



**FIRST QUARTER 2021**



# INTRODUCTION

Circa is a biotech company producing unique and highly valuable biochemicals. Using abundant and renewable biowaste such as sawdust, Circa makes Levoglucosenone (LGO) in its scalable and patented Furacell™ production process. LGO is a biomolecule platform used to produce multiple sustainable biochemicals that can replace toxic fossil-based chemicals widely used today in a wide range of applications; pharmaceuticals, agrochemicals, flavors, fragrances, electronics, batteries, paints, graphene, polymers, and many other applications where bio-based alternatives to current industrial chemicals represent innovative, cost-effective solutions.

The parent company, Circa Group AS, is incorporated in Norway and has its head office in Oslo. The company is listed on Euronext Growth Oslo with the ticker code CIRCA.

## REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2021

### Q1 2021 HIGHLIGHTS

Effective 9 February 2021, Circa reorganized and established a new ultimate holding company, Circa Group AS (CGAS), to prepare for the listing on Euronext Growth Oslo. The previous ultimate holding company was Circa Group Ltd. (CGL), which is now a wholly owned subsidiary of CGAS.

On 2 March 2021, Circa Group was successfully listed on the Euronext Growth Oslo following a private placement of approximately EUR 50 million which was multiple times oversubscribed. The private placement was undertaken to secure financing for the construction of the ReSolute™ plant, as well as further development and commercialization of Cyrene™ and other LGO-based biochemicals. The ReSolute™ project continues to have strong regional and EU support.

Despite COVID-19 restrictions, the ReSolute™ project continues to progress according to schedule with basic engineering. Following the end of the quarter, the Head of Terms Agreement was signed with the site owner, GazelEnergie. There have not been any unexpected developments in the final stages of trials with key machinery and equipment suppliers.

Advanced discussions to convert offtake Letters of Intent into sales agreements for the ReSolute™ production output progressed during the first quarter and into the second quarter. Circa has initiated early-stage discussions with potential partners for future plants to follow the ReSolute™ plant. Circa also initiated a process to explore further valorization opportunities for process by-products, biocoal.

After the quarter, Circa strengthened the Board of Directors with two experienced directors, Trond Stangeby and Greg Court. Circa also appointed a General Manager of New Product Development in the UK and a General Manager Sustainability & Marketing in Australia. In addition, Circa has initiated a process to engage a Norway-based CFO, expected to join Circa and the executive management team in Q3 2021.

### Profit & Loss

As there were no significant changes in the organization nor ownership structure following the reorganization in February 2021, the group is consolidated by using the reversed acquisition method where the historical financial statements are a continuance of CGL. As such, the first quarter 2020 income statement is consolidated for CGL only and not comparable to the consolidated income statement for first quarter 2021.

The main operational activity for the Group in the quarter has been related to the ReSolute™ plant, the private placement and the listing of the group on Euronext Growth.



### Income

Circa had no significant sales in the quarter and does not expect any significant sales prior to commissioning and start-up of the ReSolute™ plant in the first quarter of 2023.

### Expenses

Expenses in the quarter mainly relate to employee expenses including recognition of established incentive plans and expenses incurred as part of the listing on Euronext Growth.

### Incentive plans

The group cancelled its existing incentive program and replaced it with a short-term and long-term plan. The short-term plan is cash settled while the long-term participants has the optionality for cash and share based settlement. The short-term plan is expensed during the period with EUR 955 thousand, while the long-term plan is expensed with EUR 419 thousand.

## Balance Sheet

### Investment value

Effective 9 February 2021, Circa reorganized and established a new ultimate holding company, CGAS. As there were no significant changes in the organization nor ownership structure, the group is consolidated by using the reversed acquisition method where the historical financial statements are a continuance of CGL. As such, the 31 March 2020 balance sheet is consolidated for CGL only and not comparable to the consolidated balance sheet for 31 March 2021. CGAS's acquisition of CGL is not reflected in the consolidated balance sheet as this is not treated as a transaction in accordance with IFRS. As a result, the consolidated balance sheet for 31 March 2021 are a continuance of previous book values with no purchase price allocation of market values.

### Grant

The Group is part of the ReSolute™ consortium, which received the EU Horizon 2020 Flagship grant of approximately EUR 11.6 million. Circa is leading the consortium and will undertake most of the work packages described in the ReSolute™ project, thus the share of the grant allocated towards Circa's work packages is approximately EUR 9.2 million. Prepayment of approximately 50% of the grant was received in 2020 partly to compensate for expenditures capitalized to date for the ReSolute™ project.

Expenses capitalized per 31 March 2021 is EUR 0.5 million.

As of 31 March 2021, Circa had cash and cash equivalents of approximately EUR 49.3 million and total assets of approximately EUR 49.6 million. Circa had equity of approximately EUR 42.7 million as of 31 March 2021. The main part of the expenses in relation to the capital increase has been recognized in equity.

## Cashflow

### From financing – Private placement and subsequent listing on Euronext Growth Oslo

18 February 2021, Circa Group AS completed a private placement of NOK 500 million at a price of NOK 16.75 per share. The private placement comprised of a primary offering of NOK 500 million and an over-allotment offering of up to NOK 75 million. Circa was subsequently listed at Euronext Growth Oslo on 2 March 2021. Expenses related to the private placement and the subsequent listing were offset with the capital raised in the private placement, where direct expenses were booked towards equity. The total net proceeds were EUR 45.3 million, accounting for transaction related costs, stabilization activities and the realized EUR/NOK foreign exchange rate. The over-allotment offering comprised of 4 450 000 shares of which 3 000 631 were repurchased in the market at an average price of NOK 16.34 per share as part of stabilization activities. In second quarter 2021 the net number of shares, 1 449 369 were issued with total subscription amount of EUR 2.4 million (NOK 24.3 million). See note 10.

## OUTLOOK

### **ReSolute™ project**

The Group is in process of constructing a 1 000 tonnes LGO and Cyrene™ production plant in France. Cyrene™ will be the commercial foundation for the ReSolute™ plant, and all output is committed under Letters of Intent with chemical distributors. Construction is expected to be completed in the fourth quarter of 2022 and start-up of production in the first quarter of 2023. The ReSolute™ project is progressing on time and budget, and senior personnel is being employed for the project.

### **Research and development**

Research and commercialization of other LGO-based biochemicals is ongoing. Currently there are four key biochemicals in development. In addition, there are ongoing processes to explore further valorization opportunities for process by-products, biocoal.

### **Sales agreements**

Finalize discussions with chemical distributors to convert Letters of Intent into offtake sales agreements for the production volume from the ReSolute™ plant.

### **Future plants**

Continue dialogues and exploration of possibilities for future plants.

Oslo, 27 May 2021

The Board of Directors of Circa Group AS

# INTERIM FINANCIAL STATEMENTS, FIRST QUARTER OF 2021

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(EUR)	Notes	Q1 2021	Q1 2020
Product sales		1 334	1 037
Other revenue	5	4 066	413 900
<b>Total revenue</b>		<b>5 400</b>	<b>414 937</b>
Cost of sales		63 355	84 233
Employee benefit expenses	4	1 643 870	105 259
Other operating expenses		1 535 643	510 375
<b>Total operating expenses</b>		<b>3 242 869</b>	<b>699 867</b>
<b>Operating result</b>		<b>-3 237 469</b>	<b>-284 930</b>
Interest income		446	6
Other financial income		78 724	-3 189
<b>Total finance income</b>		<b>79 170</b>	<b>-3 183</b>
Interest expenses		12 900	0
Other financial expenses	1.1	273 087	0
<b>Total finance expenses</b>		<b>285 987</b>	<b>0</b>
<b>Net financial income/ expenses</b>		<b>-206 817</b>	<b>-3 183</b>
<b>Net profit/ loss before tax</b>		<b>-3 444 286</b>	<b>-288 113</b>
<b>Tax expenses</b>		<b>0</b>	<b>0</b>
<b>Net profit/ loss</b>		<b>-3 444 286</b>	<b>-288 113</b>
<b>Other comprehensive income:</b>			
Foreign exchange gains/(losses)		-21 511	0
<b>Total comprehensive profit/ loss for the period</b>		<b>-3 465 797</b>	<b>-288 113</b>

# CONSOLIDATED BALANCE SHEET

(EUR)	Notes	31.3.21	31.3.20	31.12.20
<b>ASSETS</b>				
Tangible assets	6	264 029	4 077	55 219
<b>Total non-current assets</b>		<b>264 028</b>	<b>4 077</b>	<b>55 219</b>
Inventory		24 230	61 943	50 217
Short term receivables		91 313	16 541	1 689 749
Cash and cash equivalent	5,8	49 265 086	164 806	4 779 478
<b>Total current assets</b>		<b>49 380 628</b>	<b>243 290</b>	<b>6 519 444</b>
<b>Total assets</b>		<b>49 644 656</b>	<b>247 367</b>	<b>6 574 664</b>
<b>EQUITY</b>				
Issued and paid in equity		54 247 412	4 808 145	7 142 044
Other equity		-11 571 836	-10 352 948	-7 489 767
<b>Total equity</b>	7,8,10	<b>42 675 576</b>	<b>-5 544 803</b>	<b>-347 723</b>
<b>LIABILITIES</b>				
Employee benefits	4	419 044	0	0
Other long term		0	4 985 598	1 945 224
<b>Total non-current liabilities</b>		<b>419 044</b>	<b>4 985 598</b>	<b>1 945 224</b>
Trade and other payables		652 344	734 440	247 891
Public duties and related		32 579	-26 294	-29 670
Other current liabilities	5	4 834 216	85 842	4 726 326
<b>Total current liabilities</b>		<b>6 550 037</b>	<b>806 572</b>	<b>4 977 162</b>
<b>Total liabilities</b>		<b>6 969 081</b>	<b>5 792 170</b>	<b>6 922 386</b>
<b>Total equity and liabilities</b>		<b>49 644 657</b>	<b>247 367</b>	<b>6 574 664</b>

Oslo, 27 May 2021

The Board of Directors of Circa Group AS

## CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR)	Notes	Q1 2021	Q1 2020
Cash receipts from operating activities		1 741 424	33 453
Cash payments from operating activities		-3 391 989	-352 300
<b>Cash flows from operating activities</b>		<b>-1 650 565</b>	<b>-318 847</b>
Payment for property, plant and equipment			
Other cash items from investing activities		324 086	11 946
<b>Cash flows from investing activities</b>		<b>324 086</b>	<b>11 946</b>
Net Interests paid		-12 456	0
Other cash items from financing activities	9	45 484 391	-578
<b>Cash flows from financing activities</b>		<b>45 471 935</b>	<b>-578</b>
<b>Net cash increase/decrease for the period</b>		<b>44 145 456</b>	<b>-307 479</b>
<b>Cash at beginning of period</b>		<b>5 399 474</b>	<b>473 826</b>
Net change in cash for period		44 145 457	-307 479
Foreign exchange cash		-279 845	-1 540
<b>Cash at end of period</b>		<b>49 265 086</b>	<b>164 806</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR)	Notes	Share capital	Premium	OCI	Retained earnings	Total
<b>Balance 1 January 2021</b>		<b>7 382 044</b>	<b>0</b>	<b>0</b>	<b>-7 722 462</b>	<b>-340 418</b>
Reverse takeover		1 339 872	142 929	0	0	1 482 801
Issuances		2 920 744	42 534 539	0	0	45 455 283
Purchase own shares		-32 489	-47 532	0	0	-80 021
Result of period, incl. P&L effects reversed takeover		0	0	0	-3 820 557	-3 820 557
Other comprehensive income		0	0	-21 511	0	-21 511
<b>Balance 31 March 2021</b>	8,10	<b>11 610 171</b>	<b>42 629 936</b>	<b>-21 511</b>	<b>-11 543 020</b>	<b>42 675 576</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. General information

Effective 9 February 2021, Circa Group reorganized and established a new holding company, Circa Group AS (CGAS). The previous ultimate holding company was Circa Group Ltd. (CGL). The substance of the reorganization being that the ultimate holding company, CGAS, acquired the existing group, CGL. As there were no significant changes in management or ownership this is under IFRS accounted for as a reorganization and not a transaction. As a result, besides the share capital, the historical consolidated financial figures and financial statements are a continuance of CGL.

The fiscal year for CGL is 12 months ending 30 June. The most recent audited financial statement for CGL is per 30 June 2020. The consolidated financial statements have been prepared in accordance with Australian GAAP which are (as disclosed in the consolidated financial statements of CGL per 30 June 2020) in accordance with IFRS, and therefore the transformation to IFRS have no impact.

### 1.1 Currency

The presentation currency for Circa group is euro (EUR).

The applied average (un-weighted monthly) foreign exchange rates per quarter and the closing exchange rate at month ends for the most important currencies for the group:

	31.03.21	Q1 21	31.03.20	Q1 20	31.12.20	Q4 20
AUD	0.65	0.64	0.56	0.56	0.63	0.61
GBP	1.17	1.14	n/a	n/a	1.11	1.11
NOK	10.00	10.26	11.51	11.29	10.47	10.76

## 2. Accounting policies

The interim financial statements of Circa Group have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the CGL consolidated financial statements 30 June 2020. The interim financial statements are unaudited.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the CGL annual financial statements for 30 June 2020.

## 3. Estimates, judgements, and assumptions

Preparation of interim financial statements in accordance with IFRS implies use of estimates, which are based on judgements and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues, and expenses. Actual amounts might differ from such estimates.

## 4. Long term incentive plan

CGL cancelled its existing incentive program and CGAS replaced it with a new plan effective as of 1 March 2021. Key members of the management and selected new hires and other key resources has been and will be granted synthetic options in total equivalent of up to 5 800 000 shares with a strike price equal to that of the private placement price, i.e. NOK 16.75 per share. The options vests upon commissioning of the ReSolute™ plant and expires three years after the listing on the Euronext Growth Oslo, i.e. 2 March 2024.



## 5. Government Grant

Circa Group receives government grants, and the accounting policy adopted varies for the different types of grants. For grants received directly relating to capitalized expenditures, Circa recognizes the grant amount using the capital approach. Grants are recognized on a systematic basis over the periods in which the related expenses are recognized, and the presentation method chosen is to deduct the grant in the carrying amount of the asset. For grants received relating to compensation for expenses incurred during the current period, the grant is recognized through the income statement in the period where the expenses are incurred and presented net to the eligible expenses. For grants received to compensate for expenses in prior periods, the grant is recognized in income statement in the period where it becomes a receivable and presented as other income. Prepaid grants are recognized as liabilities.

Per 31 March 2021, Circa has received grants both relating to capitalized expenses and to compensate for expenses in prior periods. Circa has also received a prepayment for the Horizon 2020 Flagship grant to partly cover capital expenditures of constructing the ReSolute™ plant.

## 6. Tangible assets

Circa has started to capitalize expenses relating to the Resolute™ plant:

(EUR)	Capitalize d expenses	Grant received*	<b>Total ReSolute</b>	Net other PPE	<b>Total tangible assets</b>
Balance 31 March 2020	0	0	0	4 077	4 077
Transactions during period	98 101	-45 323	52 778		
Balance 1 January 2021	98 101	-45 323	52 778	2 441	55 219
Transactions during period	387 978	-179 245	208 733		
<b>Balance 31 March 2021</b>	<b>486 079</b>	<b>-224 568</b>	<b>261 511</b>	<b>2 518</b>	<b>264 029</b>

\*The Resolute grant funds 46,2% of eligible costs

## 7. Principal shareholders

Shareholder	Number of shares	Ownership %
Circa Group AS	46 325 680	38,33
Norske Skog ASA	31 654 274	26,19
Lawrence	6 156 060	5,09
Saxo Bank A/S	4 814 537	3,98
BNP Paribas Securities Services	3 832 558	3,17
J.P. Morgan Bank Luxembourg S.A.	2 185 000	1,81
Verdipapirfondet Delphi Nordic	1 935 766	1,60
J.P. Morgan Bank Luxembourg S.A.	1 743 498	1,44
Fjarde AP-Fonden	1 500 000	1,24
Klaveness Marine Finance AS	1 341 860	1,11
J.P. Morgan Bank Luxembourg S.A.	1 177 830	0,97
Verdipapirfondet First Generator	1 041 600	0,86
Saxo Bank AS	980 020	0,81
Verdipapirfondet Delphi Norge	764 342	0,63
Goldman Sachs & Co. LLC	534 421	0,44
Enzian AS	500 000	0,41
Nordnet Livsforsikring AS	449 298	0,37
BNP Paribas Securities Services	441 750	0,37
DnB NOR Bank ASA	433 943	0,36
Pershing LLC	432 457	0,36
Other shareholders	12 617 055	10,44
<b>Total</b>	<b>120 861 949</b>	<b>100,00</b>

The data is extracted from VPS 25 May 2021, showing shareholders per 21 May 2021. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

In the Euronext VPS registry, Circa Group AS is registered as the holder of 46 325 680 shares, of which 333 340 shares are owned and held in treasury by Circa Group AS. The remaining 45 992 340 shares are temporarily held by Circa Group AS on behalf of shareholders awaiting settlement to nominee or individual accounts. Please note

that of these shares approximately 33 million shares are subject to lock-up arrangements entered into as part of the listing on Euronext Growth Oslo on 2 March 2021

## 8. Equity

Effective 9 February 2021, Circa Group reorganized and established a new holding company, CGAS. The previous top holding company was CGL. The substance of the reorganization being that the ultimate holding company, CGAS, acquired the existing group, CGL. As there were no significant changes in management or ownership this is under IFRS accounted for as a reorganization and not a transaction. As a result, besides the share capital, the historical consolidated financial figures and financial statements are a continuance of CGL.

The fiscal year for CGL is 12 months ending 30 June. The most recent audited financial statement for CGL is per 30 June 2020. The consolidated financial statements have been prepared in accordance with Australian GAAP which are (as disclosed in the consolidated financial statements of CGL per 30 June 2020) in accordance with IFRS, and therefore the transformation to IFRS have no impact.

The beginning balances of the consolidated Balance Sheet and the consolidated Statement of Changes in Equity reflect the consolidated equity in CGL. At the reorganization date (9 February), the share capital of CGAS was EUR 8 721 916 (*NOK 89 562 580*).

The functional currency date is the transaction date, however equity issuances are executed and registered in the public company registration at a fixed NOK amount, indicated in *italic* below.

At 31 December 2020 the share capital in Circa Group AS was EUR 195 817 (*NOK 2 060 000*). The company has had several capital transactions during the reorganization process and share capital at reorganization date (9 February 2021) was EUR 8 721 916 (*NOK 89 562 580*). The transactions:

- At 20 January 2021, the share capital in Circa Group AS was increased by way of contribution in kind by EUR 413 430 (*NOK 4 266 600*), from EUR 195 817 (*NOK 2 060 000*) to EUR 609 248 (*NOK 6 326 600*) by issuing 213 330 new shares, each with a nominal value of NOK 20. The subscription price was EUR 4.72 (*NOK 48.75*) per share, and total subscription was EUR 1 007 736 (*NOK 10 399 837.50*)
- At 9 February 2021, the share capital in Circa Group AS was increased by way of debt conversion by EUR 2 245 602 (*NOK 23 039 880*), from EUR 609 248 (*NOK 6 326 600*) to EUR 2 854 850 (*NOK 29 366 480*) by issuing 1 151 994 new shares, each with a nominal value of NOK 20. The subscription price was EUR 4.75 (*NOK 48.75*) per share, and total subscription was EUR 5 473 656 (*NOK 56 159 707.50*)
- At 9 February 2021, the share capital in Circa Group AS was increased by contribution in kind by EUR 5 867 066 (*NOK 60 196 100*), from EUR 2 854 850 (*NOK 29 366 480*) to EUR 8 721 916 (*NOK 89 562 580*) by issuing 3 009 805 new shares, each with a nominal value of NOK 20. The subscription price was EUR 4.75 (*NOK 48.75*) per share, and total subscription was EUR 14 300 974 (*NOK 146 727 993.75*)
- At 9 February 2021, the shares in Circa Group AS was split in a ratio of 1:20, so that one share with a nominal value of NOK 20, becomes 20 new shares, each with a nominal value of NOK 1.
- At 9 February 2021, the Board of directors was granted the authorization to increase Circa Group AS' share capital up to *NOK 44 781 290*, which are to be converted to EUR at transaction date. Authorization valid until general annual meeting 2022, but no longer than June 2022.

At 18 February 2021, the shares in Circa Group AS was increased by EUR 2 920 744 (*NOK 29 850 000*), from EUR 8 721 916 (*NOK 89 562 580*) to EUR 11 642 660 (*NOK 119 412 580*), by issuing 29 850 000 new shares, each with nominal value of NOK 1. The subscription price was EUR 1.64 (*NOK 16.75*) per share, and total subscription was EUR 48 922 456 (*NOK 499 987 500*)

## 9. Related parties

Norske Skog is one of the world's largest producers of publication papers, with headquarters in Oslo, Norway. Norske Skog is the largest shareholder in Circa Group and holds approximately 26.2% of the share capital in Circa

Group AS. Norske Skog is engaged to deliver certain management and administrative services to the Group for the remainder of 2021. The fee for such services is based on arms' length principle.

## 10. Events after the balance sheet date

At 14 April 2021, as a result of the Greenshoe option, the share capital in Circa Group AS was increased by EUR 144 359 (*NOK 1 449 369*), from EUR 11 642 660 (*NOK 119 412 580*) to EUR 11 787 019 (*NOK 120 861 949*) by issuing 1 449 369 new shares, each with nominal value of NOK 1. The subscription price was EUR 1.64 (*NOK 16.75*) per share and total subscription was EUR 2 418 021 (*NOK 24 276 931*). The total Greenshoe option was 4 450 000.