Dear Investor,

We hope that you are well, and that you have had a good start to 2023. We wanted to provide you with the latest updates on Celtic Renewables, with good progress achieved since our last update in early January.

## 1. Finance Update

- Restructure – as communicated in early January, we completed the refinancing of the debt in our project subsidiary company, Celtic Renewables Grangemouth plc at the end of December 2022. This puts the plant at Caledon Green, Grangemouth in a positive financial position as it goes through the final stages of commissioning and early operations.

- New funding – with the support of our main equity investors and Scottish Enterprise, we have recently completed a new round of funding of £9m, via convertible loan notes into the company and some additional debt funding into our project subsidiary. This provides us with a funding runway well into Q2 2024, by which time we expect the plant at Caledon Green to be generating net positive revenues and for the company to have completed the larger growth raise. The convertible loan notes are expected to convert into equity in parallel with the completion of the planned Growth Raise in early 2024, and the conversion price is linked to the equity share price agreed with the Growth Raise investors.

- Annual accounts (2021 and 2022) – working with our board and our auditors, RSM, we determined that it was preferable to complete both the restructure and new funding round outlined above, to provide a good going-concern position for the company and enable the filing of the companies' 2021 accounts without any requirement for any material uncertainty statement on going-concern. Whilst this meant that the 2021 accounts were filed late, we firmly believed this was the preferable position on which to build forward into the future. We hope this did not cause any undue concern with investors. With the good current going-concern position established, we are finalising the 2022 accounts, which will be filed with Companies House by the end of April 2023, well ahead of the filing deadline and on the same basis.

- New CFO – Claire Treacy (CFO) left in early March to take up an exciting new role in the renewables sector, for which she was headhunted. Claire has worked tirelessly for the company over the past 2 years, and it is testament to her commitment to Celtic Renewables, that the completion of the restructure and new funding as well as the filing of the 2021 accounts all occurred during her final few months at the company. We are very grateful to Claire, and we wish her all the best for the future. Our new CFO, Donal Fullerton, joins the company in early May 2023, and brings excellent experience with growth companies and in raising growth capital, and we are excited for him to join the Celtic Renewables team and the board.

- Growth Raise – with Donal joining us in early May, one of his key objectives in 2023 will be to drive forward our planned growth raise to support the commercial roll-out of the technology and the development of further larger-scale plants, which we expect to complete in early 2024.

## 2. Grangemouth Plant Progress

The commissioning progress at Caledon Green has continued well. Unfortunately, we were impacted by the unexpected very low temperatures in mid-December – as the plant was not in steady-state operation the freezing temperatures caused quite a bit of damage to pipework, valves and other equipment. We have worked through all the necessary repairs and minimised the impact on commissioning progress. In addition, we have a new "winterisation" plan, which we utilised for two further periods of freezing temperatures recently and mitigated any further impact.

We are working through the final ramp-up of the large-scale fermentations at the plant and expect first products to be available for customers in late April/early May. The ramp up of steady-state operation of the plant up to full capacity will continue for the rest of 2023, in line with our business plan for this year.

The energy price situation has had an impact on our production costs, but we have worked through this with our landlord, Calachem, who supply our utilities to mitigate this impact. The Energy from Waste plant being developed adjacent to our site comes into operation at the end of 2023, and once this is operational it will provide low-carbon power and steam, at more affordable and stable pricing. On a positive note, the increased energy pricing means that the selling prices for our products have increased, giving higher revenues that more than cover the increase in costs.

**3. Products update**

We have almost 70 potential customers awaiting first product samples, which demonstrates the strong and increasing demand for our bio-based solvent products. We are many times over-subscribed for the products capacity that we can produce at the Caledon Green Plant. This presents us with a strong price-opportunity, but also a challenge in managing customers' supply expectations against limited inventory. It is therefore imperative that we commence the development of larger scale plants as soon as possible to be able to meet this increasing demand.

**4. Growth Strategy**

A primary focus in our strategic objectives for 2023 is the continued refinement of our growth strategy model, and preparing the company in terms of resources and structure to be able to exploit the many future opportunities we expect to materialise in the near-term future. The first of these are as follows:

- Speyside project – our appointed engineering design partners have commenced the Front-End Engineering Design (FEED) process, which will run in parallel with the securing of planning consent for the project, both of which we expect to complete in the second half of 2023. All being well we would expect to start the construction of this second plant in early 2024.

- Further opportunities – the feasibility assessment of two further projects is on-going, one in Scotland and one in Ireland, and we are assessing the potential of several other opportunities.

**5. Celtic Renewables Team**

- Team growth – our team has now grown to almost 50 people, and as a result we have just recruited a new Head of People to focus on the retention, development, and well-being of our increasing team.

- Earlier this month, Celtic Renewables scientist Eve Hamilton was the proud recipient of the Industrial Biotechnology Innovation Centre (IBioIC) Communication With Impact Award, which was presented to her at the annual IBioIC conference in Glasgow – the largest biotech conference in the UK, where company CEO Mark Simmers also gave a presentation. The full story is on our website – https://www.celtic-renewables.com/celtic-renewables-scientist-receives-biotechnology-award

- On a sadder note, everyone at the company was deeply saddened by the death of our former Chairman, Dr Douglas John Ward CBE who died peacefully in his home at the age of 82 following a long and courageous battle with cancer. Our sympathies are with his wife and family. His obituary is on our website - https://www.celtic-renewables.com/dr-douglas-john-ward-cbe-obituary

We thank you as ever for your support for Celtic Renewables. This year promises to be our best yet, and the expected achievement of our strategic objectives for 2023, will enable us to bring our first plant into full operation to generate first revenues from product sales, and prepare us to fully exploit the commercial opportunities in the future. We will of course continue to inform you of that progress in our quarterly updates.

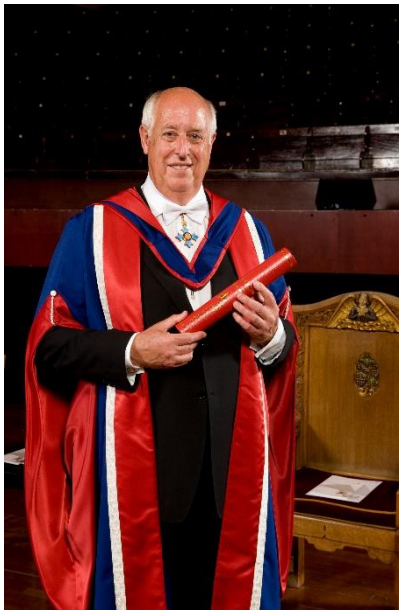
## RECENT IMAGES


Draff and Potato storage hoppers operational at the front-end of the plant.

All the large-scale fermenter vessels are now fully commissioned and operational, pictured with the distillation columns in the background.

The 3 final stage 5,000l inoculum vessels have been operating reliably since Nov 2022, which feed the large-scale production fermenters, pictured above.


Celtic Renewables' scientist, Eve Hamilton receiving her IBioIC award.



Dr Doug Ward CBE, our former Chair.

The pipe bridge which supports the pipework to convey the cooked media and inoculum to the large-scale fermenter vessels.