued market volatility and high prices. In more stable market conditions, global demand is estimated to amount to some 7 million metric tons per year, one tenth of the market value of MOP.

SOP is usually produced in a chemical process where MOP is used as an input. Since SOP generally requires additional processing of MOP, SOP is considered a premium product that attracts a price premium compared to MOP.

SOP is sold at a premium to MOP, the higher pricing is partly due to the increased costs for Mannheim producers who use MOP as a raw material. Accordingly, SOP prices are expected to shadow MOP prices with a premium that reflects processing costs and the relative shortages of SOP.

This means that SOP prices shadow MOP, with an increase in 2021 and 2022 followed by a downturn in 2023. Demand decreased as a result of high price levels, even if the market is more focused, and the high production costs associated with Mannheim production have reduced market volumes, particularly in Europe.

In the short term, SOP prices are more likely to increase than MOP as suppliers as a result of producers being slow to ramp up production, in combination with a resurgence in demand and limited exports from China. Argus expects SOP to shadow MOP prices in the medium term, with a long-term premium of some USD 250 per metric ton.

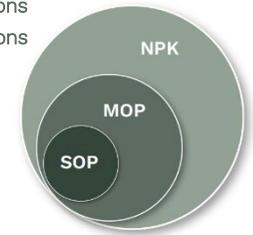
Based on the existing market drivers for mineral fertilizers including SOP, the SOP market is expected to grow by CAGR of around 2 percent from 2020 to 2030. The SOP market has historically experienced stable growth and is non-cyclical, as demand for agricultural products remains constant.

Approximately two thirds of global SOP production takes place in China, with most of production dependent on fossil fuels as manufacture takes place using the Mannheim process. Periodically, China has exported SOP, although flows have been limited since 2020. Europe, for example, consumes more SOP than it produces and therefore needs to import SOP.

Source: Argus Potash Analytics – Annual Long-term Outlook 2023 and Mordor Intelligence

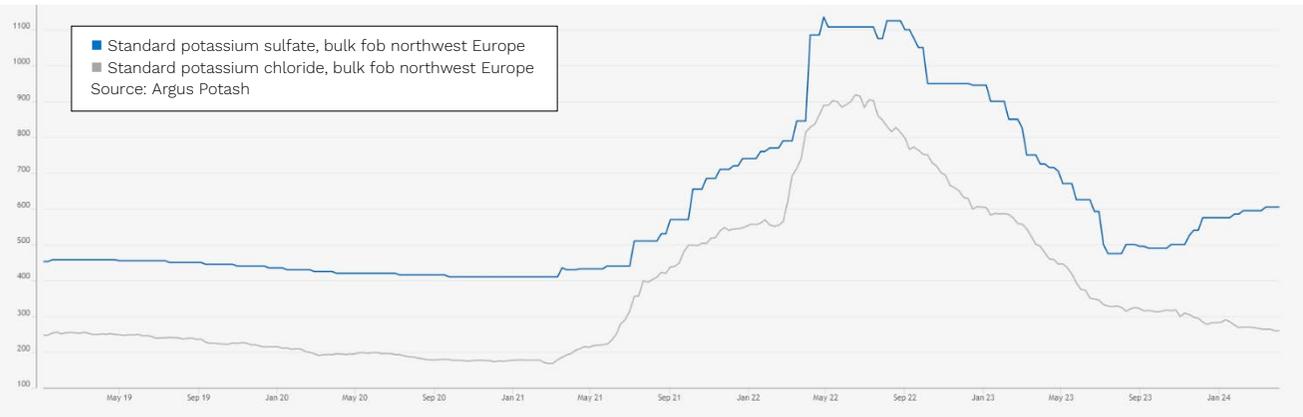
NPK, MOP and SOP market, relative size

NPK ~260 million annual metric tons
 MOP ~70 million annual metric tons
 SOP ~6.3 million annual metric tons



Sources: Argus Potash Analytics and Fertilizers Europe

Price trend, Jan 3, 2019 – March 31, 2024. Euro per metric ton



Cinis Fertilizer’s profitability is linked to the spread between the input material MOP (potassium chloride) and the end product SOP (potassium sulfate).

Historically, these prices have correlated over time, maintaining a price premium of EUR 200–300 per metric ton for potassium sulfate. As of December 31, 2023, the spread was EUR 288 per metric ton.

SUSTAINABILITY

Business model and strategy

Cinis Fertilizer was founded with the objective of facilitating sustainable agriculture. By producing plant nutrients in a fossil-free production process, Cinis Fertilizer can contribute to reducing CO₂ emissions from fertilizers.

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 invests in and contributes to the green transition in several ways. By recycling residual products and using fossil-free electricity, the company produces environmentally-friendly potassium sulfate, a mineral fertilizer that is a required component in modern agriculture.

A growing population and the ensuing increased demand for food, alongside climate change, increases agricultural demand for the right nutrients to optimize efficiency and reduce the risk of eutrophication.

By providing a sustainable alternative to current fossil-based fertilizers, Cinis Fertilizers can positively impact agricultural sustainability, in line with the global targets of reducing agriculture's climate footprint.

Sustainable production process

Cinis Fertilizers' patented and patent-pending production process utilizes residual products from other industries – such as sodium sulfate from battery manufacture, battery materials, the pulp industry and other sectors – to produce an environmentally-friendly mineral fertilizer, potassium sulfate, which is sold to farmers through fertilizer wholesalers.

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 to produce potassium sulfate, 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). As a by-product, Cinis Fertilizer produces fossil-free sodium chloride, salt, which is sold on to the chemicals industry and elsewhere.

A lifecycle analysis of Cinis Fertilizers' potassium sulfate began in 2023 and is expected to be completed in 2024.

Read more about Cinis Fertilizers' business model, strategy and production process on pages 11–16. Read more about the company's risks and risk management on pages 27–28.

Value chain

Cinis Fertilizers' value chain can be described in a number of steps, from raw materials sourcing to end user.

1. Sustainable raw materials supply

Cinis Fertilizer's value chain starts with carefully selected potassium chloride and sodium sulfate, the cornerstones of the company's production. Potassium chloride is obtained from suppliers who, among other things, guarantee that mining is done according to high standards of environmental sustainability, purity, and quality.

The same high demands on purity, quality and environmental sustainability are placed on sodium sulfate, which is primarily obtained as a residual product from other industrial processes, such as the manufacture of batteries and battery materials, and pulp production. Sodium sulphate also occurs as a natural mineral salt mined in countries such as Spain and Canada.

Cinis Fertilizer strives to optimize the sustainability of its production chain, which includes stringent demands on suppliers of input goods and transport solutions.

When selecting suppliers of input goods, transport is also taken into account, as a high proportion of the environmental impact is derived from transport. Cinis Fertilizer intends to construct its production plants in proximity to industries that produce sodium sulfate as a residual product, and close to ports or major railway connections in order to ensure efficient logistics.

2. Circular business model focused on fossil-free production

The core of Cinis Fertilizers' operations is its innovative and energy-efficient production process that operates on fossil-free energy. The company's production of potassium sulfate uses half the amount of energy compared to the current dominant production methods, reducing production costs by some 20 percent and lowering the CO₂ footprint by up to 100 percent. Sodium chloride is obtained as a by-product. The end products are controlled to ensure they meet the company's and its customers high demands on purity and quality.

3. Sales and distribution

The company's main product, water-soluble potassium sulfate, is sold and shipped by bulk container to its customers, mainly major fertilizer wholesalers. Cinis Fertilizer strives to minimize its CO₂ footprint from transport, and to optimize logistics so that the same vessel provides the input goods and transports the end product directly to fertilizer wholesalers, e.g. Van Iperen International.

4. End use and effect

Through Cinis Fertilizers' collaboration partner Van Iperen International, the company's environmentally-friendly mineral fertilizer reaches farmers all over the world,

Cinis Fertilizer's value chain

1. Sustainable raw materials supply



Careful selection of raw materials and suppliers, including:

- potassium chloride
- sodium sulfate
- water
- fossil-free electricity

2. Circular business model



Innovative and energy efficient production process that operates on fossil-free energy. The process is designed to minimize emissions to air, water and land.

3. Sales and distribution



The main product, water-soluble potassium sulfate, is sold and shipped by bulk container to customers. The by-product, sodium chloride, is primarily sold to the chemicals industry.

4. Benefit and effect



The environmentally-friendly mineral fertilizer contributes to more plentiful harvests, reduces risk of drought, and minimizes environmental impact.

Cinis Fertilizer's vision is to help the agricultural industry in the necessary shift towards a sustainable approach. The company can reduce the industry's residues and use them to create value for our customers, shareholders and employees, as well as end customers, people and ecosystems worldwide.

Cinis Fertilizer supports the 2030 Agenda and the 17 UN Sustainable Development Goals. The company's business concept, production and goals address nine of the UN's Sustainable Development Goals. Cinis Fertilizer has the greatest opportunity to contribute with solutions within the following goals:



where it contributes to more plentiful harvests, reduces the risk of farming drought, and minimizes the environmental impact. The water-soluble quality of the product also makes it easy for end consumers to precisely dose the fertilizer used and thus reduce water consumption, which lessens the risk of eutrophication and unnecessary freshwater consumption.

Feedback and improvements

Cinis Fertilizer collects feedback from its customers and stakeholders to ensure continuous improvement of its products and processes. This feedback loop is important to drive the company's innovation and sustainability initiatives.

Stakeholder dialogue and material sustainability issues

Cinis Fertilizers' success is dependent on the company's ability to create value that meets various stakeholders' needs, while also considering the financial, environmental and social impact. These needs are charted continuously in ongoing dialogue with key stakeholders, including owners, capital market operators, customers, suppliers, employees and society at large.

By maintaining stakeholder dialogue, initial materiality analyses, as well as monitoring the surrounding world and analyzing the future, the company has identified a number of key sustainability areas. Each is important, some relate to basic matters that the company addresses on a daily basis, while others are of critical strategic significance for achieving the company's goals.

Sustainable financial development is fundamental to the Group's existence. The circular economy, the environment and climate change, as well as waste management and resource use, are considered critical factors of significant sustainability value to Cinis Fertilizer and its stakeholders.

Matters such as financing, ESG-reviews of business partners, employment questions and competence development, are handled at strategic level, while consumption of energy and water, biodiversity, regulatory compliance, and health & safety are addressed on daily basis.

Cinis Fertilizer's operations and business model are well aligned with several of the EU taxonomy's overarching environmental objectives, particularly in terms of climate change mitigation, sustainable water use and transition to a circular economy.

In 2025, Cinis Fertilizer will further develop its sustainability reporting according to CSRD and the EU taxonomy.

Governance

Cinis Fertilizer prioritizes a long-term view to support a sustainable world for people, the climate, and our planet. The company's sustainability approach is integrated into the business model and operations, and is based on Cinis Fertilizer's business concept, Code of Conduct and other control documents. By integrating sustainability, the company creates value for its stakeholders – now and for many years to come.

The Board is the ultimate decision-making authority relating to Cinis Fertilizers' sustainability framework, and the company's CEO is responsible for day-to-day operations. The company bases its work on the UN's 17 Sustainable Development Goals as outlined in Agenda 2030, alongside other important questions identified. Cinis Fertilizers' Board and management approve the company's policies and monitor compliance in monthly, quarterly and annual reports.

For more information about the composition and work of the Board and management, see pages 38–39 and 31–36.

Environmental information

Climate change

Cinis Fertilizer was founded with the vision of reducing CO₂ emissions from plant nutrients. Accordingly, the company's process has been designed to reduce CO₂ emissions and mitigate climate change.

The company contributes to reducing greenhouse gas emissions from agriculture by collaborating with strategic business partners to recycle residual products and produce and sell mineral fertilizer with positive climate and environmental performance. The company's production process reduces CO₂ emissions by up to 100 percent compared to the current dominant processes for production of potassium sulfate, and only fossil-free energy is used in production.

The company's ambition is to continuously reduce CO₂ emissions under scope 1 and 2, and to chart and set goals for emissions under scope 3.

In 2023, the company started data collection related to energy use, energy mix and CO₂ emissions. In 2023, the company's main climate impact came from the construction of its first processing plant and associated transport.

Pollution, water resources and biodiversity

One of Cinis Fertilizers' key sustainability areas relates to the resource-efficient management of water, energy, waste and emissions to the air. The company's production process has been designed to minimize emissions to land, air and water.

The business concept is based on reducing water pollution by making use of ash and salts that contain a high proportion of valuable chemicals. By making use of sodium sulfate that is otherwise frequently released into water systems and the sea, Cinis Fertilizer can contribute to reducing the water emissions of other industries.



Reuse and circularity are the basis of Cinis Fertilizer's business model. One example is that the first production facility is built on land that previously used for industrial activity for many years.

The fresh water used in Cinis Fertilizers' production process is circulated and reused in a Zero Liquid Discharge System that minimizes liquid emissions and maximizes water reuse. In order to minimize emissions to the air, a high efficiency particulate arresting (HEPA) filter has been installed in the production plant.

There are no emissions to land from the company's production plant. Cinis Fertilizers has the ambition to contribute to increased biodiversity in and around its properties.

Resource use and energy supply

The circular economy and resource use are the cornerstones of Cinis Fertilizers' business model. By reusing residual streams from other industries, the company contributes to the circular economy. The ambition is to maximize the input of residual streams from suppliers that meet Cinis Fertilizers' standards and requirements, to ensure optimized circular products.

The company also contributes to long-term economic growth by supplying circular products, potassium sulfate and sodium chloride, necessary components in sustainable agriculture development.

Establishment of sustainable and resource-efficient production plant

In 2023, Cinis Fertilizer started construction of its first production plant in Köpmanholmen, just outside Örnsköldsvik, Sweden. Close consideration has been assigned to sustainability aspects in terms of the design and construction of the building, as well as choice of materials and suppliers.

The project includes the construction of a main building over some 11,600 square meters, which houses technology-, processing- and office premises, as well as a separate salt warehouse over some 6,500 square meters.

Rather than making use of new land for the construction of the production plant, Cinis Fertilizer reused an existing industrial building that has been used as a landfill centre for a number of years. The land cannot be used for housing, parkland or cultivation, and locating a modern processing plant on the site generates significant sustainability values.



A large part of the site has been decontaminated following a decision by the County Administrative Board, and soil and rubble that falls below permitted levels has been reused on site as a noise barrier. During the decontamination process, construction rubble has been separated out and reused on site. Approximately 700,000 kg of residual concrete has been reused, alongside 110,000 kg of scrap steel which was removed from the site and sent for recycling.

On assignment by Cinis Fertilizers' construction contractor, We Construction, consultants Solenco has completed a climate review and reported on the construction. The calculations relating to the construction of Cinis Fertilizers' office and processing plant have been carried out according to methods Miljöbyggnad (Green Building) 3.1 calculations and show that the building meets the demands of the highest rating standard: Gold.

The main climate impact comes from the steel frame for the processing plant, which represents over 50 percent of the climate impact of the building. We Construction and Cinis Fertilizer have chosen a steel frame with a low climate impact, 54 percent below primary steel according to the Swedish National Board of Housing, Building and Planning's climate database which represents the sector average for steel construction in Sweden.

When evaluating suppliers, the company also considered transports and has sought to use local collaboration partners. For example, the concrete elements have been purchased from a concrete factory close to the site. In cases where the company has been required to purchase steel from the rest of Europe, suppliers have planted trees in climate offset.



For the salt warehouse, We Construction and Cinis Fertilizer have chosen to construct the frame, roof and salt partitions in cross-laminated timber, as this creates significant sustainability gains. If the partitions in the salt warehouse had been constructed using concrete instead, this would have necessitated large quantities of reinforced concrete in order to withstand the substantial unilateral pressure created by 10 m³ of salt.

Constructing the warehouse with sloping walls using cross-laminated timber creates a significant saving as

less material is used, transport reduced and, in particular, ensuring a significantly lower CO₂ footprint compared to concrete.

Cinis Fertilizers is currently planning the construction of future production plants based on its first project in Örnsköldsvik. Alongside entrepreneurs, the company is examining how CO₂ emissions can be further reduced in future production plants. This involves reviewing transport, materials with a high CO₂ footprint, and design of the plant, with the aim of building smaller and smarter.

Energy supply

Cinis Fertilizers' operations are located in an area with good access to fossil-free electrical energy. The company's production method is energy-efficient, and fossil-free energy makes an important contribution to reducing agricultural emissions of greenhouse gases.

The company expects the electricity consumption of the production plant in Örnsköldsvik to total some 50 GWh. The company's ambition is to continuously strive to reduce total energy consumption in its plants. The company seeks to ensure that its electricity supply is subject to fixed long-term agreements.

Environmental permits

In 2023, Cinis Fertilizer obtained an environmental permit for its production plant in Örnsköldsvik, and for the planned plant in Skellefteå, both in Sweden.

Social information

Employees

Cinis Fertilizer's employees and the specialists it engages are critical to ensuring that the company's goals can be realized. Cinis Fertilizers' most important sustainability areas in relation its employees are health & safety, employment and competence development. The company strives to continuously create safe and innovative workplaces where people can thrive and grow.

In 2023, the company focused on establishing a health & safety program, HSEQ policy and started recruitment for its first production plant. The company has also invested in an HR app that supports managers and employees in their day-to-day work. In addition to functionality relating to time sheets and scheduling, the app allows employees to access company news, policies and safety regulations, update training, report work-related incidents, and use a whistleblower function.



At the beginning of 2024, recruitment of all employees to the company's production plant in Örnsköldsvik had been completed. During the onboarding period, the company provides training in areas such as the company's core values and Code of Conduct, as well as leadership, safety and First Aid for all new recruits.

There were 11 full-time employees as of December 31, 2023.

GENDER DISTRIBUTION AS OF DECEMBER 31, 2023

	Women	Men
Board of Directors	50%	50%
Group management	17%	83%
Total employees	30%	70%

No accidents or fatalities occurred in 2023.

Membership, initiatives and networks

Cinis Fertilizer is a member of IKEM and has signed collective agreements with Unionen and Metall. The company has also signed UN Global Compact, international principles on human rights, labor, environment, and anticorruption. The principles are based on the UN's Universal Declaration of Human Rights, International Labour Organization's (ILO) Declaration of Fundamental Principles, and Rights at Work, the Rio Declaration and the UN's Convention Against Corruption.

Neighboring societies

Cinis Fertilizer's ambition is to have a positive financial, environmental and social impact on the societies where the company is active. The company contributes to local society by paying tax correctly, creating local employment opportunities, and participating in the local business community and society generally.

In 2023, the company created many new jobs for local entrepreneurs and consultants during construction. From 2024 onwards, some 30 new jobs will be created as the company started recruitment of the employees that will be working in Örnsköldsvik.

In 2023, the company met with a number of local charities, community stakeholders, local associations and authorities in the area of the company's first production plant outside Örnsköldsvik.

On the preceding page, we describe how Cinis Fertilizer worked with reuse and noise barriers during construction with the aim of reducing negative impact on the local community. During construction, the company sought to divert construction traffic to specific major roads to minimize the risks to children and other pedestrians in the local community. Once production starts, most of the company's incoming and outgoing transports will take place via shipping from the adjacent port, which minimizes the company's local traffic impact.

Corporate Governance

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. This includes HSEQ policy, health & safety program, and alcohol and drugs policy.

Code of Conduct

Cinis Fertilizer's operations and sustainability approach are based on the company's Code of Conduct. The Code shall be followed by the company's employees and our business partners.



The company's Code of Conduct, and the Code of Conduct for business partners, contain guidelines based on UN Global Compact, as well as commitments to human rights, business ethics and anti-corruption, environmental responsibility, community relations, equality and diversity, information security and a whistleblower function.

The principles for how Cinis Fertilizer and the employees of the company are to act are based on the company's core values:

Responsibility, Cooperation, Innovation and Courage. Cinis Fertilizers' operations are built on close, long-term relationships with its customers, suppliers, and business partners.

The company strives to be seen as a long-term and reliable collaboration 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 shall 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 operators that share the principles set out in our Code of Conduct for business partners, and who work towards a more sustainable society.

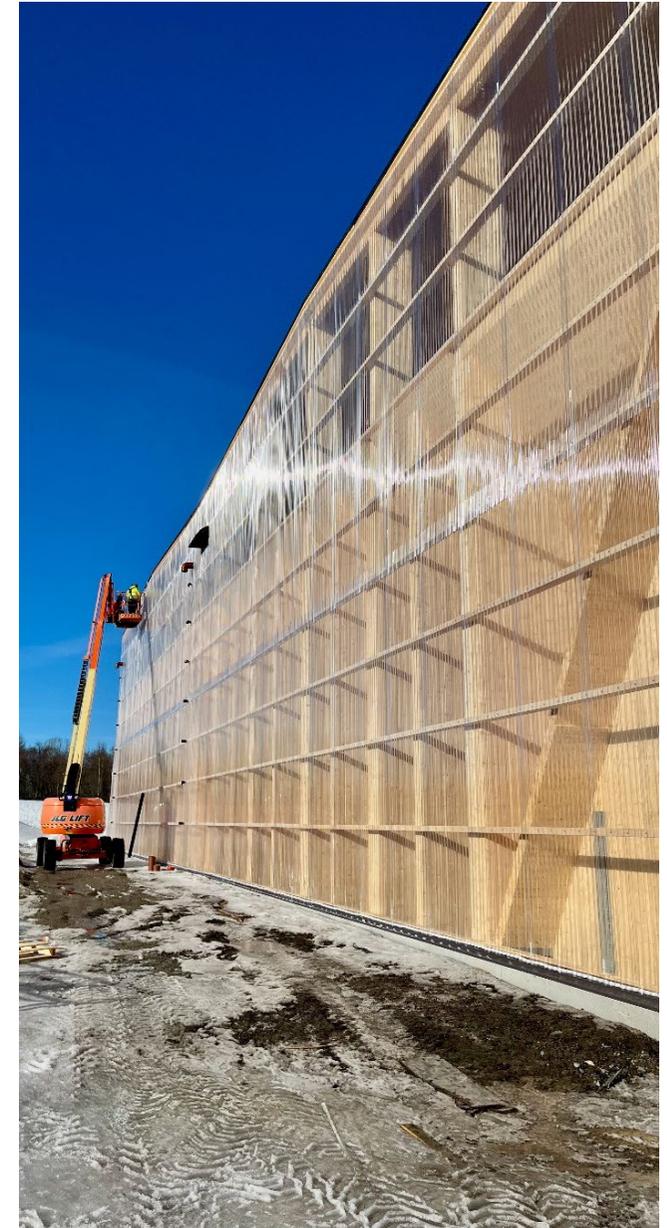
Whistleblower policy

Instructions and reporting procedures for whistleblowers can be found in the company's Code of Conduct and Code of Conduct for Suppliers. Employees who are uncertain about whether specific conduct may be in violation of the Code of Conduct should consult their manager for advice.

Cinis Fertilizer encourages employees to report conditions that might contravene the Group's Code of Conduct to their line manager or senior manager, or alternatively anonymously in the HR app. In 2023, no complaints or irregularities were reported.

Sustainable financing

Cinis Fertilizers' framework for green financing will be developed further during the year and follows the company's circular business model. The framework provides investors with transparency in terms of how they can contribute to Cinis Fertilizers' sustainability goals.



RISK AND RISK MANAGEMENT

Uncertainty about future events is a natural aspect of all business operations. 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 organization

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 management and proposals referred to the Board for decisions.

Management continuously reports 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 organization.

Identifying risks

Management is responsible for analyzing the overall risk profile on an ongoing basis. Risks and disruptions to transport chains and cyber threats are increasing as a result of factors including the Russian invasion of Ukraine, and conflicts in the Middle East.

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

Strategic risks

Macroeconomics and geopolitical situation

Russia's ongoing military invasion of Ukraine, conflict in the Middle East and attacks on technical infrastructure, are negatively impacting the global economy. Economic sanctions against certain Russian and Belarussian individuals, banks and companies may affect the price of potassium chloride (MOP), the most important input goods in the company's production of potassium sulfate.

Higher interest rates and a weaker SEK may impact the company's net profit adversely.

Cinis Fertilizer works to minimize the effects of these fluctuations by signing agreements for longer periods, and by monitoring political discussions and decisions, as well as the supply of various input goods.

Competitors

Competitors may develop alternative competitive products.

Cinis Fertilizer monitors and analyzes 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 management and the company's operational and financial infrastructure. There is a risk that the conditions necessary for the company's planned construction of production facilities will fail to materialize, or change to the company's disadvantage, resulting in the need to locate alternative production sites.

In its planning of the plants, the company has explored multiple options and implements an ongoing process to identify alternative and future options for establishing plants in the Nordics, North America and Asia.

Partnership agreements

Cinis Fertilizer's production is dependent on agreements being reached with suppliers of residual products from industrial processes, as well as processing equipment and power supply solutions. The company may also be negatively impacted if suppliers and partners are affected by financial, legal or operational problems, if prices are increased, or if they fail to deliver as agreed or deliver products of an inferior quality.

Cinis Fertilizer's ambition is to sign agreements with established collaboration partners to ensure deliveries, price levels and quality in line with the company's requirements.

Operational risks

Exercise of authority

Cinis Fertilizer's operations require permits and approval from the authorities in the various municipalities and regions where 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 anticipated, due to negative or delayed decisions from the authorities.

Cinis Fertilizer has introduced processes to manage demands associated with permits and applications. The company and its advisors 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 commercialization and production.

Cinis Fertilizer has clear specifications when ordering materials and has an ongoing process for monitoring deliveries.

Talent supply

At present, the company's organization is of limited scope, which means that it is dependent on individual and collective initiatives from a few key members of employees to continue to develop Cinis Fertilizer's business.

Cinis Fertilizer assesses that recruitment of the right competencies for the company's production plants will be assured by hiring established HR specialists with local and national scope.

Production disruptions

The company's operations may be affected by interruptions and disruptions in production, such as machine breakdown, 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 processing technology is supplied by established suppliers and the company's assessment is that they are equipped to handle potential disruptions and faults. Once operational, in-house employees will have the expertise required to troubleshoot most faults, 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 future and that this could generate increased costs for the company, such as remediation costs relating to the company's current or future operations.

Cinis Fertilizer has been awarded environmental permits for its Swedish production plants. These permits describe the company's production and important assessments. The company and its advisors continuously monitor decisions that may affect the company's operations.



Financial risks

Financing

Cinis Fertilizer's cash flow is expected to remain mainly negative until the beginning of 2024. The company's long-term business plan assumes the raising of sufficient capital at favorable terms.

Cinis Fertilizer's assessment is that the company's equity, credit facility agreement with Nordea and Svensk Exportkredit of SEK 300 million, as well as the expanded credit facilities of a total of SEK 80 million will essentially be used to finance the company's first production facility. The cash flow from this production facility is deemed to be sufficient to meet the company's working capital needs during the coming twelve-month period. The Board continuously evaluates the optimal capital structure for completing the company's planned projects.

Rising costs

Investing in new and upgraded equipment is associated with substantial costs 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 and will work on improving efficiency and active maintenance planning.

Earnings ability

The company's water-soluble potassium sulfate is considered a premium product and will therefore be sold at a premium to other types of mineral fertilizer. Earnings will remain relatively stable over the year.

Cinis Fertilizer's aim is to sign long-term agreements with customers and suppliers, to ensure stable terms and conditions. The prices of the company's input materials are partly determined by a global market that has historically remained stable with a consistent price differential between the two categories.

Sustainability risks

Access to fossil-free electricity/energy

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

Logistics chain

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

Cinis Fertilizer continuously monitors developments for all green alternatives. The company continuously seeks out transport solutions with low or zero CO₂ emissions.

Procurement

Cinis Fertilizer's Code of Conduct states that the company shall obtain partners that satisfy criteria such as a structured climate and environmental focus, ethical and safe workplaces, and quality and transport solutions criteria. The company purchases input materials from various suppliers, primarily operating within the EU. If the company is unable to identify reliable partners, this could cause delays or lead to increased costs.

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

Reporting and compliance

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 analyze its climate impact to satisfy new conditions and requirements.

Cinis Fertilizer follows the development and in 2024 will initiate the work to update its sustainability goals and communication regarding the development of the company's ambitions to report according to CSRD and the EU's taxonomy.

SHARES AND SHAREHOLDERS

Cinis Fertilizer's share was listed on Nasdaq First North Growth Market on October 21, 2022. As of January 2, 2023, the share was 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 2023, totaled 72,526,468, representing the same number of votes. Cinis Fertilizer's market value on December 31, 2023, amounted to SEK 2,426 million (2,843) 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. All shares in the company confer equal entitlement to any surplus in the event of liquidation.

Dividends and dividend policy

Cinis Fertilizer is in an expansive growth phase and has not yet distributed dividends. According to the company's dividend policy, the Board intends to instruct the company to carry forward any profits to invest in the business and, accordingly, no dividend payments are anticipated in the near future. However, dividends may be distributed in future, when Cinis Fertilizer's profit and financial position allow this.

Share price development

When trading commenced on October 21, 2022, the price was SEK 29.00. When trading closed on December 29, 2023, the price of one share in Cinis Fertilizer was SEK 33.45. The highest closing price paid was SEK 58.51 on February 09, 2023, and the lowest closing price, SEK 27.85, was noted on December 12, 2023.

During the period October 21, 2022, to December 29, 2023, the daily trading volume for the share averaged 22,301 shares.



Source: Nasdaq

Shareholders

On December 31, 2023, Cinis Fertilizer had around 4,800 (4,200) shareholders. The three largest shareholders were Jakob Liedberg, Roger Johansson, and Thomas Ranje. As of December 31, 2023, the combined holdings of the Board and management amounted to 44,141,936 shares, equivalent to 60.9 percent of capital and votes in Cinis Fertilizer.

An updated list of the principal shareholders can be found on the company's website in connection with publication of Interim Reports.

At year-end, the company held no treasury shares.

LARGEST SHAREHOLDERS, DECEMBER 31, 2023

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*	11,075,676	15.2
Molindo Energy AB	2,387,457	3.3
Livförsäkringsbolaget Skandia	1,724,137	2.2
Åsa Källenius*	1,005,733	1.9
Schroders	945,393	1.4
Poularde AB	862,068	1.2
Nash Invest AB	833,320	1.0
Libra invest	668,000	0.9
<i>Other shareholders</i>	<i>12,376,038</i>	<i>17.2</i>
Total	72,526,468	100.0
<i>Of which Board and management</i>	<i>44,141,936</i>	<i>60.9</i>

* includes related parties and, where applicable, through endowment insurance
Sources: Euroclear and Cinis Fertilizer

Share capital

Cinis Fertilizer's share capital as of December 31, 2023, amounted to SEK 725.3 million, split over 72,526,468 shares. The share's quotient value is SEK 0.01.

Share capital progress since the company's foundation is described in the table below.

Incentive program

The company has three incentive programs based on outstanding warrants. The General Meeting on September 17, 2021, decided to issue 70,000 warrants in the company. Each warrant entitles the holder, after conversion, to subscribe for 40 shares in the company at a 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 Extraordinary General Meeting on August 30, 2023, resolved to issue a maximum of 500,000 warrants in the company. Each warrant entitles the holder to subscribe for one share in the company at a price of SEK 80.00 per share. The warrants can be exercised to subscribe for shares from October 1, 2024, to October 31, 2026.

If all warrants in the program are exercised, the dilution would be less than 2.9 percent of the total number of shares in the company.

Insiders

Senior executives in Cinis Fertilizer and individuals or legal entities closely associated with such parties are required to inform the company and the Swedish Financial Supervisory Authority of any transaction that changes their holding in Cinis Fertilizer for amounts over EUR 5,000 in a calendar year.

Cinis Fertilizer keeps a record of people who are employed or working on assignment for the company, who have access to insider information about the company, such as financial statements or press releases where the information could affect the share price.

Undertaking to refrain from selling shares

In connection with listing on Nasdaq First North Growth Market, existing shareholders entered into an agreement not to sell or otherwise transfer shareholdings for a specific period of time after trading commenced. The lock-up period for the main owners Jakob Liedberg and

Roger Johansson, the company's CEO and Chairman, ended on April 13, 2024, thus all shares are freely transferable and not subject to transfer restrictions.

Quiet periods

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

Analysts covering

The following analysts monitor Cinis Fertilizer's development on a regular basis:

- **ABG Sundal Collier**, Olof Cederholm (olof.cederholm@abgsc.se)
- **Nordea**, Anders Åkerblom (anders.akerblom@nordea.com)
- **Pareto Securities**, Tom Guinchard (tom.guinchard@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 registered with Swedish Companies Registration Office		Event	Change in no. of shares	Change in no. of votes	Total no. of shares	Total no. of votes	Share capital (SEK)	
							Change	Total
03/28/2018		Founding	1,000	1,000	1,000	1,000	100,000	100,000
09/20/2021		Conversion to A shares and B shares	1,000 ¹	117	1,000	1,117	–	100,000
09/20/2021		New share issue	250 ²	475	1,250 ³	1,592	25,000	125,000
11/22/2021		Share split 1,000:1	1,248,750 ⁴	1,590,408	1,250,000 ⁵	1,592,000	–	125,000
11/22/2021		New share issue	166,610 ⁶	166,610	1,416,610 ⁷	1,758,610	16,661	141,661
03/02/2022		Conversion from A shares to B shares	–	342,000	1,416,610	1,416,610	–	141,661
05/30/2022		Conversion from B shares to shares	–	–	1,416,610 ⁸	1,416,610	–	141,661
05/30/2022		Bonus share issue	–	–	1,416,610	1,416,610	424,983	566,644
05/30/2022		Share split 40:1	55,247,790	55,247,790	56,664,400	56,664,400	–	566,644
10/21/2022		New share issue	13,793,103	13,793,103	70,457,503	70,457,503	137,931.03	704,575.03
11/22/2022		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.

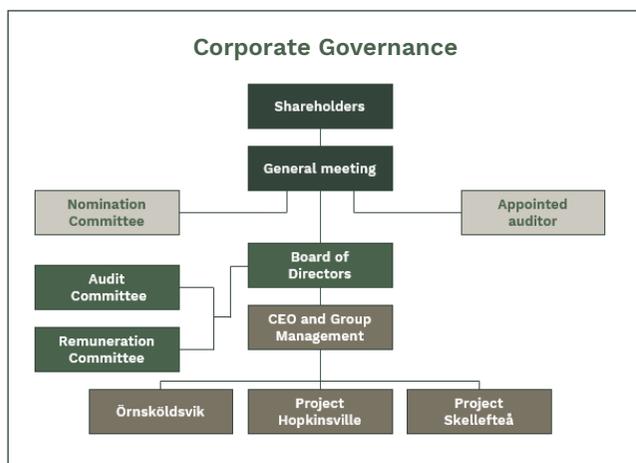
⁸ 1,416,610 shares. The company only has one share class following conversion.

CORPORATE GOVERNANCE REPORT

Cinis Fertilizer is a Swedish green-tech company that will produce potassium sulfate, an environmentally-friendly mineral fertilizer, by recycling industrial waste products from batteries and battery materials, the pulp industry and other industries and sources. 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 regulatory framework of this marketplace. Cinis Fertilizer's Corporate Governance is governed by the Swedish Company's Act, the Articles of Association adopted by the shareholders, and undertakings that Cinis Fertilizer has entered into through agreements, such as the listing agreement with Nasdaq First North Growth Market. Cinis Fertilizer must also comply with other applicable laws, regulations, and internal rules and instructions.

The Board has decided to apply the Swedish Corporate Governance Code (the "Code") from 2023 onwards.



Cinis Fertilizer followed the Code in all respects in 2023. This corporate governance report has been reviewed by the company's auditor. The auditor's opinion can be found on page 37.

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, 2023, was 72,526,468. The total number of shareholders at the end of the year was approximately 4,800.

The company's largest shareholder was Jacob Liedberg, with a holding of 36.4 percent of the shares and capital at year end. The proportion of foreign ownership was 6.9 percent of the number of outstanding shares. For more information, see the section "The share and shareholders", page 29, and the company's website.

The number of shareholders with a direct or indirect holding in Cinis Fertilizer as of December 31, 2023, representing at least 10 percent of the voting rights for all shares in the company:

	No. of shares	Share of votes
Jakob Liedberg	26,400,000	36.4%
Roger Johansson*	13,947,427	19.2%
Thomas Ranje*	11,075,676	15.3%

* privately held shares and through endowment insurance

Sources: Euroclear and Cinis Fertilizer

Shareholders' Meetings

The shareholders' right to vote on Cinis Fertilizer's affairs is exercised at Shareholders' Meetings. 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 shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette)

and on the company's website. When notice of a Meeting is given, the company shall also communicate this by an advertisement in the Dagens industri business newspaper. The resolutions of the General Meeting are announced in press releases and minutes published on Cinis Fertilizer's website.

Initiatives from shareholders

Shareholders who wish to raise a matter before the Shareholders' Meeting must submit a written request to the Board. This request shall normally have been received by the Board by no later than seven weeks prior to the Shareholders' Meeting.

Annual General Meeting 2023

The Annual General Meeting was held in Stockholm on May 25, 2023. The Annual General Meeting elected the Board and Auditors and remuneration approved. The AGM re-elected Roger Johansson, Viktoria Bergman, Sten Hedbäck, Åsa Källenius and Morgan Sadarangani, and elected Anna-Maria Tuominen-Reini as a new Board member, all for the period until the AGM 2024. Roger Johansson was re-elected as Chair of the Board.

Furthermore, the AGM reached resolutions to adopt Financial Statements and the Remuneration Report, and authorized the Board to decide to issue shares, warrants and/or convertibles with or without preferential rights for the company's shareholders.

Extraordinary General Meeting 2023

The Extraordinary General Meeting was held on August 30, 2023, to reach a resolution regarding two new incentive programs.

Nomination Committee

Cinis Fertilizer's AGM on May 25, 2022, adopted instructions for the appointment of the Nomination Committee. The instructions for the Nomination committee will apply until the AGM decides to amend them.

The Nomination Committee shall comprise the three largest shareholders in terms of votes as of the end of September, and the Chair, who shall convene the Nomination Committee's first meeting.

The Chair of the Nomination Committee shall be the member representing the largest shareholder in terms of votes, or be appointed by the Nomination Committee from amongst its members.

In the event that the shareholder structure changes before the date of the AGM, regulations are in place that govern such a situation. The Nomination Committee shall serve until a new Nomination committee is appointed.

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 the Nomination Committee instructions. The Nomination Committee's proposals and statements shall be announced in connection with publication of the Notice convening the Meeting at the latest.

Nomination Committee ahead of the 2024 Annual General Meeting

The Nomination Committee ahead of the 2024 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

Annual General Meeting 2024

The Annual General Meeting of Cinis Fertilizer AB will take place at 4 p.m. CEST on May 23, 2024. 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.

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 Roger Johansson, Chair of the Board.

Ahead of the AGM 2024, the main owners have carried out an assessment as to whether the composition of the current Board is expedient, based on factors including applicable elements of the annual evaluation of the Board's performance and on the basis of the company's operations.

Shareholders wishing to contact the Nomination Committee can do so based on information found on Cinis Fertilizer'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 organization, which means that the Board is responsible for factors such as 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 Annual Reports and Interim Reports are prepared in a timely manner. The Board also appoints the company's CEO.

Pursuant to Cinis Fertilizer's Articles of Association, the Board shall consist of no fewer than three and no more than ten members with no deputies. The 2023 Annual General Meeting decided that the Board shall 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. For more information about Board members, see pages 38–39. The company's CFO acts as Secretary to the Board.

The Board's work

The Chair of the Board is elected by the AGM and has special responsibility for overseeing the work of the Board and for ensuring that the Board's duties are organized effectively. The Chair of the Board is also responsible for ensuring that the Board evaluates its work annually, and that the Board obtains sufficient information to carry out its duties efficiently.

The Board follows written Rules of Procedure that are revised annually and adopted at the statutory Board meeting each year. The Rules of Procedure stipulate Board practices, functions and the distribution of responsibilities between Board members and the CEO.

At the statutory Board meeting, the Board also adopts instructions for the CEO, including 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 is held. In addition to attending Board meetings, the Chair and the CEO conduct an ongoing dialogue concerning management of the company.

The Board's agenda 2023

The Board held 18 meetings during the year at which minutes were kept. The CEO and CFO participated at every Board meeting and reported on the company's position, including status of projects, market conditions and business environment.

Other employees of the company may participate in Board meetings when required. When the Board discusses matters relating to the CEO, neither the CEO nor the CFO participate. The work of the CEO is evaluated once annually. Board member attendance at Board meetings during the year is presented in the table on page 35.

Board committees

Audit Committee

The Board of Cinis Fertilizer has resolved that the company’s Audit Committee shall comprise 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 shall 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 risks facing the company.

Remuneration Committee

The Board of Cinis Fertilizer has resolved that the company’s Audit Committee shall comprise the Board in its entirety. 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 management, and to monitor and evaluate the application of the remuneration guidelines adopted by the AGM as well as the Group’s current remuneration structures.

Evaluation of the Board

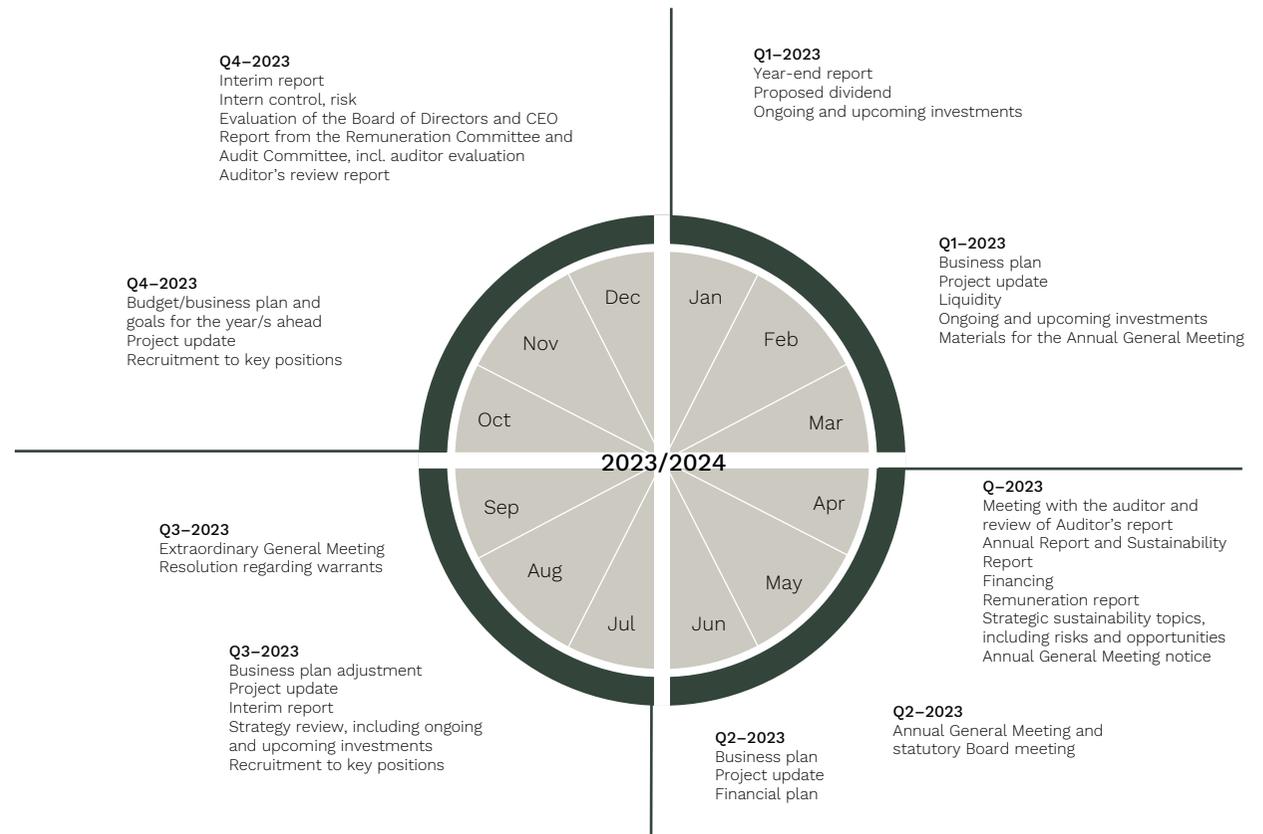
The Board’s work is evaluated in order to optimize the effective functioning of the Board. The chair of the Board, Roger Johansson, is responsible for this evaluation, and for ensuring it is presented to the Nomination committee.

Towards the end of 2023, the Board Chair completed a digital survey covering all members. The results of the survey have been compiled and discussed by the Board and Nomination Committee.

The Board’s work 2023

Recurring matters to be addressed at each Board meeting: investments, operational review including sustainability aspects. Below a list of the main topics addressed at Board meetings in the year follows.

The 2023/2024 Board agenda



CEO and Group management

The CEO reports to the Board and is responsible for the ongoing administration of the company and its day-to-day operations. The distribution of responsibilities between the Board and the CEO is stipulated in the Board's Rules of Procedure and in the instructions for the CEO.

The CEO is also responsible for preparing reports and compiling information from management ahead of Board meetings and shall report on this at Board meetings.

According to the instructions for financial reporting, the CEO is responsible for the company's financial reporting and must ensure that the Board receives sufficient information to continuously monitor the company's financial position.

The CEO shall keep the Board continually informed of the Cinis Fertilizer's operational performance, sales development, earnings and financial position, liquidity and credit position, important business events and all other events, circumstances or situations that can be considered of material significance to the company's shareholders.

For more information about members of Group management, see pages 40–41.

Corporate Governance, sustainability

Cinis Fertilizer's sustainability work is carried out on the basis of the questions most material to operations. Governance is exercised by the Board, through the CEO and management, over project management.

In 2023, work began on Cinis Fertilizer's values and the establishment of common management and employee principles.

The aim is to create a value-driven culture with an emphasis on responsibility and cooperation when operations begin at the company's first facility. Another important goal is to establish a clear regulatory framework for business ethics early on. The company's code of conduct deals with issues such as anti-corruption, trade sanctions, money laundering, personal data integrity, human rights, whistle-blowing and assessment of business partners.

As of 2022, the sustainability report is a part of the annual report. The most material sustainability issues are integrated into the company's strategy and are described on pages 21–26.

Audit and auditor

The statutory auditor is appointed by the Annual General Meeting. The auditor shall 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 shall submit its Auditor's Report to the AGM. According to Cinis Fertilizer's Articles of Association, the company shall have 1–2 Authorized Public Accountants (or a registered Audit 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, 2023, for the period until the end of the 2024 AGM.

The Auditor-in-Charge is Martin Kraft (born 1981). He is an Authorized Public Accountant and member of FAR (professional institute for Swedish authorized public accountants). Martin also holds audit assignments for, inter alia, AB Traction, Danone AB and Proviva AB.

Remuneration to Board members, the CEO and other senior executives

Guidelines for remuneration to senior executives

The Annual General Meeting on 25 May, 2022 adopted the following guidelines on remuneration to senior executives. The guidelines shall apply to contractual remuneration, and to changes to contractual remuneration after the guidelines were adopted by the 2022 Annual General Meeting. The guidelines do not cover remuneration decided at Shareholders' Meetings.

The guidelines shall 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 sulfate. To successfully implement the company's business strategy and safeguard the long-term interests of Cinis Fertilizer, including its sustainability, the company needs to recruit and retain employees who will create value for shareholders, customers, other key stakeholders and society as a whole. 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

Remuneration to senior executives shall be in line with market norms and may include the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The Shareholders' Meeting may also – 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 aforementioned components, as well as terms relating to termination of employment and severance pay.

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

Pension benefits for senior executives are to take the form of defined-contribution plans, unless the executive is covered by a defined-benefit pension plan by provisions in a collective bargaining agreement. Variable cash remuneration shall be pensionable. Other benefits may include company car, pension solutions and access to occupational health services.

The value of such benefits shall 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 to senior executives upon termination of employment. The fixed cash salary shall be paid during the notice period. As a rule, no severance pay or similar compensation shall be paid.

Criteria for payment of variable cash remuneration

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 shall be based on the individual's fulfilment of criteria that are 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 can be based on factors that support the company's business strategy and long-term interests, including its sustainability by a clear link to value-creation and the company's progress, for example. The outcome of variable cash remuneration shall 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 performance criteria shall be assessed. The Board is responsible for carrying out this assessment. With respect to financial targets, the assessment shall 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.

No variable remuneration was paid for 2023.

Name	Nationality	Position	Independent of:		Attendace ¹	Board fees ² Basic salary, SEK	Variable remuneration, SEK	Pension expenses, SEK	Other remuneration, SEK	Total, SEK
			the company and management	major share holders						
Board members										
Roger Johansson	Swedish	Chair	Yes	No	18/18	200,000	–	–	–	200,000
Viktoria Bergman	Swedish	Board member	Yes	Yes	18/18	80,000	–	–	–	80,000
Sten Hedbäck	Swedish	Board member	Yes	Yes	18/18	80,000	–	–	–	80,000
Anna Kinberg Batra ³	Swedish	Board member	Yes	Yes	1/1	–	–	–	–	
Åsa Källenius	Swedish	Board member	Yes	Yes	17/18	80,000	–	–	–	80,000
Morgan Sadarangani	Swedish	Board member	Yes	Yes	18/18	80,000	–	–	–	80,000
Anna-Maria Tuominen-Reini ⁴	Finnish and Swedish	Board member	Yes	Yes	8/10	80,000	–	–	–	80,000
Senior executives										
Jakob Liedberg	–	CEO	–	–	–	1,327,347	–	233,137	–	1,560,484
Other senior executives (4)	–	–	–	–	–	2,103,248	–	750,644	–	2,853,892

¹ Attendance refers to meetings in the 2023 financial year

² Board fees consist of fixed amounts from the AGM on May 25, 2023, until the AGM on May 23, 2024

³ Resigned from the Board in February 2023

⁴ Elected at the AGM in May 2023

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 imposed are reasonable.

Decision-making process to establish, review and implement the guidelines

In 2022, the Board of Cinis Fertilizer decided to establish a Remuneration Committee. This Committee consists of the Board in its entirety. The responsibilities of the Remuneration Committee include preparing recommendations to 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 AGM as well as the Group's present remuneration structures.

The Remuneration Committee shall also monitor and evaluate variable remuneration programs for management, the application of guidelines for remuneration to senior executives, and the remuneration structures and levels applied within the Group. When the Board discusses and decides on remuneration-related matters, neither the CEO nor other senior executives shall be present if the discussion concerns them.

Deviations from the guidelines

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

Fees to Board members

Remuneration granted to the Board, including the Chair, is established in a resolution at the AGM. Cinis Fertilizer's AGM held on May 25, 2023, decided on annual remuneration totaling SEK 600,000.

The Board Chair shall receive SEK 200,000 and other Board members SEK 80,000 each. Board members have no entitlement to benefits after their term on the Board has ended.

Remuneration to Group management

The CEO is entitled to monthly remuneration. In 2023 this amounted to SEK 100,000. As of January 1, 2022, the CEO is entitled to occupational pension insurance according to the company's policy on insurance applicable from time to time. A mutual notice period of six months applies to the company and CEO. The CEO is not entitled to severance pay.

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

Incentive program

The company has three incentive programs based on outstanding warrants. The Extraordinary General Meeting on September 30, 2023, decided on two programs issuing a maximum of 500,000 warrants in Cinis Fertilizer to Board members and employees of the company. The transfers were made based on the market price according to the Black-Scholes model.

Board 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 organization, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the company's and Group's financial statements 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. A risk assessment of strategic, compliance, operational and financial risks is compiled annually by the CFO. This assessment is then discussed by the Board.

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

A self-assessment of the minimum requirements for defined controls for mitigating identified risks in each business process shall be performed and reported annually to the Board. 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 performs controls according to a plan agreed with the Board and management.

Authority and responsibilities are documented and communicated in internal guidelines and instructions. This includes the distribution of duties between the Board and CEO, accounting and reporting instructions and authorization 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 minimize the risk of irregularities or improper favoring of a third party at the company's expense.

The Board monitors the company's financial progress 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:

- Progress 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 company's Auditor participates in one Board meeting per year and reports on observations relating to the company's internal routines and control systems. The Board is given the opportunity to raise questions.

The Board reviews the need for such a function on an annual basis. The Board has assessed that the existing monitoring and evaluation structures for review and evaluation 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 up-to-date information on the company's progress and financial position.

In 2023, the company introduced an app used by all employees for reporting, instructions, policies, and internal information.

AUDITOR'S OPINION

Auditor's opinion on the corporate governance report

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

Tasks and responsibilities

The Board of Directors is responsible for the 2023 corporate governance report on pages 31–37, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review was conducted in accordance with FAR's recommendation RevR 16 Auditor's Review of the Corporate Governance Report. This means that our audit of the corporate governance report has a different focus and is significantly lesser in scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a reasonable basis for our opinions.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act and Section 7, second paragraph of Chapter 31 of the same Act are consistent with the annual accounts and consolidated accounts and comply with the Swedish Annual Accounts Act.

Stockholm, April 23, 2024

Mazars AB

Martin Kraft

Authorized Public Accountant

BOARD OF DIRECTORS



Roger Johansson

*Chair of the Board since 2021.
Appointed 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 in Marine & Offshore Business Area at Roxtec and has many years experience in senior international positions with Alfa Laval, Unilever, Findus and Tetra Pak as Chair of Drivator Equity AB.

Independent:

In relation to largest shareholders: No

In relation to the company and management: Yes



Viktoria Bergman

*Board member.
Appointed 2021.
Born 1965.*

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

Education: 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 and has broad global experience in the areas of sustainability, corporate governance and communication. Viktoria is Chair of the Boards at Trianon AB and Galber AB, Deputy Chair of Water Aid Sweden, and a Board member of Duni Group and Novus Group. Previous assignments include being a Board member of Vattenfall, Communications and Sustainability Director at E.ON, Communications and Sustainability Director at Trelleborg Group and various positions in Falcon Bryggerier/Unilever and the Cerealia Group.

Independent:

In relation to largest shareholders: Yes

In relation to the company and management: Yes



Sten Hedbäck

*Board member,
Appointed 2021.
Born 1969.*

*Holding in Cinis Fertilizer AB
280,088 share 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 experience in corporate law, including from the Vinge law firm and within the Electrolux Group.

Independent:

In relation to largest shareholders: Yes

In relation to the company and management: Yes

* The number of shares stated is as of December 31, 2023, and includes related party holdings and endowment insurance.



Åsa Källenius

*Board member.
Appointed 2021.
Born 1967.*

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

Education: M.Sc. in Business and Economics, Stockholm University.

Background: Åsa Källenius is currently CFO of Polygon Group AB and has many years' experience in senior positions in business and finance, including CFO of MEKO AB and Tele2 Sweden AB. Åsa is a Board member of several companies, including Green Landscaping Group AB.

Independent:

In relation to largest shareholders: Yes

In relation to the company and management: Yes



Morgan Sadarangani

*Board member.
Appointed 2021.
Born 1975.*

*Holding in Cinis Fertilizer AB:
2,387,457 share 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' 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. Morgan is Chair of Ecohelix AB and Meva Energy AB, CEO and Board member of Apstec Sweden AB and Board member of companies such as Graphmatech AB and Altris AB.

Independent:

In relation to largest shareholders: Yes

In relation to the company and management: Yes



Anna-Maria Tuominen-Reini

*Board member.
Appointed 2023.
Born 1974.*

*Holding in Cinis Fertilizer AB:
0 share and 200,000 warrants
corresponding to 200,000
shares*.*

Education: Master of Science (Economics, Intellectual Property Law), Hanken School of Economics and MBA (Digital technology management) and BBA (International business) Helsinki School of Economics.

Background: Anna-Maria is CEO of Marmaskog AB and Senior Vice President – Procurement and Wood Supply at Billerud Europa. Previous experience includes EVP of Procurement Metso Outotec, SVP Sourcing and Manufacturing Outotec, SVP Supply Chain, Supply Chain Director and VP Supply Chain Stora Enso, various roles at Unilever, Huhtamaki and Cebal. Anna-Maria is a member of the Board of Bergvik Skog Öst.

Independent:

In relation to largest shareholders: Yes

In relation to the company and management: Yes

* The number of shares stated is as of December 31, 2023, 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: M.Sc. Chemical Engineering from Lund University.

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

Other current positions: Member of the Board 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 share and 5,000 warrants
corresponding to 200,000 shares*.

Education: Ekonomie kandidatexamen med företags-ekonomisk inriktning från Lunds universitet.

Background: Henrik Andersson has more than 25 years' experience in positions in business and finance. Henrik'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:
10,950 share and 5,000 warrants
corresponding to 200,000 shares*.

Education: B.Sc. in Business and Economics from Stockholm School of Economics.

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

* The number of shares stated is as of December 31, 2023 and includes related party holdings and endowment insurance.



Fredrik Eide

*Born 1965.
Chief Commercial Officer
since 2023.*

*Holding in Cinis Fertilizer AB:
1,100 shares*.*

Education: M.Sc. Chemical Engineering from Lund University.

Bakgrund: Fredrik comes most recently from a role as Managing Director of GC Rieber Salt AB. He has extensive experience of various roles in companies active in development and sale of mineral products and circular salts.

Other current positions: Fredrik Eide is Board member of Scandinavian Ocean Minerals and Chair of the technical committee within SIS for the development of standards for road maintenance equipment.



Roger Svensk

*Born 1967.
Chief Operational Officer
since 2023.*

*Holding in Cinis Fertilizer AB:
0 shares and 200,000 warrants
corresponding to 200,000 shares*.*

Education: Studies and working in the Swedish defense sector.

Bakgrund: Roger Svensk has extensive experience of the manufacturing industry in various leading positions both nationally and internationally. Regional Manager at IKEA Industry, with responsibility for five factories in Sweden, Russia, and the USA.

* The number of shares stated as of December 31, 2023, including related party holdings and endowment insurance..

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Cinis Fertilizer AB (publ) corporate identity number 559154-0322, head office in Örnköldsvik, Sweden, hereby submit the Annual Report for the financial year January 1–December 31, 2023, for the Parent Company and Group. The company's shares are listed on Nasdaq First North Growth Market.

Cinis Fertilizer is a Swedish green-tech company that will produce potassium sulfate, an environment-friendly mineral fertilizer, by recycling industrial waste products from batteries and battery materials, the pulp industry and other industries and sources.

The Parent Company's holdings in Group companies as of December 31, 2023, consisted of wholly owned subsidiary Cinis Sweden AB (559322-4156) and Asset-KH AB (559379-9132) and Cinis Fertilizer LLC (EIN: 36-5087250). The Group was formed on December 23, 2021.

Group operations

Cinis Fertilizer was founded with the mission of producing the world's most sustainable mineral fertilizer for more sustainable, circular and fossil-free agriculture. Cinis Fertilizer is a Swedish green-tech company that produces potassium sulfate, an environmentally-friendly mineral fertilizer, by recycling industrial waste products from batteries and battery materials, the pulp industry and other industries.

The company plans to establish six production plants by 2030. The first three plants will be located in Örnköldsvik (Sweden), Hopkinsville (USA) and Skellefteå (Sweden) respectively.

Sales and profit

Net sales amounted to SEK 0.0 million (0.0). Operating profit amounted to SEK -36,1 million (-24.1). Profit after financial items amounted to SEK 3.5 million (0.5). Profit after financial items amounted to SEK -32.6 million (-23.6).

Cash flow, investments and financial position

Cash flow from operating activities after changes in working capital amounted to SEK 10.7 million (-9.1), of which changes in working capital totaled SEK 46.8 million (15.0). Cash flow from investing activities amounted to SEK -585.1 million (-49.3). Cash flow from financing activities amounted to SEK 300.7 million (422.9). 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 -273.7 million (364.5).

Investments

Accumulated investments as of December 31, 2023, amounted to SEK 634.4 million and related to capitalization of expenses for the company's first production plant. A weaker SEK, mainly against the EUR, and high inflation in Sweden during the construction period, increased investment costs for the first plant slightly, estimated to total some SEK 700 million, which remains within the overall investment framework of SEK 710 million.

Change in cash and cash equivalents

During the year, cash and cash equivalents decreased by SEK 237.7 million to SEK 128.8 million (402.5). This was mainly due to continued investments in the company's first production plant. During the financial year 2023, investments amounted to SEK 585.1 million. In the third quarter 2023, the company utilized a SEK 300 million credit facility.

Capital situation

As of December 31, 2023, equity amounted to SEK 404.7 million (436.5). The company has extended a credit facility with existing borrowers, Nordea, Svensk Exportkredit and EKN, by SEK 50 million, plus arranged an overdraft of SEK 30 million with Nordea.

Equity

Cash and cash equivalents amounted to SEK 128.8 million (402.5) at year-end. The equity/assets ratio was 51.4 percent (94.6) and the debt/equity ratio was 0.94 (0.06). Equity amounted to SEK 404.7 million (436.5). Equity per share was SEK 5.6 (6.0).

Parent Company

Cinis Fertilizer AB (publ), corporate registration number 559154-0322, is a Parent Company registered in Sweden with its registered office in Örnköldsvik. The Parent Company's operations mainly focus on corporate activities/administration, such as executive management and finance. In 2023, the Parent Company completed the establishment and construction of a production plant in Örnköldsvik. In the second quarter 2023, the Parent Company made a shareholder contribution to the subsidiary Cinis Sweden relating to the construction of the company's first production plant.

Net sales amounted to SEK 0.0 million (0.0) in the full year 2023. Operating profit amounted to SEK -32.8 million (-24.1) and profit after financial items to SEK -30.5 million (-23.6).

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 sulfate fertilizer using residuals.

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. In addition, Canada has a plentiful supply of MOP, and the company's assessment is that conditions in Canada are good 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, visit www.cinis-fertilizer.com. In 2023, the company expensed SEK 429,900 in patent costs.

Employees

The average number of employees was 10 (8) in the full year 2023. At the end of December, the number of employees was 11 (9), of which 30 percent (35) were women and 70 percent (65) men.

Key ratios

Group	2023	2022
Total assets, SEK m	786.7	461.6
EBITDA, SEK m	-36.1	-24.1
Profit/loss after financial items, SEK m	-32.6	-23.6
Equity/assets ratio, %	51.4	94.6
Net debt, SEK m	167.6	-402.5
Net debt/EBITDA, multiple	-4.6	16.7

For more information, see three-year summary on page 66.

Significant events in 2023

First quarter

- Cinis Fertilizer started construction of its production plant at Bredånger 2:165 in Köpmanholmen in the Municipality of Örnsköldsvik, Sweden
- Planning permission approved for Cinis Fertilizer's planned production plant in Bergsbyn in the Municipality of Skellefteå, Sweden

- Anna Kinberg Batra resigned from her position on Cinis Fertilizer's Board of Directors after she was appointed Governor of Stockholm County

Second quarter

- The Nomination Committee for Cinis Fertilizer AB proposed Anna-Maria Tuominen-Reini as new Board member
- Cinis Fertilizer was granted environmental permits for its first production plant, located in Örnsköldsvik
- Annual General Meeting 2023
- Cinis Fertilizer was granted environmental permit for its second production plant in Skellefteå
- Roger Svensk was appointed COO and a member of Group management
- Cinis Fertilizer signed long-term agreement with BASF for deliveries of sodium sulfate

Third quarter

- The Extraordinary General Meeting decided to introduce an incentive program aimed at two senior executives and a recently elected Board member
- Cinis Fertilizer signed a long-term agreement with K+S Minerals and Agriculture GmbH ("K+S") relating to the purchase and supply of potassium chloride for the company's production plants in Örnsköldsvik and Skellefteå
- Cinis Fertilizer signed an agreement with Ascend Elements, Inc., a leading US manufacturer of battery materials relating to the delivery of sodium sulfate. The agreement and a collaboration with K+S, a global operator and Europe's largest producer of salts, ensures the right conditions are in place for the establishment of a production plant in Kentucky, USA
- Fredrik Eide was appointed Chief Commercial Officer and member of Group management

Fourth quarter

- Cinis Fertilizer decided to prioritize construction of the planned facility in Kentucky over the Skellefteå plant. The decision to bring forward the construction of a facility for the production of 300,000 metric tons per year of environmentally-friendly fertilizer was largely due to current extensive investment in green industrial projects in North America
- The production plant in Örnsköldsvik has been connected to fossil-free electricity through the power grid

Important events after the end of the period

- Cinis Fertilizer signed Letter of Intent with Japanese company Itochu Corporation, with the aim of establishing operations in Asia. The companies intend to collaborate by entering into binding sales and delivery agreements, and exploring the conditions for producing environmentally-friendly mineral fertilizers in Asia
- Cinis Fertilizer has secured deliveries of input goods for production to start according to plan, and to ensure full production for the remainder of the year
- In February, Cinis Fertilizer completed the recruitment of approximately 30 new employees for its production facility in Örnsköldsvik
- The first deliveries of the inputs sodium sulfate and potassium chloride were delivered to Cinis Fertilizer in mid-March by ship and truck. Thus, the important logistics flows for the inputs have been tested before the start of production

Effects of Russia's war in Ukraine

Russia's ongoing war in Ukraine has had significant negative effects on multiple levels, both globally and locally. For Cinis Fertilizer the main effect is uncertainty relating to fluctuating supply prices and exchange rates as well as disruptions in logistics flows.

Material risks and uncertainties

Through its operations, the Group is exposed 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 report on pages 31–37. Below is a description of the risks within the organization which Cinis Fertilizer considers to be material.

Macroeconomics and geopolitical situation

Russia's ongoing war in Ukraine is having a negative impact on the global economy, creating continued uncertainty. 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 management and the company's operational and financial infrastructure.

Regulatory control

Cinis Fertilizer's operations require permits and approval from the authorities in the various municipalities and regions where operations take place. There is a risk that the planning or construction of production plants will be halted, take longer, or become more costly than expected due to unfavorable or delayed decisions from authorities. Delays to deliveries of materials and errors in specifications or construction could also lead to construction being halted or delayed, thereby affecting commercialization and production.

Financing

The Group has signed credit facilities with Nordea bank, EKN and the Swedish Export Credit Corporation. Cinis Fertilizer's cash flow is mainly expected to remain negative until mid-2024. The company's long-term business plan assumes the acquisition of sufficient capital on favorable terms. Cinis Fertilizer's assessment is that the company's equity and credit facility agreement will essentially be used to finance the company's first production facility. The cash flow from this production facility is deemed to be

sufficient to meet the company's capital needs during the coming twelve-month period.

Supply of fossil-free electricity/energy

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

Sustainability

Since inception, Cinis Fertilizer has had a clear sustainability profile. Sustainability is a key focus area. The entire business concept is based on striving to reduce emissions and facilitating a more circular and sustainable society. The company is in a start-up phase and in 2024 it will focus on initial processes and routines to report development of key aspects of its sustainability approach.

The facility in Örnsköldsvik is subject to reporting requirements according to the Swedish Environmental Code. Environmental permits for the company's Swedish units were obtained in 2023 and are valid until further notice.

Ownership structure and share capital

Shareholders as of December 31, 2023, with more than 10 percent of the votes and capital:

	Share of capital	Share of votes
Jakob Liedberg	36.4%	36.4%
Roger Johansson*	19.2%	19.2%
Thomas Ranje*	15.3%	15.3%

* Includes related parties, ISK and holdings in endowment insurance

Sources: Euroclear and Cinis Fertilizer

The market value amounted to SEK 2,426 million (2,843) at year-end. The company had no treasury shares as of the end of 2023. For more information on major shareholders, see the section "The share and shareholders", page 29–30.

Transactions with related parties

See Note 20 Transactions with related parties.

Outlook

Cinis Fertilizer expects the market outlook to remain positive due to demand for the Group's expertise in circular and sustainable production of products for which there is substantial demand from EU customers. The Group has good relationships with key suppliers and important customers in Europe, and on other key markets in the rest of the world.

There is global demand for Cinis Fertilizer's main product, and the market conditions have improved due to growing demand for mineral fertilizer for use in fossil-free agriculture. The company is experiencing significant interest in its operations and perceives positive potential to strengthen its position on several geographical markets. Cinis Fertilizer currently collaborates with partners in North America and Asia on new establishments.

Proposed appropriation of Parent Company profit

The Board proposes to the Annual General Meeting that no dividend be paid for the 2023 financial year. The Board proposes that the funds at the disposal of the AGM be allocated as follow:

SEK	2023
Share premium reserve	463,567
Retained earnings	-26,998
Profit/loss for the year	-30,521
Funds at the Board's disposal	406,048
The Board's proposed allocation of profit	
Carried forward	406,048
Total	406,048

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEK million	Note	2023	2022
Net sales		0.0	–
Other income		1.4	0.0
Other external expenses	6, 7	-20.3	-12.4
Personnel expenses	5	-14.5	-11.6
Depreciation/amortization		0.0	0.0
Other expenses		-2.7	0.1
Operating profit/loss		-36.1	-24.1
Interest income		3.8	0.5
Interest expenses		-0.3	0.0
Profit/loss after financial items		-32.6	-23.6
Tax	8	–	–
Profit/loss for the year		-32.6	-23.6
Profit/loss for the year attributable to:			
Parent Company shareholders		-32.6	-23.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2023	2022
Profit/loss for the year		-32.6	-23.6
Other comprehensive income for the year		–	–
Comprehensive income for the year		-32.6	-23.6
Profit/loss for the year attributable to:			
Parent Company shareholders		-32.6	-23.6
Earnings per share before and after dilution, SEK		-0.45	-0.32
Number of shares*		72,526,498	72,526,498
Average number of shares before and after dilution**		72,526,498	59,591,183

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

** The Group holds warrants, however as the result is negative, no dilution effect arises from this program

CONSOLIDATED FINANCIAL POSITION

SEK million	Note	December 31, 2023	December 31, 2022
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	634.4	49.3
Equipment		0.0	0.0
<i>Total property, plant, and equipment</i>		634.4	49.3
<i>Total non-current assets</i>		634.4	49.3
<i>Current assets</i>			
Other current receivables	14	22.7	8.2
Prepaid expenses and accrued income	13	0.8	1.6
Cash and cash equivalents	15	128.8	402.5
<i>Total current assets</i>		152.3	412.3
Total assets		786.7	461.6
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	16, 17	0.7	0.7
Share premium reserve		463.6	462.9
Retained earnings		-27.0	-3.5
Profit/loss for the year		-32.6	-23.6
<i>Equity attributable to Parent Company shareholders</i>		404.7	436.5
Total equity		404.7	436.5
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Interest-bearing liabilities	12	296.4	-
<i>Total non-current liabilities</i>		296.4	-
<i>Current liabilities</i>			
Accounts payable		73.8	23.3
Other current liabilities		1.7	1.1
Deferred income and accrued expenses		10.0	0.7
<i>Total current liabilities</i>		85.6	25.1
<i>Total liabilities</i>		382.0	25.1
Total equity and liabilities		786.7	461.6

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK million	Note	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
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 for the year		—	—	—	—	—
<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	0.0	0.0	422.3
Closing balance December 31, 2022		0.7	462.9	-3.5	-23.6	436.5
Opening balance January 1, 2023		0.7	462.9	-3.4	-23.6	436.5
Profit/loss for the year		—	—	—	-32.6	-32.6
Other comprehensive income for the year		—	—	—	—	—
<i>Comprehensive income for the year</i>		—	—	—	-32.6	-32.6
<i>Retained earnings</i>				-23.6	23.6	
Option premiums			0.8			
<i>Total transactions with shareholders</i>		0.0	0.8			0.8
Closing balance December 31, 2023		0.7	463.6	-27.0	-32.6	404.7

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	2023	2022
Operating activities			
Operating profit/loss		-36.1	-24.1
Adjustments for non-cash items		0.0	0.0
Cash flow from operating activities before changes in working capital		-36.1	-24.1
Operating receivables (+ decrease)		-13.7	-9.3
Operating liabilities (+ increase)		60.5	24.2
<i>Cash flow from working capital</i>		46.8	15.0
Cash flow from operating activities		10.7	-9.1
Investing activities			
Investments in property, plant, and equipment		-585.1	-49.3
Cash flow from investing activities		-585.1	-49.3
Financing activities			
New share issue		0.0	422.3
Option premiums		0.8	0.1
New borrowing less transaction costs	12	296.2	-
Interest received		3.8	0.5
Interest paid		-0.1	0.0
Cash flow from financing activities		300.7	422.9
Cash flow for the year		-273.7	364.5
Cash and cash equivalents at beginning of year		402.5	38.1
Cash and cash equivalents at year-end	15	128.8	402.5

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2023	2022
Net sales		0.0	-
Other income		0.5	0.0
Other external expenses	6, 7	-18.0	-12.4
Personnel expenses	5	-14.5	-11.6
Depreciation/amortization		0.0	0.0
Other expenses		-0.8	-0.1
Operating profit/loss		-32.8	-24.1
Interest income and similar profit/loss items		2.3	0.5
Interest expense and similar profit/loss items		0.0	0.0
Profit/loss after financial items		-30.5	-23.6
Tax	8	-	-
Profit/loss for the year		-30.5	-23.6

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2023	2022
Profit/loss for the year		-30.5	-23.6
Other comprehensive income for the year		-	-
Comprehensive income for the year		-30.5	-23.6

PARENT COMPANY BALANCE SHEET

SEK million	Note	December 31, 2023	December 31, 2022
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	1.6	49.3
Equipment		0.0	0.0
<i>Total property, plant, and equipment</i>		1.6	49.3
<i>Financial non-current assets</i>			
Holdings in Group companies	10	380.1	0.1
<i>Total financial non-current assets</i>		380.1	0.1
<i>Total non-current assets</i>		381.7	49.4
<i>Current receivables</i>			
Receivables from Group companies	14	5.4	0.8
Other current receivables	14	0.4	8.2
Prepaid expenses and accrued income	13	0.7	0.7
<i>Total current receivables</i>		6.6	9.8
<i>Cash and cash equivalents</i>			
Cash and bank balances	15	26.5	402.4
<i>Total cash and cash equivalents</i>		26.5	402.4
<i>Total current assets</i>		33.0	412.2
Total assets		414.7	461.6
EQUITY AND LIABILITIES			
Share capital	16, 17	0.7	0.7
<i>Total restricted equity</i>		0.7	0.7
<i>Unrestricted equity</i>			
Share premium reserve		463.6	462.8
Retained earnings		-27.0	-3.4
Profit/loss for the year		-30.5	-23.6
<i>Total unrestricted equity</i>		406.1	435.8
Total equity		406.8	436.5
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable		3.9	23.2
Other current liabilities		1.7	1.1
Deferred income and accrued expenses		2.3	0.7
<i>Total current liabilities</i>		8.0	25.1
<i>Total liabilities</i>		8.0	25.1
Total equity and liabilities		414.7	461.6

PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK million	Note	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
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 for the year		–	–	–	–	–
<i>Comprehensive income for 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			
<i>Total transactions with shareholders</i>		0.6	421.8	0.0	0.0	422.3
Closing balance December 31, 2022		0.7	462.8	-3.4	-23.6	436.5
Opening balance January 1, 2023		0.7	462.8	-3.4	-23.6	436.5
Profit/loss for the year		–	–	–	-30.5	-30.5
Other comprehensive income for the year		–	–	–	–	–
<i>Comprehensive income for the year</i>					-30.5	-30.5
<i>Retained earnings</i>				-23.6	23.6	
Option premiums			0.8			
<i>Total transactions with shareholder</i>		0.0	0.8	–	–	0.8
Closing balance December 31, 2023		0.7	463.6	-27.0	-30.5	406.8

PARENT COMPANY CASH FLOW STATEMENT

SEK million	Note	2023	2022
Operating activities			
Operating profit/loss		-32.8	-24.1
Adjustments for non-cash items		0.0	0.0
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		-32.8	-24.1
Operating receivables (+ decrease)		3.2	-9.3
Operating liabilities (+ increase)		-17.1	24.2
<i>Cash flow from working capital</i>		<i>-14.0</i>	<i>15.0</i>
Cash flow from operating activities		-46.8	-9.1
Investing activities			
Investments in property, plant, and equipment		47.7	-
Disposal of property, plant, and equipment		0,0	-49.3
Acquisition of operations and participations		-380.0	-0.1
Cash flow from investing activities		-332.3	-49.4
Financing activities			
New share issue		-	422.3
Option premium		0.8	0.1
Amortization of loans		-	-
Interest received		2.3	0.5
Interest paid		0.0	0.0
Cash flow from financing activities		3.1	422.9
Cash flow for the year		-375.9	364.4
Cash and cash equivalents at beginning of year		402.4	38.1
Cash and cash equivalents at year-end	15	26.5	402.4

NOTES

Note 1 General information

Cinis Fertilizer is a Swedish green-tech company that will produce potassium sulfate, an environmentally-friendly mineral fertilizer, by recycling industrial waste products from batteries and battery materials, the pulp industry and other industries and sources. The Parent Company, Cinis Fertilizer AB, 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 December 31, 2023, consisted of wholly owned subsidiary Cinis Sweden AB (559322-4156) and Asset-KH (559379-9132) and Cinis Fertilizer LLC (EIN: 36-5087250). 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

Compliance with laws and standard

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted 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". Key accounting principles used 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 applying to the preparation of the Group's financial statements

Cinis Fertilizer's consolidated accounts have been produced on the basis of historical cost. Offsetting of receivables and liabilities, and of income and costs, is only done where 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 carrying amounts. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable given the circumstances. The results of these estimates and assumptions are 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 judgements. 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 reporting date that would give rise to material risk of significant adjustments to recognized amounts of assets and liabilities in future financial years.

New IFRS not yet applied

During the year, certain changes, and additions to IFRS standards were made. None of these have had an effect on Cinis Fertilizer's financial reporting.

New IFRS standards, that have not yet come into force, are not judged to have any material impact on future financial reporting.

Classification

The Group's non-current assets and non-current liabilities consist, in all material respects, only of amounts expected to be recovered or paid more than twelve months after the Balance Sheet date. The Group's current assets and liabilities consist, in all material respects, only of amounts 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 in, the company. The Group controls a company when the Group is exposed to, or is entitled to receive, variable returns from its holding in the company and has the ability to influence those returns through its control of the company. Divested companies are included in the Consolidated Financial Statements until the date the Group loses control of, or its controlling influence in, such companies.

Subsidiaries

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

The consolidation cost is established through an acquisition analysis carried out 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, as of the acquisition date, of the fair value of assets acquired plus liabilities arisen or 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 recognized as goodwill. If the cost is less than the fair value of the acquired company's net assets, the difference is recognized directly in operating profit or loss. Acquisition-related expenses are recognized directly in operating profit or loss. In connection with remeasurement of the fair value of a contingent consideration, the amount is recognized 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 recognized as an expense under operating profit as and when the employees have performed services in exchange for remuneration.

Pension commitments

The company's pension commitments are exclusively in the form of defined contribution plans, under 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 due 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 programs occurs only in the case of cash payment for warrants and upon conversion to share capital.

Taxes

Income taxes consist of current and deferred tax. Income taxes are recognized in profit or loss unless the underlying transaction is directly recognized in other comprehensive income or directly in equity, in which case the related tax effect is recognized 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 realized or settled, and on tax rules enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carry-forwards are only recognized to the extent that they are likely to be utilized. Deferred tax assets are reduced if it is no longer deemed likely that they will be utilized.

Financial assets

The Group's financial assets consist of cash and cash equivalents. Purchases and sales of financial assets are recognized on the transaction date, i.e. the date the Group undertakes to purchase or sell the asset. Financial assets are derecognized 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 recognized at fair value plus transaction expenses.

Financial assets measured at amortized cost

Financial assets in this category have a business model involving receiving contractual cash flows, and 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

A model for assessing credit losses will be produced at a pace with income starting to be generated.

The Group generally defines credit-impaired assets as assets overdue by more than 90 days, or assets where observable data indicates that there will be a measurable decrease in estimated future cash flows.

Property, plant, and equipment

Property, plant, and equipment are recognized at cost less accumulated depreciation and potential impairment losses. Cost includes the purchase price and expenses directly attributable to installation of the asset and preparing it for utilization according to the purpose of the acquisition.

Depreciation, based on net cost, is recognized in the Income Statement on a straight-line basis over the estimated useful life of the asset. Estimated useful life is defined as follows:

- 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, it is tested for possible impairment.

Ongoing construction is recognized as construction in progress until the company takes possession of the facility ahead of planned operations.

Financial liabilities

Group financial liabilities valued at amortized cost. Financial liabilities at amortized cost are initially valued at fair value including transaction expenses. After the first reporting date, financial liabilities are valued according to the effective interest rate method.

Borrowing is classified as current liabilities unless the Group has the unconditional right to defer payment of the liability for at least 12 months after the record date. All borrowing (liabilities to credit institutions) and accounts payable are included in this category.

The effective interest rate method is used to calculate the amortized cost of a financial liability. The effective interest rate is the interest rate that precisely discounts estimated future deposits and payments during the expected term at the reported value. In accordance with this method, transaction costs have been divided over the term of the loan agreement.

Provisions

A provision is recognized in the Balance Sheet under 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 relating to a contingent liability is disclosed when a possible obligation arises that stems from past events, the occurrence of which depends on one or more uncertain future events, or where there is an obligation that is recognized as a liability or provision because it is unlikely 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 to 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 to cash at a known amount, and are exposed to insignificant risk of value fluctuations.

The Group had no short-term investments in the financial year.

Cash and cash equivalents include the share of blocked funds that matures within 12 months of the end of the financial year.

Equity

Equity in the company consists of the following:

- Share capital represented by the value of ordinary shares.
- Share premium reserve including the proceeds received from a new issue of share capital. Transaction costs associated with new share issues are deducted from the proceeds, taking into account any income tax effect.
- 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 giving rise to dilution are assumed to have been converted to shares.

Options and warrants only give rise to dilution 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 conversion into shares results in a lower profit or a higher loss per share. As the company has reported a loss for the financial years presented, there is no dilution effect.

Parent Company

Accounting principles

The Parent Company applies RFR 2, which means that IFRS is followed with certain additions and exceptions. The exceptions are listed below.

Presentation format

The Income Statement and Balance Sheet have been presented according to the Annual Account Act's presentation format. This means that there are differences compared to the Consolidated Financial Statements, in particular differences in financial income and expenses, and equity.

Participations in subsidiaries

Participations in subsidiaries are recognized at cost less impairment losses. Cost includes purchase consideration paid for 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 Judgements 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 judgements when applying the company's accounting principles. Estimates and judgements 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 resulting from these will, by definition, rarely correspond to the actual outcome. Assumptions regarding the useful life of property, plant and equipment, residual value, and potential need for impairment, are subject to annual assessments. For more information, see Note 9.

Note 4 Financial risk management

Factors that have impacted the company's profit are linked to currency risk, interest rate risk, credit risk and liquidity risk. Cinis Fertilizer aims to minimize potential unfavorable effects on the company's financial outcomes.

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

Cinis Sweden AB has signed a loan agreement with Nordea Bank Abp and AB Svensk Exportkredit totaling SEK 300 million. During the financial year 2023, financing costs were SEK 3.7 million.

Cinis Sweden is party to a credit facility with existing borrowers, Nordea, Svensk Exportkredit and EKN, totaling SEK 50 million, in addition to an overdraft of SEK 30 million with Nordea. Repayment takes place over six years, starting six months after the "Commercial operation date", which is estimated to the end of the first half of 2024.

The interest period of the loan is three (3) months, starting from the third quarter 2023. The interest rate for each interest period corresponds to an annual percentage (STIBOR + margin of 4.5%).

Straight amortization schedule, quarterly over six years. The first repayment date occurs six months after the commercial operation date, estimated to the end of first half 2024.

The loans are also subject to requirements to fulfill certain covenants linked to equity, liquidity, and leverage ratio. All covenants have been fulfilled in 2023.

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. In 2023, the company utilized a credit facility under an agreement with Nordea bank and the Swedish Export Credit Corporation (SEK), at an amount of SEK 300 million. Total borrowing at variable interest as of December 31, 2023, amounted to SEK 296.4 million. Had interest on SEK-denominated borrowing been 1 percent higher, this would represent an increase of SEK 1 million, charged to property, plant, and equipment, mainly due to higher interest costs for variable rate borrowing.

Credit risk: Cinis Fertilizer did not have any sales in 2023, nor was it 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 company expects to achieve positive operating cash flow from the second half of 2024. The company currently has no sales, which means that the current operations rely on equity and external financing.

In addition to the existing loan agreement of SEK 300 million, in the first quarter 2024 the company extended its credit facilities with existing borrowers, Nordea, Svensk Exportkredit and EKN, by SEK 50 million, in addition to an overdraft of SEK 30 million with Nordea.

Asset management

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

Note 5 Payroll expenses

Remuneration to the Board, CEO, senior executives, and other employees.

Remuneration principles

The Chair and Board members receive fees as resolved by the Annual General Meeting.

The guidelines for remuneration and other employment terms for management, mainly involve the company offering 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 other senior executives. No additional remuneration, such as severance pay, is payable.

PAYROLL EXPENSES SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Salaries and other remuneration	9.2	6.8	9.2	6.8
Social security contributions	2.9	2.1	2.9	2.1
Pension expenses	1.8	1.6	1.8	1.6
Total	13.9	10.6	13,9	10.6

SALARIES AND OTHER REMUNERATION SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Board of Directors	0.6	0.6	0.6	0.6
Chief Executive Officer	1.3	1.1	1.3	1.1
Other senior executives	2.1	1.9	2.1	1.9
Other employees	5.2	3.8	5.2	3.8
Total	9.2	6.8	9.2	6.8

SOCIAL SECURITY EXPENSES SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Board of Directors	0.2	0.2	0.2	0.2
Chief Executive Officer	0.4	0.4	0.4	0.4
Other senior executives	0.7	0.6	0.7	0.6
Other employees	1.6	1.2	1.6	1.2
Total	2.9	2.1	2.9	2.1

PENSION EXPENSES SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Board of Directors	–	–	–	–
Chief Executive Officer	0.2	0.4	0.2	0.4
Other senior executives	0.8	0.6	0.8	0.6
Other employees	0.8	0.9	0.8	0.9
Total	1.8	1.6	1.8	1.6

Salaries and fees to the CEO and Board

In 2023, total remuneration to the CEO and Board amounted to SEK 1.9 million (1.7), of which SEK 0.6 million (0.6) was remuneration to the Board. Remuneration mainly comprised basic salary and Board fees. Board fees were paid as follows: Chair of the Board SEK 200,000 per year, other members of the Board: SEK 80,000 per individual and year.

NUMBER OF EMPLOYEES AVERAGE NUMBER OF EMPLOYEES	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Men	7	6	7	6
Women	3	3	3	3
Total	10	9	10	9

BOARD MEMBERS AND SENIOR EXECUTIVES	GROUP		MODERBOLAGET	
	2023	2022	2023	2022
<i>Women</i>				
Board members	3	3	3	3
Other senior executives	1	1	1	1
<i>Men</i>				
Board members	3	3	3	3
Other senior executives	4	2	4	2
Total	11	9	11	9

Note 6 Other external expenses

SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Legal fees	5.3	2.8	5.3	2.8
Consulting services	4.7	1.9	3.6	1.9
Process consultants	0.1	1.8	0.1	1.8
Investor relations	0.7	0.9	0.7	0.9
Travel expenses	1.4	0.7	1.4	0.7
Insurance	1.6	0.6	1.6	0.6
Rent for premises	0.8	0.3	0.8	0.3
Other	5.4	3.5	4.4	3.5
Total	20.3	12.4	18.0	12.4

Note 7 Auditor's fees

Audit assignment fees constitute the auditor's compensation for the statutory audit. The assignment involves examining the Annual Report, the Consolidated Financial Statements and accounting records, the administration of the company by the Board and CEO, and fees for audit advisory services provided in connection with the audit.

MAZARS AB SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Audit services	0.2	0.6	0.2	0.6
Audit activities (IPO-related)	–	0.8	–	0.8
Tax advisory services	–	–	–	–
Other services	–	–	–	–
Total	0.2	1.4	0.2	1.4

Note 8 Tax on profit for the year

RECONCILIATION OF TAX FOR THE YEAR SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Recognized profit before tax	-32.6	-23.6	-30.5	-23.6
Tax based on the current tax rate	6.7	-4.9	6.3	-4.9
Effect of non-deductible expenses	0.0	-0.1	0.0	-0.1
Effect of non-taxable income	0.0	–	–	–
Effect of costs expensed in equity	0.0	7.8	0.0	7.8
Effect of deficit for which no deferred tax has been recognized	-6.7	-12.5	-6.3	-12.5
Total	0.0	0.0	0.0	0.0
Adjustments recognized in the current year for tax from previous years	–	–	–	–
Tax expensed recognized for the year	0.0	0.0	0.0	0.0

No tax was recognized directly in equity or other comprehensive income. The total deficit for the Group was SEK 97,607,761 as of December 31, 2023.

The company's deficit has no maturity period.

Note 9 Property, plant, and equipment

CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENT FOR PROPERTY, PLANT, AND EQUIPMENT SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Opening balance	49.3	–	49.3	–
Investment for the year	585.1	49.3	1.6	49.3
Divestment for the year	–	–	-49.3	–
Amortized cost, closing balance	634.4	49.3	1.6	49.3
accounting value, closing balance	634.4	49.3	1.6	49.3
Of which Örnsköldsvik	632.8	48.4	0.0	48.4
Of which Skellefteå	1.6	0.8	1.6	0.8

Investments in property, plant, and equipment as of December 31, 2023, amounted to SEK 634.4 million, attributable to capitalization of expenses for the company's first production facility. The total investment requirement for the first production facility is expected to amount to approximately SEK 700 million, which is within the total investment framework of SEK 710 million.

Note 10 Participations in Group companies

SEK million	PARENT COMPANY	
	2023	2022
Opening balance	0.1	0.0
Acquisitions	0.0	0.0
Shareholder contributions paid	380.0	–
Closing balance	380.1	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 identity number	Registered office	Share of capital, %	Carrying amount, SEK m
Cinis Sweden AB, 559322-4156	Örnsköldsvik	100	380.0
Asset-KH AB, 559379-9132	Örnsköldsvik	100	0.1
Cinis Fertilizer LLC, 36-5087250	Delaware	100	0.0

Note 11 Financial assets and liabilities

ASSETS SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Accounts receivables	–	–	–	–
Other receivables	22.7	8.2	0.4	8.2
Accrued income	–	–	–	–
Cash and cash equivalents	128.8	402.5	26.5	402.4
Total	151.5	410.7	26.9	410.6
SKULDER				
Accounts payable	73.8	23.3	3.9	23.3
Other liabilities	1.7	1.1	1.7	1.1
Accrued expenses	10.0	0.7	2.3	0.7
Total	85.6	25.1	8.0	25.1

Taking into account that all financial assets and liabilities fall due within one year, the discounting effect is deemed to be insignificant and thus the reported value is deemed to be consistent with fair value. Debt to credit institutions has a variable interest rate, which means that the reported value corresponds to the fair value. Other financial assets and liabilities fall due within one year, and thus the reported value is deemed to substantially correspond to fair value.

Note 12 Interest-bearing liabilities

SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Long-term liabilities to credit institutions	296.4	–	–	–
Short-term liabilities to credit institutions	–	–	–	–
Total liabilities to credit institutions	296.4	–	–	–
TERMS AND REPAYMENT DATES				
SEK million	2023	2022	2023	2022
Nordea/SEK	296.4	–	–	–
Total liabilities to credit institutes	296.4	–	–	–

CONTRACTUAL TERMS FOR FINANCIAL UNDISCOUNTED LIABILITIES, 2023

NOMINAL AMOUNT Financial liabilities	<3	3–12	1–2	3–5	>5	Nominal amount
	months	months	years	years	years	
Liabilities to credit institutions	–	8.6	136.0	204.6	38.4	388.0
Accounts payable	73.8	–	–	–	–	–
Total	73.8	8.6	1.8	204.6	38.4	388.0

Of the reported value of liabilities to credit institutions, SEK 0 million is due for payment within one year, SEK 262.5 million within 2–5 years and SEK 37.5 million after 5 years.

Note 13 Prepaid expenses

SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Rent	0.1	0.0	0.0	0.0
Insurance	0.4	0.0	0.4	0.0
Legal fees	–	0.5	–	0.5
Other	0.3	1.0	0.3	0.2
Total	0.8	1.6	0.7	0.0

Note 14 Current receivables

CURRENT RECEIVABLES SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
VAT receivable	22.6	8.2	0.4	8.2
Receivables from subsidiaries	–	–	5.4	0.8
Receivables from suppliers	0.0	–	0.0	–
Other current receivables	0.1	–	0.0	–
Tax account	0.0	0.0	0.0	0.0
Total	22.7	8.2	5.8	9.0

Note 15 Cash and cash equivalents

SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Blocked bank funds	46.4	–	–	–
Deposit account	–	180.0	–	180.0
Cash and cash equivalents	82.4	222.5	26.5	221.9
Total	128.8	402.5	26.5	401.9

Blocked bank funds totaled SEK 46.4 million, of which SEK 15.1 million represents debt service reserve, and SEK 31.3 million contingency reserve. Debt service reserve comprises provisions for interest payments on borrowing over the coming 12-month period. Contingency reserve represents provisions for completing the project according to plan.

Note 16 Equity

EQUITY AND OTHER PAID-IN CAPITAL			
	NUMBER OF SHARES	SHARE CAPITAL (SEK '000)	OTHER PAID-IN CAPITAL (SEK '000)
Opening balance January 1, 2022	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
As of December 31, 2022	72,526,468	725	462,876
Bonus share issue	–	–	–
Option premiums received	–	–	825
Share split	–	–	–
New share issue after issue costs	–	–	-34
As of December 31, 2023	72,526,468	725	463,667

Note 17 Warrants

In 2021, an Extraordinary General Meeting approved the issue 70,000 warrants in the company. 41,000 warrants were transferred to the Board and employees in Cinis Fertilizer in 2021, and 1,000 warrants were transferred to the Board and employees in 2022. 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 price of SEK 18.75 per share. The warrants can be exercised to subscribe for shares in the period October 1, 2024–October 31, 2024.

In 2023, an Extraordinary General Meeting approved the issue 500,000 warrants in Cinis Fertilizer AB. During the third quarter 2023, 500,000 warrants were transferred to a newly elected Board member 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 to subscribe for one share in the company at a price of SEK 80.00 per share. The warrants can be exercised to subscribe for shares in the period October 3, 2023–October 31, 2026.

Note 18 Pledged assets and contingent liabilities

SEK million	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Corporate mortgages	100.0	–	–	–
Pledged shares	–	–	380.0	–
Pledged property, plant, and equipment*	25.0	–	–	–
Pledged cash and cash equivalents and blocked accounts	46.4	–	–	–
Total	171.4	–	380.0	–

* Pledged property, plant and equipment was registered in the fourth quarter 2023.

Note 19 Segment reporting

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

Note 20 Transactions with related parties**Group**

Remuneration to senior executives has been paid in accordance with the guidelines outlined in Note 5.

Cinis Fertilizer is party to an agreement with Thomas Ranje relating to advisory services on financial matters. In 2023 this amounted to SEK 0.5 million. No other goods or services have been purchased from senior executives or from any other related parties, nor have there been any sales of this nature.

Parent Company

Parent Company receivables from Group companies are indicated in the Balance Sheet on page 50. During the year, the Parent Company paid shareholder contributions to the subsidiary totaling SEK 380 million. There were no other transactions between the Parent Company and subsidiaries in 2022 and 2023.

Note 21 Dividend and allocation of profit

The allocation proposal set out below will be presented to the Annual General Meeting on May 23, 2024:

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

SEK	2023
Share premium reserve	463,567
Retained earnings	-26,998
Profit/loss for the year	-30,521
Total	406,048

The Board proposes that profit be

allocated as follows:	406,048
	406,048

Note 22 Important events after the end of the period

- Cinis Fertilizer signed a Letter of Intent with Japanese company Itochu Corporation, with the aim of establishing operations in Asia. The companies intend to collaborate by entering into binding sales and delivery agreements, and to explore the conditions for producing environmentally-friendly mineral fertilizers in Asia.
- Cinis Fertilizer has secured deliveries of input goods for production to start according to plan, and for full production in the remainder of the year.
- In February, Cinis Fertilizer completed the recruitment of approximately 30 new employees for its production facility in Örnköldsvik.
- The first deliveries of the inputs sodium sulfate and potassium chloride were delivered to Cinis Fertilizer in mid-March by ship and truck. Thus, the important logistics flows for the inputs have been tested before the start of production.

THE BOARD'S AND CEO'S ASSURANCE

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

Örnsköldsvik, Sweden, April 23, 2024

Roger Johansson
Chair

Viktoria Bergman
Board member

Sten Hedbäck
Board member

Åsa Källenius
Board member

Morgan Sadarangani
Board member

Anna-Maria Tuominen-Reini
Board member

Jakob Liedberg
Chief Executive Officer

The Audit Report was presented on April 23, 2024

Mazars AB

Martin Kraft
Authorized Public Account

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 2023. The annual accounts and consolidated accounts of the company are included on pages 42–62 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 2023 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 2023 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 1–41 and 66–68. 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 ISAs 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 skepticism 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 opinion.

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 2023 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.

Basis 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 skepticism through-

out 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 whether the proposal is in accordance with the Companies Act.

Stockholm, April 23, 2024

Mazars AB

Martin Kraft

Authorized Public Accountant

THREE-YEAR SUMMARY, GROUP

SEK million	2023	2022	2021*
Net sales	–	0.0	0.0
Total assets	786.7	461.6	38.6
EBITDA	-36.1	-24.1	0.0
EBITDA margin (%)**	Neg.	Neg.	Neg.
Profit/loss after financial items	-32.6	-23.6	0.0
Cash flow from investing activities	-585.2	-49.3	0.0
Equity	404.7	436.5	37.7
Equity/assets ratio (%)	51.4	94.6	97.8
Net debt (+) / Net cash (-)	167.6	-402.5	-37.2
Net debt/EBITDA (multiple)**	-4.6	16.7	n.a.
Installed production capacity, metric tons**	–	–	–
Average number of employees	10	9	0
Number of shares at the beginning of the year	72,526,498	56,664,400***	1,000
Number of shares at year-end	72,526,498	72,526,498	56,664,400

* The Group was incorporated on December 23, 2021.

** Financial and operational targets from 2024 onwards.

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

DEFINITIONS

General		
All amounts in tables are in SEK million unless otherwise stated.		
All amounts in brackets are comparative figures for the corresponding period of 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 indicating the value due to 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 year.	—
Average number of shares	Weighted average number of outstanding shares during the period plus a weighted number of shares in the event that all potential shares are converted into shares, giving rise to dilution.	—
Equity per share	Equity divided by the number of outstanding shares after dilution.	A measure indicating 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, amortization and impairment of intangible assets and property, plant and equipment.	Measure of underlying earnings capacity of the company's operations.
Operating profit (EBIT)	Operating profit before financial items.	—
Profit after tax	Profit/loss for the year.	—
Total assets	The sum of the company's total 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/Net cash	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	Long-term and short-term interest-bearing liabilities less cash and cash equivalents in relation to operating profit in accordance with the Income Statement, before depreciation, amortization and impairment of intangible assets and property, plant, and equipment.	This measure shows the company's net debt in relation to underlying earnings ability.
Average number of employees	Average number of employees in the company during the period.	—
Installed production capacity	Installed annual production capacity.	Measure of the Group's total installed production capacity per calendar year.

INFORMATION TO SHAREHOLDERS

Financial calendar

Interim report Jan–Mar 2024	May 8, 2024
Annual General Meeting 2024	May 23, 2024
Interim report Apr–Jun 2024	Augusti 22, 2024
Interim report Jul–Sep 2024	November 14, 2024
Year-end report 2024	February 13, 2025

Shareholder contact: Charlotte Becker
Email: info@cinis-fertilizer.com

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ANNUAL GENERAL MEETING 2024

The Annual General Meeting of Cinis Fertilizer AB will take place at 4 p.m. CEST on May 23, 2024. Location: Schjødts advokatfirma, Hamngatan 27 in Stockholm, Sweden. The Notice convening the AGM was published on April 23, 2024. The Notice and other information will be published on the company's website.

Production: Cinis Fertilizer AB.

Photos: Pixabay, Unsplash, Roger Svensk, Lillemor De Waal, Leif Wikberg.

About Cinis Fertilizer

Cinis Fertilizer is a Swedish green-tech company that will produce potassium sulfate, an environmentally-friendly mineral fertilizer, by recycling industrial waste products from batteries and battery materials, the pulp industry and other industries and sources. The company's patented technology halves the energy requirement compared to current production methods, with a low climate footprint, resulting in a unique product that enables sustainable agriculture.

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

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

Cinis Fertilizer AB, Bytaregatan 4D, SE-222 21 Lund, Sweden | info@cinis-fertilizer.com