

# Quarterly *Presentation* Q2 2024

22 August 2024



Changing Chemistry for Good™

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## AGENDA

### INTRODUCTION

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Philipp Morgenthaler

MARKET & PRODUCT DEVELOPMENT

Alessandro Napoli

FINANCE

Erik Berger

OUTLOOK

Bertel Karlstedt

Q&A

# Continued strict focus on essentials



## Implementation of Business Plan, including Funding

- Revised Resolute total cost estimate triggering a EUR 60 Million total funding need through 2026
- Revisited Business plan with market driven focus on high value applications
- Process continued aimed at loan based financial support from France

## Finalisation of ReSolute™

- Restarting the site work is still pending the Environmental Permit.
- Discussion with St Avold landlord, GazelEnergie, for extended lease agreement. Now agreed at 15 years, with possibility to extend.
- Strong national and local support in France for the Resolute project. Including the involvement of the appointed DIATTE ("Délégué Interministériel à L'accompagnement des Territoires en Transition Énergétique").
- Continued cooperation with the authorities and regional/local stakeholders for ensured environmental permit. Expected: during Q4 -24

## Market, Applications and Commercialisation

- New agreements signed for distribution and further processing of Circa products.
- Visible Circa presence in Chemistry Industry & Customer events continues
- Sharpening the focus for commercialisation of selected applications/products. Aiming at increased role and portion of high-value derivatives

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## Progress to date: *FC5 (Tasmania)*



- Installation of a lab scale LGO distillation facility for the production of high purity LGO to support development work completed. Production of LGO with a purity >99% already achieved
- Implementation of a basic Quality Management System according to ISO 9001 completed
- Site qualification of pharmaceutical customer successfully completed
- Trials to reduce sulfolane consumption completed with a significant impact on OPEX. 30% reduction achieved
- Operations currently on hold and Team reduced to a minimum required to keep lab activities going



# Progress to date: *ReSolute*



- Visit of Prefect, Sub-Prefect, President of CASAS and other officials at the warehouse to witness the unloading of the distillation equipment. The event was organised by the interministerial delegate (DIATTE) to increase public awareness and support Circa's funding activities
- The event received nice media coverage in Radio, TV stations and newspapers
  - [Circa, futur fabricant de solvants biosourcés, s'installe petit à petit \(moselle.tv\)](#)
  - [Saint-Avold : Des solvants biosourcés bientôt fabriqués sur le site d'Émile Huchet](#)
  - [Économie : un nouveau projet industriel prend forme sur la plateforme de Carling-Saint-Avold](#)



Prefect of Moselle in the center, on his left the Subprefect. President of CASAS to the far right



- Quotation for completion of civil works pending. Agreement with current co-contractor SMTPF that they will complete their part of the work (roads, underground network) at the agreed prices
- All mechanical erection and piping works have not been awarded, discussions with vendors are paused
- Lease extension from 9 to 15 years agreed with GazelEnergie
- >95% of the equipment from the major packages Pyrolizer/Boiler and Distillation received at site
- Woodyard and Hydrogenation is fully built and stored at locations close to vendors
- Balance of Plant items partially completed and delivered, smaller packages to be awarded



- Comments from MRAE (Missions régionales d'autorité environnementale) were received on 18 July
- Steering Committee Meeting with all included parties (incl. GazelEnergie) was hosted by the Prefect on 07 August
  - The Prefect reiterated his commitment to contribute to a signing of the permit in October
- The Commissioner for the Public Inquiry has been nominated. He visited the site on 20 August
- The Public Inquiry will start on 26 August and last until 24 September
- Before the prefect will sign the „Arrêté Préfectoral“ (equivalent to operation permit) the file will go through the CODERST (Conseil de l'Environnement et des Risques Sanitaires et Technologiques)
- Arrêté Préfectoral is expected by mid of October

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## **Direct customers**

- Pricing & sampling activities with direct customers confirm the interest in Circa's products
- Pharma – Partnership to develop the intermediate business.
- Global player in the cosmetics ingredients space – NDA signed to collaborate on the intermediate development
- Partnerships in Carbon Capture & Storage(Use) material development
- Meeting with a global player in coatings on anti-fungi additives for water-based paints. Tests ongoing

## **Distribution**

- Orders from EU/US distributors signaling continued development activities
- Non-disclosure agreement signed with contract manufacturing organization (CMO) in China for Kg scale-up of LGO-derived intermediate.
- Signed collaboration agreement with a US-based supplier of green solvents – introduction of Cyrene™ into their portfolio to develop the NA market together

## **Outlook for Q3 2024**

- Results from the recently signed agreements
- Finalize LGO and derivatives agreements under negotiation
- First results from the process development project on LGO-derived intermediates

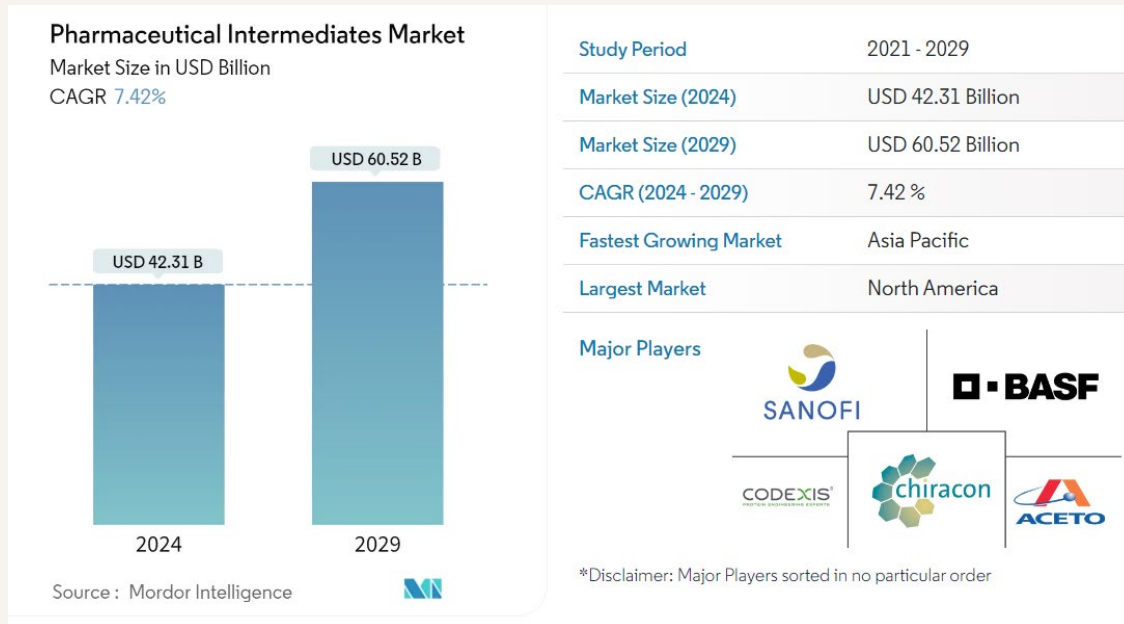
# Increased attention and effort on the development of the specialty business

## Rationale

- The pharma intermediates market is even larger than the solvent market
- The fragrance and flavors (F&F) chemicals market has shown resilience in 2023
- Those applications are more open to innovation accepting higher prices for proven value
- Circa's products address the specialty intermediates market in high value applications

## How do we get there

- Partnerships with key players
- Collaboration with CMOs on process development for the LGO-based intermediates
- EU projects: Transpharm active until 2026
- Identify & focus on accessible routes to market



## Growth through volumes

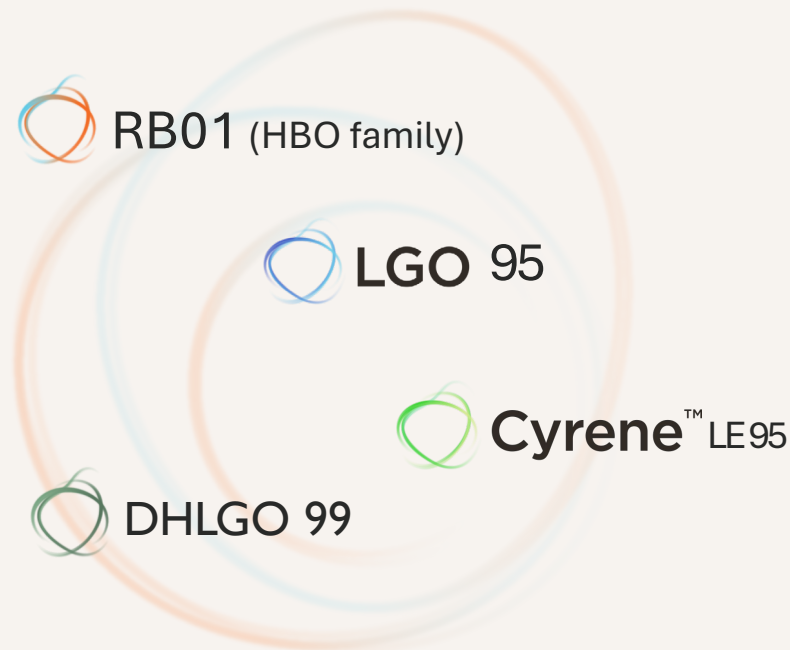
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- Expanding the applications to consumer products (supported by the favorable outcome of the tox studies)
- Increase the distribution partnerships in the AM and APAC regions
- Re-evaluating the distribution partnerships in EU to accelerate the promotion and qualification activities in specialty markets
- Capturing additional funding opportunities for application development in TRL>7

## Growth through average selling prices

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- Introducing solvent blends with customers to target performance and total cost
- Adapt solvent grade quality requirements to match market demand for improved competitiveness
- Developing the intermediates business from LGO and DHLGO in partnership with key players
- Initiate projects with CMOs to optimize process and quality for the intermediates and offer them via distribution or direct



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# Spend in line with expectations for the quarter

## Adjusted to stretch runway – Focus on fund raising

	EUR Thousand			
	Q2 24	Q2 23	YTD 24	YTD 23
Income statement				
Operating revenue	136	598	279	772
Operating profit / loss	-2,360	-1,174	-4,262	-2,525
Net profit / loss before tax	-2,080	-1,054	-4,022	-2,657

- Revenues mainly other revenues - grants
- Reduced activities at FC5 and Resolute stretch the runway
- Equipment being collected and stored at Resolute

# Cash management is crucial

	EUR Million		
	Q2 24	Q2 23	YE 23
Balance sheet			
Fixed assets	34.4	14.5	23.3
Total cash and cash equivalents	2.4	27.5	11.4
Total Assets	39.5	43.1	37.0
Equity	26.8	33.5	30.1
Equity / assets ratio in %	68%	78%	81%

- Accumulated Resolute capitalization is EUR 42.9 million, including EUR 2.9 capitalized in Q2. Capitalization is offset by grants of EUR 8.6 million
- Available cash is currently limited pending funding activities



# ReSolute plant economics



- High level plant economics at 800 tons production (annualised)

	<1,200t plant (ReSolute)
<b>Project cost</b>	EUR ~95m Brownfield
<b>Capacity</b>	1,200t
<b>Sales<sup>1</sup></b>	EUR ~30m*
<b>Cost of Sales<sup>2</sup></b>	EUR ~10m
<b>OPEX<sup>3</sup></b>	EUR ~5m
<b>EBITDA<sup>4</sup></b>	EUR ~15m

- Assumptions

- Production and sales are based on Circa's product portfolio including LGO, Cyrene™ and other LGO derivatives tailored to market's demand
- Product mix and productivity improvements are expected over time due to continuous work on derivatives and yield improvements
- Biochar, a by-product of the Furacell™ process, is utilized as energy in our plants
- \*Based on ~800 tons capacity utilization

• Source: Company information. 1) Circa pays a royalty to the University of York for Cyrene™ sales; 1.5% for quantities up to 1,000 tonnes p.a., and 0.75% for quantities exceeding 1,000 tonnes p.a.  
2) Electricity, biomass, phosphoric acid, etc. 3) Labour, manufacturing, overhead, selling, and admin. 4) Figures are estimates based on current best available data, and subject to change based on site geography and economic conditions.

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## **Funding & Business Plan Implementation**

- Evaluating all options for finding a solution to the funding needs including sale of assets
- Extend the runway in order to keep operating diligently
- Focus on high value applications
- Strong business plan based on latest market traction

## **Resolute™**

- Securing the environmental permit & funding

## **Market; Strategy, Partners and Commercialisation, Market**

- Secure distribution and off-take agreements with key customers
- Continued market efforts to optimise the product mix; LGO, LGO derivatives and Cyrene™

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Thank you

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