

Year-end Report 2021

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Q4 – 2021 in brief

Figures in parentheses refer to the year-earlier period.

Decision to initiate early capacity expansion ahead of plan and review the company's operational and financial goals due to increased customer interest

October – December

Financial information

- Net sales for the period amounted to SEK 1,313 thousand (232).
- The loss after financial items amounted to SEK -66,224 thousand (-21,071).
- Cash flow from operating activities amounted to SEK -52,711 thousand (-15,994).
- Cash flow from investing activities was SEK -93,240 thousand (-29,492).
- Earnings per share, before and after dilution, amounted to SEK -2,2 (-0,9).
- The net cash position* equaled SEK -254,867 thousand (-711,996).

Significant events during the interim period

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Other events

- On October 19, Renewcell signed a letter of intent with Kelheim Fibers GmbH for production of up to 10 000 metric tons of Circulose®-based fibers.
- During October, the Company received the first loan disbursements corresponding to approximately SEK 320 million.
- At the beginning of December 2021, all production of Circulose® dissolving pulp at Renewcell's plant in Kristinehamn certified as 100% recycled according to Recycled Claim Standard (RCS).
- During December, Renewcell signed for multi-year purchasing agreements with three different European textile sorters - SOEX in Germany, Texaid in Switzerland, and Sysav in Sweden.

* A negative number means that the total cash exceeds the total interest bearing debt.

January – December

Financial information

- Net sales for the period amounted to SEK 2,778 thousand (1,453).
- The loss after financial items amounted to SEK -133,430 thousand (-68,722).
- Cash flow from operating activities amounted to SEK -117,695 thousand (-54,897).
- Cash flow from investing activities was SEK -312,174 thousand (-30,195).
- Earnings per share, before and after dilution, amounted to SEK -4,3 (-3,3).

Significant events after the interim period

- Due to increased customer interest, the company has decided to initiate an expansion of production capacity in Renewcell 1 (Ortviken) from 60,000 to 120,000 metric tons ahead of plan. The company is also initiating an evaluation of the opportunity to raise its operational goals. BNP Paribas and Carnegie have been retained by the company to explore the financing for raising the operational goals.

Other events

- On January 12, 2022, Levi's new version of Levi's was released the classic 501 with the name "Levi's 501® Original Designed for Circularity" using a blend of Circulose® and organic cotton. .
- In cooperation with the leading Chinese manufacturer of viscose filament yarn Yibin Hiest, Renewcell has successfully used 100 percent Circulose® pulp for the production of viscose filament yarn in industrial scale which opens up further product segments for 100 percent Circulose® fibers among sportswear, which replacement for polyester filaments and among luxury goods such as replacement for silk.

Q4 2021 in brief

Financial overview

| SEK thousand | Okt - Dec | | Jan - Dec | |
|--|-----------|----------|-----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Operation's net sales | 1,313 | 232 | 2,778 | 1,453 |
| Profit/loss after financial items (EBT) | -66,224 | -21,071 | -133,430 | -68,722 |
| Result and total comprehensive income for the period | -66,224 | -21,071 | -133,430 | -68,722 |
| Cash flow from operating activities | -52,711 | -15,994 | -117,695 | -54,897 |
| Cash flow from investing activities | -93,240 | -29,492 | -312,174 | -30,195 |
| Total assets | 1,115,133 | 827,287 | 1,115,133 | 827,287 |
| Equity | 674,235 | 800,369 | 674,235 | 800,369 |
| Net cash / Net debt* | -254,867 | -711,996 | -254,867 | -711,996 |
| Equity ratio (%) | 60,5 | 96,7 | 60,5 | 96,7 |
| Average number of employees | 68 | 22 | 47 | 19 |

* A negative number means that the total cash exceeds the total interest bearing debt.



CEO's comments

Decision to initiate expansion and evaluate raised goals due to increased customer interest

As we mark a year since project start, I can happily state that despite a very tight timeline, we are still in phase with our original planning with the establishment of Renewcell 1 in Ortviken. The assembly of our 17-tonne roller presses and the introduction of a large number of new employees during the fourth quarter were two of the clearest signs that we are maintaining a high pace in our progress.

Like businesses everywhere, we have experienced challenges in timely delivery of building materials and key components as well as increased shipping costs. I am grateful that our careful work to minimize risk in the beginning of the project now gives us the tools to be able to push back cost increases to a large extent. We have also been able to successfully balance short term cost increases with long term savings to remain within budget for Renewcell 1 as a whole.

Our team in the demonstration facility in Kristinehamn has new record highs during the quarter. Record production for 24 hours, for a week, for one month and for a quarter are all reflected in our best production figures to date. However, the main focus for operations at the Kristinehamn facility remains to carry out tests to ensure that the start-up of Renewcell 1 (Ortviken) is as smooth as possible.

We have signed new cooperation agreements that lays the foundation for a European "closed loop" for textiles. This kind of regional closed loop is highly sought after by fashion brands and policy makers. On the supplier side, we entered into long-term new collaborations with three European sorters of consumer textiles.

Over the past year, the market has shown a sharp increase in interest in Circulose®. We have proven our ability to sell industrial quantities to our customers for both commercial fiber production and testing. In addition to our Letter of Intent with Germany-based Kelheim Fibres for the production of up to 10,000 metric tons of Circulose®-based fibers per year, the dialogues about commercial collaborations with other fiber producers and brands have been intensified.

Due to an increased customer interest we have decided to initiate the expansion from 60,000 to 120,000 metric tons capacity ahead of plan. In addition, we are reviewing the opportunity to bring forward the target of 360,000 metric tons in capacity from 2030 to already 2025. BNP Paribas and

Carnegie have been retained by the company to explore the financing for raising the operational goals.

In 2022, Renewcell will lead the global textile industry into a new era of large-scale circularity. I feel proud that in 2021, point by point, we have delivered on a very ambitious, and at times pressured, plan that has taken us to where we stand today. I would like to thank our 110 committed, knowledgeable and flexible employees for helping our customers move forward in the marketing of Circulose®- based clothing, supporting and finding ways to solve problems while at the same time developing and implementing our culture of Care and Progress".

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Milestones for establishment of Renewcell 1

| Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 |
|---|---|---|---|---|--|
| <ul style="list-style-type: none"> ✓ 75 percent of main supplier agreements signed ✓ Maintenance and upgrade of existing equipment started ✓ Recruitment of 50 full-time employees completed | <ul style="list-style-type: none"> ✓ 90 percent of main supplier agreements signed ✓ Disassembly and removal completed ✓ Formal transfer of the site to Renewcell ✓ Environmental permit granted ✓ Project financing completed | <ul style="list-style-type: none"> ✓ Preparation of machine hall for new layout and new installations completed ✓ Piling and adaptation of the basement in the machine hall completed | <ul style="list-style-type: none"> ✓ Installation of drying line to be completed ✓ Onboarding of new full-time employees starts | <ul style="list-style-type: none"> • Installation of baling line to be completed • Machine installation to be completed • Commissioning of certain individual process steps to be done | <ul style="list-style-type: none"> • Commissioning of all individual process steps to be done • Commissioning of complete production line to be done |



Stockholm, February 2022

Patrik Lundström

Renewcell's operations

Large market with high growth

The global market for textile fiber amounted to slightly more than 100 million metric tons per year. The demand for textile fiber is also expected to increase approximately 50 per cent by 2030 as a consequence of increasing numbers of people entering the global middle class and establishing a higher general level of consumption. In pace with this increase in consumption, the major negative climate and environmental impacts attributable to the textile and fashion industry will expand. Accordingly, increasing numbers of consumers and brands are becoming interested in replacing conventional raw materials, such as cotton and polyester, with recycled and circular materials. However, to date, the availability of such material is low.

A sustainable solution

Re:newcell AB's vision is to lead the way to a sustainable world by producing high quality products from recycled textiles. The company's operations are based on a new, proprietary process that has been protected as intellectual property using strategic patents and business secrets.

The company's technology is based on experience of conventional, large-scale cellulose pulp production from wood. Through a patented process, for which the company has no fewer than five approved patents, Renewcell can extract cellulose from textile waste, comprising cotton or viscose, adapt their properties and bring it back into the textile value chain without loss of quality in the form of a trademark-protected dissolving pulp: Circulose®.

Due to technical limitations, the recycled alternatives that have been available in the textile market to date have required the inclusion of virgin materials to achieve the quality that meets the demands of broad consumer groups. By replacing conventional materials with Circulose®, the company's customers can achieve large environmental and climate gains without compromising on the products' quality.

During 2019, Renewcell became first in the world to have a commercially proven product of this type and to make the first delivery to the fiber producer Tangshan Sanyou.

The company's products

Renewcell's business concept is to recycle raw materials in the form of textile waste into dissolving pulp. Renewcell sells its dissolving pulp product by the metric ton to producers of regenerated fiber, such as viscose, modal and lyocell.

Dissolving pulp is usually made of raw forest materials, but Renewcell's patented process now makes it possible to make regenerated fiber of virgin quality from 100-percent recycled textile raw materials.

Renewcell sells its product under the brand name Circulose® that currently is produced in limited volumes in the Company's plant in Kristinehamn. The trademark is protected by registration in all relevant product classes and in all markets where the company and its customers are active. The use of the Circulose® trademark is offered as added value to the company's partner brands under a conditional royalty-free license.

The company currently has a production facility in Kristinehamn and another facility under construction in Sundsvall (Renewcell 1, Ortvikén). The facility in Kristinehamn produces commercial material in small volumes and is mainly used as a demonstration and R&D facility. Renewcell 1 is expected to be completed by the end of the first half of 2022 and will have an initial capacity of 60 thousand metric tons.



The company operates in an international market and exports all of its production to customers abroad. Renewcell's direct customers are mainly found in such countries as China, India, Germany, Japan, the US and Austria.

Operational and financial targets*

Renewcell has the following targets for installed annual production capacity of dissolving pulp. The production targets will be reached by increasing capacity at Renewcell 1, but possibly also by establishing production in new locations:

2022: 60,000 metric tons

2026: 250,000 metric tons

2030: 360,000 metric tons

Renewcell's medium-term (2026) financial targets are to have an annual EBITDA margin of 30 percent, and an equity ratio of 50 percent. Renewcell's long-term financial targets (2030) are to have an annual EBITDA margin of over 30 percent, and an equity ratio exceeding 50 percent.

*As a result of the increased customer interest, Renewcell is currently evaluating the opportunity of raising the above operational goals. The company's financial goals may also change as a consequence of a change in the operational goals.

Comments on the report

October – December

Net sales and order intake

During the period October-December, net sales amounted to SEK 1,313 thousand (232). Sales during the quarter consisted largely of sales of Circulose® pulp that during the period amounted to a total of 89 (22) metric tons. The sales volume is limited by the production rate at the plant in Kristinehamn, where machine investments for optimized runability and qualification of raw material and product specifications were prioritized over volume production.

Operating profit

The loss for the period amounted to SEK -66,224 thousand (-21,071). The change is mainly explained by increased staff and premises costs due to the Company continuing to strengthen its organization in connection with the establishment of Renewcell 1 in Ortviken. The result was also affected by the incentive program decided in Q3. The company subsidizes some of the participants' option premiums through a cash bonus of SEK 10,174 thousand. Other explanations are that the Company is in a development phase where areas such as other IT and other support functions are strengthened.

The result for the period was affected by other income correspondingly SEK 1,137 thousand (507), which mostly relates to the sale of scrap which arose during demolition work in Ortviken.

During the quarter, Renewcell repaid part of a contribution to investments in Renewcell's Kristinehamn facility. The contribution was received in 2018 and 2019 from the EU's LIFE program. Due to a faster breakthrough in market acceptance than expected and the decision to invest in scaling up production capacity at Renewcell 1, the company decided to close the project ahead of time. Unused funds have now been returned to the LIFE program in accordance with the original grant agreement. The repayment is reported as other operating expense SEK -3,321 thousand (0).

Depreciation for the period amounted to SEK -2,077 thousand (-1,743) and mainly refers to facilities in Kristinehamn.

Net financial items

Net financial items for the period amounted to SEK -5,332 thousand (-116) and consists almost exclusively of interest expenses related to those loans raised during the quarter, corresponding to approximately SEK 320 million.

Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -52,711 thousand (-15,994). The change compared to the previous year refers to an upscaling of the business.

Cash flow from investing activities during the period amounted to SEK -93,240 (-29,492) thousand. The investments are almost exclusively related to the investments in the Renewcell 1 facility in Ortviken. The total investment for the production facility, including reserves, is budgeted at approximately SEK 950 million and has been contracted predominantly during the first half of 2021. During quarter 4, the forecast for the first 60 ktons in Renewcell 1 has increased with SEK 60-80 million from approximately SEK 870 million. The increase is partly explained by recent cost increases related to components and alloy supplements, but also because the company has chosen to make certain investments that entail significant cost savings in connection with the now decided doubling to 120k metric tons in total capacity for Renewcell 1. Current payments occur on an ongoing basis in connection with different suppliers achieving milestones in their respective contracts. Per December 31, the carrying amount was ongoing new facilities in the balance sheet to SEK 420,773 thousand (31,531) which is an increase of approximately SEK 389 million compared with last year.

Cash flow from financing activities amounted to SEK 271,489 thousand (747,395). During the fourth quarter, the first disbursement of the loans financing the facility in Ortviken occurred. Gross payment was SEK 320 million and after prepaid transaction costs of SEK 55 million, cash flow has been affected positive by SEK 264 million.

The company's cash and cash equivalents amounted to SEK 551,368 thousand (719,288) at the end of the year. The company has an unused loan capacity of SEK 453 million in accordance with the financing agreement with the ECA and EIB.

January – December

Net sales and order intake

During the period January-December, net sales amounted to SEK 2,778 thousand (1,453). Sales consisted largely of sales of Circulose® pulp that during the period amounted to a total of 194 (142) metric tons.

Operating profit

Operating profit for the period after tax amounted to -133,430 thousand (-68 722). The change is mainly explained by increased personnel costs due to the Company strengthening its organization in connection with its construction commercial production, and that the Company is in a development phase where areas such as IT, logistics and other support functions are strengthened.

The result for the period was affected by other income correspondingly SEK 3,294 thousand (1,639, which mainly relates to the sale of scrap which arose during demolition work in Ortviken. The result was also affected by unrealized exchange rate effects on cash and cash equivalents funds of 427 thousand (0). In addition, the result was affected of other operating expense of SEK -3,321 thousand (0) relating to repayment of EU grants.

Depreciation for the period amounted to SEK -7,658 thousand (-6,957) and mainly refers to facilities in Kristinehamn.

Net financial items

Net financial items for the period January to December amounted to SEK -5,541(-436) thousand and consists almost exclusively of interest expenses related to the loans raised during the quarter corresponding to approximately SEK 320 million.

Cash flow and investments

Cash flow from operating activities for the period amounted to SEK -117,695 thousand (-54,897) which mainly refers to costs in connection with the Company's establishment of operations at Renwcell 1.

Cash flow from investing activities amounted to the period to SEK -312,174 thousand (-30,195). The change is almost exclusively related to investments in the facility in Ortviken where the payments during the first part of the year were made to secure delivery times, but now mostly relate to different suppliers achieving milestones in their respective contract.

Cash flow from financing activities amounted to 261,522 thousand (765,165). The change is largely due to the Company carried out a new share issue during the same period last year. This year's cash flow from financing activities refers mainly to disbursements of loans that finance the Renewcell 1 facility, including the transaction costs that are connected to it.

Dividend

The Board of Directors proposes that no dividend be paid for financial year 2021.

Assurance

The Board of Directors and CEO assure that the year-end report provides a fair view of the company's operations, financial position and profits, and describes the material risks and uncertainties facing the company.

Stockholm, February 16, 2022

Henrik Ager

Mia Hemmingson

Helene Willberg

Chairman

Anna Attemark

Om Bhatia

Patrik Lundström

CEO

This report has not been subject to the auditors' review.

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 February 16, 2022 at 8:00 a.m. CEST.

Contact details

For questions concerning this report, please contact:

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Financial calendar

- The annual report 2021 will be published on April 25, 2022
- The interim report for the first quarter of 2022 will be published on May 4, 2022
- The Annual General Meeting will be held on May 17, 2022*
- The interim report for the second quarter of 2022 will be published on August 25, 2022
- The interim report for the third quarter of 2022 will be published on October 28, 2022
- The interim report for the fourth quarter of 2022 will be published on February 15, 2023

*The annual report will be provided on the Company's website.

Financial reports in brief

Condensed Income statement and Statement of comprehensive income

| SEK thousand | Okt-Dec | | Jan-Dec | |
|---|----------------|----------------|-----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Operating income | | | | |
| Net sales | 1,313 | 232 | 2,778 | 1,453 |
| Other operating income | 1,137 | 507 | 3,294 | 1,639 |
| Total operating income | 2,2450 | 740 | 6,072 | 3,093 |
| Operating expenses | | | | |
| Raw materials and consumables | -9,972 | -2,486 | -15,850 | -7,610 |
| Other external expenses | -21,744 | -10,963 | -52,765 | -36,719 |
| Personnel costs | -26,228 | -6503 | -54,793 | -20,092 |
| Other external costs | -3,321 | - | -3,321 | - |
| Total operating expenses | -61,265 | -19,951 | -126,729 | -64,422 |
| Operating profit before depreciation, amortization and impairment (EBITDA) | -58,815 | -19,212 | -120,658 | -61,329 |
| Depreciation and write-downs | -2,077 | -1,743 | -7,658 | -6,957 |
| Operating profit (EBIT) | -60,892 | -20,955 | -128,315 | -68,286 |
| Other interest income and similar income items | - | - | 427 | - |
| Interest expenses and similar expense items | -5,332 | -116 | -5,541 | -436 |
| Total financial items | -5,332 | -116 | -5114 | -436 |
| Profit/loss after financial items (EBT) | -66,224 | -21,071 | -133,430 | -68,722 |
| Result and total comprehensive income for the period | -66,224 | -21,071 | -133,430 | -68,722 |
| Earnings per share, before and after dilution | -2,2 | -0,9 | -4,3 | -3,3 |
| No. of shares | 30,799,426 | 30,799,426 | 30,799,426 | 30,799,426 |
| Average No. of shares before dilution | 30,799,426 | 23,554,382 | 30,799,426 | 20,572,460 |
| Average No. of shares after dilution | 32,335,766 | 24,066,495 | 32,335,766 | 20,700,489 |

Condensed balance sheet

| SEK thousand | Note | Dec 31, 2021 | Dec 31, 2021 |
|--|------|------------------|----------------|
| ASSETS | | | |
| Intangible fixed assets | | 4,359 | - |
| Total intangible fixed assets | | 4,359 | - |
| Assets under construction | | 420,773 | 31,531 |
| Other tangible fixed assets | | 52,820 | 56,079 |
| Total tangible fixed assets | | 473,593 | 87,611 |
| Total fixed assets | | 477,952 | 87,611 |
| Inventory | | 7,088 | 886 |
| Accounts receivables | | 1,611 | 386 |
| Other current receivables | | 28,858 | 5,142 |
| Prepaid expenses and accrued income | | 48,256 | 13,975 |
| Total current receivables | | 85,813 | 20,389 |
| Cash and bank balances | | | |
| Cash and bank balances | | 551,368 | 719,288 |
| Total cash and bank balances | | 551,368 | 719,288 |
| TOTAL ASSETS | | 1,115,133 | 827,287 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 786 | 786 |
| Share premium reserve | | 953,466 | 953,466 |
| Profit or loss brought forward | | -146,588 | -85,161 |
| Result for the period and the year | | -133,430 | -68,722 |
| Total equity | | 674,235 | 800,369 |
| Long-term liabilities to credit institutions | 4 | 291,762 | 4,792 |
| Total long-term liabilities | | 291,762 | 4,795 |
| Other liabilities to credit institutions | 4 | 4,740 | 2,500 |
| Accounts payable | | 125,648 | 12,395 |
| Tax liabilities | | 737 | 298 |
| Other current liabilities | | 2,044 | 841 |
| Accrued expenses and prepaid income | | 15,967 | 6,092 |
| Total current liabilities | | 149,136 | 22,127 |
| TOTAL EQUITY AND LIABILITIES | | 1,115,133 | 827,287 |

Condensed change in equity

| SEK thousand | Share capital | Share premium Reserve | Profit or loss brought forward | Comprehensive income for the period | Total equity |
|---|---------------|-----------------------|--------------------------------|-------------------------------------|-----------------|
| Opening balance, Jan 1, 2020 | 322 | 174,317 | -47,412 | -37,657 | -89,570 |
| Transfer of last year's result | - | - | -37,657 | 37,657 | - |
| Redemption of shares | -48 | -25,680 | - | - | -25,728 |
| Bonus issue | 194 | - | -194 | - | - |
| New share issue | 318 | 851,908 | - | - | 852,227 |
| Issue costs | - | -47,080 | - | - | -47,080 |
| Employee options | - | - | 102 | - | 102 |
| Total comprehensive income for the period | - | - | - | -68,722 | -68,722 |
| Closing balance Dec 31, 2020 | 786 | 953,466 | -85,161 | -68,722 | 800,396 |
| | | | | | |
| Opening balance, Jan 1, 2021 | 786 | 953,466 | -85,161 | -68,722 | 800,369 |
| Transfer of last year's result | - | - | -68,722 | 68,722 | - |
| Share warrant | - | - | 7,194 | - | 7,194 |
| Employee options | - | - | 102 | - | 102 |
| Total comprehensive income for the period | - | - | - | -133,430 | -133,430 |
| Closing balance Dec 31, 2021 | 786 | 953,466 | -146,588 | -133,430 | -674,235 |

Condensed statement of cash flows

| | Oct - Dec | | Jan - Dec | |
|--|----------------|----------------|-----------------|----------------|
| SEK thousand | 2021 | 2020 | 2021 | 2020 |
| Operating activities | | | | |
| Operating profit/loss before financial items | -60,892 | -20,955 | -128,315 | -68,286 |
| Interest paid* | -78 | -116 | -299 | -436 |
| Adjustments for items not included in cash flow: | | | | |
| Depreciation and write-downs | 2,077 | 1,743 | 7,658 | 6,957 |
| Employee options | 26 | 26 | 102 | 102 |
| Cash flow from operating activities before changes in working capital | -58,867 | -19,302 | -120,854 | -61,664 |
| Change in working capital | | | | |
| Change in inventory | -1,651 | 326 | -6,202 | -186 |
| Change in accounts receivable | -516 | 18 | -1,225 | -359 |
| Change in other receivables | -25,685 | -4,388 | -28,358 | -3,557 |
| Change in accounts payable | 33,628 | 3,975 | 27,429 | 5,387 |
| Change in other current operating liabilities | 380 | 3,377 | 11,516 | 5,481 |
| Cash flow from operating activities | -52,711 | -15,994 | -117,695 | -54,897 |
| Investing activities | | | | |
| Investments in intangible fixed assets | -2,676 | - | -3,451 | - |
| Investments in tangible fixed assets | 90,564 | -29,492 | -308,726 | -30,195 |
| Cash flow from investing activities | -93,240 | -29,492 | -312,174 | -30,195 |
| Financing activities | | | | |
| New issue of shares | - | 807,686 | - | 852,227 |
| Issue costs | - | -47,080 | - | -47,080 |
| Share warrants | 7,194 | - | 7,194 | - |
| Redemption of shares | - | - | - | -25,728 |
| New loans | 319,976 | - | 319,976 | - |
| Transaction costs for financing | -55,055 | -13,004 | -63,147 | -13,004 |
| Repayment of interest-bearing liabilities | -625 | -208 | -2,500 | -1,250 |
| Cash flow from financing activities | 271,489 | 747,395 | 261,522 | 765,165 |
| Cash flow for the period | 125,538 | 701,909 | -168,346 | 680,073 |
| Cash and cash equivalents at the beginning of the period | 425,841 | 17,379 | 719,288 | 39,215 |
| Exchange differences in cash and cash equivalents | -12 | - | 427 | - |
| Cash and cash equivalents at the end of the period | 551,368 | 719,288 | 551,368 | 719,288 |

* The company applies the effective interest method, which means that the interest expense reported in the income statement deviates from the actual interest paid.

Notes

Note 1 Accounting and measurement policies

General information and compliance with IAS 34

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting. The company was founded on October 30, 2012 and has its registered office in Stockholm, Sweden. The company does not comprise a group and the company therefore applies IFRS with the adjustments required pursuant to RFR2 Accounting for Legal Entities. The accounting principles and measurement methods applied are in accordance with those stated in the 2020 Annual Report.

The company has chosen to apply the exemption in IFRS 9 regarding financial instruments, ie. to report these according to the acquisition value method. This means that all financial instruments are reported at accrued acquisition value.

The company has also chosen to apply the exemption in RFR 2 regarding IAS 23, which means that all borrowing costs under the construction time of the company's facility is expensed instead to be activated at the facility.

Disclosures in accordance with IAS 34.16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report.

Note 2 Risks and uncertainties

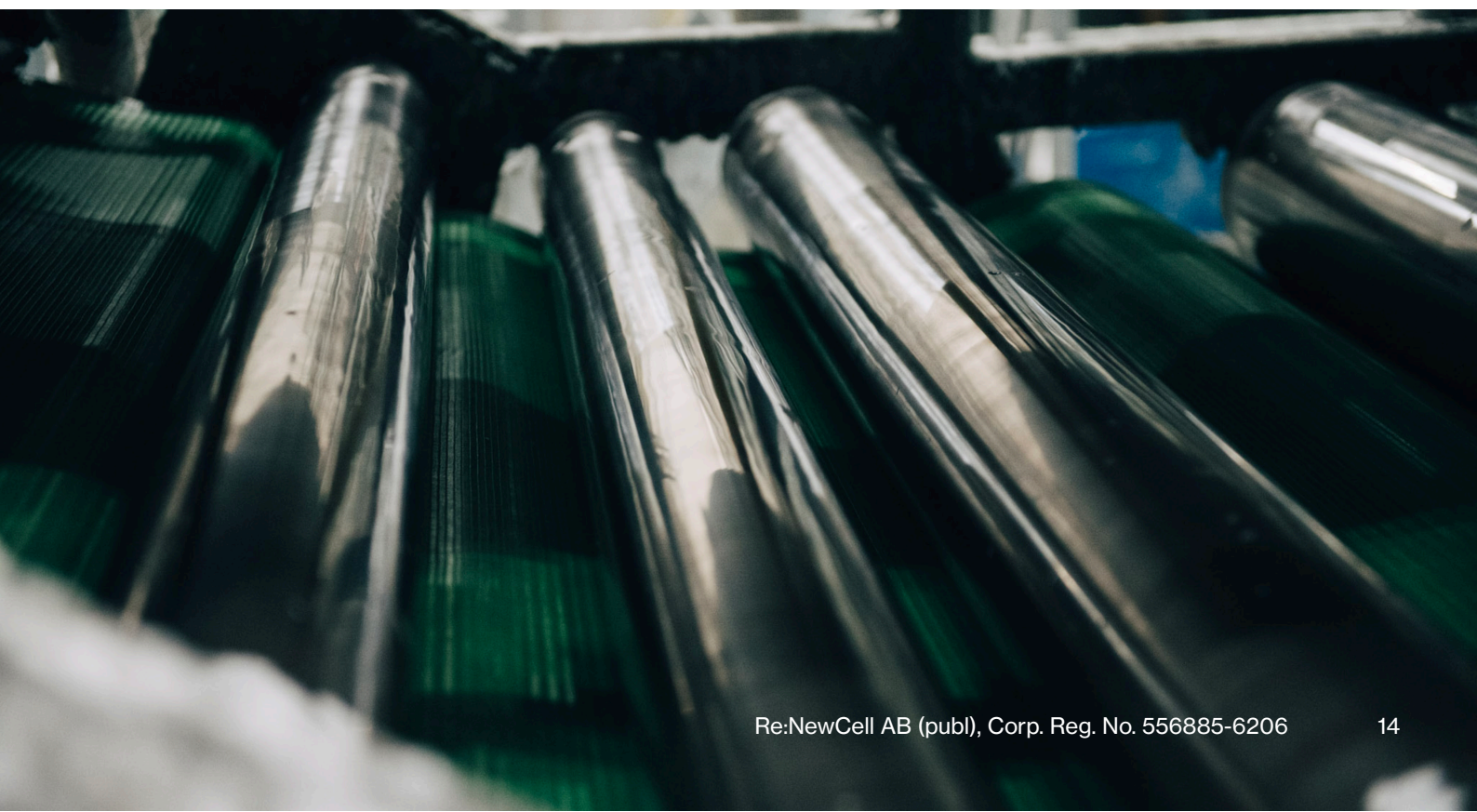
The company is exposed to various risks, both operational and financial. Operational risks pertain mainly to risks of:

- Structural change (technology, competitors, etc.)
- Stoppages and disruptions in production plants
- Technology risks such as upscaling risks, etc.
- Delays and cost increases in conjunction with the establishment of the new plant in Ortviken
- Market and price fluctuations
- Availability and price of raw materials
- Political decisions
- Sustainability, responsibility and environment

Financial risks mainly comprise liquidity and refinancing risk, interest-rate risk and currency exposure:

- Liquidity and refinancing
- Interest rates
- Currency transaction exposure including conversion differences on cash in foreign currency

The significant changes in the risks and uncertainties during the period compared with those presented in the 2020 Annual Report are the risks associated with the establishment of the new production plant in Ortviken as well as the potential continued impact of Covid 19. Also imbalances in logistic flows and the development of steel prices may have a negative impact on the Company's commercialisation.



Note 3 Transactions with related parties

| SEK thousand | Description | Oct-Dec | | Jan – Dec | |
|--|----------------------|---------|------|-----------|------|
| | | 2021 | 2020 | 2021 | 2020 |
| CEO (until September 2019) | | | | | |
| Trudvang & Partners AB (Mattias Jonsson) | Consultancy services | - | - | - | 149 |
| Board of Directors | | | | | |
| Hassi Consulting Oy (Heikki Hassi) | Consultancy services | - | - | - | 60 |

Note 4 Incentive program

On November 22, Renewcells senior executives and key personnel in the Company acquired a total of 416,531 call options in Renewcell. The acquisitions are related to the incentive program decided by the Extraordinary General Meeting on September 3, 2021. The warrants have a term of approximately 3 years, and each entitles to subscribe for one Renewcell share for a subscription price which, in accordance with the terms decided by the AGM, is set at SEK 287.53 per share. The price per acquired option amounted to SEK 17.08. The price per option has been determined using the Black-Scholes valuation method and is based on a volume weighted average price of SEK 216 and a subscription price of SEK 287.53 per share when exercising the warrant, and assumption of a volatility of 25 percent and a risk-free interest rate of -0.3 percent.

As stated above, the price of the warrants is market-based. As part of the incentive program, participants have received a bonus to cover parts of the option premium. The cost of this is estimated to amount to a maximum of SEK 11 million excluding social security contributions. The cost is based on 554,391 warrants being acquired by the employees who can receive the bonus as above, at an assumed price per warrant of SEK 17.08. The warrants will also not have any accounting consequences other than the just mentioned bonus.

The employee stock option program that was decided on in 2018, which expired on 31 December 2021, was estimated to SEK 306 thousand, which is considered constitute the difference between the services the subscribers of the options that consideration provides to the Company. For each of the years 2019-2021 the company has reported a personnel cost of SEK 102 thousand per year. For more information about the Company's incentive program, please refer to the Company's latest annual report.

Note 5 Pledged assets

| SEK thousand | Oct-Dec | | Jan – Dec | |
|-----------------------------|----------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Floating charges | 10,000 | 10,000 | 10,000 | 10,000 |
| Pledge cash | 544,023 | - | 544,023 | - |
| Pledged fixed assets | 437,975 | - | 437,975 | - |
| Total Pledged assets | 981,998 | 10,000 | 981,998 | 10,000 |

In addition to the above, there are significant agreements linked to customers and suppliers, insurance, guarantees, and patents provided as security for loans. Approximately SEK 400 million of the pledged cash and cash equivalents are reserves for the completion of the establishment of the first 60k metric tons in Ortviken, Sundsvall.

Note 6 Financing

| KSEK | 2021-12-31 | 2020-12-31 |
|--|-------------------|------------------------|
| Long-term debit to credit institutions | 291,762 | 4,792 |
| | | |
| Short-term debit institutions | 4,740 | 2,500 |
| | | |
| Terms and repayment obligations | Due date | Carrying amount |
| Almi | 2022-2023 | 4,791 |
| ECA/EIB | 2023-2030 | 291,710 |
| | | 296,501 |

As security for the Company's commitments and obligations under the Loan Agreements, the Company has, among other things, pledged cash, insurances, guarantees and contracts. Furthermore, the Company will issue security in certain movable property related to the Company production facilities. See Note 5 for more information.

Interest on loans from the ECA / EIB is calculated using the effective interest method in accordance with IFRS 9. The effective interest rate includes interest and other fees, in addition the EIB loan includes an estimated royalty fee. The royalty fee is paid annually and will be calculated based on the company's annual gross income from direct or indirect sales of textile pulp up to 120,000 metric tons for each financial year until the loan is repaid. The royalty fee is only paid if the Company's sales are positive and if certain additional provisions related to the Company's production results are met. The repayment rate on the loans is lower for the first 2 years and then increases during the remaining term. The loans also run with requirements to meet certain covenants linked to equity and EBITDA. All covenants have fulfilled in 2021.

The Almi loan has a variable interest rate and is amortized on a straight-line basis.

Currently, the company has very limited sales, implying that the Company's current operations to a large extent depend on external financing. At the end of 2020, a new share issue of approximately SEK 800 million was carried out in connection with the Company's listing on First North Premier. In addition, the company has signed a loan agreement with Nordea, Swedish Export Kredit AB and the European Investment Bank (EIB) corresponding to up to SEK 700 million. It is the Company's assessment that the above-mentioned financing ensures the company's current operations for the current year.

Note 7 Definitions of KPIs

Equity ratio

Equity as a percentage of total assets.

Earnings per share, before dilution

Profit for the period divided by the weighted average number of shares outstanding for the period.

Earnings per share, after dilution

Earnings per share adjusted to the number of common shares assessed to be subscribed as a result of the company's share price exceeding the option's subscription price.

Equity per share

Equity divided by number of shares outstanding at the end of the period. Significant estimates and assessments.

Net cash/ net debt

Cash minus interest bearing debt. In case cash exceeds interest bearing debt, the term net cash is used. Otherwise the term net debt is used.

EBITDA

Earnings before interest, tax, depreciation and amortization.

Share information

Largest shareholders as per December 31, 2021

| Shareholder | No. of shares and votes | Share of capital and votes |
|------------------------------------|-------------------------|----------------------------|
| Girincubator AB | 3,933,290 | 12,77% |
| H&M | 3,544,440 | 11,51% |
| Capital Group | 2,462,272 | 7,99% |
| Handelsbanken Fonder | 2,210,685 | 7,18% |
| AMF Pension & Fonder | 1,349,169 | 4,38% |
| Swedbank Robur Fonder | 1,239,277 | 4,02% |
| Cliens Fonder | 800,000 | 2,60% |
| Fidelity International (FIL) | 749,686 | 2,43% |
| Swedocean AB | 722,215 | 2,34% |
| ALMI | 688,878 | 2,24% |
| Goldman Sachs Asset Management | 504,182 | 1,64% |
| Öhman Fonder | 473,584 | 1,54% |
| Gripen Industri & Invest AB | 467,870 | 1,52% |
| BlackRock | 448,895 | 1,46% |
| Mikael Lindström | 400,000 | 1,30% |
| Norron Fonder | 380,971 | 1,24% |
| Tomas Gahn | 356,000 | 1,16% |
| Gunnar Haglund | 348,140 | 1,13% |
| Livförsäkringsbolaget Skandia | 338,811 | 1,10% |
| Gunnar Näsholm | 330,000 | 1,07% |
| Twenty largest shareholders | 21,748,365 | 70,61% |
| Others | 9,051,061 | 29,39% |
| Sum | 30,799,426 | 100% |

Share price development

Share price development since IPO



Share price development latest quarter

