

Oslo, 14th October 2021

Update on ReSolute project

Reference is made to the second quarter press release dated 26 August 2021 on Euronext Growth Oslo (Ticker: CIRCA) where the company informed that an update on the Resolute project costings would be made in advance of 3rd quarter financial reporting. The company is in a process to review cost budget implications on the ReSolute project following output from the basic engineering study and ongoing discussions regarding key equipment suppliers. These processes have not been concluded, but the company has deemed it prudent to update the market on current findings which will require an material increase in the budget for construction (Capex) and some operating costs (Opex) in 2022 and H1 2023 of the ReSolute commercial demonstration plant in Northern France.

As foreshadowed in the Q2 presentation there has been considerable disruption due to covid impacts on supply chains which have led, in some cases to unprecedented cost increases. The company's current estimate is that the ReSolute project costs overall will increase from earlier estimates of €32m to an estimated range of EUR 50-55 million which is subject to the continuing cost mitigation project work. In addition, among other due to the need for further plant design optimization work to enable cost reductions, the commissioning of the ReSolute plant is expected to be delayed by 6 months into Q3 2023.

The above updated estimates for the ReSolute project are largely a result of output from the basic engineering work by Wood plc and revised estimates received from suppliers of equipment. Both have been materially impacted by recent global increases in raw material costs, transportation costs, energy supply and general upwards pressure on civil construction costs.

The ReSolute plant is an initial commercial operation showcasing Circa's proprietary technology and Furacell™ process. It is our aim to use this opportunity, along with FC5 operations in Tasmania, to continue to optimise the technology to gain efficiencies and scale future plants more quickly. The key objectives are to retain revenue levels, margins and timelines for large scale plants according to previously communicated plans.

The company is well-funded following the approximately EUR 52 million capital raising in March 2021, and the company's projections indicate a long financial runway. The company will continue to work to optimise the Resolute plant, while exploring grant and vendor financing opportunities to ensure that the ReSolute project remains well capitalised.

"We are putting all efforts into cost mitigation work with additional resources being brought in with our consultants Technip Energies. I also wish to highlight that there is strong and increasing market interest in Cyrene and other LGO-based biochemicals, and their commercial potential remains tremendous", says Tony Duncan, CEO of Circa Group.

About Circa

Established in 2006, Circa Group converts waste, non-food biomass into advanced bio-based chemicals with its proprietary Furacell™ process. Its developing product portfolio includes flavours, biopolymers, and bio-solvents including Cyrene™, an alternative to traditional polar aprotic solvents, which is produced in one step from platform biomolecule Levoglucosenone. By creating novel and replacement chemicals from renewable feedstocks, Circa is both extracting value from non-food, waste biomass, and addressing growing market demands for bio-based alternatives that are driving a more sustainable economy.

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