

Issuer Free Writing Prospectus dated December 18, 2020  
Filed Pursuant to Rule 433 of the Securities Act of 1933, as amended  
Relating to Preliminary Prospectus dated November 25, 2020  
Registration Statement No. 333-239659

# CN ENERGY GROUP, INC.

(Nasdaq: CNEY)



中北能

December 2020

## Free Writing Prospectus Statement

This free writing prospectus relates to the proposed initial public offering of ordinary shares of CN Energy Group, Inc. (the "Company"), which are being registered on a registration statement and should be read together with the preliminary prospectus included in the registration statement initially filed with the SEC on July 2, 2020, as amended, for the offering to which this presentation relates and may be accessed through the following link:

[https://www.sec.gov/Archives/edgar/data/1780785/000110465920129519/tm2037075d1\\_f1a.htm](https://www.sec.gov/Archives/edgar/data/1780785/000110465920129519/tm2037075d1_f1a.htm)

The Company has filed the registration statement (including a preliminary prospectus) with the SEC for the proposed offering to which this communication relates. The registration statement has not yet become effective. Before you invest, you should read the preliminary prospectus in the registration statement (including the risk factors described therein) and other documents we have filed with the SEC in their entirety for more complete information about us and the proposed offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

Alternatively, we or the representative of the underwriters will arrange to send you the prospectus if you contact CN Energy Group, Inc., via email: [ry@cneny.com](mailto:ry@cneny.com), or contact Network 1 Financial Securities, Inc., via email: [kmu@netw1.com](mailto:kmu@netw1.com).

## Disclaimer

This presentation incorporates information from a prospectus filed with the SEC for the offering to which this communication relates and contains forward-looking statements. All statements contained herein other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forwarding statements.

The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions are intended to identify forward looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the "Risk Factors" section beginning on page 12 of the prospectus. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward looking statements.

The information in this free writing prospectus is preliminary and is subject to completion or change.



## Offering Summary

### Issuer

- CN ENERGY GROUP. INC.

### Listing/Ticker

- Nasdaq: CNEY

### Offering Type

- Initial Public Offering

### Shares Offered

- 50,000,000 Ordinary Shares, or 5,750,000 Ordinary Shares if the over-allotment option is fully exercised by the Underwriter

### Over-Allotment

- 15%

### Filing Range

- \$4,00-\$5,00

### Expected Pricing Date

- Mid-Jan 2021

### Use of Proceeds

- Approximately 80% for the construction of a manufacturing facility in Manzhouli City; Approximately 20% for research and development; the balance to fund working capital and for other general corporate purposes

### Lock-up

- 180 days for directors and officers and certain shareholders

### Underwriter

- Network 1 Financial Securities, Inc.

*See offering documents for further risks and disclosures. There is no guarantee that any specific outcome will be achieved. Investments may be speculative, illiquid and there is a risk of loss. Past performance is not indicative of future results.*



## CN Energy At A Glance

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- ❖ **Manufacturer and supplier of high-quality wood-based activated carbon and biomass electricity**
- 



- ❖ **Strategically placed facilities and lower general costs**
- 



- ❖ **A model project for comprehensive utilization of forestry resources recognized by the National Forestry and Grassland Administration of China**
- 

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## Investment Highlights



- ❖ **High-quality products with wide applications in a number of markets**



- ❖ **Strong financial performance**



- ❖ **Experienced management and professional team with proven industry experience**



- ❖ **Unique patents and a number of industry awards and recognition**

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## Company Overview

- CN Energy Group, Inc. is a manufacturer and supplier of **wood-based activated carbon** that is primarily used in pharmaceutical manufacturing, industrial manufacturing, water purification, environmental protection, and food and beverage production, and a producer of **biomass electricity** generated in the process of producing activated carbon.
- The **primary end users** of our activated carbon are food and beverage producers, industrial manufacturers, pharmaceutical manufacturers, environmental protection enterprises.
- As a manufacturer of wood-based activated carbon, our **primary raw materials** are forestry residues, little fuelwood, and wood wastes, which we source from our suppliers.
- Our current **facility** is located in Tahe County, Heilongjiang Province, in close proximity to the Greater Khingan Range, where our suppliers are primarily located. We also source raw materials from the Inner Mongolia Manzhouli Region ("Inner Mongolia").

### Facility



### Raw Materials



Powdered Activated Carbon



Granular Activated Carbon

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# Our Facility

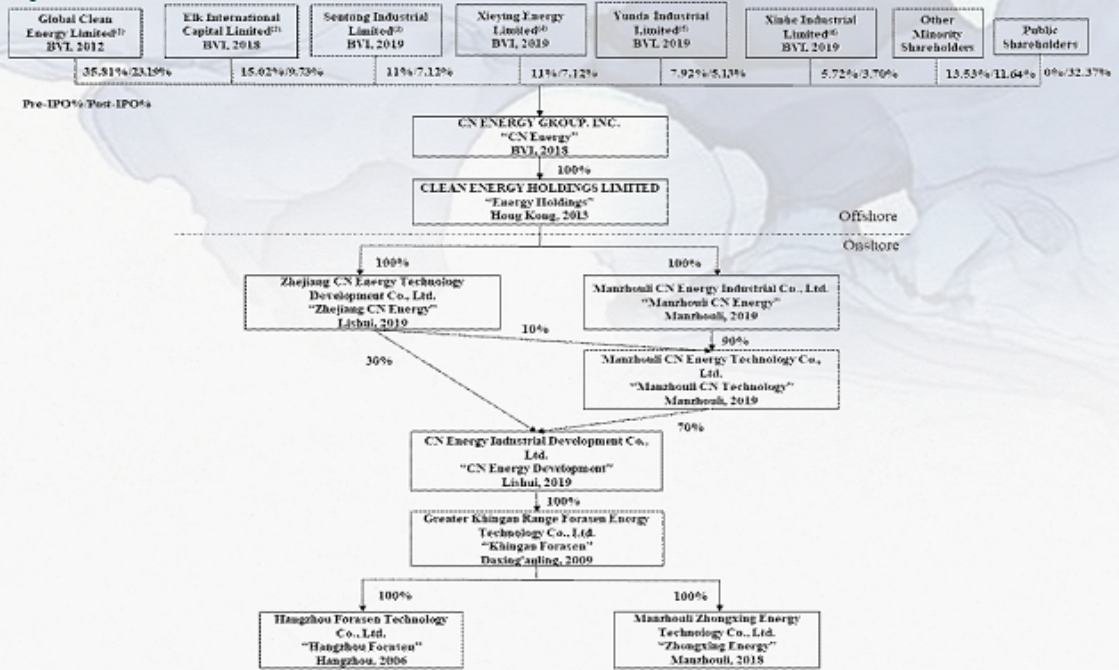


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# Ownership Structure



The pre-IPO% and post-IPO% in the diagram above are based on 10,000,000 Ordinary Shares outstanding before this offering and 15,444,444 Ordinary Shares outstanding after this offering assuming the underwriter does not exercise its over-allotment option.

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# Wood-Based Activated Carbon Industry --- Market Overview



## The market demand for activated carbon products has increased

- ✓ Continuous development of the economy in the PRC.
- ✓ The evolution of consumption habits in the PRC.
- ✓ Rising consumer awareness on safety and quality of food, pharmaceuticals, and drinking water.



## More environmentally friendly than coal-based activated carbon

- ✓ Wood-based activated carbon is a kind of activated carbon made from fuelwood, sawdust, wood block, and other raw materials and processed by popular processes such as physical method, phosphoric acid method, and zinc chloride method.
- ✓ Raw materials used for producing wood-based activated carbon are renewable and the production process generates less emission of carbon dioxide.



## Manufacturing processes have developed to more advanced production methods

- ✓ The wood-based activated carbon manufacturing industry in the PRC has made remarkable achievements in the past 20 years.
- ✓ Manufacturing processes have developed from simple flat-plate furnace and smoldering furnace to more advanced production methods, such as rotary furnace, fluidized bed furnace, and other production processes.

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# Wood-Based Activated Carbon Industry --- Entry Barrier

## Technologies & Talent Acquisition

New market entrants may find it difficult to operate facilities, develop technologies, or hire professionals to establish their business in this market.



## High Capital Investment

Market entrants need to spend a large amount of capital to hire workers. It is also necessary to invest a substantial amount of upfront capital and resources to purchase industrial machineries and raw material as well as to finance research and develop technologies.

## Supply of Raw Materials

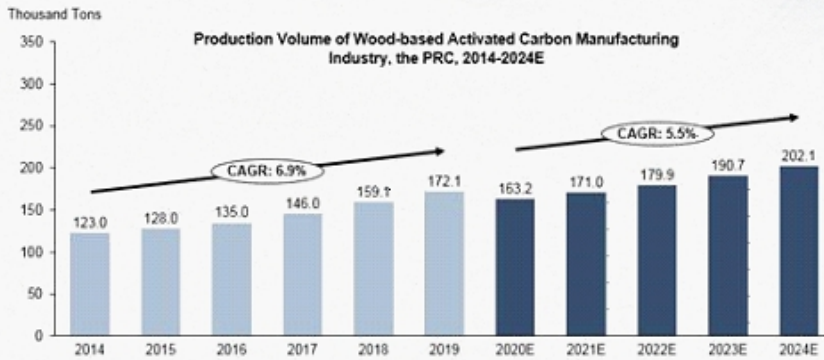
The activated carbon industry is resource-intensive. Main raw materials for activated carbon production are mostly carbon-rich. An adequate, stable, and high-quality supply of such raw materials is required to guarantee stable and continuing production of activated carbon. Limited coal and forest resources in the PRC makes it hard for new entrants to establish a stable raw materials supply system suitable for long-term procurement.



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## Market Size

- Due to the rapid development of industrial technology, stricter environmental protection regulations, and increased attention to food safety, demand for wood-based activated carbon has increased in many industries, such as the food and beverage, pharmaceutical, metallurgy, environmental engineering, and automobile industries.
- According to the industry report by Frost & Sullivan titled "The PRC Activated Carbon Manufacturing Market and Biomass Energy Market Independent Research" (the "Frost & Sullivan Report"), the production volume of wood-based activated carbon products in the PRC has increased from 123.0 thousand tons in 2014 to 172.1 thousand tons in 2019, a compound annual growth rate ("CAGR") of 6.9% from 2014 to 2019. Due to the COVID-19 outbreak since late December 2019 and the implementation of governmental measures in response to such outbreak in the PRC, the production of wood-based activated carbon products in the PRC has slowed down in early 2020 and the production volume is expected to decline in 2020. The production volume is expected to start growing again in 2021 and is estimated to reach 202.1 thousand tons by 2024, representing a CAGR of 5.5% from 2020 to 2024.



Source: The Frost & Sullivan Report

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# Advantages of Biomass Energy

Renewable

Carbon Neutrality

Less dependency  
on fossil fuels

Versatility

Cumulative Biomass Power Generation Capacity in China, 2014-2024E



Source: The Frost & Sullivan Report

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## Advantages of Biomass Energy (Continued)

### Renewable

Biomass power is a renewable energy source that can be replenished after use.

### Less dependency on fossil fuels

The more biomass energy used, the less we need to depend on fossil fuels, which are major contributors to climate change and other environmental issues.



### Carbon Neutrality

Biomass reduces the amount of carbon that is released into the atmosphere, easing the situation of climate change.

### Versatility

Biomass energy is also among the most versatile fuels. It can be converted into many different forms of fuel sources, each of which has varied applications.

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# Products & Services

## Biomass Electricity

The biomass electricity generated during the process of producing activated carbon is supplied to State Grid Heilongjiang Electric Power Company Limited ("State Grid Heilongjiang"), a subsidiary of State Grid Corporation of China in Heilongjiang Province.



## Activated Carbon

Through our wholly owned PRC subsidiary, Kxingan Forasen, we are a manufacture and supplier of wood-based activated carbon that is primarily used in pharmaceutical manufacturing, industrial manufacturing, water purification, environmental protection, and food and beverage production.



## Technical Services

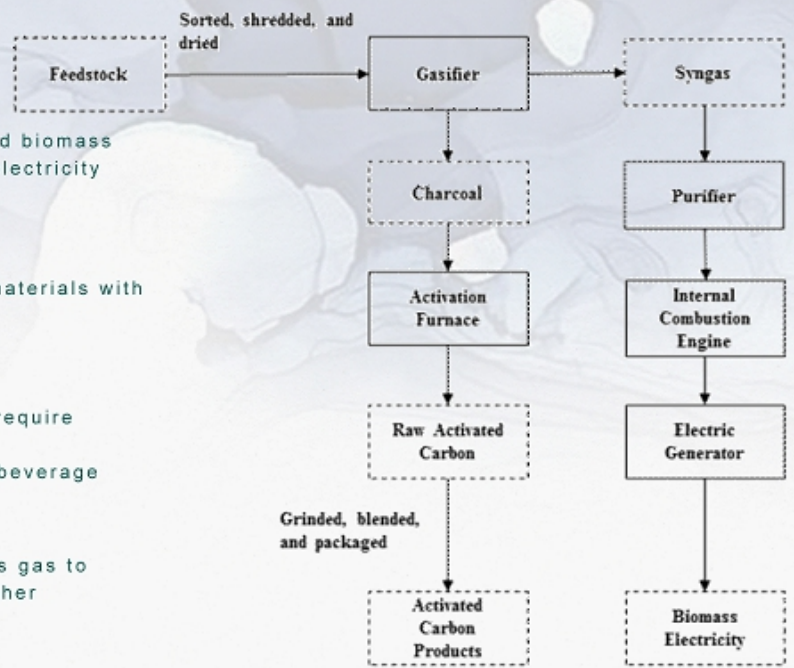
The technical services we provided included activated carbon mixing ratio adjustments, activated carbon component indicator analyses, absorptive capacity tests, and other technical support. We expect to continue to provide similar technical services to Lianmu Technology and our other customers if requested.



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# Technological Process



## Cogeneration Process

We produce wood-based activated carbon and biomass electricity through an activated carbon and electricity cogeneration process.

## Steam activation

The activation does not involve mixing raw materials with phosphoric acid.

## High purity

Our products can be used in industries that require activated carbon with higher purity, such as pharmaceutical manufacturing and food and beverage production.

## Synthesis gas

Our Cogeneration Process uses the synthesis gas to generate biomass electricity, resulting in higher efficiency and less pollution.

## Profits

Compared with the traditional steam activation process, we can obtain higher profits after selling both activated carbon and biomass electricity.

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# Product Advantages



## High Quality & Wide Application

Our wood-based activated carbon products, manufactured from forestry residues, little fuelwood, and wood wastes through the physical activation process, can be used in the field of manufacturing, industrial manufacturing, water purification, food and beverage production, and environment protection.

## Variety & Customized Production

With our technology, we can carry out customized production according to the specific needs of our customers, so as to enhance the added value of our products and enhance our competitiveness.

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# Competitive Strength



Advanced Technology and Established Relationship with a Research Center

- Currently own 14 patents
- Partnership with Huadian Electric Power Science Academy in our R&D process



Strategically Placed Facilities and Lower General Costs

- Facilities located close to suppliers with abundant feedstock supply
- Low transportation cost since facility close to roads and train station
- New facility in Manzhouli under construction with similarly proximity to transportation infrastructure and abundant suppliers



High-Quality Wood-Based Activated Carbon Products and Biomass Electricity

- Different from coal-based process, our wood-based activation process can produce high-quality carbon products which can be used in a wider range of industries
- Biomass electricity as by product offers extra revenue



Strong Management and Professional Team with Extensive Industry Experience

- Our senior management team has significant experience in the activated carbon and biomass energy industries

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## Issued Patents

1.	Methods and equipment for internal combustion self-heating mobile bed dry distillation carbonization
2.	Equipment for internal combustion autothermal moving bed distillation carbonization
3.	Equipment for continuously gasifying biomass moving bed while removing tar
4.	A tube-type heat exchanger
5.	Methods and equipment for continuously gasifying biomass moving bed while removing tar
6.	Feeding equipment for biomass gasifier
7.	A gas processing device for biomass gasifier
8.	Equipment for continuously carbonizing and gasifying wood
9.	A dust-removing and explosion-preventing device for activated-carbon rotary furnace
10.	A speed-adjustable cracker feeding device
11.	An activation boiling furnace for producing activated carbon
12.	A vacuum melting furnace
13.	A system and methods for drying and processing of activated carbon
14.	An activated carbon grinder

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## Awards and Recognition



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## Our Customers

### Top Five Activated Carbon Customers for the six months ended March 31, 2020:

- Ningbo Juming Youjia Commercial and Trading Co., Ltd. ("Ningbo Juming Youjia")
- Shanghai Huanguan New Material Co., Ltd.
- Huainan Jiahe New Material Co., Ltd. ("Huainan Jiahe")
- Fujian Yuanli Active Carbon Co., Ltd. ("Fujian Yuanli")
- Liyang Jingan Active Carbon Co., Ltd.

### Top Five Activated Carbon Customers for the fiscal year ended September 30, 2019:

- Huainan Jiahe
- Ningbo Juming Youjia
- Shanghai Huanguan New Material Co., Ltd.
- China National Forest Product Company Limited
- Fujian Yuanli

### Top Five Activated Carbon Customers for the fiscal year ended September 30, 2018:

- Huainan Jiahe
- Fujian Yuanli
- Liyang Zhuojun Environmental Protection Technology Co., Ltd.
- Shaoxing Guangyuan Environmental Protection Co., Ltd.
- Jiangsu Jinfengkaida Environmental Protection Technology Co., Ltd.

### Biomass Electricity Customer:

- State Grid Heilongjiang

### Other Customers (activated carbon related technical services):

- Hangzhou Lianmu Technology Co., Ltd.

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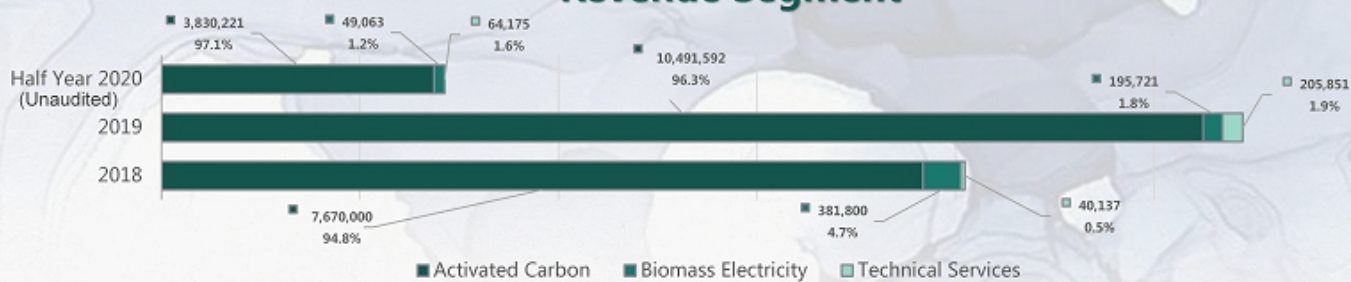


OUR CUSTOMERS

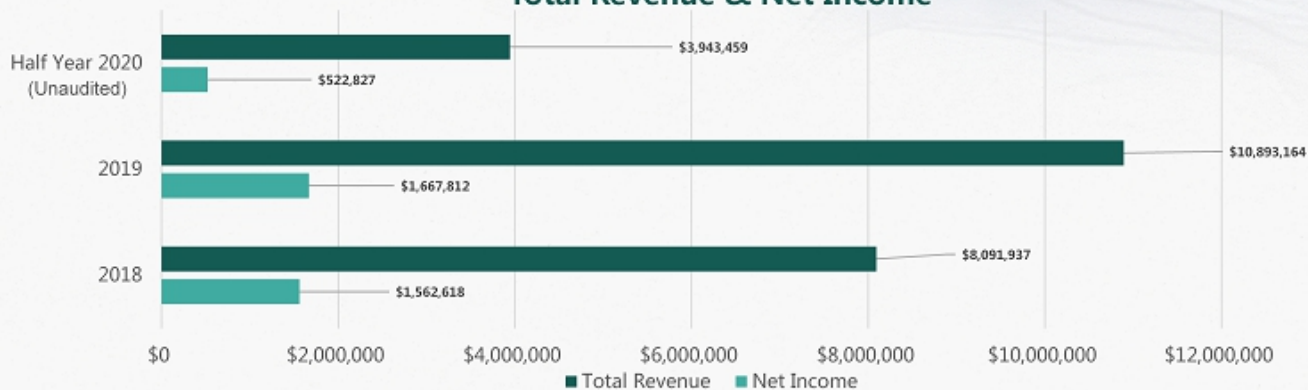


# Financial Performance

## Revenue Segment



## Total Revenue & Net Income

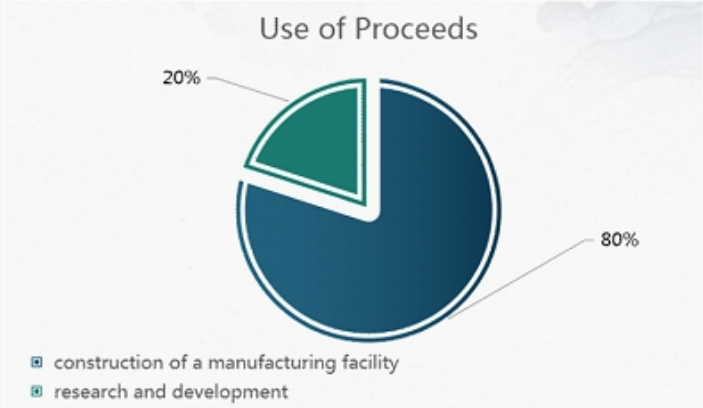


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# Use of Proceeds

We plan to use the net proceeds we receive from this offering for the following purposes:

- approximately 80% for the construction of a manufacturing facility in Manzhouli City;
- approximately 20% for research and development;



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## Future Strategy



### Increase the Capacity of Activated Carbon Production

- Opening a new facility in Manzhouli City and the overall project is expected to be completed in December 2021.

### Expand Our Customer Base

- Opening branch offices at Beijing, Shanghai, Hebei, Jiangsu, and Fujian provinces.
- Aim to reduce marginal cost and increase profits by increasing the number of customers.

### Focus on Products With Growing Demand

- Meet growing demand for activated carbon in water, food, beverage, and pharmaceutical industries

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## Future Strategy (Continued)

### Increase Research and Development Efforts

- Seeking partnerships with well-established research institutes to develop more efficient methods for producing activated carbon and generating biomass energy.



### Explore New Business Opportunities

- Searching business opportunities in the downstream sectors of activated carbon industry, such as environment restoration, water purification, and air cleaning.
- Our long-term plan is to establish or acquire companies using activated carbon as raw materials.
- Vertically expanding our business can potentially bring us more pricing power and minimize risk.

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## Management Team and Board

<p><b>Kangbin Zheng</b> CEO, Chairman of the Board, and Director</p>	<ul style="list-style-type: none"> <li>• Kangbin Zheng has proven management and operation experience, including resource management, risk management, and investment projects.</li> </ul>
<p><b>Ye Ren</b> CFO</p>	<ul style="list-style-type: none"> <li>• Ye Ren has six years of experience as CFO, Deputy Finance Manager, and assistant to CFO at manufacturing and pharmaceutical companies, and two years of experience as senior auditor at Pan-China Certificated Public Accountants LLP.</li> </ul>
<p><b>Mei Cai</b> Director</p>	<ul style="list-style-type: none"> <li>• Mei Cai is an accounting consultant and advisor at Wealth Financial Services LLC and has seven years of experience as audit manager at two accounting firms.</li> </ul>
<p><b>Phillip Connelly</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Phillip Connelly has proven managerial experience and served as executive vice chancellor of Wenzhou-Kean University and vice-president for administration and finance of Kean University, responsible for multiple areas of operations, such as financial services, computer services, and human resources.</li> </ul>
<p><b>Wenbiao Zhang</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Wenbiao Zhang is an experienced researcher in the areas of bamboo charcoal and biomass energy.</li> </ul>
<p><b>Jian Chen</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Jian Chen is the vice president of Kean USA Group Inc. and has served as senior financial manager and senior supervisor at telecommunications and pharmaceutical companies in the U.S.</li> </ul>



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## Contacts



NETWORK 1 FINANCIAL  
SECURITIES, INC.



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### Issuer

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### Underwriter

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**Network 1 Financial  
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**Adam Pasholk**

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### Investors Relations

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