



Cinis Fertilizer reprioritizes production facilities after notice of delay from Northvolt

Following Northvolt's communicated delays in ramping up the production facility in Skellefteå, Cinis Fertilizer has revised the schedule for its planned production facility in Skellefteå. For some time now, Cinis Fertilizer has been conducting concrete and detailed discussions with several companies in the global electric vehicle battery industry regarding the establishment of new cooperations, which will now be prioritized before the Skellefteå plant. The company also assesses that the delays at Northvolt will entail additional costs of approximately SEK 25 million in 2024 and that the target of an EBITDA margin exceeding 25 percent will not be achieved for 2024. The company's long-term operational and financial targets remain, as does the assessment of being able to achieve a positive cash flow from the operational activities during the summer of 2024.

In 2021, Cinis Fertilizer and Northvolt entered into a long-term cooperation to increase circularity in the battery industry. Cinis Fertilizer has agreed to purchase all the sodium sulfate that is generated as a residual product from Northvolt's battery production in Skellefteå. Due to delays in Northvolt's ramp-up, Cinis Fertilizer has had to purchase sodium sulfate from international suppliers to ensure production in 2024. Northvolt has since then communicated further delays.

Cinis Fertilizer makes the assessment that the missed sodium sulfate deliveries from Northvolt will result in additional costs of approximately SEK 25 million for 2024. The increased costs for sodium sulfate in combination with the somewhat slower fine-tuning of the company's production facility means that the target of an EBITDA margin exceeding 25 percent will not be achieved in 2024.

With the latest information, it is also clear that the company will have to obtain most of the sodium sulfate for the Örnsköldsvik facility from suppliers other than Northvolt also in 2025 and 2026. In the short term, these disturbances will affect the margins somewhat, but the long-term financial target of an EBITDA margin exceeding 25 percent remains. As sodium sulfate is traded in large volumes globally and is found as a residual product in several industries, the company sees no risk of being left without inputs, but instead the work is about securing as large a proportion of residual streams as possible and sodium sulfate at the best possible price.

Cinis Fertilizer makes the assessment that the start of production for the planned production facility in Skellefteå will be delayed by approximately an additional two years, until 2028. Cinis Fertilizer has been carrying out concrete and detailed discussions with several companies in the global electric vehicle battery industry for some time regarding the establishment of new cooperations, which will now be further prioritized and communicated in an updated business plan. The operational target of six production plants and a total installed production capacity of 1.5 million tons of potassium sulfate in 2030 remains.

"Together with our partners, we are building a completely new ecosystem of sustainable and circular products with a connection to the battery industry. Building something like this takes time and new challenges always appear. Our ambition

remains to, together with Northvolt, as well as other partners, increase circularity in the battery industry and produce a sustainable mineral fertilizer. We feel confident in the battery industry's and our end customers' need for more sustainable value chains and products, as well as our ability to contribute to this," says Jakob Liedberg, CEO of Cinis Fertilizer.

Cinis Fertilizer has the necessary permits in place to be able to build and commission a new plant adjacent to Northvolt Ett in Skellefteå with a short time from decision to action.

As previously communicated, the first delivery from the company's production facility in Örnsköldsvik went by truck to the customer at the beginning of July, and the first shipment is expected to be sent off during the summer. Thereafter, deliveries are expected to increase gradually as production increases. The assessment of being able to achieve a positive cash flow from operational activities during the summer of 2024 remains.

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This information is such information that Cinis Fertilizer is obliged to make public pursuant to the EU's Market Abuse Regulation. This press release has been prepared with a Swedish and an English version. In the event of any discrepancies between the two, the Swedish version applies. This information was published, through the agency of the contact persons above, on July 9, 2024, at 07:30 a.m. CET.

About Cinis Fertilizer

Cinis Fertilizer is a Swedish green-tech company producing an environmentally friendly mineral fertilizer, potassium sulfate (SOP), by recycling waste products from battery manufacturing and recycling, as well as the pulp industry and other industries. The patent protected technology will use half as much energy as today's production methods and the result is a fertilizer with low carbon footprint, a unique and circular contribution enabling sustainable agriculture. FNCA Sweden AB is Certified Adviser. For further information please visit: www.cinis-fertilizer.com.