

# Annual Report 2022

**Circa Group AS**  
Changing chemistry for good™



# 2022 in numbers

	(2021)	(2022)
Cash position	€ 44.4m	€ 34.8m
Number of shareholders	2543	2254
Training per employee	24hrs	44hrs
Employee gender balance	M 64% F 36%	M 61% F 39%
FC5 environmental compliance	100%	100%
		(2022)
Circa Renewable Chemistry Institute (CRCI) customer projects	6	Customers supported 36

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# Progress and persistence

## CEO reflections on 2022

This last year at Circa has been one of continuing growth and development. We have maintained a steady path of commercialising, scaling and building our internal capacity. We've continued to build valuable partnerships, entering into new commercial agreements with equipment suppliers and market leaders and establishing a research institute with some of the best minds in the business.

To steward us through the next steps, our Board was strengthened in 2022 by two new industry players – one from the chemical industry and one from the finance sector. Martin Laudenbach is a professional board advisor and has held senior corporate positions at BASF and Solvay. Elise Fahlén has extensive experience from Venture Capital and Private Equity having worked for the Boston Consulting Group and EQT. Today she works as an Investment Manager at H&M Group's Venture Capital division.

Partnerships have always been a central part of the Circa strategy. It's how we managed to develop, test and learn so much about our product over the past ten years. In recent times, you will have seen established new official partnerships with Valmet – as a long-term supplier of critical plant equipment, EKATO – a globally recognised manufacturer of hydrogenation equipment, and a distribution and offtake partnership with European and UK distributor OQEMA.

This complements existing distribution agreements with Merck/Millipore Sigma and Will & Co that have enabled Circa to reach customers and markets that would normally be very difficult for a small company, including supply of samples to academia for research. The results of this research can be seen elsewhere in this Annual Report as we mention some of the more applicable research papers.

Our research partnerships with academia have been very important for Circa over many years and we were pleased to establish the Circa Renewable Chemistry Institute (CRCI) at the University of York, led by our Scientific Advisor, Professor James Clark. The Institute provides Circa and customers with a testbed for application development and material research.

Five scale-up plants have proven our Furacell™ technology works for markets that are actively seeking alternatives to today's harmful, petroleum-based solvents. As we move into the next stage scaling up through ReSolute and site appraisals for the following plant – FC6 – our long-term success will depend on the strength of our internal capacity to leverage the market opportunities our partners provide.

In addition to our 2021 initial public offering (IPO), we have received considerable public funding to get us to where we are today and 2022 was no exception. The French government awarded Circa €8.2 million for the development of the ReSolute plant in Eastern France as part of its 'France Relance' programme and we received additional funding from the Grand Est Region and CASAS. France is not the only government looking to strengthen its infrastructure for more sustainable materials and stable supply chains. The EU Green Deal and the US Inflation Reduction Act continue to reinforce Circa's and our partners' belief that levoglucosenone and Cyrene™ have huge growth opportunities.

Even in these uncertain times with a global economy that is teetering due to war, inflation and the pandemic, our ReSolute plant in France has moved through the design phase with many trials completed and new personnel brought on board.

In parallel, our FC5 plant in Tasmania continues to manufacture and ship Cyrene™ to hundreds of industrial customers around the world. It is used for pharmaceutical manufacturing, graphene development and textile recycling, and trialled by researchers who are proving the use of Cyrene™ in lignin breakdown, for the manufacture of membranes or the replacement of highly toxic solvents in battery recycling, ink formulations or as a replacement of a petroleum-based solvent in liquid-liquid extractions. Cyrene™ is proving its worth time and time again.

Underpinning this steady progress, patience remains an important strategic tool. But do not mistake patience for lack of urgency. Patience is the skill to recognise when and how to move forward. Our progress is ongoing and persistent. Patience and resilience allow ideas and people to develop. That is why we are here today and is the template for ongoing progress. Patience means taking slightly longer to build the ReSolute plant, but delivering an improved operation. Every aspect of the build is being reviewed continuously to manage capital, energy and operating costs in the face of foreseen and unforeseen challenges.

We are taking on traditional markets where we have obvious advantages, including in large niche markets. You will see more new developments over the next twelve months. These will be targeted to applications where our product capabilities offer more than what is currently available and where Circa can develop an ongoing profitable niche, driven by performance, sustainability and cost to use, and where levoglucosenone derivatives can help solve big global issues.

We are committed to the path of scaling up and commercialising our products and to building not just better products but also a strong bio-based chemical sector. When we look at the multiple challenges we face as a society, we cannot lose momentum. We must continue to take action and be part of the solution.

It takes courage to stay on course with the grand idea of a better future. It is something which requires both patience and persistence in an ever-changing world. We also appreciate the courage our investors show in their commitment to the Circa journey. Many of them have been on the journey with us since the early days. They have made a long-term commitment to making a difference. Others, including institutional investors, have come on board during or since our IPO. We welcome them all.

I would like to thank the entire Circa ecosystem – our team, the Board, investors, partners, governments and the wider community in France, Norway, Australia, Belgium, the UK and beyond. Together we are making real, tangible progress every day and we are changing chemistry for good.



**Tony Duncan**  
CEO & Co-founder



# Key financial metrics

EUR MILLION  
2022 2021

## Income statement

Operating revenue	1.2	1.0
Operating profit / loss	-6.0	-6.5
Net profit / loss before tax	-6.0	-7.0
Earnings per share	-0.05	-0.06

## Cash flows

Net cash flows from operating activities	-7.7	-7.1
Net cash flows from investing activities	-5.8	-1.5
Net cash flows from financing activities	3.7	48.1

## Year-end financial positions

Total cash and cash equivalents	34.8	44.4
Total assets	43.1	47.3
Equity	36.0	41.7
Equity / assets ratio in %	84%	88%

# Circa at a glance

The transition to a lower carbon future demands the use of renewable, sustainable feedstocks to meet future energy and chemical needs. Consumer demands combined with increasing regulatory pressure mean that companies using petrochemicals in their products are actively seeking sustainable alternatives.

## Circa is changing chemistry for good.™

Our business exists to enable the transition from fossil-based toxic chemicals that are used to manufacture countless everyday products. Biomass is an abundant source of renewable carbon-based feedstock and provides the raw material both for our products and most of Circa's manufacturing energy needs.

Solvents are ubiquitous in chemistry, yet for decades little has been done to improve upon these harmful materials, until now. Our flagship biosolvent Cyrene™ is widely acknowledged as one of the very few viable, safer and sustainable alternatives to traditional fossil-based solvents, with the capability to be used across many applications.

**2006**  
Circa established

**2009**  
Furacell™ technology patented

**2014**  
First Cyrene™ publication by University of York

**2015**  
Partnership with Norske Skog to build fifth prototype plant (FC5)

**2017**  
Bio-based chemical innovation of the year

**2020**  
EU Horizon grant for Project ReSolute™

**2021**  
Circa Group AS lists on Euronext Growth

**2024**  
ReSolute producing 1,000 tpa

**2027**  
FC6 producing 12,500 tpa

**2030**  
Future plants making 80,000 tpa

# Changing chemistry for good™



Circa is changing chemistry for good™. Our purpose is to advance the adoption of more sustainable chemistry, and we do that by developing chemicals made from renewable feedstock and via a low carbon manufacturing process, Furacell™. We provide our customers with products that are focussed on superior performance and sustainable value, protecting human health and the environment.

Circa works with global businesses committed to transitioning to lower carbon chemicals, including the solvents used in their industrial processes. The market for these solvents is mostly served by unsustainable and toxic fossil-based solvents. The EU Chemicals Strategy for Sustainability and the development of 'safe and sustainable by design' criteria by ECHA foreshadow the elimination of toxic solvents such as NMP and DMF. Governments and brand owners worldwide are seeking substitutes to these chemicals which are often harmful to human health and the environment.

Cyrene™ is widely acknowledged as one of the very few viable, safer and sustainable alternatives, with the capability to be used across many applications. We are helping our customers to act on global regulations, such as REACH, K-REACH, and TSCA, to minimise EHS risk and address growing drivers from their own customers for sustainably made products.

Sustainability is not an add-on for Circa – it is the reason we exist. There are three strategic sustainability drivers that shape what we bring to market, how we make it and our relationships with communities where we operate.

# Circa has a clear and quantifiable sustainability position



## Decarbonisation

The global economy is on a decarbonisation pathway, and this is forcing a shift from fossil fuels as the dominant source of energy, towards renewable sources. But renewable energy will only solve part of the problem. 10% of global carbon emissions come from the chemicals sector and half of that is from the fossil feedstock that is used to produce the chemical building blocks of a vast range of materials. The world runs on what we manufacture from petrochemicals. A lower carbon economy needs renewable chemicals, just as much as renewable energy, and this is where Circa comes in.

We are one of the few renewable chemical companies capable of scaling to provide an alternative from toxic fossil-based chemicals in the timeframes needed to achieve global climate commitments, and this is resonating with our customers.

Corporate boards are taking action on decarbonisation, and increasingly this includes scope 3 greenhouse gas emissions (indirect emissions upstream and downstream of company's operations). Companies like Circa can help them achieve scope 3 targets, and arguably we are better positioned than many of our peers to do so.

Chemical companies are often at the beginning of complex value chains, which has made them less visible to the end consumer, but that is changing. About 75% of the chemicals industry emissions come from scope 3, and purchased materials account for almost half of scope 3 emissions, including feedstock. The provenance of the carbon that makes up chemicals is becoming part of the procurement conversation.

✓ Our flagship biosolvent Cyrene™ is made from 95% biogenic carbon and life cycle analysis shows it has a carbon footprint up to 80% lower than other competitor solvents.

🎯 Update the life cycle assessment on Circa's FC5 plant in Tasmania, and conduct a complete cradle to grave sustainability assessment for the ReSolute plant by 2024 to quantify carbon reduction opportunities in line with net zero ambitions.

## Circularity

The 'take-make-dispose' economy is leading to substantial and ever-increasing pressure on resources and causing pollution. Moving from a linear to a circular economy means eliminating waste and pollution and keeping products and materials in use. The EU Circular Economy Action Plan is driving the redesign of products and production processes, so that pollution and waste are designed out entirely, and that includes phasing out chemicals of concern that are used to manufacture these products.

Safer and more sustainable alternatives are needed to move from the current unsustainable, linear production and consumption system to a circular economy.

Circularity signals the need for new industrial processes and better, greener, safer chemical formulations. This presents an opportunity for Circa across many segments, and textiles has been the first to bear fruit. Our bio-based solvent has been successfully tested by Textile Change in the separation and decolourisation of waste textiles into cellulose and polyester.

The circularity of our production process and Cyrene™ is an advantage in these markets. As we grow our manufacturing capacity, we are taking the opportunity to improve the valorisation of feedstock and the by-products that result during manufacture. With Cyrene™ adoption growing to commercial volumes, we are also supporting customers to manage its removal and recycling.

✓ The Furacell™ production process is environmentally benign; biochar and water are the two primary by-products and we can use the water created from the process as steam for process heat.

🎯 Circa has commenced work on solvent recycling of Cyrene™ at scale, providing guidance on procedure and partners.

## Wellbeing

Wellbeing is a broad term and encapsulates several areas of focus for Circa. This includes the safety and wellbeing of our employees, the interests of the communities around our plant locations and the safety and sustainability profile of the products that we make. Project ReSolute™ is designed to create positive impact in each of these three areas.

- ReSolute plant will drive employment in North East France near the Carling site, contributing to the regeneration of the Vosges region through the creation of approximately 40 direct jobs and 120 indirect jobs.

- The use of Cyrene™ will generate direct health benefits to workers where they are exposed to traditional solvent, from plant operators to farmers.
- Project ReSolute™ will also foster new bio-based value chains, increasing the share of sustainable bio-based materials used in consumer products.

By bringing biochemicals to scale, and growing these new value chains, we are changing chemistry for good with our partners. The chemicals industry is one of the largest manufacturing sectors in the world, on a growth trajectory, which will only increase the chemicals with which we all come into contact as part

of normal life. Many are harmless or even beneficial. Others pose a threat and are hazardous to people's health and the environment.

A substance of very high concern (SVHC) is a chemical substance that can have serious effects on human health or the environment. They could be carcinogenic, mutagenic, bio-accumulative or toxic for reproduction. Circa's safer and sustainable biosolvent Cyrene™ is capable of replacing and even outperforming competitor solvents that have been categorised as SVHCs and we are on a pathway to achieve REACH Annex IX.

✓ Circa's biosolvent Cyrene™ is capable of replacing and even outperforming competitor solvents that have been categorised as SVHC.

🎯 ReSolute will create approximately 40 new jobs in the lower carbon economy, and influence the development of an additional 120 indirect jobs.

# Technology designed for sustainability

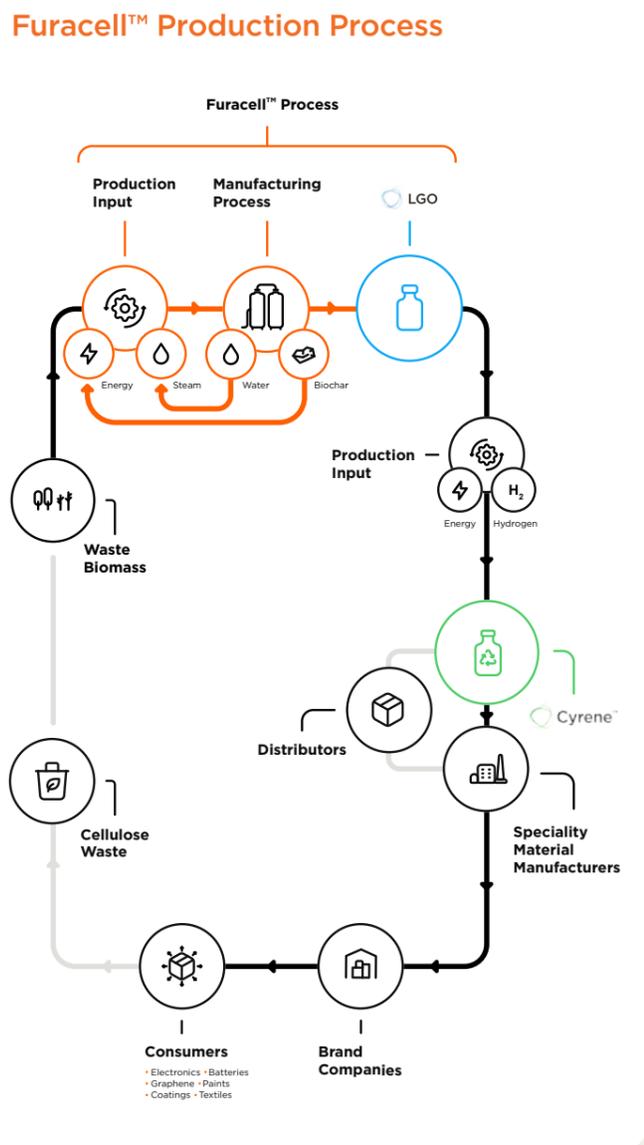
From its origins in 2006, Circa has had a clear set of criteria that apply sustainability to its production process. Circularity is a defining feature of the Furacell™ process that results in levoglucosenone (LGO), the naturally occurring molecule from which our products are derived.

**The Furacell™ process has been designed to be:**

**Feedstock tolerant:** a wide range of sustainable non-food cellulose is suitable – not dependant on any individual feedstock type. The forest biomass we currently use as a feedstock makes beneficial use of a by-product from other industrial processes.

**Carbon neutral:** the production process is close to carbon neutral, with its feedstock coming from renewable carbon sources, and energy sources primarily from biochar produced in the Furacell™ process. Work continues to optimise the use of renewable energy.

**Environmentally benign:** biochar and water are the two primary by-products. We can use the water created from the process as steam for process heat. At end-of-life, Cyrene™ has no NOx or SOx avoiding the costly disposal strategies of other toxic solvents.

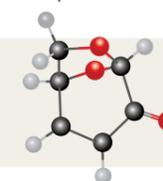


# LGO and its derivatives



Extensive research worldwide identifies a vast range of bio-based derivatives which can be produced from LGO. We have found a sustainable way to make LGO at scale, minimising side products, maximising functionality and leading to a breakthrough problem-solving molecule. This platform molecule is a biomass derived chemical intermediate that can be efficiently converted to diverse chemical products. Multiple reaction sites and chiral centers make it a highly versatile synthetic platform.

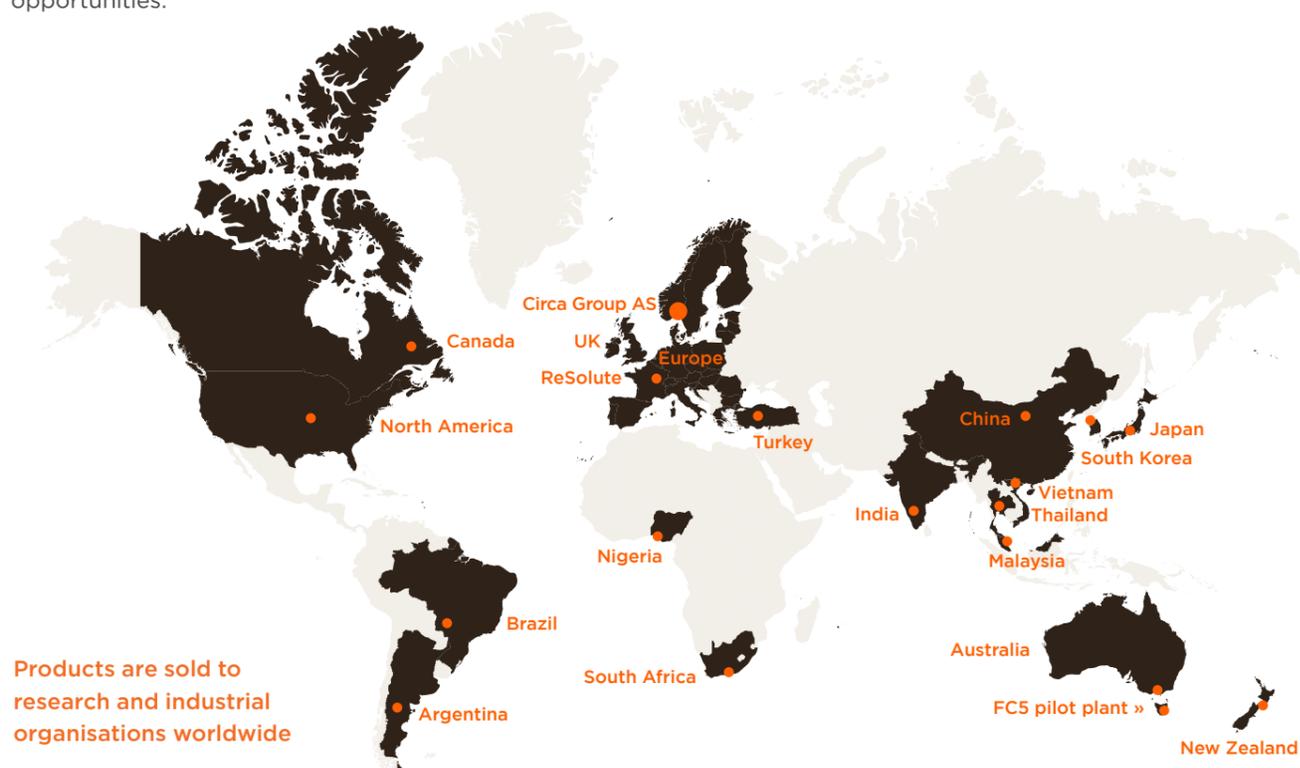
A bio-privileged molecule with many industrial applications



Many of the intermediates readily accessible from LGO are common starting materials or chemical intermediates used in agrochemicals and active pharmaceuticals. Our plan is to lay the foundations for growth of the LGO platform into these high value and high growth opportunities.

Cyrene™ is made in one step from LGO. Our flagship bio-based solvent demonstrates circularity, sustainability and safety at every stage of its life cycle. Cyrene™ is an alternative to traditional toxic petroleum-based solvents and has outperformed the most common of them in 20-30% of applications trialed to date, with a carbon footprint that is up to 80% less. The EU Chemicals Strategy for Sustainability and the development of 'safe and sustainable by design' criteria by ECHA foreshadow the elimination of these toxic solvents such as NMP and DMF.

The potential applications for Cyrene™ extend across multiple markets, such as pharmaceuticals, agrochemicals, paints and coatings, and it is showing strong results in membrane formation, graphene dispersion, battery production and textile recycling.



## Bringing sustainable pharmaceuticals closer



Award-winning work by MSD in the US has highlighted how using a levoglucosenone derivative molecule in combination with advances in chemistry technology can result in the more sustainable production of pharmaceuticals.

Pharmaceutical manufacturing generates more waste per kilogrammes of product than any other chemical manufacturing sector. Despite the significant advances made in green chemistry, considerably more can be done to improve the sustainability of pharmaceutical production. Circa has part of the solution.

Research has shown that LGO is an excellent platform molecule for the production and discovery of pharmaceuticals. Recent work by MSD in the US has highlighted how using a levoglucosenone derivative molecule in combination with advances in chemistry technology can result in the more sustainable production of pharmaceuticals.

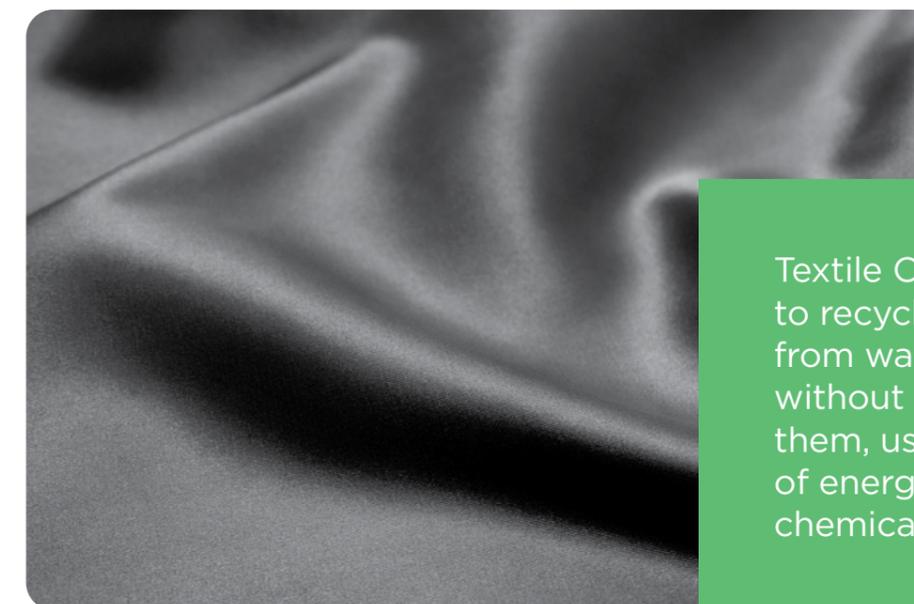
Circa's LGO derivative was used by MSD for the production of an early stage drug for the treatment of leukaemia. The initial manufacturing process relied on an 11-step synthesis. The development team was able to reduce this to 2 steps, reducing energy use, carbon emissions and wastewater generation.

This innovative work was awarded the American Chemical Society's 2022 Peter J. Dunn Award for Green Chemistry and Engineering Impact in the Pharmaceutical Industry for developing *"green manufacturing technologies to enable the production of investigational leukaemia drug candidate from a biorenewable commodity material."*

The pharmaceutical market offers many opportunities to use Circa's bio-based building block more widely to make key intermediates. For example, in the synthesis of the COVID-19 anti-infective drug Remdesivir and the HIV protease inhibitor Indinavir. And there is increasing pressure to manufacture pharmaceuticals more sustainably.

For that reason, Circa is a partner in the EU HORIZON funded project TransPharm, which seeks to develop sustainable production methods for pharmaceuticals products. The future is bright for bio-based platform molecules.

## Enabling sustainable textile recycling



Textile Change is using Cyrene™ to recycle fibre raw materials from waste textile inputs, without irreparably damaging them, using the least amount of energy, and safer, renewable chemicals in the process.

Danish technology company Textile Change is working with Circa to optimise textile recycling. They have successfully tested Cyrene™ in the separation and decolourisation of waste textiles into cellulose and polyester. In choosing Cyrene™ over the alternative, Textile Change expects to achieve a safer, low carbon, less energy intense process, while delivering a high yield.

Ditte Højland, CEO and founder of Textile Change said, *"We chose Cyrene™ as the most efficient solvent, with the best dissolution performance, and the strongest sustainability profile. Circa has provided us with a non-fossil alternative to traditional solvents, with better environmental and safety characteristics. This positions Textile Change to meet our future customers' needs for a renewable source of quality textile materials from a sustainable industrial process."*

The Textile Change pilot plant is currently being commissioned in Denmark with funding support from MUDP by the Danish Ministry of Environment. This development is a major milestone for scaling their sustainable technology to yield several thousand tonnes per annum. It will demonstrate that the company has found a commercially competitive way to recycle fibre raw materials from waste textile inputs, without irreparably damaging them, using the least amount of energy, and safer, renewable chemicals in the process.

## Partnering for growth with Valmet



A key milestone in Circa's growth was met through a strategic partnership agreement with Valmet in 2022. Valmet will be the main process technology and equipment supplier, and actively contribute to accelerating the development of Circa's large-scale production plants. The cooperation considerably strengthens Circa's ability to build and deliver its plan to become a large-scale producer of sustainable biochemicals.

Valmet is a leading commercial supplier of pyrolysis plants to a range of industry sectors. They will supply the pyrolyser technology, a circulating fluidised bed (CFB) boiler and an automation system for the ReSolute plant, and they will form part of the team that is actively working on plans to establish FC6, Circa's next stage plant.

According to Ari Saario, Vice President, Strategy and R&D, Pulp and Energy, Valmet, the company is actively developing technology to replace fossil raw materials with renewable alternatives. He said *"In the ReSolute project we have combined our experience in converting biomass to pyrolysis gas with our combustion and automation know-how. This is an excellent example of widening our product portfolio into new technologies."*

Valmet proposed that the boiler and pyrolyser could be combined and the char, which is a by-product of the Cyrene™ production process, could be used to fuel the boiler. This is a significant cost advantage and enhances the circularity of the Furacell™ production process. Both companies are focused on the commercial opportunities that sustainability creates and share a similar goal to support the transition of their customers to renewable technologies.

## Cyrene™: a flagship product for OQEMA



Circa and OQEMA are partnering to develop markets for Cyrene™ in the UK and Europe. The agreement complements the existing agreements Circa has with Will & Co, Merck and DICHEM as well as providing direct channel options for Circa's large customers.

The aim of the supply and capacity reservation agreement with OQEMA is to develop the market for several thousand tonnes of Cyrene™ per annum. This will bring reservation commitments for Cyrene™ volumes to over 5,000 tonnes per annum, to be supplied by ReSolute and the next plant, FC6.

OQEMA had the foresight to see the potential of Circa's bio-based solvent Cyrene™ early on. The two companies have been in contact for many years as Circa moved through start-up and pilot into scale-up. Since the IPO in 2021, it was clear that Circa was delivering on its vision to bring sustainable solvents to the market and was looking to broaden its distributor base in the UK and Europe. Early in 2023, the partnership was formalised.

OQEMA sees the chemical market shifting towards sustainability – driven by regulation and consumer demand – and they see a growing appetite for bio-based chemicals. The company expects demand for Cyrene™ to be strong. Emma Walker, UK Commercial Director, said *"OQEMA is increasingly focusing our strategy on sustainability and transitioning to renewable chemicals so the partnership with Circa is important. By bringing Circa's products into our portfolio, we are taking steps towards a more sustainable future for our business and its customers."*

OQEMA is helping Circa deliver on its vision and expand Circa's access in the market. This positions OQEMA not just as a distributor of chemicals but as a company that wants to make a difference. Cyrene™ is the flagship product in OQEMA's renewable chemicals portfolio. Together, Circa and OQEMA are changing chemistry for good.

# Building our discovery and development capability

Circa research partners play an important role in discovery, product development and applications. We work with them through multi-year collaborative research initiatives and ongoing programmes of work where their specific expertise adds value to Circa's capability, and where a commercial opportunity exists. In 2022 the research community continued to test Cyrene™ in new applications, showing promising results for future markets.



### Lignin fractionation

Lignin is the second most abundant component of biomass, with the pulp and paper industry generating > 50Mt per year as a by-product of the Kraft lignin alone. Key to using this material in a range of application are efficient methods for its controlled fractionation and functionalisation. Cyrene™ was recently shown to be an excellent solvent for both of these technically challenging applications.

**Duval (2023) Green Chem Journal** *"Dihydrolevoglucosenone (Cyrene™) as a versatile biobased solvent for lignin fractionation, processing, and chemistry"*



### Membrane fabrication

In addition to standard polymer processing conditions, such as 2D, 3D and ink-jet printing, polymer formulations can now also be applied to a surface via spray coating using Cyrene™. This technique allowed for the controlled production of thin film composites with high separation performance in a more sustainable process.

**Lin (2022) Journal of Materials Chemistry** *"Spray coating polymer substrates from a green solvent to enhance desalination performances of thin film composites"*

## Circa Renewable Chemistry Institute



In 2022 we expanded our expertise by leveraging 8 years of research with the University of York's Green Chemistry Centre of Excellence (GCCE). The Circa Renewable Chemistry Institute has been established.

The CRCI mission is to advance and promote the development and commercialisation of renewable chemistry, processes and products that enable the chemical industry to transition to commercially viable, sustainable, and environmentally responsible bio-based products at an industrial scale.

In the short to medium term the scope of the Institute is to carry out customer focussed application-driven developments that enable the replacement of petrochemicals by:

- Leading the development and utilisation of Cyrene™ for the scaled production of high value products.
- Developing solvents and new derivatives for research and industrial processes.
- Valorisation of biomass materials including waste feedstocks and biochar.

Over the course of 2022 36 customers were supported with technical assistance, and the CRCI undertook six projects with partners and customers so that their trials of Cyrene™ could enter the next stage of development.

# Convening partners to change chemistry for good

Circa  
Renewable  
Chemistry  
Institute



Early in 2023 the University of York convened industry leaders, innovative practitioners and research expertise to officially launch the Institute. Professor James Clark chaired a panel, including OQEMA, Croda, Synthomer and the Chemical Industries Association, which explored the barriers and critical success factors in the adoption of renewable chemistry. The programme also included a guest lecture from Dr Jane Murray, Global Head of Green Chemistry at Merck, and Professor Boelo Schuur from the University of Twente.

The CRCI is the result of a longstanding and symbiotic relationship between Circa and the University. Over the last ten years the University of York's GCCE has worked in close partnership with Circa, playing a key role in the development and

commercialisation of Cyrene™, Circa's bio-based solvent. Now the CRCI has been established to drive forward research and seek new breakthrough products and processes, reflecting the important role of renewable chemistry in the urgent shift to more sustainable industry.

Based at the University of York, the Institute will play a vital role in developing the biomaterials industry. Circa will gain access to cutting-edge research with well-equipped laboratories and the academic expertise and leadership that come with them. And more broadly, it will be an international hub for renewable chemistry, as well as helping Circa and its customers make industrial processes safer and more sustainable.

# Production in Tasmania supplying markets



Circa has fine-tuned for more than 10 years and across five pilot plants the world's only scalable production process for levoglucosenone and Cyrene™. The FC5 plant, which is both a demonstration plant as well as a platform for process optimisation, came online early 2019 at the Norske Skog paper mill site in Boyer, Tasmania, Australia.

This plant is a critical component of the commercialisation plan as it provides trial volumes in hundreds of kilogrammes quantities for both industry and academia. To date over 1,000 trials have been shipped to customers around the world.

It remains a key asset in the Circa portfolio and currently is the largest producer of levoglucosenone or Cyrene™ globally by several orders of magnitude.

Continuous improvement at FC5 allows for the optimisation of the Furacell™ process and the increase of yields. In 2022 a Value Stream Mapping (VSM) initiative commenced that enables us to visualise, analyse and improve every step of the product delivery process. These learnings are also benefiting the operational structure for the ReSolute plant.

# Project ReSolute™



Our capacity to develop and scale the Furacell™ patented technology was key to winning the support of the French Government, the EU Horizon 2020 research and innovation programme and the Bio-based Industries Consortium to fund Project ReSolute™. ReSolute will be Circa's first commercial scale plant and it will be commissioned in the northeast of France in mid-2024.

We lead the ReSolute consortium, which brings together 11 key actors from 6 European countries. Our partners represent the entire value chain, from feedstock to market uptake. The plant will scale-up the current Cyrene™ production process to 1,000 metric tonnes of output per year. This is one in a series of plants on a roadmap that will see Circa build 80,000 tonnes of capacity by 2030.

We made significant progress on our ReSolute™ plant in 2022, with our Global Head of Manufacturing, Philipp Morgenthaler coming on board. Basic engineering design was completed, we engaged, began work and signed delivery contracts with key suppliers and the permitting file was developed for submission to the authorities.

Our strategic partnership with Valmet was a particularly important milestone. Valmet will be the main process technology and equipment supplier for ReSolute. They will provide the pyrolyzer technology, the circulating fluidised bed boiler and the plant automation system. By developing deployable modules with a production capacity of 10-15 thousand tonnes per annum, Valmet's approach is bringing our next stage FC6 plant closer to fruition.

We also signed a contract with Ekato for hydrogenation technology. These partnerships strengthen Circa's ability to build and deliver its plan to become a large-scale producer of sustainable biochemicals.

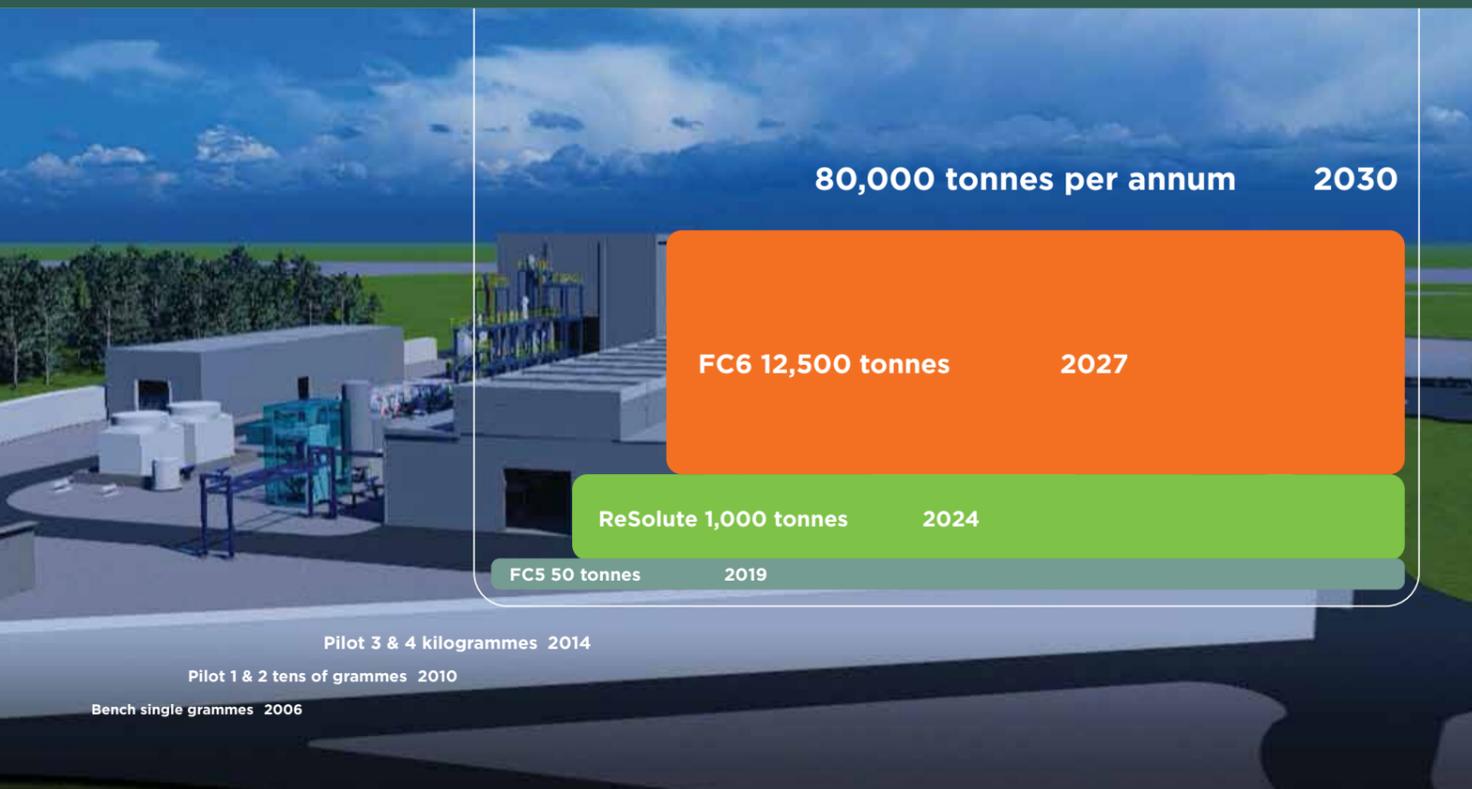
Project ReSolute™ has also benefited from grants provided by the French government, regional and local governments, and offers of non-financial support have also been well received.

- €8.2 million from 'France Relance' programme.
- €0.85 million from 'Coal Fund'
- €0.5 million from CASAS (local Mayor's association)
- €1.5 million from Grand Est Region



This project has received funding from the Bio Based Industries Joint Undertaking (JU) under grant agreement No 887674. The JU receives support from the European Union's Horizon 2020 research and innovation programme and the Bio Based Industries Consortium.

# FC6 and future plants



While we work on ReSolute, our future plants are coming into focus. ReSolute will inform our plans for FC6, which is expected to have a capacity of 12,500 tonnes. Research has been initiated in 2022 for suitable sites.

The partnership agreements signed with both Valmet and Ekato for boiler, pyrolyzer and hydrogenation equipment include work packages related to next stage plants (FC6+). While the current focus is on the ReSolute build, the vision behind all activities with these teams is on the larger scale plants where scale provides opportunities that are not practical or economically viable at ReSolute scale. These include valorisation of sidestreams, biomass fractionation (and the opportunity to utilise Cyrene™ in the breakdown of lignin), renewable energy production and reduction of the manufacturing carbon footprint.

# Our people

## CIRCA values Courage, Initiative, Respect, Community and Accountability

Developing Circa's capabilities requires a coherent organisational framework that supports our strategy. There is important shareholder value being created by the investment we make in the capacity of our people to deliver the growth plan.

In 2022 we continued to build Circa's people capability by extending the delivery of our customised in-house 'Circus' programme. The design of this programme is based on the evidence that fair and understood processes within businesses increase trust, and trust is the corporate foundation that delivers better outcomes for all stakeholders.

### Training hours

44 hours of in-house company training per employee

### Discipline is not the enemy of creativity

Applying process to product development and manufacturing is how we deliver on our strategy. It is equally important that our organisational behaviours are values-based. Values form the foundation of our culture and guide how we do things at Circa. Our approach to people development establishes a shared understanding of our values and what they mean in the conduct of our business in market-facing roles.

## Management team

Circa is a purpose-led and values-driven renewable chemicals company. We are on a growth pathway, with a flexible and diverse approach to attracting and retaining talent in a competitive employment market. In 2022 our corporate office was established in Oslo, with finance and legal capabilities added under the leadership of our female CFO. Our global leadership team also expanded in the year under review, with our Head of Manufacturing starting in Switzerland and the appointment of a new Head of Development and Commercialisation, Nick Smith, based in the UK.



### Tony Duncan | Chief Executive Officer

Tony is the CEO and co-founder of Circa. He worked for over 30 years in the Australian and New Zealand forestry and paper industry before founding Circa in 2006.



### Tone Leivestad | Chief Financial Officer

Tone has had extensive experience in finance, consulting and industry. She was previously Head of CFO Advisory at both KPMG Norway and Accenture Norway, as well as Group CFO in top-tier operations.



### Philipp Morgenthaler Head of Manufacturing

Philipp has impressive experience in the development of greenfield factories and industrial-scale production facilities. He has significant global manufacturing expertise and networks from an international career spanning almost 20 years, leading teams across Europe, USA, China and Brazil.



### Nick Smith | Head of Development and Commercialisation

Nick has global experience in the chemical industry from business development roles covering European, Asian and US markets. His significant expertise introducing products and building markets is key to Circa's commercial growth.



### Amanda Keogh General Manager Sustainability and Marketing

Amanda is a recognised leader in sustainability and has supported many organisations to protect and enhance brand and stakeholder relations through ESG strategies and communications.



### Sarah Hickingbottom | General Manager

Previously CEO for the bioeconomy innovation cluster BioVale, Sarah has worked on other BBI JU projects and sits on the BioSwitch Advisory Board. A PhD chemist, she has extensive global experience advising brand owners, chemical manufacturers and agricultural producers on bio-based economics and value chains.



### Jason Camp | Chief Technology Officer

Jason is a highly qualified PhD chemist with considerable experience working in both academia and industry across the US, Australia and UK. He has conducted research and published extensively in the areas of green chemistry and sustainable solvents, including Cyrene™.

## Board of Directors

Circa believes that good corporate governance involves transparent and trustful cooperation between all parties involved with the Group and its business. This includes our shareholders, board of directors and executive management team, employees, customers, suppliers, and other business partners, as well as public authorities and society at large.

In the year under review there were two new directors appointed to the board, including Circa's first female board director. Martin Laudénbach and Elise Fahlén bring strong management expertise within the chemicals industry and venture capital investments respectively, skills that will contribute significantly to Circa's growth.



### Lars Peder Sørvaag Sperre Chairman

Mr. Sperre is the Senior Vice President Corporate Strategy of Norske Skog ASA and has held various senior roles including President and Chief Executive Officer, Legal Counsel and was Vice President.



### Trond Stangeby Board Director

Mr. Stangeby has previously held several management and executive positions in Norsk Hydro and Yara International. He has also been part of the management team in the Norske Skog Group from 2011 to 2013.



### Greg Court Co-Founder and Board Director

Mr. Court is one of the founders of Circa Limited and has been a director of Circa Limited since 2005. He has over 30 years-experience in the pulp and paper industry in Australia and the US.



### Elise Fahlén Board Director

Ms. Fahlén is a passionate investor who, in addition to private investment endeavours, has considerable professional experience from venture capital and private equity investing in Europe as well as the U.S.



### Rune Sollie Board Director

Mr. Sollie is the Chief Financial Officer of Norske Skog ASA. Prior to joining Norske Skog ASA, he was the senior financial reporting and compliance director at Statoil Fuel & Retail AS.



### Martin Laudénbach Board Director

Mr Laudénbach has extensive experience in the international chemical industry from serving in senior positions at BASF and Solvay. Mr Laudénbach currently works as a professional advisor and holds various director positions including in the Polish chemical group CIECH S.A., a company listed on the Warsaw and Frankfurt Stock Exchange.



### Jim Henneberry Board Director

Mr. Henneberry currently chairs Timberland Pacific and is a trustee at Monash BioPria. He was formerly CEO/MD of Australia Paper and served on the board of Forest and Wood Products Australia. Jim has had numerous CEO and director roles in operations, sales and R&D.

# Report of the Board of Directors for 2022

## About the Company

Circa is a renewable chemical company producing unique and highly valuable biochemicals. Using abundant and renewable non-food biomass 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, flavours, fragrances, electronics, batteries, paints, graphene, polymers, and many other applications where bio-based alternatives to current industrial chemicals represent innovative, cost-effective solutions. Cyrene™ – Circa's first commercial product – is a solvent gaining considerable interest in a >1,000,000 tonne market as a safer, high performing replacement for toxic, petroleum-based products.

### Operations and locations

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

The Circa Group presently has geographical presence in Australia, France, UK and Belgium in addition to Norway.

Circa has one plant in operation, the FC5 plant built at the Norske Skog Boyer mill site in Tasmania. This is a large-scale prototype plant producing tonne quantities of LGO and Cyrene™, and products produced at the FC5 plant are now being used by researchers and companies across Europe, the US, China and Australia. A new 1000 tonne capacity plant – "ReSolute™" – is Circa's first industrial scale plant, being built in the Grand Est Region of France, with planned commissioning in 2024.

## Circa Group in 2022

### FC5

The plant in Tasmania continues to deliver product for samples, trials, and orders of 100+ kilogrammes per delivery. In the fourth quarter, this included product for agrochemical trialling in both Australia and Europe, where customers are looking to phase out toxic solvents. It also includes 1,000 kilogrammes deliveries to Europe for specific industrial application trials and as inventory to enable quicker turnaround for the growing demand for trial product.

### ReSolute™

Contracts with major plant vendors are progressing, and two major contracts progressed in the fourth quarter. In November, Circa Group signed a contract with Valmet for the delivery of equipment to its ReSolute™ plant. This equipment contract specifies the pyrolyzer technology, the circulating fluidised bed (CFB) boiler and the automation system, which will be delivered over the second and third quarter of 2023. December, Circa Group signed a contract with Ekato for a skid-mounted hydrogenation plant for the production of Cyrene™.

### FC6

The FC6 development work commenced in fourth quarter of 2022, in conjunction with the ReSolute™ detailed engineering design work. For this purpose, Circa and Valmet have also signed a conceptual engineering agreement. A small Circa / Valmet development team has started to work on FC6 concepts and production opportunities – including optimising plant chemistry, pre-fractionation, and valorisation of side streams.

### Grants

We have been very pleased with the support of the local governments in the region Grand Est to the ReSolute™ project, with grant funding secured as well as offers of non-financial support for the project. During 2022, Circa has been awarded grant support of EUR 8.2 million from BPI France as part of the "France Relance" programme, EUR 0.85 million from the Coal Fund, EUR 0.5 million from CASAS and EUR 1.5 million from Region Grand Est.

## Financial performance in 2022

### Income statement

Circa does not expect any significant sales revenue prior to start-up of the ReSolute™ plant in 2024. The Group's revenues in 2022 is EUR 1.2 million (EUR 1.0 million) and is related to R&D income in Australia, as well as product sales from FC5. Other revenue also includes grant income relating to compensation for expenses incurred during the current period.

Loss before tax in 2022 was EUR -6.0 million, compared to a loss before tax of EUR -7.0 million in the previous year.

### Balance sheet

As of 31 December 2022, Circa had cash and cash equivalents of EUR 34.8 million (EUR 44.4 million), total assets of EUR 43.1 million (EUR 47.3 million) and equity of EUR 36.0 million (EUR 41.7 million). This corresponds to an equity ratio of 84%. Expenses capitalised per 31 December 2022 is EUR 10.0 million (EUR 2.3 million), which is mainly related to ReSolute™. Total capex is offset by the Horizon 2020 grant contribution of EUR 3.1 million (EUR 1.1 million).

### Grant

The Group is part of the ReSolute™ consortium, which received the EU Horizon 2020 flagship grant of 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 45% of the grant was received in 2020 partly to compensate for expenditures capitalised to date for the ReSolute™ project, and in 2022 Circa received a payment of EUR 1.2 million based on the first periodic project reporting to BBI for Horizon 2020. This is included in Other current liabilities.

In Q4 2022, Circa received the first payments from the Coal Fund of EUR 0.3 million and from BPI France of EUR 2.1 million. Of announced grants of EUR 20.3 million, EUR 8.2 million is so far recognized in the accounts as received.

### Treasury shares

Refer to note 14 Share capital and Shareholders for further information on changes in the holdings of treasury shares.

### Cash flow

Total cash flow from operating activities was EUR -7.7 million in 2022 (EUR -7.1 million), which is related to the operating loss for the year. The Group's capital investment activities during 2022 amounted to EUR 5.8 million (EUR 1.5 million), which is related to expenses for ReSolute™. Net cash flow from financing activities of EUR 3.7 million (EUR 48.1 million) is related to proceeds from grants.

Circa Group has a solid liquidity reserve and the ability to finance its operations is good.

## Risk management

The main risk exposures for the Group are related to construction of the ReSolute™ plant in France, market risk related to future offtake agreements, as well as intellectual property and financial risk.

To ensure a robust process of mitigating the risks in the Group, Circa is initiating a systematic approach to risk handling and mitigation at all levels of the organization.

### ReSolute™ project risk

Circa is in the process of constructing the first of its kind ReSolute™ plant in France, and plan to construct further plants in the future. There are numerous risks associated with plant construction, including risks of delay, risk of escalating costs, permitting delays, risks of termination of the construction contracts by third parties, the risk of need for variation orders and amendments resulting in additional need for capital and the risk of failure by key suppliers to deliver necessary equipment.

The Group's ability to carry out profitable projects is important to meet our growth plans and business goals. To manage the risk, Circa is working on its project execution model to ensure quality and robustness required for future projects. The Group will be performing lessons learned processes, and project evaluation before investment decisions for new construction projects.

### Market risk

Circa does not expect any significant sales revenue prior to commissioning and start-up of the ReSolute™ plant in 2024, and thus limited market risk related to the current operation.

Circa has entered into, and will in the future enter into, various commercial agreements with respect to sale and offtake of its products. Detailed terms for such commercial agreements are subject to final agreement between the relevant parties.

This may include elements such as price, volume and quality of the products. It is emphasised that the price achieved in commercial agreements for products may vary from contract to contract and will be exposed to pricing of raw materials.

### Intellectual property risk

Circa Group's daily business and business strategy is tied to its technology and know-how. The Group relies on a combination of trade secrets, confidentiality procedures and contractual provisions to protect its intellectual property rights. The Group has registered patents / patent applications and trademarks covering its manufacturing process and key brand assets.

### Financial risk management

Circa Group is exposed to various financial risk factors, including market risk (interest rate risk and currency risk), liquidity risk and credit risk. The goal is to reduce the financial risk as much as possible, and the Group seeks to minimise losses and volatility caused by adverse market movements.

Financial risk management includes currency and liquidity planning. Moreover, the group monitors and manages financial risk based on internal policies and standards set forth by corporate management and approved by the board of directors. These written policies provide principles for the overall risk management as well as standards for managing currency risk, interest rate risk, credit risk, liquidity risk and the use of financial derivatives and non-derivative financial instruments.

The company is exposed to financial risk in different areas, especially currency risk. The company's current strategy does not include the use of financial hedging instruments. This is however, continuously being assessed by the board of directors.

### Liquidity risk

The liquidity in 2022 is good, following the capital raise in March 2021 and subsequent grants awarded to the company. Liquidity is ensured by maintaining sufficient cash balances.

The Group has a defined growth strategy and will be seeking additional funding as the roll-out of large-scale capacity plants begins, and for future M&A opportunities. The Group is dependent on raising substantial amounts of new financing to fund its future planned operations, working capital and capital expenditures beyond ReSolute™.

In order to effectively mitigate liquidity risk, Circa Group's liquidity risk management strategy focuses on maintaining sufficient cash for operations and managing liquidity risk is centralised on a Group level. In order to uncover future liquidity risk, the Group forecasts both short- and long-term cash flows. Cash flow forecasts include cash flows from operations, investments, and financing activities.

Circa remains well capitalised from the 2021 IPO and is awarded material project grants out of which approximately EUR 12 million is still to be received. With respect to the general financing of the Circa Group, Circa plans to obtain further financing when required and depending upon the capital markets developments. Circa will consider both debt financing as well as further equity raising, while the group also will continue to seek investment grants and R&D activities grants to support its developments activities. In terms of possible future equity raisings, Circa has access to capital markets via its Euronext Growth exchange listing and the group has strong backing from its largest shareholders.

### Interest risk

The company has no interest-bearing debt to external financial institutions and is thus to a limited extent exposed to interest rate risk.

Changes in the interest rate can also affect future investment opportunities. However, Circa has not entered into any investment activities and is to a limited extent exposed to interest rate risk.

### Credit risk

Circa Group's credit risk is limited as the Group has minimal external sales. The revenue in Circa Group AS mainly derives from group internal revenue. The Group has not yet experienced losses on receivables.

### Currency risk

The Group has expenses in various currencies, and the major currencies are EUR, AUD, NOK and GBP.

Currency volatility for the ReSolute™ project is to a certain extent mitigated by natural hedging, where the cash deposits are mainly held in EUR to match the majority of expenses. The Group has not entered into derivative or other agreements to reduce the currency risk.

### Directors' and officers' liability insurance

Circa Group AS has a directors and officers liability insurance for the group and its subsidiaries. The insurance covers defence costs and potential legal liability for directors and officers arising out of claims made against them while serving on a board of directors and or as an officer. The insurance renews annually, and the sum insured was NOK 50 million on 31 December 2022.

Risk factors are further discussed in note 19 Financial instruments in the consolidated financial statements.

## Corporate Governance

Circa Group considers good corporate governance to be a prerequisite for value creation, trustworthiness, and access to capital. In order to secure sound and sustainable corporate governance, it is important that Circa Group AS together with its subsidiaries ensures good and healthy business practices, reliable financial reporting and an environment of compliance with applicable legislation and regulations across the Group structure.

Circa Group's corporate governance policy regulates the division of roles between the shareholders, board of directors, executive management, and future committees. The corporate governance policy also provides the structure through which the objectives of the Group are set, and the means of attaining those objectives and monitoring performance are determined.

Based on the principles in the Norwegian Code of Practice for Corporate Governance, Circa will annually report at a high level on its compliance with corporate governance requirements and recommendations. Furthermore, a description of the most important corporate governance principles of the company will be made available on Circa Group's website to ensure transparency on the standards applied. By publishing an overview of all aspects of Circa's corporate governance policy, shareholders, employees and other stakeholders are more equipped to evaluate the extent to which the company follows principles of good corporate governance.

Circa Group believes that good corporate governance involves transparent and trustful cooperation between all parties involved in and with the Group and its business. This includes Circa's shareholders, the board of directors and executive management team, employees, customers, suppliers and other business partners, as well as public authorities, and society at large.

To secure good corporate governance, Circa Group has adopted a set of governance documents setting out principles for how its business should be conducted. The content of these documents applies to the entire Group, effectively from the first day of the listing on Euronext Growth Oslo. The governance regime is approved by the board of directors of Circa Group. Further details are described on [www.circa-group.com](http://www.circa-group.com)

## Sustainability and environment

Circa works with global businesses committed to transitioning from fossil-based chemicals, including the solvents used in their industrial processes. The market for these solvents is mostly served by unsustainable and toxic fossil-based solvents. The EU Chemicals Strategy for Sustainability and the development of 'safe and sustainable by design' criteria by ECHA, the European Chemicals Agency, foreshadow the elimination of these toxic solvents such as NMP and DMF (currently both are defined in Europe as Substances of Very High Concern - SVHC's). Governments and industries worldwide are seeking substitutes to these chemicals which are harmful to human health and the environment.

Our flagship product Cyrene™ is widely acknowledged as one of the very few viable, safer and sustainable alternatives, with the capability to be used across many applications. We are helping our customers to act on global regulations, such as EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and US TSCA (Toxic Substances Control Act), to minimise environmental, health and safety risk and address growing requests from their own customers for sustainably made products.

Circa currently operates FC5, a prototype plant in Tasmania, Australia, to manufacture product for customers, provide a test bed for process optimisation, while acting as a showcase for investors that the Furacell™ production process enables continuous production of the platform molecule LGO and the derivative Cyrene™.

FC5 is a key milestone in a phased growth plan to develop a full commercial scale plant. While the risk of potential impact on the external environment is low, the plant has met the conditions of its environmental permit from the local licensing authorities, with zero breaches in the reporting period.

The Furacell™ production process converts biomass residues, such as sawdust, agricultural wastes, wheat straw and sugar cane bagasse into valuable chemicals.

Our process uses the cellulose component and produces primarily LGO, char, and water. Although biomass pyrolysis often produces unwanted chemicals, the Furacell™ process is highly selective, with minimal by-products and waste disposal. In fact, circularity is a defining feature of our production technology, and the forest to product footprint carbon footprint is close to zero.

FC5 is a small-scale plant so continuous improvement and finding ways to increase efficiency and productivity of the Furacell™ process is key. Continuous improvement initiatives are underway as part of a long-term value stream mapping exercise. This work will increase yield to meet market demand and enhance the environmental performance of operations.

- Improvements to solids separation through measures such as char conveyors, with the aim to reduce losses from the system and landfill.
- Reductions in the water content of condensed feedstock, leading to a more efficient distillation of LGO while reducing losses to wastewater.
- Improvements to the FC5 on line monitoring system in preparation for ReSolute™, and to better enable the monitoring Cyrene™ purity.
- Reductions in re-processing and re-handling of material by improving procedures and processes.

Cyrene™ is made from LGO in one simple step. Its performance, safety and sustainability profile are most important for Circa. We have obtained EU REACH Annex VIII for Cyrene™, and Annex IX and US TSCA registration is underway. In use, Cyrene™ has low-flammability, is non-corrosive and its low toxicity permits safer storage, transport and handling in the downstream environment. Cyrene™ is biocompatible, biodegradable, will not bioaccumulate, and unlike many solvents it does not release harmful NOx and SOx emissions on decomposition. Its recyclability at end of life is currently being assessed.

## Research & Development

Circa is currently the only producer of the biochemical LGO at scale. With a wide range of derivative products available from this highly functional biomass-based molecule. R&D has always been a key part of Circa's strategy. After 15 years of R&D and five pilot plants, Circa is generating significant global commercial and academic interest with its first commercial product – Cyrene™, a polar aprotic solvent, and is moving forward with a focused number of projects to produce and commercialise additional biomolecules from LGO.

Circa has a long-term integrated R&D strategy and has historically worked with expert groups across a range of universities, as opposed to building a large in-house chemistry team. With commercial scale production upcoming, Circa has established an internal R&D group with increased responsiveness to new opportunities. The R&D group work to progress derivatisation pathways – and at the same time, confirming market volumes and pricing opportunities. In parallel this work is supported by activities in the market focused on promoting and exploiting Circa's sustainability position and the developing urgency for new more sustainable manufacturing technologies. In 2022 we agreed a partnership with University of York in the UK to set up the Circa Renewable Chemistry Institute to act as a centre to primarily support Cyrene™ application development with customers.

## The working environment and employees

No incidents or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year. Although COVID 19 affected a number of employees during 2022, most were mild cases thankfully and overall absence due to sick leave in the Group was low – below 1% of available working time in 2022. The board considers this to be satisfactory.

The working environment in Circa is considered to be good, and efforts for improvements are made on an ongoing basis. Circa has grown quickly and will continue to do so. Hence, in 2021 Circa initiated a programme for all staff – “Circus”, and during last year Circa continued the roll-out of the second Circus programme to new staff employed during 2022. The focus of the programme is to build common tools for projects, problem management and a greater understanding of value drivers for Circa. It recognises that in a business, as in a Circus, there are a large number of different roles, expertise and systems that act separately, but must function as a co-ordinated and synchronised unit to deliver a successful performance. In other words, there is a high level of trust – and whether it is customers, investors, suppliers or our own people, the speed a business moves forward is directly related to the trust between the various parties. The Circus programme provides specific language and systems to help communications and project management across the 5 countries and four languages that form the Circa team. We are building resilience into the business.

As Circa is growing, we will conduct a regular Group “climate” survey. The employee survey helps to capture the extent to which Circa succeeds in building a good working environment, as well as identify where there is room for improvement. Circa will map and follow developments in the working environment closely and implement measures where needed.

## Diversity and inclusion

Total number of permanent employees at the end of the year was 18, of whom seven women (39 %) and eleven men (61 %). Eleven different nationalities are represented among Circa's employees. In 2020 all employees were men, and the positive development shows the effect of Circa's staffing strategy that emphasises the value of diversity and heterogeneity.

Circa's global leadership team consists on 31 December 2022 of three women (50%) and three men (50%). The board of directors of Circa Group AS consists of six men and one woman at 31 December 2022.

Continuous focus on equality and diversity contributes to a good working environment throughout the organization. Circa shall be an attractive workplace where the work environment is characterized by well-being, job engagement, openness and diversity. We provide equal opportunities for all employees, regardless of gender, age, colour of skin, nationality, ethnicity, religion, sexual orientation, gender identity, marital status or political affiliation. We do not tolerate any form of discrimination. A good working environment with engaged and motivated employees is central for Circa to be able to realize its goals.

## Going concern

In accordance with the Accounting Act § 3-3a, the Board confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on investment and cash forecasts for the year 2023 and the Group's long-term strategic forecasts. Circa Group's economic and financial position is sound.

## Outlook for 2023

The market for Circa products remains strong despite volatility. For chemical manufacturers, 2022 has seen challenges such as inflation, the war in Ukraine, disrupted supply chains and oscillating prices for oil, gas, and raw materials.

There are emerging signs of the industry's persistence in delivering value. Chemical shareholder returns are down only half as much as the broader stock market and continue to outpace other industry sectors relative to growth. Several industry subsectors, including multispecialty companies and agrochemicals and fertilizers, have generated shareholder returns above their previous levels, and continue to perform on the same trajectory moving forward.

Climate-related activity and sustainability are now more closely associated with shareholder returns than they have been for several years, and as such reinforces the resilience in our business model and in our strategic intent moving forward. Current market demand indicators support strong growth for Cyrene™ and other LGO derivatives. This provides numerous growth options for Circa to make considered and informed strategic plays. The business climate has brought to the forefront numerous opportunities for more detailed assessment that underpin and strengthen our core focus on ReSolute™ and FC6.

### ReSolute™ project

Contracts with major plant vendors are progressing, and the remaining contracts are expected to be signed in the first half of 2023.

Inflationary pressures continue to impact a range of equipment and the Circa team continue to be focused on mitigating cost increases. While we see pricing drop-offs with some materials, the pressure from energy prices and availability of skilled staff continues to impact many vendors around the world.

Documentation for the environmental and construction permits continues to move forward. This is a major undertaking and Circa has been engaged with the permitting authorities, and equipment suppliers to inform the dossiers, before the final dossier was filed in the first quarter of 2023. In February it was announced that Circa has agreed to proceed with a permanent environmental permit, and this update will see a delay to the current start-up timetable of approximately six months.

**Marketing agreements**

Circa has deliberately engaged a wider distributor base for Cyrene™, and companies engaged are those we have had previous conversations with and are progressing well.

In January, Circa Group and OQEMA AG signed a supply and capacity reservation agreement for the marketing of Cyrene™ into Europe. The agreement is for the market development and supply of several thousand tonnes of Cyrene™ per annum. This brings reservation commitments for Cyrene™ volumes to over 5,000 tonnes per annum, which will be supplied by Circa's ReSolute™ plant and the following FC6 plant.

**War in Ukraine**

Circa has no direct exposure to Ukraine or Russia, no link to any suppliers or potential suppliers of goods and services and no sales. It remains too early to conclude on the impact of the war on supply chains for the ReSolute™ project, particularly long lead time items, and the situation is being closely monitored.

**Circa Group AS (Parent company)**

The activities of Circa Group AS consists of holding shares in the operating companies and conducting the head office functions of Circa Group. The company had five employees on 31 December 2022 and purchased management services from employees of Circa Group Pty Ltd (CGL) in Australia and Circa Sustainable Chemicals Ltd UK (CSC UK).

Operating revenue of EUR 0.8 million (EUR 0.1 million) is primarily from the services performed within the group. Employee benefit expenses of EUR 1.2 million (EUR 2.0 million) and other operating expenses of EUR 1.0 million (EUR 1.3 million) are related to head office functions. The reduction in cost from last year is related to the listing of the group on Euronext Growth in 2021. The loss for the year for Circa Group AS is EUR -1.3 million (EUR -3.7 million).

Net cash flow from operating activities is EUR -2.1 million (EUR -3.3 million) and the investment of EUR 8.0 million (EUR 0 million) is share capital increase in the subsidiary in France. Net cash flow from financing activities is EUR -7.2 million (EUR 39.5 million). Total assets at 31 December 2022 are EUR 65.4 million (EUR 66.5 million) and equity is EUR 64.2 million (EUR 65.4 million), which equals an equity ratio of 98%.

The risk factors described for the group are also relevant for the parent company.

The total number of shareholders was 2,254 at 31 December 2022.

**Allocation of net income**

The loss of the year for Circa Group AS (parent company) was EUR -1.3 million (EUR -3.7 million), which the board recommends being allocated against uncovered loss.

**Dividend proposal**

For the financial year 2022, the board of directors has not proposed that the annual general meeting approves payment of dividend.

Oslo, Norway, 18 April 2023  
The board of directors and CEO of Circa Group AS



Lars Peder Sørvaag Sperre  
Chair



Gregory Ross Court  
Board member



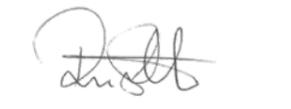
Elise Fahlén  
Board member



James Alan Henneberry  
Board member



Martin Laudénbach  
Board member



Rune Sollie  
Board member



Trond Stangeby  
Board member



Anthony James Duncan  
CEO

# Financial statements

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# Consolidated Financial Statements

## Consolidated income statement and other comprehensive income

	Note	2022	2021
Product sales	4, 5	57,834	18,711
Other revenue	4, 5	1,126,774	941,230
<b>Total revenue</b>		<b>1,184,608</b>	<b>959,941</b>
Cost of sales		- 378,345	- 363,139
Depreciation	6	- 12,579	- 4,130
Employee benefit expenses	7	- 2,870,248	- 2,850,082
Other operating expenses	8	- 3,895,181	- 4,270,000
<b>Total operating expenses</b>		<b>- 7,156,353</b>	<b>- 7,487,351</b>
<b>Operating result</b>		<b>- 5,971,745</b>	<b>- 6,527,410</b>
Interest income		121,073	5,882
Other financial income		716,996	359,727
<b>Total finance income</b>		<b>838,069</b>	<b>365,609</b>
Interest expenses		- 95,718	- 127,716
Other financial expenses		- 723,126	- 711,064
<b>Total finance expenses</b>		<b>- 818,844</b>	<b>- 838,780</b>
<b>Net financial income / expenses</b>		<b>19,225</b>	<b>- 473,171</b>
<b>Net profit (loss) before tax</b>		<b>- 5,952,520</b>	<b>- 7,000,581</b>
Tax expenses	9	- 21,554	-
<b>Net profit (loss)</b>		<b>- 5,974,074</b>	<b>- 7,000,581</b>
<i>Items that may be reclassified subsequently to income statement</i>			
Foreign exchange gains (losses)		190,555	- 71,095
<b>Other comprehensive income (loss) for the period</b>		<b>190,555</b>	<b>- 71,095</b>
<b>Total comprehensive profit (loss) for the period</b>		<b>-5,783,519</b>	<b>-7,071,676</b>
Basic earnings per share	10	- 0.05	- 0.06
Diluted earnings per share		- 0.05	- 0.06

## Consolidated balance sheet

	Note	31.12.2022	31.12.2021
<b>Assets</b>			
Intangible assets		28,733	-
Plant and equipment	6	6,975,771	1,205,104
Right-of-use assets		11,554	39,485
<b>Total non-current assets</b>		<b>7,016,058</b>	<b>1,244,589</b>
Short term receivables	11	1,279,243	1,600,307
Cash and cash equivalents	12	34,768,533	44,422,071
<b>Total current assets</b>	13	<b>36,047,776</b>	<b>46,022,378</b>
<b>Total assets</b>		<b>43,063,834</b>	<b>47,266,967</b>
<b>Equity</b>			
Issued and paid in equity	14, 10	56,879,958	56,809,130
Other equity		- 20,850,658	- 15,067,139
<b>Total equity</b>		<b>36,029,300</b>	<b>41,741,990</b>
<b>Liabilities</b>			
Employee benefits	15, 16	191,914	263,288
Other non-current liabilities		-	11,539
<b>Total non-current liabilities</b>	11	<b>191,914</b>	<b>274,827</b>
Employees and related	17	307,276	541,374
Trade and other payables	17	506,879	706,260
Public duties and related	17	38,176	-
Other current liabilities	17	5,990,289	4,002,515
<b>Total current liabilities</b>	11	<b>6,842,620</b>	<b>5,250,149</b>
<b>Total equity and liabilities</b>		<b>43,063,834</b>	<b>47,266,967</b>

Oslo, Norway, 18 April 2023

The board of directors and CEO of Circa Group AS

 Lars Peder Sørvaag Sperre Chair	 Gregory Ross Court Board member	 Elise Fahlén Board member	 James Alan Henneberry Board member
 Martin Laudénbach Board member	 Rune Sollie Board member	 Trond Stangeby Board member	 Anthony James Duncan CEO

## Consolidated statement of changes in equity

	Notes	Share capital	Share premium	Retained earnings	Total
<b>Balance 1 January 2021</b>		<b>7,335,180</b>	-	<b>-7,685,095</b>	<b>-349,915</b>
Increase from reversed acquisition		1,339,872	142,929	-	<b>1,482,802</b>
Issuances		3,148,744	44,875,561	-	<b>48,024,305</b>
Purchase own shares		-32,489	-47,532	-	<b>-80,021</b>
Net profit/loss for the period		-	-	-7,000,582	<b>-7,000,582</b>
Effects from reversed acquisition		-	-	-498,832	<b>-498,832</b>
Effects from earlier periods		46,864	-	188,465	<b>235,329</b>
Other comprehensive income		-	-	-71,095	<b>-71,095</b>
<b>Balance 1 January 2022</b>		<b>11,838,171</b>	<b>44,970,959</b>	<b>-15,067,139</b>	<b>41,741,991</b>
Issuance	14	41,511	29,317	-	<b>70,828</b>
Net profit/loss for the period		-	-	-5,974,074	<b>-5,974,074</b>
Other comprehensive income		-	-	190,555	<b>190,555</b>
<b>Balance 31 December 2022</b>	14, 10	<b>11,879,682</b>	<b>45,000,276</b>	<b>-20,850,658</b>	<b>36,029,300</b>

## Consolidated statement of cash flows

	Note	2022	2021
Cash receipts from operating activities		321,064	1,018,233
Cash payments from operating activities		-8,055,399	-7,976,624
Interest received		121,073	5,882
Interest paid		-95,718	-127,719
<b>Cash flows from operating activities</b>		<b>-7,708,980</b>	<b>-7,080,228</b>
Payment for property, plant, equipment and intangible assets	6	-5,804,012	-2,172,369
Other cash items from investing activities		-	678,027
<b>Cash flows from investing activities</b>		<b>-5,804,012</b>	<b>-1,494,342</b>
Payment of principal portion of lease liabilities		-11,539	-
Proceeds from issuance of share capital	12	70,828	48,024,305
Proceeds from Grants		3,618,585	38,878
<b>Cash flows from financing activities</b>		<b>3,677,874</b>	<b>48,063,183</b>
Forreign currency effects on cash and cash equivalents		181,580	-466,016
<b>Total change in cash and cash equivalents</b>		<b>-9,653,538</b>	<b>39,022,597</b>
Cash and cash equivalents at beginning of period	11	44,422,071	5,399,474
Cash at end of period	11	34,768,533	44,422,071
<b>Reconciliation of cash flows from operating activites</b>			
Net profit/loss before tax (less interest)		-5,977,875	-7,122,416
Change in working capital		1,641	-
Depreciation		12,579	4,130
Cash receipts from other operating activities		145,397	1,018,233
Cash payments from other operating activities		-1,890,722	-980,175
<b>Net cash flows from operating activities</b>		<b>-7,708,980</b>	<b>-7,080,228</b>

# Notes to the consolidated financial statements

## Note 1. General Information

Circa Group is a producer of unique and valuable biochemicals. 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, flavours, fragrances, electronics, batteries, paints, graphene, polymers, and many other applications where bio-based alternatives to current industrial chemicals represent innovative, cost-effective solutions. Cyrene™ - Circa's first commercial product - is a solvent gaining considerable interest in a >1,000,000 tonne market as a safer, high performing replacement for toxic, petro-based products.

The production of Cyrene™ is located at the plant in Tasmania.

The parent company Circa Group AS is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on Euronext Growth with the code ticker CIRCA. Circa has 18 employees.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC) as approved by the European Union (EU). The consolidated financial statements are presented in English only. All amounts are presented in EUR unless otherwise is stated. There may be some small differences in the summation of columns due to rounding. The corresponding amounts for prior year in parenthesis.

The consolidated financial statements were authorised for issue by the board of directors of Circa Group AS on 18 April 2023.

The table below shows the average monthly foreign exchange rates applied in the income statement and the closing exchange rates applied in the balance sheet for the most important currencies for the group.

	Income statement		Balance sheet	
	2022	2021	31.12.2022	31.12.2021
AUD	0.66	0.64	0.64	0.64
GBP	1.17	1.16	1.13	1.19
NOK	10.10	10.16	10.51	9.99

## Note 2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. The consolidated financial statements are prepared on a historical cost basis, with the exception of the liability recognized from the long-term incentives programme which is measured at fair value. The policies have been consistently applied to all periods presented, unless otherwise stated. They have been prepared under the assumption of going concern.

### Principles of consolidation

The consolidated financial statements comprise the financial statements of Circa Group AS ('company' or 'parent entity') and its subsidiaries (Circa Sustainable Chemicals SAS, Circa Group Pty Ltd, Circa Sustainable Chemicals Ltd, Circa Sustainable Chemicals Pty Ltd, FC Five Pty Ltd and Circa Sustainable Chemicals BV) as of 31 December 2022. Circa Group AS and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

### Foreign currency translation

The consolidated financial statements are presented in EUR, which is both the functional and presentational currency of the parent company.

### Foreign transactions and balances

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into EUR using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into EUR using the average exchange rates, which approximate the rates at the dates of the transactions, for the period.

All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## Note 2. Accounting policies (continued)

### Revenue recognition

#### Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Other revenue is recognised when it is received or when the right to receive payment is established.

#### Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. This principle applies only to the parent company.

#### Government grants

Government grants are recognized both after the income- and capital approach.

Government grants recognised as income will be on a systematic basis over the period they have been granted for. The income approach is applied on grants that compensates for operating costs and is presented as "Other revenue". The grant income is recognized in the period where expenses are incurred. Where the related grant is a compensation for expenses incurred in previous accounting periods, the grant is recognized in the period in which it becomes awarded.

Government grants related to assets are presented in the balance sheet as deferred income or as a reduction of the depreciation of the assets the grant relates to. The grant is recognized on a systematic basis over the periods in which the eligible expenses are recognized and hits the income statement indirectly through the reduced depreciation. The presentation method chosen is to deduct the grant in the carrying amount of the asset.

#### Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Short term receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

### Plant and equipment

Other operating assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

For plant under construction, the acquisition cost is reduced by grants received during the period.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

- Other operating assets: 3-5 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of other operating assets is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Employee benefits

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

## Note 2. Accounting policies (continued)

### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date (applies to Circa Group Pty Ltd) are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Share-based payments

Circa Group has a cash-settled long-term incentives programme (LTI) which falls within the scope of IFRS 2 Share-based payments. A cash-settled share-based payment transaction is a share-based payment transaction in which the entity acquires services by incurring a liability to transfer cash to the employee of those services for amounts that are based on the price of the shares in the company. During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period. All changes in the liability are recognised in profit or loss for the period. The fair value of the liability is determined by applying Black-Scholes option pricing model, considering the terms and conditions on which the cash-settled transaction was granted, and the extent to which the employees have rendered services to date. Refer to note 16.

### VAT and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

### New or amended Accounting Standards and Interpretations adopted by the Group

#### New standards effective from 1 January 2022

Changes in standards and interpretations during 2022 has not had any material impact on Circa Group's financial reporting.

#### New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The group does not expect the standards issued, but not yet effective, to have a material impact on the group's financial reporting.

There is one amendment the Group has chosen to implement early, which is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The amendment is the narrow-scope amendments to IAS 1, that require entities to disclose their material accounting policy information, instead of significant accounting policies.

## Note 3. Accounting estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Share-based payment transactions

The consolidated entity measures the cost of cash-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model considering the terms and conditions upon which the instruments were granted.

The accounting estimates and assumptions relating to cash-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the income statement and equity. Refer to note 16.

### Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if it is considered probable that future taxable amounts will be available to utilise those temporary differences and losses. For the year ended 31 December 2022, the certainty of recovery cannot be reliably determined at this stage of the Group's development and a deferred tax asset is therefore not recognised.

### Research & Development Expenditure

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably.

The costs relating to the development of the pilot plant FC Five Pty Ltd (FC 5) will be expensed as the above conditions has not yet been met.

## Note 4. Operating revenue

The group is working with the ReSolute™ project in France to build a plant in Eastern France. Estimated start-up is first half of 2024. Hence, no revenue from ReSolute™ is recognized in 2022.

	2022	2021
Sales	57,834	18,711
Government Research & Development tax income	679,274	904,164
Other grant income	447,500	37,066
<b>Revenue</b>	<b>1,184,608</b>	<b>959,941</b>

### Geographical segments

Norway	322,935	-
France	124,565	-
United Kingdom	50,939	-
Australia	686,169	959,941
<b>Revenue</b>	<b>1,184,608</b>	<b>959,941</b>

The sales revenue consists of sale of Cyrene™ and income related to R&D tax income in Australia is based on an estimated amount. Other grant income reflects compensation of expenses incurred in relation to the related grant received, refer to note 2 Accounting principles. As of 2022, Circa has received grants from the EU Horizon 2020 Flagship (BBI), the Coal Fund and BPI France.

## Note 5. Operating segments

For management purposes, the group is organised into one operating segment, which is consolidated figures. No other segments are reported to the management or Board of Directors as of 2022.

## Note 6. Plant and equipment

	Plant (under construction)	Other operating assets	Total
<b>Acquisition cost 1 January 2022</b>	<b>2,217,118</b>	<b>113,276</b>	<b>2,330,394</b>
Additions	7,807,896	12,111	7,820,007
Grant received	-2,044,728	-	-2,044,728
Disposals	-	-	-
Exchange differences	-	-	-
<b>Acquisition cost 31 December 2022</b>	<b>7,980,286</b>	<b>125,387</b>	<b>8,105,673</b>
<b>Accumulated depreciation 1 January 2022</b>	<b>1,061,335</b>	<b>63,955</b>	<b>1,125,290</b>
Depreciation	-	4,612	4,612
Disposals	-	-	-
Exchange differences	-	-	-
<b>Accumulated depreciation 31 December 2022</b>	<b>1,061,335</b>	<b>68,567</b>	<b>1,129,902</b>
<b>Net book value 31 December 2021</b>	<b>1,155,783</b>	<b>49,321</b>	<b>1,205,104</b>
<b>Net book value 31 December 2022</b>	<b>6,918,951</b>	<b>56,820</b>	<b>6,975,771</b>

Useful life	3-5 years
Depreciation	Straight line

The ReSolute plant is under construction and has not started depreciation. Acquisition cost is reduced by grants received during the period, refer to Note 2 Accounting policies.

## Note 7. Employee benefits

	2022	2021
Salary and holiday pay	1,899,355	603,103
Social security contributions	158,304	53,766
Sharebased payments/bonus	289,970	1,276,859
Pension costs	160,242	68,191
Remuneration to BoD	61,393	56,760
Other personnel costs	300,986	791,403
<b>Total employee benefit expenses</b>	<b>2,870,248</b>	<b>2,850,082</b>
Number of employees	18	14
<b>Management remuneration</b>	<b>CEO</b>	<b>BoD <sup>3</sup></b>
Salary	438,595	61,393
Pension	18,169	-
<b>Total remuneration</b>	<b>456,764</b>	<b>61,393</b>

<sup>3</sup> Remuneration to Board of Directors for board members from Norske Skog ASA are invoiced from and paid directly to Norske Skog ASA. Effective from 1 March 2021

	Shares (number of)	Options (number of)
Tony Duncan (CEO)	6,680,000	1,000,000
Gregory Ross Court (BoD)	5,931,360	50,000
James Allen Henneberry (BoD)	1,773,340	100,000
Lars P. S. Sperre (BoD)	253,552	300,000
Rune Sollie (BoD)	152,890	100,000
Trond Stangebye (BoD)	-	50,000
Elise Fahlén (BoD)	-	50,000
Martin Laudénbach (BoD)	-	50,000

All employees are registered in a defined contribution pension scheme.

## Note 8. Other operating expenses

Specification of other operating expenses	2022	2021
Rent, premises	83,130	368,240
Office costs	155,726	433,654
Repair and maintenance of equipment	132,110	193,442
Rental of machines	66,402	40,290
External services	2,709,579	2,941,828
Other operating expenses	748,233	292,546
<b>Total other operating expenses</b>	<b>3,895,181</b>	<b>4,270,000</b>

Auditor fees included in other operating expenses	2022	2021
Statutory audit	127,911	68,717
Other assurance services	8,200	14,801
<b>Total remuneration of auditor</b>	<b>136,110</b>	<b>83,518</b>

## Note 9. Income tax expense

	2022	2021
<b>Tax expense</b>		
Current tax expense	21,554	-
Change in deferred tax	-	-
<b>Total tax expense</b>	<b>21,554</b>	<b>-</b>

### Reconciliation of tax expense

Profit/loss before income taxes	- 5,952,520	- 7,000,581
Computed tax at nominal tax rate of 22 %	- 1,309,554	- 1,540,128
Adjustment of current income tax of previous years	- 1,117,356	-
Differences due to different tax rates	- 124,405	139,304
Exempted income/non-deductible expenses	345,130	383,411
Deferred tax asset not recognised	2,206,186	1,017,413
<b>Total tax expense (-) / income (+)</b>	<b>-</b>	<b>-</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>0%</b>

### Deferred tax

Loss brought forward	- 12,836,080	- 8,178,113
Changes in loss brought forward of previous years	- 1,117,356	-
Deferred tax assets	- 2,206,186	- 1,017,413
Deferred tax assets not recognised	2,206,186	1,017,413
<b>Net deferred tax asset/liability (-)</b>	<b>-</b>	<b>-</b>

### Tax rates by region

Norway	22.0 %	22.0 %
Australia	25.0 %	25.0 %
Belgium	25.0 %	25.0 %
United Kingdom	19.0 %	19.0 %
France	25.0 %	26.5 %

### Loss brought forward per country

	2022	2021
Norway	- 5,099,121	- 3,848,982
Australia	- 4,714,886	- 3,153,670
Belgium	- 532,599	- 51,544
United Kingdom	- 851,395	- 217,140
France	- 2,755,434	- 906,777
<b>Total tax loss carried forward</b>	<b>- 13,953,436</b>	<b>- 8,178,113</b>

	2022	2021
No due date	- 13,953,436	- 8,178,113
<b>Total tax loss carried forward</b>	<b>- 13,953,436</b>	<b>- 8,178,113</b>

## Note 10. Earnings per share and dividends

	2022	2021
Profit/loss for the year attributed to owners	-5,974,074	-7,000,581
Weighted average number of shares	121,846,442	121,713,109
Basic earnings/loss per share in EUR	-0.05	-0.06
Diluted earnings/loss per share in EUR	-0.05	-0.06

There were no dividends paid in 2022.

## Note 11. Short term receivables

	31.12.2022	31.12.2021
Trade receivables	19,818	220,840
Other prepaid operating expenses	37,698	7,673
R&D Tax receivables	1,221,727	904,164
Other receivables	-	467,630
<b>Short term receivables</b>	<b>1,279,243</b>	<b>1,600,307</b>

The credit risk on short term receivables is continuously monitored, independent of due date.

The group's sales are mainly to known customers with a low degree of default, hence no provisions for expected loss have been made as of 31 December 2022.

## Note 12. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash and bank deposits	34,712,091	44,400,619
Restricted cash	56,442	21,452
<b>Cash and cash equivalents</b>	<b>34,768,533</b>	<b>44,422,071</b>

## Note 13. Categories of financial assets and financial liabilities

31 December 2022	Fair value through P&L	Amortised cost	Total
<b>Assets</b>			
Short term receivables	-	1,241,545	1,241,545
Cash and cash equivalents	-	34,768,533	34,768,533
<b>Total financial assets</b>	-	<b>36,010,078</b>	<b>36,010,078</b>
<b>Liabilities</b>			
<b>Interest bearing loans and borrowings</b>			
Employee benefits	-	191,914	191,914
<b>Other financial liabilities</b>			
Employees and related	-	307,276	307,276
Trade and other payables	-	506,879	506,879
Other current liabilities	-	1,276,684	1,276,684
<b>Total financial liabilities</b>	-	<b>2,282,753</b>	<b>2,282,753</b>

31 December 2021	Fair value through P&L	Amortised cost	Total
<b>Assets</b>			
Short term receivables	-	1,592,634	1,592,634
Cash and cash equivalents	-	44,422,071	44,422,071
<b>Total financial assets</b>	-	<b>46,014,705</b>	<b>46,014,705</b>
<b>Liabilities</b>			
<b>Interest bearing loans and borrowings</b>			
Employee benefits	-	263,288	263,288
Other non-current liabilities	-	11,539	11,539
<b>Other financial liabilities</b>			
Employees and related	-	541,374	541,374
Trade and other payables	-	706,260	706,260
Other current liabilities	-	377,091	377,091
<b>Total financial liabilities</b>	-	<b>1,899,552</b>	<b>1,899,552</b>

## Note 14. Share capital

	31.12.2022	31.12.2021
Ordinary shares	11,912,171	11,870,660
Treasury shares	- 32,489	- 32,489
<b>Total share capital</b>	<b>11,879,682</b>	<b>11,838,171</b>

Share capital consists of 122 113 109 shares with a nominal value of NOK 1. The total share premium is EUR 57 392 861 whereas premium on the Treasury Shares is included on EUR 47 532.

On 30 June 2022, Moata Pty Ltd, a close associate of Anthony Duncan, and William Duncan, each gave written notice of their intention to exercise 200 000 warrants. As a result, Circa Group AS' share capital was increased by NOK 400 000 (EUR 41 511) by issuing 400 000 new shares from EUR 11 870 660 (NOK 121 713 109) to EUR 11 912 171 (NOK 122 113 109), each share with a nominal value of NOK 1 in August 2022. The subscription price was EUR 0,101 (NOK 0.975) per share for Moata Pty Ltd and EUR 0,253 (NOK 2.4375) for William Duncan per share. Total subscription was EUR 70 828 (NOK 682 500).

Share capital and share premium denominated in NOK is translated and presented in EUR at the historical rate of exchange in the financial statements.

## Note 15. Non-current liabilities

	31.12.2022	31.12.2021
Incentive plan employees	191,914	263,288
Long-term lease liability	-	11,539
<b>Total non-current liabilities</b>	<b>191,914</b>	<b>274,827</b>

## Note 16. Share-based payments

### Long term incentive programme

The Board of Directors in Circa Group AS has implemented a long-term incentive programme (LTI) for selected key people of the company and its subsidiaries. 20 persons were included in the option programme on 31 December 2022. Each option carries the right to be paid an amount in cash equal to the fair market value less the exercise price. Full or partial settlement of the allotted options can be requested in the period from 1st of December 2023 to 1st of April 2025.

The options are assessed at fair value and are valued at level 3 according to the fair value hierarchy. The fair value of the options is initially set on the grant date, and at each reporting date, and expensed or recognized as revenue over the vesting period. In 2022 EUR 82 028 have been recognized as revenue and in 2021 EUR 212 926 was expensed. The average fair value of options granted in 2022 was NOK 1,26 per option. The recognised share option programme liability is EUR 181 260 on 31 December 2022.

Overview of outstanding options	2022	2021
Outstanding options 1.1	3,900,000	112,558
Options granted	450,000	3,900,000
Options forfeited	- 150,000	-
Options exercised	-	-
Options expired	-	- 112,558
<b>Outstanding options 31.12</b>	<b>4,200,000</b>	<b>3,900,000</b>
Of which exercisable	-	-

Expiry date	Average strike price (NOK)	Number of share options
2025	15.93	4,200,000
<b>Total</b>		<b>4,200,000</b>

The fair value of the options has been calculated using Black-Scholes option-pricing model for European call options with no dividends. For the options granted during the current financial year, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date (NOK)	Strike price (NOK)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option 31.12.2022 (NOK)
1/3/2021	22/5/2025	18.20	16.75	52.80%	-	3.25%	0.46
1/7/2021	22/5/2025	17.60	17.82	52.80%	-	3.25%	0.40
1/9/2021	22/5/2025	15.16	14.73	52.80%	-	3.25%	0.59
1/3/2022	22/5/2025	7.08	16.75	52.80%	-	3.25%	0.46
1/3/2022	22/5/2025	7.08	8.60	52.80%	-	3.25%	1.37
1/5/2022	22/5/2025	7.70	7.43	52.80%	-	3.25%	1.65
1/5/2022	22/5/2025	7.70	7.43	52.80%	-	3.25%	1.65

The above calculations are based on the following assumptions:

#### Share price at grant date

The share price is set to the share price on the grant date.

#### The strike price per option

The average strike price for the synthetic options granted in 2021 and 2022 is NOK 15,93 and will be adjusted for share events that has taken place in between the allotment date and the exercise date. For new employees the strike price is calculated based on a 7-day average preceding the employee starting date.

#### Expected volatility

It is assumed that historic volatility is an indication of future volatility. The expected volatility is therefore stipulated to be the same as the historic volatility for the period 2 March 2021 (date of Initial Public Offering) until 31 December 2022.

#### The term of the option

It is assumed that 100 % of the employees will exercise the options once they are exercisable. The options are expected to have a term of three years. The effect of people leaving the scheme will be included in the valuation model with effect from the time the dismissal is received by the company. The remaining contractual life at year end is approximately 2.39 years.

#### Fair value on 31 December 2022

Fair value has been determined at each reporting date until it is settled, by taking into account the terms and conditions on which the cash-settled transaction was granted, and the extent to which the employees have rendered service to date.

#### Risk-free interest rate

The risk-free interest rate is set equal to the interest rate on government bonds during the term of the option.

## Note 17. Current liabilities

	31.12.2022	31.12.2021
Employees and related	307,276	541,374
Trade creditors	506,879	706,260
ReSolute Grant Liability	4,751,781	3,625,424
Unpaid holiday pay	160,331	136,104
Other current liabilities	1,116,353	240,986
<b>Total current liabilities</b>	<b>6,842,620</b>	<b>5,250,149</b>

ReSolute grant liability is a prepaid government grant recognised as a liability. For more information about accounting policies relating to grants refer to note 2 accounting policies.

## Note 18. Related party transactions

### Commitments to related parties

FC 5 has a commitment to related party Norske Skog Industries Australia Limited for the month-to-month commercial lease of premises at 1279 Boyer Road Tasmania at normal commercial rates for the purpose of developing the FC 5 commercial production plant.

The lease agreement is not finalized, including the agreement for the commercial rates. Hence, we do not have a lease amount to disclose yet. The delay is purely a practical matter due to prioritization of time. The item is on the action list of the BoD and will come in place within the next coming months.

## Note 19. Financial risk

### Financial risk management

Circa Group is exposed to various financial risk factors, including market risk (interest rate risk and currency risk), liquidity risk and credit risk. The goal is to reduce the financial risk as much as possible, and the Group seeks to minimise losses and volatility caused by adverse market movements.

Financial risk management includes currency and liquidity planning. Moreover, the group monitors and manages financial risk based on internal policies and standards set forth by corporate management and approved by the board of directors. These written policies provide principles for the overall risk management as well as standards for managing currency risk, interest rate risk, credit risk, liquidity risk and the use of financial derivatives and non-derivative financial instruments.

The company is exposed to financial risk in different areas, especially currency risk. The company's current strategy does not include the use of financial hedging instruments. This is however, continuously being assessed by the board of directors.

### Liquidity risk

The liquidity in 2022 is good, following the capital raise in March 2021 and subsequent grants awarded to the company. Liquidity is ensured by maintaining sufficient cash balances.

The Group has a defined growth strategy and will be seeking additional funding as the roll-out of large-scale capacity plants begins, and for future M&A opportunities. The Group is dependent on raising substantial amounts of new financing to fund its future planned operations, working capital and capital expenditures beyond ReSolute™.

## Note 19. Financial risk (continued)

In order to effectively mitigate liquidity risk, Circa Group's liquidity risk management strategy focuses on maintaining sufficient cash for operations and managing liquidity risk is centralised on a group level. In order to uncover future liquidity risk, the group forecasts both short- and long-term cash flows. Cash flow forecasts include cash flows from operations, investments, and financing activities.

Circa remains well capitalised from the 2021 IPO and is awarded material project grants out of which approximately MEUR 12 is still to be received. With respect to the general financing of the Circa group, Circa plans to obtain further financing when required and depending upon the capital markets developments. Circa will work to obtain financing both via debt financing and possibly further equity raising, while the group also will continue to seek investment grants and R&D activities grants to support its developments activities. In terms of possible future equity raisings, Circa has access to capital markets via its Euronext Growth exchange listing and the group has strong backing from its largest shareholders.

### Maturity analysis

31 December 2022	< 6 months	6-12 months	1-5 years	>5 years	Total
Employee benefit	-	-	191,914	-	191,914
Other non-current benefits	-	-	-	-	-
Employees and related	307,276	-	-	-	307,276
Trade and other payables	506,879	-	-	-	506,879
Other current liabilities	1,276,684	-	-	-	1,276,684
	<b>2,090,839</b>	<b>-</b>	<b>191,914</b>	<b>-</b>	<b>2,282,753</b>

31 December 2021	< 6 months	6-12 months	1-5 years	>5 years	Total
Employee benefit	-	-	263,288	-	263,288
Other non-current benefits	-	-	11,539	-	11,539
Employees and related	541,374	-	-	-	541,374
Trade and other payables	706,260	-	-	-	706,260
Other current liabilities	377,091	-	-	-	377,091
	<b>1,624,725</b>	<b>-</b>	<b>274,827</b>	<b>-</b>	<b>1,899,552</b>

### Interest risk

The company has no interest-bearing debt to external financial institutions and is thus to a limited extent exposed to interest rate risk.

Changes in the interest rate can also affect future investment opportunities. However, Circa has not entered into any investment activities and is to a limited extent exposed to interest rate risk.

### Credit risk

Circa Group's credit risk is limited as the Group has minimal external sales. The Group has not yet experienced losses on receivables.

### Currency risk

The Group has expenses in various currencies, and the major currencies are EUR, AUD, NOK and GBP. Currency volatility for the ReSolute™ project is to a certain extent mitigated by natural hedging, where the cash deposits are mainly held in EUR to match the majority of expenses. The Group has not entered into derivative or other agreements to reduce the currency risk. The effect from currency exposure was a net currency loss of EUR 6 130 (EUR 352 337) recognized in the income statement.

## Note 20. Events after the balance sheet date

In January, Circa Group and OQEMA AG signed a supply and capacity reservation agreement for the sale of Cyrene™ into Europe. The agreement is for the market development and supply of several thousand tonnes of Cyrene™ per annum. This brings reservation commitments for Cyrene™ volumes to over 5,000 tonnes per annum, which will be supplied by Circa's ReSolute™ plant, and the following FC6 plant.

Circa Group has signed the grant agreement to receive funding through Region Grand Est for a total of EUR 1.5 million. A prepayment of up to 50 % is expected during the first half of 2023. The payment of the remaining grant will follow the progress of ReSolute™.

The French authority, Direction Régionale de l'Environnement, de l'Aménagement et du Logement (DREAL), Division Moselle, and Circa, have agreed to proceed with an application for a permanent environmental permit. The permanent permit application process replaces the temporary permit process that was originally planned for the ReSolute™ plant. This update will see a delay to the current start-up timetable of approximately six months.

# Financial statements Circa Group AS

	Note	2022	2021
Other revenue	2	826,892	121,521
<b>Total revenue</b>		<b>826,892</b>	<b>121,521</b>
Employee benefit expenses	3	- 1,212,731	- 2,048,832
Other operating expenses	4	- 1,029,531	- 1,335,689
<b>Total operating expenses</b>		<b>- 2,242,262</b>	<b>- 3,384,521</b>
<b>Operating result</b>		<b>- 1,415,370</b>	<b>- 3,263,000</b>
Interest income		192,765	25,437
Other financial income		320,657	417,470
<b>Total finance income</b>		<b>513,422</b>	<b>442,907</b>
Interest expenses		- 90,077	- 125,568
Other financial expenses		- 258,783	- 707,624
<b>Total finance expenses</b>		<b>- 348,860</b>	<b>- 833,192</b>
<b>Net financial income / expenses</b>		<b>164,562</b>	<b>- 390,285</b>
<b>Net profit (loss) before tax</b>		<b>- 1,250,808</b>	<b>- 3,653,285</b>
Tax expenses	5	-	-
<b>Net profit (loss)</b>		<b>- 1,250,808</b>	<b>- 3,653,285</b>
<i>Items that may be reclassified subsequently to income statement</i>			
Foreign exchange gains (losses)		-	-
<b>Other comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit (loss) for the period</b>		<b>-1,250,808</b>	<b>-3,653,285</b>

## Statement of financial position

	Note	31.12.2022	31.12.2021
<b>Assets</b>			
Financial assets	6	40,695,350	29,519,913
<b>Total non-current assets</b>	<b>7</b>	<b>40,695,350</b>	<b>29,519,913</b>
Short term receivables	8	5,334,159	302,607
Cash and cash equivalents	9	19,353,361	36,717,090
<b>Total current assets</b>		<b>24,687,520</b>	<b>37,019,697</b>
<b>Total assets</b>		<b>65,382,870</b>	<b>66,539,610</b>
<b>Equity</b>			
Issued and paid in equity	10, 11	69,272,543	69,201,715
Other equity		- 5,099,790	- 3,848,982
<b>Total equity</b>		<b>64,172,752</b>	<b>65,352,733</b>
<b>Liabilities</b>			
Employee benefits	12	181,260	263,288
<b>Total non-current liabilities</b>	<b>7</b>	<b>181,260</b>	<b>263,288</b>
Employees and related	13	151,070	392,669
Trade and other payables	13	134,670	530,921
Public duties and related	13	13,557	-
Other current liabilities	13	729,561	-
<b>Total current liabilities</b>	<b>7</b>	<b>1,028,858</b>	<b>923,590</b>
<b>Total equity and liabilities</b>		<b>65,382,870</b>	<b>66,539,610</b>

Oslo, Norway, 18 April 2023

The board of directors and CEO of Circa Group AS

Lars Peder Sørvaag Sperre  
Chair

Gregory Ross Court  
Board member

Elise Fahlén  
Board member

James Alan Henneberry  
Board member

Martin Laudénbach  
Board member

Rune Sollie  
Board member

Trond Stangeby  
Board member

Anthony James Duncan  
CEO

## Statement of changes in equity

	Note	Share capital	Share premium	Retained earnings	Total
<b>Balance 1 January 2021</b>		<b>195,817</b>	<b>279,247</b>	<b>-195,697</b>	<b>279,367</b>
Reversed acquisition		8,526,099	12,256,267	-	<b>20,782,367</b>
Issuances		3,148,744	44,875,561	-	<b>48,024,305</b>
Purchase own shares		-32,489	-47,532	-	<b>-80,021</b>
Net profit/loss for the period		-	-	-3,653,285	<b>-3,653,285</b>
<b>Balance 1 January 2022</b>	<b>10, 11</b>	<b>11,838,171</b>	<b>57,363,544</b>	<b>-3,848,982</b>	<b>65,352,733</b>
Issuance	10	41,511	29,317	-	<b>70,828</b>
Net profit/loss for the period		-	-	-1,250,808	<b>-1,250,808</b>
Other comprehensive income		-	-	-	<b>-</b>
<b>Balance 31 December 2022</b>	<b>10.11</b>	<b>11,879,682</b>	<b>57,392,861</b>	<b>-5,099,790</b>	<b>64,172,752</b>

## Statement of cash flows

	Note	2022	2021
Cash receipts from operating activities		46,312	52,213
Cash payments from operating activities		-2,297,526	-3,285,316
Interest received		192,765	25,437
Interest paid		-90,077	-125,568
<b>Net cash flow from operating activities</b>		<b>-2,148,526</b>	<b>-3,333,235</b>
Investment in subsidiaries		-8,000,000	-
Other cash items from investing activities		-	-
<b>Net cash flow from investing activities</b>		<b>-8,000,000</b>	<b>-</b>
Proceeds from issuance of share capital	10	70,828	48,024,305
Proceeds from Grants		128,169	-
Change in intercompany balance with group	14	-7,404,866	-8,564,709
<b>Net cash flow from financing activities</b>		<b>-7,205,869</b>	<b>39,459,596</b>
Foreign currency effects on cash and cash equivalents		-9,334	110,559
<b>Total change in cash and cash equivalents</b>	<b>9</b>	<b>-17,363,729</b>	<b>36,236,921</b>
Cash and cash equivalent at beginning of period		36,717,090	480,169
Cash at end of period		19,353,361	36,717,090
<b>Reconciliation of cash flows from operating activities</b>			
Net profit/loss before tax (less interest)		-1,148,120	-3,753,416
Change in working capital		-400,291	30,500
Depreciation		-	-
Cash receipts from other operating activities		-34,530	133,055
Cash payments from other operating activities		-565,585	256,627
<b>Net cash flows from operating activities</b>		<b>-2,148,526</b>	<b>-3,333,235</b>

## Notes to Circa Group AS financial statements

### Note 1. General information

The financial statements for Circa Group AS have been prepared in accordance with the Accounting Act § 3-9 and regulations on simplified IFRS (2014) given by the Ministry of Finance on 3 November 2014. This mainly means that measurement and recognition follow international accounting standards (IFRS) and presentation and note information are in accordance with Norwegian Accounting Act and good accounting practice. The financial statements are presented in English only. All amounts are presented in EUR unless otherwise is stated. There may be some small differences in the summation of columns due to rounding. The corresponding amounts for prior year in parenthesis.

The financial statements were authorised for issue by the board of directors of Circa Group AS on 18 April 2023.

Requirements related to recognition and applied to the company financial statement for Circa Group AS are identical to the ones described in note 2 Accounting policies in the consolidated financial statements.

For accounting estimates and assumptions see note 3 Accounting estimates and assumptions in the consolidated financial statements.

### Note 2. Operating revenue

	2022	2021
Other grant income	322,935	-
Management services to group companies	503,957	-
Other revenue	-	121,521
<b>Revenue</b>	<b>826,892</b>	<b>121,521</b>

#### Geographical segments

	2022	2021
France	826,892	121,521
<b>Revenue</b>	<b>826,892</b>	<b>121,521</b>

The company's operating revenue consist of the sale of services to other entities in the group (France). Other grant income reflects compensation of expenses incurred in relation to the related grant received, refer to note 2 Accounting principles in the consolidated financial statements. As of 2022, Circa Group AS has received grant from the EU Horizon 2020 Flagship grant (BBI).

### Note 3. Employee benefits

	2022	2021
Salary and holiday pay	492,836	58,332
Social security contributions	65,445	20,505
Sharebased payments/bonus	62,553	1,276,859
Pension costs	32,869	995
Remuneration to BoD	61,393	56,760
Management services from group companies	352,397	474,116
Other personnel costs	145,238	161,265
<b>Total employee benefit expenses</b>	<b>1,212,731</b>	<b>2,048,832</b>

Number of employees 5 1

All employees are registered in a defined contribution pension scheme.

Refer to note 7 in the consolidated financial statements. Anthony Duncan (CEO) received salary from Circa Group Pty Ltd.

### Note 4. Other operating expenses

Specification of other operating expenses	2022	2021
Rent, premises	40,868	-
Office costs	90,328	20,575
External services	710,013	1,186,796
Other operating expenses	188,322	128,318
<b>Total other operating expenses</b>	<b>1,029,531</b>	<b>1,335,689</b>

Auditor fees included in other operating expenses	2022	2021
Statutory audit	56,879	29,380
Other assurance services	4,108	14,801
Tax consultant services	-	-
<b>Total remuneration of auditor</b>	<b>60,987</b>	<b>44,181</b>

### Note 5. Income tax expense

	2022	2021
<b>Tax expense</b>		
Current tax expense	-	-
Change in deferred tax	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

<b>Reconciliation of tax expense</b>		
Profit/loss before income taxes	- 1,250,808	- 3,653,285
Computed tax at nominal tax rate of 22 %	- 275,178	- 803,723
Differences due to different tax rates	-	-
Exempted income/non-deductible expenses	147	-
Deferred tax asset not recognised	275,031	803,723
<b>Total tax expense (-) / income (+)</b>	<b>-</b>	<b>-</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>0%</b>

<b>Deferred tax</b>		
Loss brought forward	- 5,099,121	- 3,848,982
Deferred tax assets	- 1,121,807	- 846,776
Deferred tax assets not recognised	1,121,807	846,776
<b>Net deferred tax asset/liability (-)</b>	<b>-</b>	<b>-</b>

<b>Tax rates by region</b>		
Norway	22.0 %	22.0 %

### Note 6. Investments in subsidiaries

Company name	Principal place of business/ Country of incorporation	Ownership in %		Equity	Result
		2022	2021		
Circa Group Pty. Ltd.	Australia	100%	100%	(2,509,767)	(1,460,902)
FC Five Pty Ltd	Australia	100%	100%	(1,646,978)	(1,083,765)
Circa Sustainable Chemicals Pty Ltd	Australia	100%	100%	140,579	22,921
Circa Sustainable Chemicals Limited	United Kingdom	100%	100%	(879,585)	(277,448)
Circa Sustainable Chemicals BV	Belgium	100%	100%	(508,155)	(75,418)
Circa Sustainable Chemicals SAS	France	100%	100%	6,244,566	(1,848,655)

Company name	Book value
Circa Group Pty Ltd (including subsidiaries)	19,955,205
Circa Sustainable Chemicals Limited	1
Circa Sustainable Chemicals SAS	9,000,000

## Note 7. Categories of financial assets and financial liabilities

The fair value of investments in subsidiaries is unquoted and has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

31 December 2022	Fair value through P&L	Amortised cost	Total
<b>Assets</b>			
Investments in subsidiaries	28,955,205	-	28,955,205
Loans to related parties	-	11,740,145	11,740,145
Short term receivables	-	5,315,816	5,315,816
Cash and cash equivalents	-	19,353,361	19,353,361
<b>Total financial assets</b>	<b>28,955,205</b>	<b>36,409,322</b>	<b>65,364,527</b>

### Liabilities

#### Interest bearing loans and borrowings

Employee benefits	-	181,260	181,260
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#### Other financial liabilities

Employees and related	-	151,070	151,070
Trade and other payables	-	134,670	134,670
Other current liabilities	-	743,118	743,118
<b>Total financial liabilities</b>	<b>-</b>	<b>1,210,118</b>	<b>1,210,118</b>

31 December 2021	Fair value through P&L	Amortised cost	Total
<b>Assets</b>			
Investments in subsidiaries	20,955,205	-	20,955,205
Loans to related parties	-	8,564,709	8,564,709
Short term receivables	-	299,439	299,439
Cash and cash equivalents	-	36,717,090	36,717,090
<b>Total financial assets</b>	<b>20,955,205</b>	<b>45,581,238</b>	<b>66,536,443</b>

### Liabilities

#### Interest bearing loans and borrowings

Employee benefits	-	263,288	263,288
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#### Other financial liabilities

Employees and related	-	392,669	392,669
Trade and other payables	-	530,921	530,921
<b>Total financial liabilities</b>	<b>-</b>	<b>1,186,878</b>	<b>1,186,878</b>

## Note 8. Trade and other receivables

	31.12.2022	31.12.2021
Trade receivables	-	80,842
Trade receivables in group companies	242,862	121,521
Other receivables in group companies	5,053,599	-
Other prepaid operating expenses	18,343	3,168
Other receivables	19,355	97,076
<b>Trade and other receivables</b>	<b>5,334,159</b>	<b>302,607</b>

The credit risk on trade and other receivables is continuously monitored, independent of due date.

## Note 9. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash and bank deposits	19,296,918	36,695,638
Restricted cash	56,442	21,452
<b>Cash and cash equivalents</b>	<b>19,353,361</b>	<b>36,717,090</b>

## Note 10. Share capital and shareholders

	31.12.2022	31.12.2021
Ordinary shares	11,912,171	11,870,660
Treasury shares	- 32,489	- 32,489
<b>Total share capital</b>	<b>11,879,682</b>	<b>11,838,171</b>

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

On 30 June 2022, Moata Pty Ltd, a close associate of Anthony Duncan, and William Duncan, each gave written notice of their intention to exercise 200 000 warrants. As a result, Circa Group AS' share capital was increased by NOK 400 000 (EUR 41 511) by issuing 400 000 new shares from EUR 11 870 660 (NOK 121 713 109) to EUR 11 912 171 (NOK 122 113 109), each share with a nominal value of NOK 1 in August 2022. The subscription price was EUR 0,101 (NOK 0.975) per share for Moata Pty Ltd and EUR 0,253 (NOK 2.4375) for William Duncan per share. Total subscription was EUR 70 828 (NOK 682 500).

Share capital and share premium denominated in NOK is translated and presented in EUR at the historical rate of exchange in the financial statements.

Treasury shares	Number of shares	Share capital	Share premium	% of sharecapital
Treasury shares 1 January 2022	333,340	32,489	47,532	0.3 %
<b>Treasury shares 31 December 2022</b>	<b>333,340</b>	<b>32,489</b>	<b>47,532</b>	<b>0.3 %</b>

The total nominal value of the treasury shares is EUR 80 021 (NOK 821 021),

## Note 10. Share capital and shareholders (continued)

Shareholders as of 31 December 2022	Number of shares	Ownership in %
NORSKE SKOG ASA	31,654,274	25.92%
Saxo Bank A/S	20,796,741	17.03%
Citibank, N.A,	12,120,630	9.93%
CIRCA GROUP AS	9,244,720	7.57%
DUNCAN	5,480,000	4.49%
LAWRENCE	4,556,060	3.73%
VERDIPAPIRFONDET DELPHI NORDIC	2,245,525	1.84%
J,P, Morgan SE	2,200,000	1.80%
VERDIPAPIRFONDET FIRST GENERATOR	2,112,567	1.73%
Pershing LLC	1,943,715	1.59%
FJARDE AP-FONDEN	1,529,133	1.25%
NORDNET LIVSFORSIKRING AS	1,229,673	1.01%
KLAVENESS MARINE FINANCE AS	1,026,479	0.84%
MANIFEX PTY LTD	999,000	0.82%
State Street Bank and Trust Comp	974,967	0.80%
HAWKFISH AS	925,909	0.76%
BNP Paribas	670,781	0.55%
SVANDAL	625,000	0.51%
JOMANI AS	614,000	0.50%
Skandinaviska Enskilda Banken AB	500,000	0.41%
Other shareholders	20,663,935	16.92%
<b>Total</b>	<b>122,113,109</b>	<b>100%</b>

Shareholders in Circa Group AS consist of:	Number of shares	Ownership %
Vestcourt Pty Ltd ATF Court Family Superannuation Fund	5,931,360	4.86%
Team America Pty Ltd	1,773,340	1.45%
Moata Pty Ltd ATF Duncan Family Trust	1,000,000	0.82%
Circa Group AS	333,340	0.27%
Grant Robert McGregor & Sylvia McGregor ATF The G & S McGregor Superannuation Fund	140,000	0.11%
Foster, Allan James	66,680	0.05%
<b>Shareholder Circa Group AS</b>	<b>9,244,720</b>	<b>7.57%</b>

In the Euronext VPS registry, Circa Group AS is registered as the holder of 9 244 720 shares, of which 333 340 shares are owned and held in treasury by Circa Group AS. The remaining 8 911 380 shares are temporarily held by Circa Group AS on behalf of shareholders awaiting settlement to nominee or individual accounts.

The majority of the investors that have transferred shares into individual holding accounts have used a nominee account provided by Saxo Bank.

## Note 11. Earnings per share and dividends

	2022	2021
Profit/loss for the year attributed to owners	-5,974,074	-7,000,581
Weighted average number of shares	121,846,442	121,713,109
Basic earnings/loss per share in EUR	-0.05	-0.06
Diluted earnings/loss per share in EUR	-0.05	-0.06

There were no dividends paid in 2022.

## Note 12. Non-current liabilities

	31.12.2022	31.12.2021
Incentive plan employees	181,260	263,288
<b>Total non-current liabilities</b>	<b>181,260</b>	<b>263,288</b>

For information regarding incentive plan, refer to note 16 in the consolidated financial statement.

## Note 13. Current liabilities

	31.12.2022	31.12.2021
Employees and related	108,081	386,412
Trade creditors	134,671	530,921
Unpaid holiday pay	42,988	6,257
Other current liabilities	743,118	-
<b>Total current liabilities</b>	<b>1,028,858</b>	<b>923,590</b>

## Note 14. Related party transactions

### Investments in subsidiaries

Ownership interests in subsidiaries are set out in note 8.

### Transactions with related parties

During the year there were transactions with the related entities of the consolidated group. These terms were done on commercial terms.

Furthermore, internal invoicing has been carried out for management services between the companies based on market pricing or a modified cost-plus method depending on the underlying content of the relevant service. The gross amount is EUR 1 104 034.

31 December 2022	Assets	Liabilities
<b>Non-current</b>		
Circa Sustainable Chemicals SAS	6,037,613	-
Circa Group Pty Ltd	4,293,979	-
Circa Sustainable Chemicals Ltd	962,509	-
FC Five Pty Ltd	446,044	-
Circa Sustainable Chemicals BV	-	-
<b>Current</b>		
Circa Sustainable Chemicals SAS	4,722,955	-
Circa Group Pty Ltd	573,506	57,351
Circa Sustainable Chemicals Ltd	-	27,532
Circa Sustainable Chemicals BV	-	860,627
<b>Total</b>	<b>17,036,607</b>	<b>945,510</b>

31 December 2021	Assets	Liabilities
<b>Non-current</b>		
Circa Group Pty Ltd	4,245,424	-
Circa Sustainable Chemicals SAS	3,948,409	-
FC Five Pty Ltd	440,876	-
Circa Sustainable Chemicals BV	-	70,000
<b>Current</b>		
Circa Sustainable Chemicals SAS	121,521	-
<b>Total</b>	<b>8,756,230</b>	<b>70,000</b>

## Note 15. Financial risk

Refer to note 19 in the consolidated financial statements for risk assessment.

### Liquidity risk

#### Maturity analysis

31 December 2022	< 6 months	6-12 months	1-5 years	>5 years	Total
Employee benefit	-	-	181,260	-	181,260
Other non-current benefits	-	-	-	-	-
Employees and related	151,070	-	-	-	151,070
Trade and other payables	134,670	-	-	-	134,670
Other current liabilities	743,118	-	-	-	743,118
	<b>1,028,858</b>	<b>-</b>	<b>181,260</b>	<b>-</b>	<b>1,210,118</b>

31 December 2021	< 6 months	6-12 months	1-5 years	>5 years	Total
Employee benefit	-	-	263,288	-	263,288
Other non-current benefits	-	-	-	-	-
Employees and related	392,669	-	-	-	392,669
Trade and other payables	530,921	-	-	-	530,921
	<b>923,590</b>	<b>-</b>	<b>263,288</b>	<b>-</b>	<b>1,186,878</b>

## Note 16. Events after the balance sheet date

There have been no events after the balance sheet date with significant impact on the financial statements for 2022.

See note 20 Events after the balance sheet date in the consolidated financial statements for other post balance sheet events.



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## Independent Auditor's Report

To the Annual Shareholders meeting of Circa Group AS

### Opinion

We have audited the financial statements of Circa Group AS.

#### The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2022, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2022, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### In our opinion:

- The financial statements comply with applicable statutory requirements.
- The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other 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 opinion.

### Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we 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.

### Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view, for in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Børre Skisland  
State Authorised Public Accountant  
(This document is signed electronically)

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