

Interim Report

Q2 – 2023



Quarter 2 — 2023 in brief

April - June

Group, IFRS, (compared to quarter 1 2023)

- Net sales during the period amounted to SEK 84.8m (29.7)
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -59.3m (-80.3)
- Net profit/loss for the period was SEK -105.4m (-125.4)
- Cash flow from operating activities amounted to SEK -34.7m (-101.6)
- Cash flow from investing activities amounted to SEK -13.8m (-55.9)
- Earnings per share, both before and after dilution, amounted to SEK -2.8 (-3.3)
- The company's net debt at the end of the period was SEK 833.6m (1,006.5) of which leasing debt was SEK 316.7m

January - June

Group, IFRS

- Net sales during the period amounted to SEK 114.5m
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -139.6m
- Net profit/loss for the period was SEK -230.8m
- Cash flow from operating activities amounted to SEK -136.3m
- Cash flow from investing activities amounted to SEK -69.7m
- Earnings per share, both before and after dilution, amounted to SEK -6.2

Events during the quarter

- The ramp up towards the production capacity of 60,000 tonnes per year (approximately 5,000 tonnes/month) continued during the quarter. The production of prime quality dissolving pulp increased gradually from 1,600 tonnes in April, to 2,100 tonnes in May and 2,200 tonnes in June. 5,848 tonnes were delivered to customers during the period.
- Renewcell had its Annual General Meeting on 16 May. More information is available on www.renewcell.com
- Renewcell's lenders supported the company with an additional short term credit facility of SEK 75m on 28 April. As of 30 June half of this credit facility had been utilised.
- Renewcell was named the winner in Fast Company 2023 World Changing Ideas Award for the Sustainability/Energy category and Drapers Sustainable Fashion Award for the Sustainable Textile Innovation category.
- On 10 May Renewcell announced a partnership with TextileGenesis™ for Circulose® Pulp-to-Retail transparency.
- On 21 June Renewcell 1 in Ortviken achieved the Recycled Claim Standard certification
- On 29 June the company completed a directed share issue of 3,333,333 new shares to Swedish and international institutional investors, raising gross proceeds of approximately SEK 240m.

Events after the quarter

- During the month of July, Renewcell 1 produced 3,000 tonnes of prime quality dissolving pulp. Total production was 3,100 tonnes and 2,800 tonnes were delivered to customers.
- In July the CEO exercised warrants of series 2019/2023.
- On 15 July Toby Lawton, CFO, announced that he will leave his position at Renewcell for a similar position in another company. Renewcell has started the process to recruit a new CFO.

Change in accounting principles

From 1 January 2023 Re:NewCell AB (publ) ("Renewcell") is reported as a group using IFRS accounting principles. (The Group refers to the parent company 1 January – 9 March 2023 and parent company and subsidiary from 10 March 2023 and onwards. The subsidiary does not contribute to the Group's result and financial position, the parent company is included under IFRS from 1 January 2023). The parent company continues to be reported according to RFR2, and the parent company's figures are presented in a separate section (from page 10).

Financial overview, group

According to IFRS, SEKm	Apr-Jun	Jan-Mar	Jan-Jun
	2023	2023	2023
Net sales	84.8	29.7	114.5
Operating profit before depreciation and amortization (EBITDA)	-59.3	-80.3	-139.6
Net profit/loss	-105.4	-125.4	-230.8
Cash flow from operating activities	-34.8	-101.6	-136.5
Cash flow from investing activities	-13.8	-55.9	-69.7
Equity	865.3	739.6	865.3
Net debt	833.6	1,006.5	833.6
Equity ratio (%)	38.9	36.3	38.9
Average number of employees	125	121	123

CEO comments

The consequences of the ongoing war in Ukraine, including the high level of inflation and a weaker level of demand, continue to negatively impact global economic activity. The recovery is slower than expected in many sectors, including the textile and fashion industry, and the after-effects of the different crises in recent years are still present. But there are also clear signs of improvement, for energy, transport and raw material costs. Despite this backdrop we see the interest in sustainable fashion continuing to grow and more and more brands setting clear targets for their businesses. Most recently Inditex increased the pace with an aim that 40% of their fibers in 2030 should come from circular sources.

We have made a number of improvements in our production processes and now see these giving clear results. We have increased from a capacity utilization of 32% in April to approximately 45% in June and over 60% in July while at the same time producing over 90% prime quality with good process control. We are beginning to get to know our production line, allowing us to start and stop production with very low levels of quality losses. The reason we have seen the good production development is that the rebuilds we have made during the quarter have already delivered results, even if they are not 100% fine-tuned. The problem with dust in the shredding area has reduced as we have implemented a number of actions that give a noticeable effect while at the same time we have further improvement actions to make in this area.

During June we raised SEK 240m in order to repay a short-term credit facility and give the company a financial base allowing us to focus our energy on ramping up. I was happy to see that we received good support from our shareholders despite the difficult equity markets. We continue to keep tight control over the cost level and cash flow during the ramp up, which is the reason our cashflow development is going in the right direction. I believe that, with this rate of improvement, we are well on the way to 60,000 tonnes and thereafter to 120,000 tonnes of annual production capacity. The challenge going forward is to secure that volumes of yarn, fiber and textiles made from Circulose® are present in sufficient quantities in all parts of the value chain in order to avoid bottlenecks, while at the same time our partners in the Circulose® Supplier Network get the chance to convert for as many fashion brands as possible.

Within sales and marketing we continue to build the value chain and during July and August launched the Circulose®

Supplier Network (CSN) at the three global textile exhibitions Premier Vision in Paris, King Pin in New York and the Shanghai Yarn Expo. Circulose® Supplier Network is about giving a number of yarn and textile manufacturers the possibility to be the first to launch products based on Circulose®. We have also seen a number of launches, including with Calvin Klein/soft skater, Triarchy, Shawn Mendes collection together with PVH and Classic Retold basic knits with COS. H&M also continue to have new product launches within their existing lines. Another important part of the company's development is to create traceability in the value chain. CIRCULOSE® was certified by TextileGenesis™ during the quarter, with the aim to achieve "Pulp to Retail Transparency". More work is ongoing in this area and we expect to also incorporate physical traceability in the near future.

There is no doubt that the world is transitioning towards green and circular product flows. More and more entrepreneurs, companies and investors see how the transition creates some fantastic business opportunities. In particular this will impact on the trend driven textile industry where brands are increasing their efforts to move to circular product flows, not only to meet future regulatory requirements but also to increase consumer loyalty and their bottom-line profitability. In summary we are now increasing our production capacity every month in a stable way with a large proportion of the pulp produced within specification. The focus now is on filling the value chain in order to reach a stable flow and supply of Circulose®.



Stockholm, August 2023
Patrik Lundström, VD.

Comments on the report

Financial overview

Quarter 2 (compared to quarter 1). The figures stated below refer to group (according to IFRS).

Net sales

During the period April – June the net sales amounted to SEK 84.8m (29.7). The increase is due to higher sales volumes. Sales during the quarter was primarily made up of sales of Circulose® pulp to fiber producers which during the period amounted to 5,848 (2,061) tonnes.

Operating costs

The cost for raw materials and consumables during the period amounted to SEK -110.9m (-68.3). The increase is mainly due to higher production volumes due to the ramp up of the new production line in Ortviken (Renewcell 1).

Other external costs during the period amounted to SEK -19.7m (-24.3).

Personnel cost during the period amounted to SEK -31.3m (-31.0). The average number of employees during the period was 125 (121).

Operating profit before depreciation and amortization (EBITDA)

Operating profit before depreciation and amortization amounted to SEK -59.3m (-80.3). The change is mainly explained by better gross margins due to the higher production volumes.

Depreciation

Depreciation for the period amounted to SEK -25.3m (-25.3). The depreciation relates mainly to fixed assets in Renewcell 1 in Ortviken, Sundsvall that started from 1 January 2023.

Net Financial Expenses

Net financial costs in the period were SEK -21.2m (-20.1) and relate mainly to interest costs.

Net debt

Net debt at the end of the period was SEK 833.6m (1,006.5). The change is mainly due to the directed share issue that reduced the net debt by SEK 231m. The negative cash flow from operating and investing activities increased net debt by SEK 48.6m. The net debt includes leasing debt according to IFRS16, the leasing debt at the end of the period amounted to SEK 316.7m (319.7).

Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -34.7m (-101.6). The increase is mainly due to a better EBITDA and reduced working capital, mainly due to lower inventories.

Cash flow from investing activities amounted to SEK -13.8m (-55.9). The investments are mainly related to Renewcell 1. The company estimates that the total investment required to reach an annual production capacity of 120,000 tonnes will amount to approximately SEK 1.48b (excluding leasing capex). The reported value of Renewcell 1 before depreciations in the balance sheet (excluding lease capex) amounted to SEK 1,302.3m (1,287.0) at the end of the period.

Cash flow from financing activities amounted to SEK 29.2m (45.8). The change is related to increase loan drawings and amortization of loans. Cash flow from the directed share issue made on 29 June, which after transactional costs amounted to SEK 231m, will be reported during the third quarter.

The company's cash and cash equivalents and cash held in reserved accounts at the end of the period amounted to SEK 162.6m (180.7).

Events during the first quarter

- Total production during the quarter amounted to approximately 3,350 tonnes of which approximately 2,400 tonnes were prime quality. 2,061 tonnes were delivered to customers.
- On March 22 there was a limited fire at Renewcell's textile recycling plant Renewcell 1 in Sundsvall. The fire occurred in a shredding unit and a filter unit in the shredding area at Renewcell 1. After clean-up and repairs production was restarted on March 31 and normal operations were resumed on 3 April.
- On March 28 a Letter of Intent was signed with China Textile Academy Green Fiber Co. Ltd., an innovative Chinese lyocell fiber producer, concerning a long term commercial collaboration around man-made cellulosic fiber production. The agreement affirms the two companies' intent to work together to supply lyocell textile fibers made using Circulose®, the 100% recycled textile pulp made by Renewcell, to global fashion brands in the coming years
- On March 30 Renewcell and the leading Chinese viscose manufacturer Tangshan Sanyou announced the next step in their partnership to make fashion circular that stretches back to 2018. The two companies' new shared ambition is to offer manufacturers and brands Circulose® viscose fibers made from 100% recycled textiles in commercial quantities starting in 2024.

Invitation to presentation of Renewcells Q2 report

Re:NewCell AB (publ) ('Renewcell') will publish its report for Q2 on Tuesday, 29 August, at around 08.00 (CET). On the same day, at 10.00 (CET) the Company's CEO Patrik Lundström and CFO Toby Lawton will present the report in a live webcast.

The presentation will be webcasted live by Infront Direkt Studios and will be made available afterwards on-demand at www.renewcell.com. Participants will have the opportunity to ask questions in a Q&A session following the presentation. The presentation will be held in English.

The live webcast can be accessed at this link: https://www.youtube.com/watch?v=fz35Ma15VfE&ab_channel=DirektStudios

The recorded webcast, report and presentation materials will be published on Renewcell's website www.renewcell.com after the broadcast.

Patrik Lundström
CEO

Contact Details

For questions regarding this report, please contact
Toby Lawton, CFO, +46 70 242 29 47

Financial calendar

Interim report for the third quarter 2023 will be published on the 7 November 2023
Interim report for the fourth quarter 2023 will be published on the 13 February 2024
Interim report for the first quarter 2024 will be published on the 7 May 2024
The company will hold its Annual General Meeting on the 17 May 2024

Note: This information is such information that Renewcell is obliged to make public pursuant to the EU's Market Abuse Regulation. This report 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 below, on 29 August 2023 at 08:00 CET. This report has not been subject to review by the company's auditors.

Financial statements, Group

Income statement

Group, (according to IFRS)

SEKm	Note	Apr-Jun	Jan-Mar	Jan-Jun
		2023	2023	2023
Net sales	4	84.8	29.7	114.5
Other operating income	4	1.2	0.4	1.6
Change in inventories		5.4	13.4	18.8
Raw materials and consumables		-99.6	-68.3	-167.9
Other external costs		-19.7	-24.3	-44.0
Personnel costs		-31.3	-31.0	-62.3
Other operating expenses		-0.2	-0.2	-0.4
Operating profit before depreciation and amortization(EBITDA)		-59.3	-80.3	-139.6
Depreciation	7, 8	-25.3	-25.3	-50.6
Operating profit		-84.6	-105.7	-190.3
Financial income		0.9	0.0	0.9
Financial expenses		-22.0	-20.1	-42.2
Net Financial Expenses		-21.2	-20.1	-41.3
Profit/loss before tax		-105.8	-125.8	-231.6
Income tax		-	-	-
Deferred tax		0.4	0.4	0.8
Net Profit/Loss for the period*		-105.4	-125.4	-230.8
*The Net Profit/Loss for the period also corresponds to the comprehensive income.				
Earnings per share, before dilution		-2.8	-3.3	-6.2
Earnings per share, after dilution		-2.8	-3.3	-6.0
No. of shares		40,699,549	37,358,417	40,699,549
Average No. of shares before dilution		37,364,743	37,358,417	37,361,579
Average No. of shares after dilution		38,685,323	38,686,797	38,682,159

Balance sheet

Group (according to IFRS)

SEKm	Note	30 Jun 2023	31 Mar 2023
ASSETS			
Fixed assets			
Intangible assets	7	9.7	10.3
Leasehold improvements	7	180.6	182.9
Plant and machinery	7	1,165.8	1,170.0
Inventory – tools and installations	7	2.6	2.8
Assets under construction regarding intangible and tangible assets	7	0.0	0.0
Right-of-use assets	8	291.2	295.7
Other long-term receivables		0.8	0.5
Deferred tax assets	6	0.5	0.1
Total fixed assets		1,651.2	1,662.3
Current assets			
Inventory		140.3	180.9
Accounts receivable		31.5	0.1
Other short term financial receivables	10	231.0	-
Other current receivables		1.2	2.5
Cash held in reserved accounts	10,11	125.5	125.5
Prepaid expenses and accrued income		3.8	4.1
Cash and cash equivalents	10,11	37.1	55.2
Total current assets		570.4	368.4
TOTAL ASSETS		2,221.6	2,030.8

SEKm	Note	30 Jun 2023	31 Mar 2023
EQUITY AND LIABILITIES			
Share capital		1.0	0.9
Share premium reserve		1,672.8	1,441.7
Profit/loss for the year		-808.5	-703.0
Total equity		865.2	739.6
Long-term liabilities			
Liabilities to credit institutions	10	691.0	685.2
Leasing liabilities		294.5	308.9
Total long-term liabilities		985.5	994.1
Current liabilities			
Liabilities to credit institutions	10	219.5	182.4
Leasing liabilities		22.2	10.8
Accounts payable		74.0	50.8
Other current liabilities		8.4	5.0
Accrued expenses and prepaid income		46.9	48.1
Total current liabilities		371.0	297.1
TOTAL EQUITY AND LIABILITIES		2,221.7	2,030.8

Change in equity

Group (according to IFRS)

SEKm	Share capital	Share premium reserve	Profit and loss brought forward	Comprehensive income for the period	Total equity
Opening balance Jan 1, 2023	1.0	1,441.7	-283.5	-294.3	864.9
Transfer of last year's profit	-	-	-294.3	294.3	-
Profit/loss for the year	-	-	-	-230.8	-230.8
Transactions with owners					
New share issue	0.0	240.1	-	-	240.1
Transaction costs	-	-9.0	-	-	-9.0
Closing balance Jun 30, 2023	1.0	1,672.8	-577.7	-230.8	865.2

Statement of cash flows

Group (according to IFRS)

SEKm	Note	Apr-Jun	Jan-Mar	Jan-Jun
		2023	2023	2023
Operating activities				
Operating profit before financial items		-84.6	-105.6	-190.2
Interest received		0.0	0.0	0.0
Interest paid		-7.4	-11.4	-18.8
Adjustment for items not included in cash flow:				
Depreciation		25.3	25.3	50.6
		-66.7	-91.8	-158.5
Change in working capital				
Change in inventory		40.6	-3.4	37.2
Change in accounts receivable		-31.4	3.4	-28.0
Change in other receivables		5.2	19.4	24.6
Change in accounts payable		23.2	-40.7	-17.5
Change in other current operating liabilities		-5.7	11.3	5.6
		-34.7	-101.6	-136.5
Investing activities				
Investments in intangible assets		-0.6	-0.1	-0.7
Investments in tangible assets		-12.8	-55.8	-68.7
Investments in financial assets		-0.3	-	-0.3
		-13.8	-55.9	-69.7
Financing activities				
Paid in but not registered share issue		0.0	0.1	0.1
New borrowings		37.5	61.7	99.2
Transaction costs for new borrowings		-1.3	-0.3	-1.6
Amortisation of leasing liabilities		-3.0	-2.8	-5.8
Amortisation of interest-bearing liabilities		-4.0	-12.9	-16.9
		29.2	45.7	-74.9
Cash flow for the period				
		-19.4	-111.8	-131.2
Cash and cash equivalents and cash held in reserved accounts at the beginning of the period		180.7	292.9	292.9
Exchange rate differences on cash and cash equivalents		1.2	-0.3	0.9
Cash and cash equivalents and cash held in reserved accounts at the end of the period	10	162.6	180.7	162.6

Comments, parent company

The following section includes the financial statements for the parent company, Re:NewCell AB (publ) ('Renewcell'). This company contains all the business and operations of Renewcell. The parent company reports according to RFR2 accounting principles (*Redovisning för juridiska personer*), as in previous years. Comparable figures for the prior year are therefore available for the parent company.

For further information in relation to the accounting principles applied for the Group and for the parent company see Notes 1 and 2.

Financial overview, parent company

According to RFR2, SEKm	Apr-Jun	Jan-Mar	Jan-Jun	Jan-Dec
	2023	2023	2023	2022
Net sales	84.8	29.7	114.5	12.6
Operating profit before depreciation and amortization (EBITDA)	-65.0	-86.0	-151.0	-252.0
Net profit/loss	-103.9	-123.9	-227.8	-300.0
Cash flow from operating activities	-37.7	-104.5	-142.2	-397.9
Cash flow from investing activities	-13.8	-55.9	-69.7	-880.2
Equity	867.2	740.1	867.2	863.9
Net debt	516.9	686.9	516.9	516.8
Equity ratio (%)	45.5	43.2	45.5	47.1
Average number of employees	125	121	123	130

Financial statements, parent company

Income statement

Parent company (according to RFR2)

SEKm	Note	Apr-Jun	Jan-Mar	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
		2023	2023	2022	2023	2022	2022
Net sales	4	84.8	29.7	2.5	114.5	4.5	12.6
Other operating income	4	1.2	0.4	1.2	1.6	2.5	6.3
Change in inventories		5.4	13.4	1.9	18.8	1.9	5.5
Raw materials and consumables		-99.6	-68.3	-11.2	-167.9	-21.3	-69.6
Other external expenses		-25.4	-30.0	-20.4	-55.4	-37.6	-87.0
Personnel costs		-31.3	-31.0	-27.3	-62.3	-49.2	-116.2
Other operating expenses		-0.2	-0.2	-1.0	-0.4	-1.5	-3.5
Operating profit before depreciation and amortization (EBITDA)		-65.0	-86.0	-54.4	-151.0	-100.7	-252.0
Depreciation	7	-20.5	-20.5	-2.6	-41.1	-5.1	-11.0
Operating profit		-85.5	-106.5	-57.0	-192.0	-105.8	-263.0
Financial income		0.9	0.0	-0.9	0.9	1.2	0.9
Financial expenses		-19.3	-17.4	-10.5	-36.8	-17.8	-37.8
Net financial expenses		-18.4	-17.3	-11.4	-35.7	-16.6	-36.9
Profit/loss before tax		-103.9	-123.9	-68.4	-227.8	-122.4	-299.9
Net profit/loss for the period*		-103.9	-123.9	-68.4	-227.8	-122.4	-299.9

*The Net profit/loss for the period also corresponds to the Comprehensive Income

Balance sheet

Parent company (according to RFR2)

SEKm	Note	30 Jun 2023	31 Mar 2023	31 Dec 2022
ASSETS				
Fixed Assets				
Intangible fixed assets		9.7	10.3	10.9
total intangible assets		9.7	10.3	10.9
Tangible fixed assets				
Leasehold improvements		180.6	182.9	185.2
Plant and machinery		1,089.0	1,106.4	1,123.7
Inventory – tools and installations		2.6	2.8	3.1
Assets under construction regarding intangible and tangible assets		48.2	34.7	6.2
Total tangible fixed assets		1,320.4	1,326.9	1,318.2
Shares in subsidiaries		0.0	0.0	-
Other long term receivables		0.8	0.5	0.5
Total financial fixed assets		0.8	0.5	0.5
Total fixed assets		1,331.0	1,337.7	1,329.7
Current assets				
Inventories		140.3	180.9	177.5
Accounts receivable		31.5	0.1	3.5
Other short term financial receivables	10	231.0	-	-
Other current receivables		1.2	2.5	22.3
Cash held in reserved accounts	10,11	125.5	125.5	175.5
Prepayments and accrued income		9.5	9.7	9.3
Total current receivables		539.0	318.7	388.2
Cash and cash equivalents	10,11	37.1	55.2	117.4
Total current assets		576.1	374.0	505.6
TOTAL ASSETS		1,907.0	1,711.6	1,835.2

SEKm	Note	30 Jun 2023	31 Mar 2023	31 Dec 2022
EQUITY AND LIABILITIES				
Share capital		1.0	1.0	1.0
Registered but not paid in share capital		231.0	-	-
Share premium reserve		1,441.8	1,441.7	1,441.7
Profit/loss for the year		-806.5	-702.5	-578.7
Total equity		867.2	740.1	863.9
Liabilities to credit institutions	10	691.0	685.2	676.6
Total long term liabilities		691.0	685.2	676.6
Liabilities to credit institutions	10	219.5	182.4	133.0
Accounts payable		74.0	50.8	118.8
Tax liabilities		3.6	-	1.4
Other current liabilities		4.8	5.0	4.0
Accrued expenses and prepaid income		46.9	48.1	37.5
Total current liabilities		348.8	286.3	294.8
TOTAL EQUITY AND LIABILITIES		1,907.0	1,711.6	1,835.2

Notes

Note 1 — Accounting principles

General information

Re:NewCell AB (publ) with subsidiaries ('Renewcell' or the Group) is an operation that of textiles. The business is located in Kristinehamn, Sundsvall and Stockholm. In Kristinehamn is Renewcell's first production facility and in Ortvikén, Sundsvall is the new production facility that was completed in the second half of 2022.

Renewcell sells its product under the product brand name Circulose®.

The group operates on an international market and exports its entire production to customers abroad. Renewcell's direct customer target group is mainly located in China, India, Indonesia, Germany, Japan, USA and Austria.

The parent company (Re:NewCell AB, org.no 556885-6206) is a limited company in Sweden with its registered office in Stockholm. The visiting address for the head office is Cardellgatan 1, 114 36 Stockholm.

All amounts are reported in millions of Swedish crowns (SEKm) unless otherwise stated.

Preparation of consolidated accounts

This interim report for the group has been prepared in accordance with IAS34 Interim Financial Reporting and applicable regulations in the Annual Accounts Act. The interim report for 1 January – 31 March, 2023 was the first published consolidated financial statements in accordance with IFRS. The group relationship was formed on March 10, 2023 when the subsidiary (Renewcell Sweden AB) was acquired. No group existed in 2022. The parent company has prepared its annual report for 2022 in accordance with the Swedish accounting principles RFR2 (Redovisning för juridiska personer).

Renewcell Sweden AB (org.no 559419-5306) is a limited company registered in Sweden with its registered office in Stockholm. Renewcell Sweden AB has 25,000 shares with a reported value of 25,000 SEK. The shares in Renewcell Sweden AB are wholly owned by Re:NewCell AB.

Comparative figures are not included in the consolidated accounts as the group relationship was formed on 10 March, 2023. The parent company's income statement has been included in the consolidated accounts from 1 January, 2023. The cash flow for the group has been prepared with a starting point 1 January 2023. The group refers to the parent company 1 January – 9 March 2023 and parent company and subsidiary from 10 March 2023 and onward. The subsidiary does not contribute to the Group's result and financial position, the parent company is included under IFRS from 1 January 2023.

Note 2 — Summary of important accounting principles

The group was formed on March 10, 2023, which is the reason why there are no reconciliations to present as a first-time adopter of IFRS. The difference between the parent company's accounting principles RFR2 and IFRS consists of IFRS 16, Lease liabilities and IAS 23, Loan expenses. The leasing liability mainly relates to the factory premises in Ortvikén. The adjustment according to IAS 23 refers to the capitalization of interest during the build-up phase of Renewcell 1.

For a full statement of accounting principles see Renewcell AB's website: <https://www.renewcell.com/en/accounting-principles/>

Note 3 — Risks and uncertainties

The company is exposed to various risks linked to the industry and market, such as financial, operational, legal and climate risks. After a few months of increasing production volume in Renewcell 1, Ortvikén, Sundsvall every month, the focus in the third quarter will shift from production to sales and the challenge of filling the value chain with Circulose®. Financial risks consist primarily of liquidity and refinancing risk, including the risk that covenants in the company's financing agreements are not met, interest rate risk and currency exposure. It is the Board of Directors' assessment that the Directed Share Issue made during the quarter covers the Company's funding need, without the need for additional equity, to complete the production ramp-up of Renewcell 1 to 60,000 tonnes in the first stage and then to 120,000 tonnes in a later stage. The assessment takes into account the delayed start-up and slower than expected production ramp-up, provided that no further unexpected negative events occur such as lengthy production stops, technical production limitations or other similar events.

For more information on risks and uncertainties, please see the Company's annual report for 2022.

Note 4 — Revenue

The figures in the table below refer to both group and parent company in 2023 and parent company in 2022.

Net sales by geographical market	Apr-Jun	Jan-Mar	Jan-Dec
SEKm	2023	2023	2022
Asia	84.7	29.3	2.0
Other	0.1	0.4	0.0
Total	84.8	29.7	2.0

Net sales per product area	Apr-Jun	Jan-Mar	Jan-Dec
SEKm	2023	2023	2022
Dissolving pulp	83.6	29.2	1.8
Fiber	1.3	0.5	0.2
Total	84.9	29.7	2.0

Other operating income	Apr-Jun	Jan-Mar	Jan-Dec
SEKm	2023	2023	2022
Exchange rate gains	1.1	0.2	0.1
Excise tax refund electricity	0.0	0.0	0.4
Sales of scrap	0.1	0.1	0.2
Government grants received	0.0	0.1	0.1
Total	1.2	0.4	1.3

Note 5 — Financial assets and liabilities

The figures in the table below refer to both group and parent company in 2023 and parent company in 2022.

Financial instruments per category

Assets	Reported value		Reported value		Reported value	
	30 Jun 2023	Fair value 30 Jun 2023	31 Mar 2023	Fair value 31 Mar 2023	31 Dec 2022	Fair value 31 Dec 2022
SEKm	30 Jun 2023	30 Jun 2023	31 Mar 2023	31 Mar 2023	31 Dec 2022	31 Dec 2022
Other long term receivables	0.8	0.8	0.5	0.5	-	-
Accounts receivable	31.5	31.5	0.1	0.1	1.7	1.7
Other receivables	232.2	232.2	0.0	0.0	0.0	0.0
Cash held on reserved accounts	125.5	125.5	125.5	125.5	350.0	350.0
Cash and cash equivalents	37.1	37.1	55.2	55.2	65.7	65.7
Total	427.1	427.1	181.3	181.3	417.4	417.4

Liabilities						
Accounts payables	74.0	74.0	50.8	50.8	160.8	160.8
Liabilities to credit institutions	910.5	1,025.1	867.6	971.1	438.4	486.9
Other liabilities	4.8	4.8	-	-	-	-
Accrued liabilities	46.9	41.4	25.9	25.9	3.7	3.7
Total	1,036.2	1,145.3	944.3	1,047.8	603.0	651.4

Reported value of accounts receivables, other receivables, cash and cash equivalents, accounts payables and other liabilities constitutes a reasonable approximation of fair value. Fair value for borrowing (liabilities to credit institutions) is provided for informational purposes and is calculated by discounting future cash flows of capital and interest discounted at the current market interest rate. Valuation at fair value has been performed in accordance with level 3.

Note 6 — Deferred taxes

Group

SEKm	30 Jun 2023	31 Mar 2023
Deferred tax related to:		
Leasing contracts	6.4	6.1
Capitalised interest expenses	-5.9	-6.0
Net deferred tax asset	0.5	0.1

Interest expenses have been capitalized in the Group in relation to investments in fixed assets in accordance with IAS 23 (see note 2).

Note 7 — Fixed assets

Group

Intangible fixed assets		
SEKm	30 Jun 2023	31 Mar 2023
Cost, opening balance	12.4	12.4
Purchases	-	-
Reclassifications	-	-
Cost, closing balance	12.4	12.4
Opening amortisation	-1.5	-1.5
Amortisation for the period	-1.2	-0.6
Closing amortisation	-2.7	-2.0
Carrying amount	9.7	10.3

The intangible assets consist mainly of IT systems.

Leasehold improvements		
SEKm	30 Jun 2023	31 Mar 2023
Cost, opening balance	185.2	185.2
Purchases	-	-
Reclassifications	-	-
Cost, closing balance	185.2	185.2
Opening depreciation	-	-

Depreciation for the period	-4.6	-2.3
Closing depreciation	-4.6	-2.3
Carrying amount	180.6	182.9
Plant and machinery		
SEKm	30 Jun 2023	31 Mar 2023
Cost, opening balance	1,182.7	1,182.7
Purchases	-	-
Reclassifications	0.1	0.1
Cost, closing balance	1,153.5	1,182.8
Opening depreciation	-29.7	-29.7
Depreciation for the period	-35.4	-17.7
Closing depreciation	-65.1	-47.4
Carrying amount	1,117.7	1,135.3
Inventory – tools and installations		
SEKm	30 Jun 2023	31 Mar 2023
Cost, opening balance	4.8	4.8
Purchases	-	-
Reclassifications	-	-
Cost, closing balance	4.8	4.8
Opening depreciation	-1.8	-1.8
Depreciation for the period	-0.5	-0.2
Closing depreciation	-2.2	-2.0
Carrying amount	2.6	2.8
Assets under construction regarding intangible and tangible fixed assets		
SEKm	30 Jun 2023	31 Mar 2023
Cost, opening balance	6.2	6.2
Purchases	42.0	28.6
Reclassifications	-0.1	-0.1
Cost, closing balance	48.2	34.7

Note 8 — Right of use assets

Group		
SEKm	30 Jun 2023	31 Mar 2023
Cost, opening balance	327.3	327.3
Additions	-	-
Cost, closing balance	327.3	327.3
Opening depreciation	-27.2	-27.2
Depreciation for the period	-8.9	-4.5
Closing depreciation	-36.1	-31.6
Carrying amount	291.2	295.7

Note 9 — Share based remuneration and option programs

During the quarter 7,800 new shares has been issued through exercise of warrants from series 2018/2021 for a redeemed amount of approximately SEK 106k. Total outstanding warrants of all series as per 30 June 2023 entitle the holder to subscribe for a maximum of 1,328,380 shares.

For more information about the Company's incentive programs, please refer to the Company's website and latest annual report.

Note 10 — Cash and cash equivalents and financing

The figures in the table below refer to both group and parent company in 2023 and parent company in 2022.

SEKm	30 Jun 2023	31 Mar 2023	31 Dec 2022
Cash held on reserved accounts	125.5	125.5	175.5
Cash and cash equivalents	37.1	55.2	117.4
Total cash and cash equivalents and cash held on reserved accounts	162.6	180.7	292.9

SEKm	30 Jun 2023	31 Mar 2023	31 Dec 2022
Long term liabilities to credit institutions	691.0	685.2	676.6
Short term liabilities to credit institutions	219.5	182.4	133.0
Total liabilities to credit institutions	910.5	867.6	809.6

		30 jun 2023	31 mar 2023	31 dec 2022
Terms and repayment profile, SEKm	Due date	Carrying amount	Carrying amount	Carrying amount
Almi	2023	1.0	1.7	2.0
Credit facility	2023-2024	187.5	150.0	100.0
ECA/EIB	2023-2030	722.0	715.9	707.6
Total liabilities to credit institutions		910.5	867.6	809.6

Cash held in reserved accounts consists of approximately SEK 100 million in the "Debt Service Reserve" account and approximately SEK 25 million in the "Completion Reserve" account. "Debt Service Reserve" consists of reserved cash to be able to pay amortizations and interest expenses on the loans for the upcoming 12 months. "Completion Reserve" consists of cash reserved up until "Production Test Date" when the production line can produce a total of 84% of maximum capacity.

Net debt

Net debt for both the parent company and the group is presented below. Lease liabilities are only recognized in the Group according to IFRS16.

SEKm	30 Jun 2023	31 Mar 2023	31 Dec 2022
Total cash and cash equivalents and cash held on reserved accounts	-162.6	-180.7	-292.9
Other short term financial receivables	-231.0	-	-
Total liabilities to credit institutions	910.5	867.6	809.6
Net debt, parent company	516.9	686.9	516.8
Long term lease liabilities	294.5	308.9	
Short term lease liabilities	22.2	10.8	
Net debt, group	833.6	1,006.5	

Note 11 — Pledged collateral

Parent company

SEKm	30 Jun 2023	31 Mar 2023	31 Dec 2022
Corporate mortgages	10.0	10.0	10.0
Pledged cash and cash equivalents and cash held on reserved accounts	162.6	180.6	292.7
Pledged fixed assets	1,269.7	1,261.7	1,280.0
Total	1,442.2	1,452.3	1,582.7

As security for the Company's commitments and obligations under the Loan Agreements, the Company has, among other things, pledged cash, insurance, guarantees, significant agreements and some movable property related to the Company's production facilities.

Note 12 — Transactions with related parties

Remuneration to senior executives has been paid in accordance with the guidelines described in the latest Annual Report. Aside from this, there are no transactions with related parties.

Definitions of alternative performance indicators

Alternative performance indicators

In order to present the company's operations and performance in the best way, Renewcell uses a number of alternative performance indicators that are not defined under IFRS or the Swedish Årsredovisningslagen. The alternative performance indicators that Renewcell uses can be seen below. These alternative performance indicators are unchanged in relation to prior periods.

Equity ratio

Equity as a percentage of total assets.

Net debt

Interest bearing liabilities less cash and cash equivalents and cash held in reserved accounts. Lease liabilities are included in net debt.

Earnings before interest, tax, depreciation and amortization (EBITDA)

Profit before financial items and depreciation and amortization of tangible and intangible fixed assets.

Share information

Largest shareholders as of 30 June 2023

Shareholder	No. of shares and votes	Share of capital and votes (%)
H&M	3,934,440	10.53
Girincubator AB	3,933,290	10.53
Handelsbanken Fonder	3,676,691	9.03
Capital Group	2,979,368	7.98
AMF Pension & Fonder	1,666,835	4.10
Fidelity International (FIL)	1,094,323	2.91
Deka Investments	1,045,282	2.80
Swedoccean AB	1,008,698	2.70
Cliens Fonder	925,000	2.27
Norron Fonder	875,396	2.15
ALMI	688,878	1.84
Handelsbanken Liv Försäkring AB	578,520	1.55
Nordea Liv & Pension	484,908	1.30
Premier Milton Investors	483,531	1.29
Storebrand fonder	526,454	1.29
Goldman Sachs Asset Management	461,197	1.22
Patrik Lundström	449,504	1.20
Prioritet Finans	401,500	1.07
Michael Berg	400,000	1.07
Tomas Gahn	400,000	1.07
Twenty largest shareholders	26,013,806	67.91
Others	14,685,743	32.09
Total	40,699,549	100.00

Renewcell's shares are traded on the Nasdaq First North Premier Growth Market exchange. Please note that Renewcell completed a directed share issue on 29 June.

Source: Monitor/Modular Finance