



RENEWCELL

Annual and Sustainability report 2022

We make fashion circular

# Fashion's new circular era started in 2022

The start of operations at Renewcell 1 during 2022 marked the beginning of a new circular era for the global fashion industry. Situated in Sundsvall, it is the first commercial plant for chemical textile-to-textile recycling. With an initial annual capacity of 60,000 metric tons, Renewcell 1 will be scaled up to produce 120,000 metric tons pulp, equivalent to 600 million t-shirts. Demand for Renewcell's product Circulose® is high, and even before completion, Renewcell 1's entire initial capacity had been booked by Renewcell's existing customers.



## CIRCULAR INDUSTRIALIZATION

Ten years after the foundation of Renewcell we continued to break ground with the start of Renewcell 1 in Sundsvall. The facility was established primarily by leveraging our colleagues' knowledge at the same time as it reutilized existing infrastructure and equipment, thereby enabling us to save time, money and resources.

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Re:NewCell AB (publ) ("Renewcell") Annual and Sustainability Report summarizes the company's operations, financial results and sustainability work during the reporting year 2022.

This report has been published in Swedish and English. In the event of any differences between the English translation and the Swedish original, the Swedish report shall prevail.

# We make fashion circular

**100%**  
recycled textile

**No 1**  
in the world

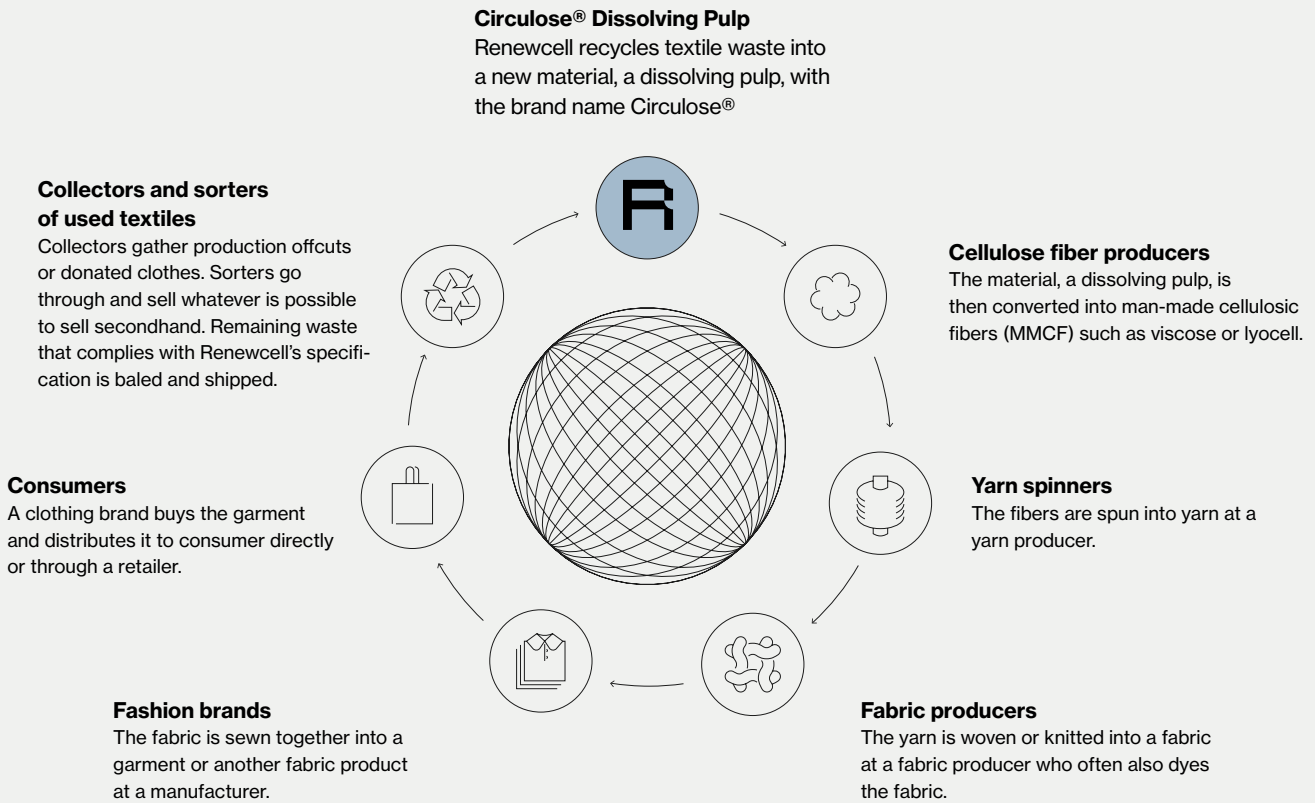
**60,000**  
metric tons installed  
annual capacity

# We make fashion circular

Renewcell's unique and patent-protected recycling technology breaks down used cotton and other cellulose-rich textiles and transforms them into a new, biodegradable raw material: Circulose® pulp. Our customers then use Circulose® to produce biodegradable virgin quality viscose or lyocell textile fibers. This is the link that has been missing to close the loop.

Renewcell closes the loop on an otherwise linear value chain by linking together the collection and sorting of textile waste with the new production of textile fibers. Renewcell makes it possible to recycle textile waste into new high-quality textiles that replace

virgin cotton, viscose or polyester. Since our innovation works as a "drop-in" to the value chain as it exists today, Renewcell is able to quickly make a significant difference at scale. We make fashion circular.



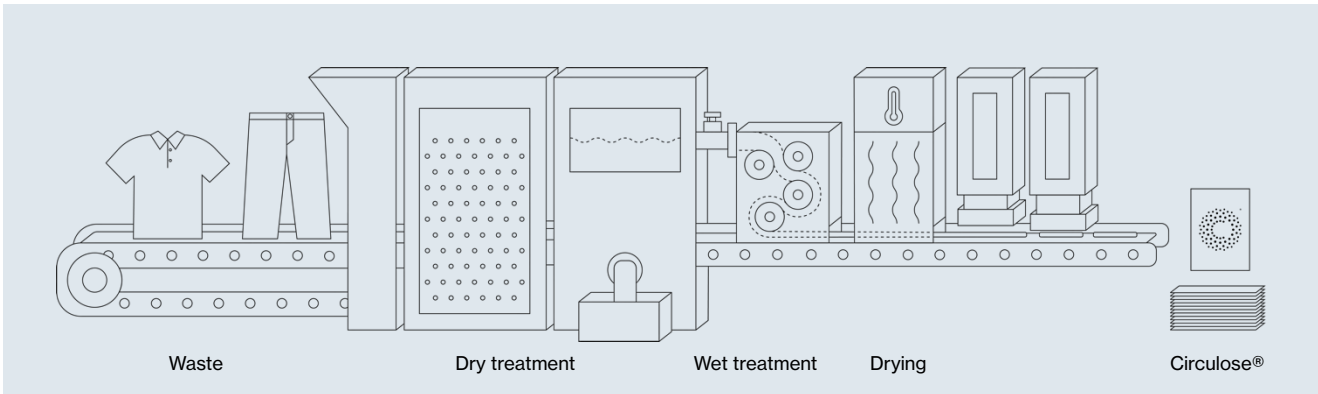
Before a garment made with Circulose® can be worn for the first time, it goes through several stages in the conventional fashion value chain. Using Renewcell's Circulose® dissolving pulp as the feedstock, a man-made cellulosic fiber is created that is then spun into a yarn. The yarn is woven or knitted into a fabric that is colored and treated before being cut to size and sewn into a garment. The garment is then typically sold to a brand that distributes it, directly or through a retailer, to consumers. When the consumer no longer wishes to use the garment, it is hopefully handed to a collector who assesses whether the garment is in a good enough condition to be sold secondhand or recycled in some way. Textile products that are too worn to be reused would then proceed to landfill or incineration, but instead, Renewcell takes it back to be recycled into Circulose® again. Loop closed.

**RENEWCELL'S TECHNOLOGY**

Renewcell's recycling process is built on a combination of established technology and innovation. The process is similar to conventional processes in the pulp and paper industry, but has been

adapted to use cellulosic textile waste instead of wood as a raw material. The overall process is therefore unique, and protected in the form of patents and proprietary trade knowledge.

**A UNIQUE AND PATENT-PROTECTED PROCESS DEVELOPED BY WORLD-LEADING CELLULOSE CHEMISTRY RESEARCHERS**



Renewcell receives used garments and textile production waste with high cellulosic content, like cotton or viscose. The textiles are shredded, de-buttoned, de-zipped, de-colored and turned into a slurry. Contaminants and other non-cellulosic content are separated from the slurry. The slurry is dried to produce Circulose®,

a branded dissolving pulp made from 100 percent recycled textiles. The sheets of Circulose® are finally packaged into bales and fed back into the textile production value chain as an equal-quality replacement for virgin materials like cotton, oil and wood. Renewcell makes fashion circular!



# Renewcell in brief

Renewcell was founded in 2012 with the goal of making the fashion industry sustainable – an industry increasingly characterized by intensive use of resources and expansion as a result of the growing middle class. The fashion industry today is a major consumer of water and chemicals, and is considered to be one of the industries with the greatest negative environmental impact in the world.

The use of petroleum-based material such as polyester consumes substantial amounts of energy and is also a major contributor to increased microplastic pollution in the world's oceans. Cotton, including sustainable cotton, is grown in large monocultures that use large quantities of pesticides and fertilizers. These negative consequences are expected to increase in pace with the growth of the industry.

## A CIRCULAR SOLUTION

Renewcell's vision is to make the fashion industry circular. The company's operations are based on a new, proprietary process that has been protected as intellectual property using strategic patents and trade secrets. The company's technology is based on experience from conventional large-scale cellulose pulp production from wood. Through a patented process, for which the company has no fewer than five patents, Renewcell can extract cellulose from cotton or viscose textile waste, alter its properties and bring it back into the textile value chain without loss of quality in the form of a trademarked dissolving pulp product: Circulose®.

Due to technical limitations, the recycled alternatives that have existed so far in the textile market have required the admixture of virgin raw material in order to obtain a quality that meets the requirements of broad consumer groups. Through Circulose®, Renewcell offers a high-quality product made entirely from recycled textiles. By replacing conventional materials with Circulose®, Renewcell's customers can achieve large environmental and climate gains without compromising on product quality. In 2019, Renewcell became the 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 PRODUCT

Renewcell's business concept is to recycle raw materials in the form of textile waste and to thereby produce a dissolving pulp. Renewcell sells its dissolving pulp product by the metric ton to producers of man-made cellulosic fiber (MMCF), such as viscose, modal and lyocell. Usually, dissolving pulp is made from wood, but with Renewcell's patented process, it is now possible to make MMCF of virgin quality from 100% recycled textile raw material. Renewcell sells its product under the Circulose® product trademark.

Ciculose® is a registered trademark in all relevant product classes and in all main markets where the company and its customers are active. The use of the Circulose® trademark when labeling garments made with Circulose® is offered as added value to the company's partners under a conditional royalty-free license. The company currently has one facility in Sundsvall (Renewcell 1, Ortviken) that is under ramp-up and a smaller development facility in Kristinehamn. Renewcell 1 is being ramped up to an initial capacity of 60,000 metric tons with a planned increase to 120,000 metric tons. The facility in Kristinehamn is mainly used for product and process development. The company operates in an international market and exports its production to customers in countries including China, India, Germany, Japan, the US and Austria.

Textile Exchange, Company estimates

## LARGE MARKET WITH HIGH GROWTH

The global market for textile fiber amounts to slightly more than 113 million metric tons per year. The demand for textile fiber is also expected to increase approximately 50% to around 160 million metric tons 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 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, circular materials. However, to date, the availability of such material is low. The quality and versatility of Circulose® means that, in the fashion industry alone, it can technically address a demand of almost 30 million metric tons in 2030. This figure can be compared to the market for conventional dissolving pulp, which currently amounts to some 8 million metric tons. Depending on the exchange rate and market conditions, an addressable demand of 30 million metric tons per year corresponds to an annual market value of around SEK 375–450 billion. Renewcell's operational target, which is currently being evaluated, is to increase its total annual production capacity to 360,000 metric tons by 2030.

## VISION

Renewcell's vision is to make the fashion industry circular. Through transforming textile waste into new high-quality raw material by way of an innovative, resource-efficient and value-creating process, we aim to help transform a global industry and reduce its negative impact on the climate and environment in line with the 2030 Agenda for Sustainable Development and the Paris Agreement.

## CURRENT OPERATIONAL TARGETS

The company intends to achieve the targets both by increasing capacity at Ortviken as well as by potentially establishing production in new locations. Renewcell has the following targets for installed annual production capacity for dissolving pulp.

**2026:** 250,000 metric tons

**2030:** 360,000 metric tons

## FINANCIAL TARGETS

### Medium-term financial targets

Renewcell's targets are to have an annual EBITDA margin of 30%, and an equity ratio of 50% for the 2026 fiscal year.

### Long-term financial targets

Renewcell's target is to have an annual EBITDA margin of over 30% over the long term, and an equity ratio of over 50% for the 2030 fiscal year.

# A track record of innovation and progress

Renewcell's story begins with a telephone call between co-founders Malcolm Norlin and Professor Mikael Lindström about the possibility of recycling cotton waste into new textile fibers. Professor Lindström and his colleague Professor Gunnar Henriksson at KTH Royal Institute of Technology in Stockholm had been researching a more efficient method of producing bioethanol through a new way to decompose cellulose. Over the course of their work, they realised that this method successfully decomposed the cellulose in cotton and viscose too. They were convinced that this could be the key to the large-scale recycling of textiles and making fashion circular. The two professors, in partnership with Malcolm Norlin's Girincubator AB, a family-owned tech investment company with a background in the pulp industry, Dr. Christofer Lindgren and Johan Sundblad founded Renewcell in 2012.

- 2012** Re:NewCell AB founded in Stockholm, Sweden.
- 2013** The first patent in the EU granted.
- 2014** The first cloth was produced from fibres based on 100% Circulose® pulp to demonstrate the application in the garment industry.



- 2015** The first patent in the US granted.
- 2016** An initial amount of dissolving pulp was produced and delivered for testing in industrially relevant, mixed production (virgin cotton together with Circulose® pulp) of lyocell fibres.
- 2017** The Kristinehamn plant was essentially completed.  
H&M invests and becomes a shareholder in Renewcell.
- 2018** Initial production run in the Kristinehamn plant.  
First delivery of Circulose® pulp to customers.
- 2019** Renewcell received several sustainability awards including Återvinningsgalan, Encouragement for Action and Norrskan Award.  
  
Renewcell received financing from the EU LIFE programme.
- 2020** Initial commercial launch of garments containing Circulose® with the global clothing brand H&M.  
  
Levi's launches a partnership with Renewcell by introducing their most sustainable jeans yet, containing Circulose®.

Renewcell and SCA sign a lease agreement in order to establish the Company's new production facility in premises in SCA's paper mill in Ortvik outside Sundsvall.



- 2021** Renewcell signed an agreement with the Spanish fashion house Inditex.  
  
The Danish fashion house BESTSELLER launched its first garments made with Circulose® through the Vero Moda and Selected brands.  
  
All production of Circulose® dissolving pulp at Renewcell's plant in Kristinehamn was certified as 100% recycled according to the Recycled Claim Standard (RCS).  
  
Start of construction of Renewcell 1 in July 2021.  
  
Renewcell listed its shares on Nasdaq First North Premier Growth Market on November 26, 2020.
- 2022** The Board decided to initiate expansion of Renewcell 1 annual production capacity from 60,000 to 120,000 metric tons about two years ahead of original plan.  
  
Commercial operations commenced at Renewcell 1 following 16 months of construction and start-up.  
  
Output at Renewcell's Kristinehamn demo plant during 2022 was 92% within specification, delivering Circulose® in industrial scale for production and sale of tens of thousands of fashion items.

# Highlights 2022

## RENEWCELL 1 IN OPERATION

The world's first commercial-scale chemical textile recycling plant, Renewcell 1, started operations in August 2022 at SCA Ortviken's industrial area in Sundsvall, Sweden. The project, which began at the end of 2020 with the listing on Nasdaq First North, started in earnest when we took possession of the premises in mid-2021. Just over one year later, despite a pandemic, a geopolitical crisis and cost inflation with consequent challenges in logistics and supply of raw materials, we were able to press the start button thanks to a fantastic job by our team and our partners.

## FIRST CUSTOMER DELIVERIES FROM RENEWCELL 1

Just days ahead of the year end, we reached a crucial milestone in our scale-up with the delivery of the first containers of pulp from Renewcell 1. In December alone, Renewcell 1 produced more recycled pulp, of both premium and regular quality, than had been produced in any single year at that point in the company's history.

## LAUNCHES WITH BRAND PARTNERS

In 2022, Renewcell continued to develop partnerships with some of the world's most influential and recognizable brands. The year started with the launch of an award-winning partnership with Levi's® with the first use of Circulose® in the iconic 501 model. The launch was followed by new products made with Circulose® from H&M, ZARA, GANNI, PANGAIA, Filippa K, Jade Cropper, Gina Tricot and Schnayderman's as well as by collaborations with Copenhagen Fashion Week, Dramaten and the London Design Museum, among others.

## FINANCIAL PERFORMANCE

In 2022, Renewcell completed investments for a capacity of 60,000 metric tons at Renewcell 1. The company will expand capacity to 120,000 metric tons at a later stage. The total investment for 120,000 metric tons is expected to be approximately SEK 1.45 billion (of which SEK 1.3 billion is to reach a capacity of 60,000 metric tons). To complete the investment and to finance the negative earnings impact of a delayed ramp-up and increased capital investment, including scaling up to full capacity, the company has raised new capital through two new share issues during the year totaling SEK 482 million. At year-end 2022, total assets amounted to SEK 1,835 million and equity to SEK 864 million. Sales in 2022 totaled SEK 13 million and the profit after tax was SEK -300 million.



## FINANCIAL OVERVIEW

KSEK	2022	2021
Net sales	12,559	2,778
Operating profit before depreciation, amortization and impairment	-252,037	-120,658
Profit/loss after financial items	-299,936	-133,430
Cash flow from operating activities	-397,918	-117,695
Cash flow from investing activities	-880,285	-312,174
Equity	863,903	674,235
Net debt <sup>1)</sup>	516,773	-254,867
Equity ratio (%)	47.1	60.5
Average number of employees	130	47

<sup>1)</sup> A negative amount is reported in the event that cash and cash equivalents exceed the interest-bearing liabilities.



# Renewcell 1 is up and running and, in all humility, the first customer deliveries have been made

The fourth quarter provided a good finish to a hectic year for Renewcell. The year ended a 16-month period during which we built and started up the new factory in Ortviken, Sundsvall. This was despite the fact that there have rarely been so many major challenges to handle at the same time – covid, inflation, problems in supply chains as well as the war in Ukraine. We have had to adjust our ambitious timetable and accept cost increases, but have nevertheless powered through to start our new line, to manufacture our first metric tons and to deliver them to customers. This demonstrates that our innovative production technology works well and delivers 100% recycled dissolving pulp within specification. Now, we have full focus on ramping up production first to 60,000 metric tons in annual capacity, and thereafter to 120,000 metric tons in the next step during 2024.

The first customer deliveries from Renewcell 1 were made in December and the factory ramp-up is well under way. We produced over 1,000 metric tons in January and are now working to increase production to a monthly level of 5,000 metric tons in the later part of the year. We also signed an agreement with Lenzing in the fourth quarter for the delivery of 80,000 to 100,000 metric tons over four years with an estimated value of approximately SEK 1.5 billion. The Lenzing and Sanyou agreements, when taken together, mean that we have sold approximately two thirds of the 120,000 metric tons that Renewcell 1 will produce annually at full capacity.

## FROM LINEAR TO CIRCULAR VALUE

On the political level, we see a continuing strong support for the transformation in general but particularly regarding circularity, with the EU's Green Deal and USA's Inflation Reduction Act as two examples. Regulations continue to be tightened, especially in the textile and fashion sectors, focused on developing recycling, minimising waste and counteracting greenwashing. The fashion industry accounts for a large share of global CO<sub>2</sub> emissions, which will continue to increase as a result of growth in global middle classes. Renewcell's technology enables the fashion industry to move from a linear to a circular value chain and we operate the only large-scale textile recycling plant of its type, a plant that makes it possible to manufacture new textiles from 100% recycled used textiles.

## WELL-POSITIONED IN THE MARKET

As we scale up and capture market shares from conventional materials with large negative impacts Renewcell's own impact on people, the economy, the climate and the environment itself also increases. Our overall challenge is to grow fast but responsibly, and we are committed to doing so in line with joint global efforts such as the EU's Fit for 55, the Paris Agreement, the Global Goals and the UN Global Compact. With our vision of making the fashion industry circular, we are better positioned than most companies to be a leader both in our industry and in the global business world. In 2022, we therefore continued to develop the company's sustainability strategy by implementing measurement

” The Lenzing and Sanyou agreements, when taken together, mean that we have sold two thirds of the 120,000 metric tons that Renewcell 1 will produce annually.





The environmental group Canopy celebrates the opening of Renewcell 1 with a stunt inside the main machine hall.

based on the global targets, where we prioritize the UN Global Compact goals 3, 5, 8, 9, 12 and 13 because they are particularly important to our stakeholders. We are disclosing the outcome for the first time in connection with this annual report. During 2023, we will take our baseline measurements as a basis for our quantitative objectives of continuous improvement and growing responsibly. Please read more about our sustainability work on pages 19–23.

#### DEVELOPMENT OF TECHNOLOGY AND THE PRODUCTION PROCESS

Operations at our Kristinehamn facility have beaten production and quality records quarter after quarter. We have worked systematically to improve the process, document operating windows and train employees from Ortviken, which has been important ahead of the start-up of Renewcell 1. The focus going forward in Kristinehamn will be the development of technology and the production process.

#### NEW BRAND PARTNERS

We have also made important commercial advances during the year where we have, inter alia, signed a long-term supply agreement with Lenzing and completed product launches with new brand partners such as ZARA, Tommy Hilfiger, GANNI, Pangaia, Filippa K and Jade Cropper. Renewcell and Circulose® have been mentioned in many major publications. Among these, the following can be named: CNBC, BBC, New York Times, Forbes, Fast Company, Financial Times, El Pais and Vogue – all of which means that brand recognition is rising.

#### PRODUCTION 2023

At the end of March, a fire broke out at our Renewcell 1 production facility. Nobody was harmed and significant damage was limited thanks to fire prevention measures and efficient and

rapid on-site measures being taken. As of the first week in April, Renewcell 1 returned to normal operations. In the first quarter of 2023, Renewcell 1 produced about 2,439 metric tons of dissolving pulp of the highest quality. All within the specification for Circulose®. Approximately 2,060 metric tons were delivered to customers during the quarter. Total production at Renewcell 1, including pulp of the highest quality, was about 3,388 metric tons of dissolving pulp during the period.

#### TOP-CLASS TEAM

During the year we completed two new share issues to finance increased capital investments, the negative earnings effect from the delayed start-up and a more cautious ramp-up to 60,000 metric tons of annual capacity. The next step of the investment is to reach 120,000 metric tons of annual capacity.

The past year has been intense, and we would not be where we are now without a top-class team with relevant experience of similar projects. The team works well together, and I would like to take my hat off to them and thank them for a job very well done. Renewcell 1 is up and running with deliveries to customers and we are working with a gradual ramp-up to full capacity and a profitable future. Going forward, Renewcell's expansion means delivering on Renewcell 1 and then building on the results with the establishment of new production lines to meet market demand.

Stockholm, April 2023

Patrik Lundström, CEO

# Why invest in Renewcell

Renewcell's business builds on a unique and patent-protected process technology developed by world-leading cellulose chemistry researchers. Over the coming years, Renewcell will continue to invest to become a large, sustainable and profitable sustaintech company that achieves the financial and operational targets over time. We make fashion circular.

## FASHION CONSUMPTION KEEPS GROWING AND NEEDS TO GO CIRCULAR

The global middle class will grow by almost two billion people in this decade, leading to a significant increase in demand for textiles. Unless something is done, that consumption increase will cause devastation to the climate and the environment. As a response to growing pressures from consumers, NGOs, governments and financial markets, hundreds of fashion brands have set stringent targets for increased recycling and reduced impact. Unsustainable is unfashionable and the industry is desperate for solutions because currently available "sustainable" materials such as organic cotton, recycled polyester and certified MMCF still have massive impact. Fashion needs to go further, it needs to go circular.

## UNIQUE AND PATENT-PROTECTED TECHNOLOGY

Renewcell offers a new raw material for textile production that replaces resource-intensive fibers such as cotton and polyester. The company's patent protected industrial scale process technology, developed by world-leading scientists at KTH Royal Institute of Technology, transforms 100% textile waste into a branded dissolving pulp product called Circulose®. It is a drop-in product to the existing textile industry value chain for regenerated cellulose fibers like viscose or lyocell. Circulose® is unique because it means that, in one swoop, fashion brands can go 100% circular without compromising on quality, price or scale. This makes Circulose® a direct drop-in product into the existing value chain.

Owing to know-how, speed and the establishment of Renewcell 1, the world's first commercial scale chemical textile recycling plant, Renewcell has established an estimated 5–7 year commercialization headstart to comparable circular innovations.

## STRONG CUSTOMER AND BRAND PARTNERSHIPS

Renewcell has proven its capacity to deliver circular materials that meet the stringent quality standards in each step of the industry value chain, from a pile of worn-out jeans to luxurious dresses available in retail globally. On the strength of that proof, Renewcell has signed multi-year offtake agreements for its product, contracted long term raw material contracts and secured a world class production site. With an addressable demand of 30 million metric tons per year that corresponds to a market value of about SEK 375–450 billion annually, Renewcell is set for growth far beyond Renewcell 1's future capacity of 120,000 metric tons per year.

## AN EXPERIENCED MANAGEMENT TEAM COMMITTED TO DELIVERING ON RENEWCELL'S TARGETS

The team tasked with building Renewcell into a leading sustaintech company draws on decades of experience in scaling up businesses and managing industrial processes, particularly within pulp and paper. The team is fully committed, as employees and investors themselves, to make fashion sustainable by building a world leading industrial business.

## Milestones achieved at Renewcell 1

- ✔ Supplier negotiations and contracts close
- ✔ Environmental permit received
- ✔ Adaptation of machine hall
- ✔ Installation of all unit operations
- ✔ Start-up of full production line
- ✔ Financing secured
- ✔ Staffing requirement filled
- ✔ Production line test runs from start to finish



## Road ahead

- ✔ "Commercial Operations Date"
- ✔ Process optimization
- ✔ Commercial production
- ✔ Ramp-up to 60,000 metric tons
- ✔ Expansion to 120,000 metric tons, 30% EBITDA margin
- ✔ First sales

# Global fiber production reached a record level in 2022 – we need to make fashion circular

## CIRCULAR ECONOMY

With the ever increasing demands on the planet with 8 billion inhabitants (source: UN.org), the way we manage resources is under tight scrutiny, including climate impact, clean water, and biodiversity. The rise in material extraction has decreased global circularity from 9.1% in 2018, to 8.6% in 2020, and now 7.2% in 2023, according to a recent report from Circle Economy. With more than 90% of materials wasted or lost, there is a colossal circularity gap. The world primarily relies on new materials. Therefore, the only way forward is with a circular economy approach which treats waste as a design flaw, or an unused asset toward development of future products.

Within the \$3 trillion apparel industry (source: Fabric Act), there are over 100 billion garments produced each year, of which 20% are not even used. Garments are effortlessly thrown “away” totaling 92 million metric tons piling up in landfills (source: EMF). To put into perspective, this means that the equivalent of a garbage truck full of clothes ends up on landfill every second because currently less than 1% of clothes are recycled into new clothes. Europeans consume on average 26 kilos of textiles, and discard about 11 kilos of textiles per person every year (EMF). We simply do not need to keep making more that we are not even using.

## SIGNIFICANT TEXTILE WASTE

Global fiber production increased to a record 113 million metric tons, according to Textile Exchange’s annual Fiber Report. The three largest categories are synthetics including polyester, nylon, spandex at 64%, cotton at 26%, and man-made cellulosic fibers at 6.4%. Circularity for fibers is at 8.9% in 2021 due to bottle-based polyester, but authentic textile to textile recycling represents less than 1% of the global fiber market in 2021.

With significant textile waste and continued demand for apparel, why is the fashion industry only now addressing circularity. The complexities of largely unregulated inear supply chain led to decades of demise. Chasing the lowest cost country gave higher profit margins to fuel the fashion engine of each collection. With the pandemic, the ways of a broken industry have only been exposed, seeking vast reform.

## DIGITAL PRODUCT PASSPORT

A circular network approach is one that has no beginning or end, where materials are utilized in systemic efficiency. Joining the network are new players representing collectors, sorters, preprocessors and processors to close the loop. During the initial phase the textile and apparel industry is currently gathering data to understand quantity, classification of textile waste, chemical utilization, geographic location and more in order to develop business models which will operate for all players. It is a fusion where creativity, environment and business of fashion are combined.

Simultaneously, governments are developing policies which have never been established for the textile and fashion industry. The European Green Deal is raising the bar for the European Union to become the first climate-neutral region by 2050 including EPR (Extended Producer Responsibility) requirements for textiles. The European waste legislation has established separate collection of textile waste by January 1, 2025, as well as a digital product passport. Lagging behind, the United States has proposed the FABRIC Act for fair labor standards, while Massachusetts and Los Angeles have implemented mandatory textile recycling programs. In China, the 14th Five-Year Plan envisages the basic establishment of a Chinese circular economy by 2025, covering several targets on resource efficiency and recycling across sectors.

Fashion comes and goes, but style is a way to express yourself without stating it. Let’s adopt circularity as the style for decades to come, using 2023 as the opportunity to not just take steps towards circularity, but leaps forward.

The shortest distance between two points is a straight line. We are not looking for shortcuts in order to develop textile to textile circularity. When there is no beginning and no end, we are all part of the solution.

Taking customers to visit the factory in Ortviken brings another level of understanding of the size and scale. When I ask people what they like the most it ranges from watching the shredders to seeing clean pulp being baled. For me it is the dryers that are most impressive to display the size and scope of our vision to make fashion circular.



Tricia Carey, Chief Commercial Officer

**CONSUMER CLARITY AND TRANSPARENCY**

Both the European Union and the United States are cracking down on false marketing claims, otherwise known as greenwashing, for consumer clarity and transparency. The European Commission has presented its proposal for a Green Claims Directive to tackle greenwashing and provide consumers with more information about the sustainability of the products they buy under the Green Deal. The US Green Guides, issued by the Federal Trade Commission are currently under revision after more than a decade since the last update.

Utilizing the United Nations Sustainable Development Goals, it is the decade of action for the textile and apparel industry to reformulate the way it works from overproduction to material selection to social standards. Just as nature changes and evolves, the fashion industry has the opportunity to progress with each season. Waiting for perfection will not allow this complex and global industry to lower its environmental footprint and raise social standards.

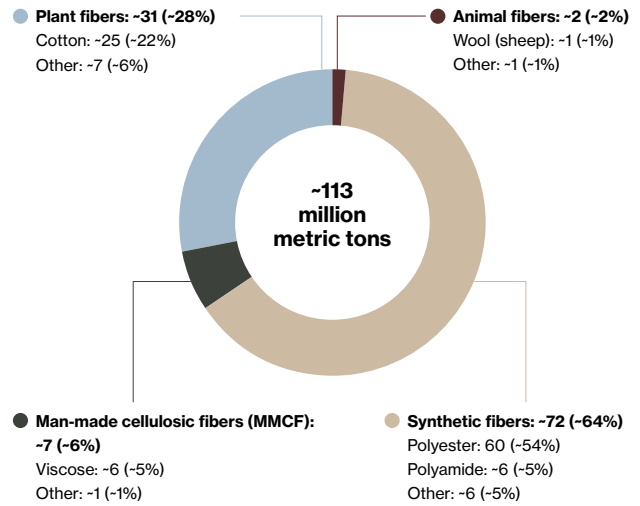
**INCLUDE THE ENTIRE CHAIN**

The Renewcell approach is inclusive of the entire supply network in order to shift from take, make and waste to circular efficiencies. We realize our ability to make fashion circular is dependent on collaboration within the total industry. With push-pull marketing of our ingredient brand, Circulose® pulp from 100% recycled textiles, we sell to fiber producers. Simultaneously we are con-

necting with retailers and brands to specify developments of fabrics utilizing Circulose® which meet their circularity goals, as well as their supplier matrix.

Additionally, we are supporting responsible and ethical development of the changing textile industry through involvement in industry associations like Accelerating Circularity, Canopy, Fashion Impact Fund, Textile Exchange (since 2017) and Transformers Foundation. It is progress over perfection to close the circle.

**Global fiber production in 2021 (million metric tons)**



Source: Textile Exchange

**Key trends shaping the textile industry**

Population and Consumption Growth	Policy	Sustainable Fiber Gap	Climate Change	Greenwashing
<ul style="list-style-type: none"> <li>Global population is currently 8 billion people and projected to be 8.5 billion people by 2030.</li> <li>Increasing middle class resulting in increased consumption per capita, as well as increased demand for fibers.</li> </ul>	<ul style="list-style-type: none"> <li>Industry primarily unregulated for decades.</li> <li>EU Green Deal effective 2025.</li> <li>CSRD – Corporate Sustainability Reporting Directive effective 2024.</li> <li>Start of USA legislation in Massachusetts and California for textiles. Forced labor regulations effective 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Synthetic fibers marine pollution and lack biodegradability.</li> <li>Recycled polyester from bottles under scrutiny for greenwashing.</li> <li>Cotton high impacts on land, water, and chemicals.</li> <li>Investment in innovative solutions.</li> </ul>	<ul style="list-style-type: none"> <li>UN Global Compact limit to 1.5C and net zero by 2050.</li> <li>Localization of production and consumption.</li> <li>Investment in green energy sources.</li> <li>Biodiversity concerns.</li> </ul>	<ul style="list-style-type: none"> <li>Consumers entitled to clear and accurate information.</li> <li>Data required to communicate claims.</li> <li>Regulatory requirements.</li> <li>Transparency and traceability required for product claims.</li> </ul>

**DRIVES DEMAND FOR CIRCULOSE®**

# Value creation

Renewcell's vision is to make the fashion industry circular, and our business concept is both groundbreaking and simple. By using textile waste and turning it into new raw material with high quality in an innovative, resource-efficient and value-adding process, we contribute to a decrease in negative climate and environmental impact from the fashion industry in line with the global sustainable goals.



**FINANCIAL**

Equity: MSEK 863.  
Long-term debts: MSEK 677.

**EMPLOYEES**

130 employees.  
Sub-contractors and service suppliers.

**INPUT PRODUCTS**

Sorted textile containing of both production and consumer waste.  
Renewable energy.  
Water.  
Chemicals.

**INFRASTRUCTURE AND NETWORK**

One commercial-scale facility, one demonstration-scale facility and one main office.  
A global logistics and distribution network through collaboration with partners.  
Long-term collaboration within delivery and development with direct customers.  
Network of license branded ingredient downstream partners for textile production.

**EXPERTISE AND REPUTATION**

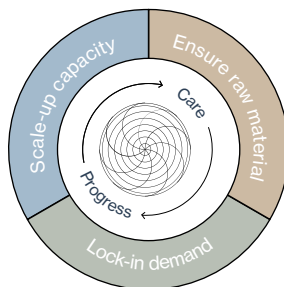
Patent and unique technical know-how.  
Research and development as well as collaboration within development.  
Branded ingredients.

**RELATIONS**

Direct customers and partnerships with more than a hundred different manufacturers and fashion brands.  
Global network of hundreds of suppliers of raw material and other input products.  
Participation in industry collaboration, certification programs and standardization initiatives.  
Collaboration and contacts with licensors, authorities and political representatives.

**VISION**

We make fashion circular



**STRATEGY FOR VALUE CREATION**

We scale up our capacity and contribute to a positive change for our stakeholders and the societies we are part of.  
We increase well-being and prevent risks in our supply chain in close collaboration with our suppliers.  
We help customers and downstream partners to become circular by integrating Circulose® in their products.  
We are our values: Care and Progress

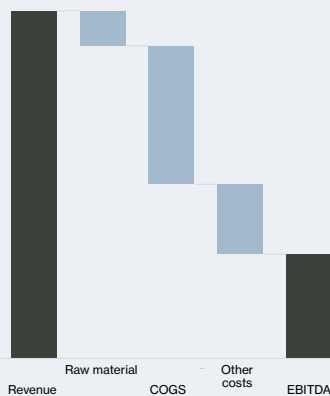
**PRODUCT**

Circulose® dissolving pulp made of 100% recycled textile to fiber producing customers.

**EMISSIONS AND WASTE**

Separated impurities, mainly synthetic fibers, for reuse, and energy recycling.  
CO<sub>2</sub> emissions as well as the use of water and energy.

**REVENUE MODEL**

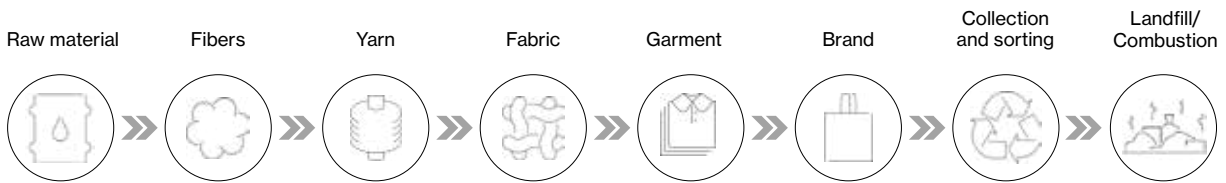


The graph is indicative and not to scale.

Renewcell's income consists of payments per metric ton for delivery of pulp to customers. The costs mainly consist of purchases of sorted textiles including transport, as well as costs for chemicals, energy, water and staff.  
The price for Renewcell's product is based on customer value, demand and development costs for production. Renewcell has chosen to sign multi-year offtake agreements with customers for a certain percentage of its future production, as well as reserve a certain share for sale at spot prices.  
Renewcell's long-term financial goals are to reach an EBITDA margin of 30%.

# Renewcell transforms the value chain from linear to circular

## FROM A LINEAR VALUE CHAIN FOR FASHION



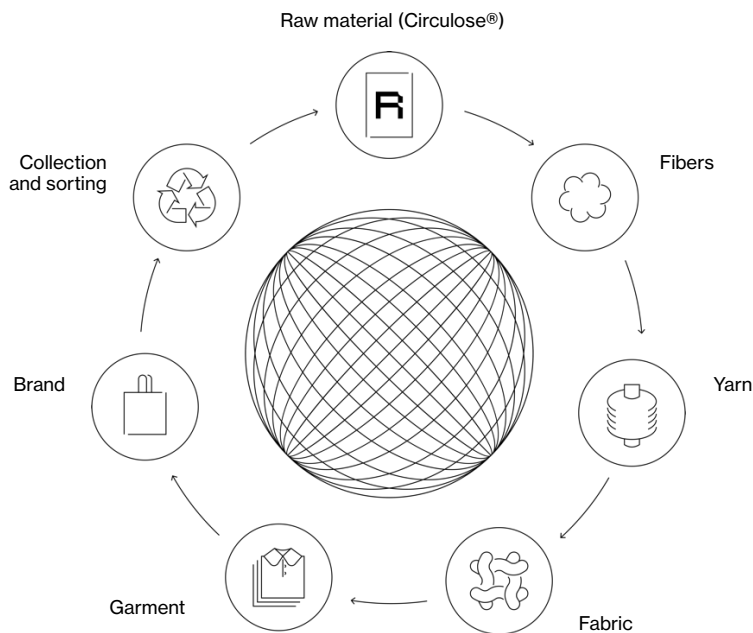
Roughly counted, fashion value chain includes eight steps from raw material production to waste. In the first step, a raw material fiber, most often containing fossil oil, cotton or wood, is produced by a raw material producer. Afterwards, the raw material is turned into textile fiber such as viscose, polyester or carded cotton. The fibers are spun to yarn at a yarn producer. The yarn is woven or knitted into fabric at a fabric producer that often also dyes the fabric. The fabric is sewn into a garment or another fabric product at a producer. A fashion brand buys the garment

and distributes it to a consumer directly or through a reseller. After use, and in some cases reuse, the garment goes to landfill, ocean or incineration, through collection. Almost no garments are recycled and used for producing new clothes. The reason for this is that the technology to make a quality good enough and at scale to compete with new material with a large impact on climate and environment has been missing. Until now.

## TO A CIRCULAR VALUE CHAIN FOR FASHION

Renewcell creates a link that ties together the ends in this value chain, and makes landfill and incineration unnecessary. Renewcell's business operates between collection and sorting of textile waste on one hand, and fiber production on the other. The link transforms the value chain from a resource wasting one-way line

to a closed circle. Since the fibers that have been recycled are also possible to recycle several times in the same process, the value chain has become circular. Through this, the use of new resource-intensive material decreases at the same time as waste is prevented.



# Renewcell's place in the value chain

## RENEWCELL OFFERS DROP-IN CIRCULARITY

The successful implementation of breakthrough innovations, in particular sustainable ones, often requires considerable disruptive change among players in the value chain. This may entail costly investments in machinery, extensive user training over several levels down to the consumer, or generally higher costs for rare inputs. One major advantage with Renewcell's innovative process is that it has been designed to minimize any need for adaptation. The technology and product are designed for use in the textile manufacturing industry's existing large-scale production processes, together with existing inputs and know-how, to result in a downstream product with the exact same characteristics as its linear alternative. Moreover, it is precisely due to its standardization that Circulose® is future-proofed in terms of the development of new, innovative cellulose fiber processes that require less chemicals, water and energy. This is what we mean when we say that Circulose® is a "drop-in" product in the existing and future fashion value chain.

## OUR SUPPLIERS: TEXTILE COLLECTORS AND SORTERS

Renewcell has a global network of operators contracted, the majority of whom have long been active in their field. They are experts in collecting, sorting and reselling textiles gathered in from consumers or production waste. We are not competing for textiles for the secondhand market, but buy waste fractions that have been sorted and packaged to our specifications, and which would otherwise have gone to landfill or some form of downcycling.

Renewcell's suppliers are located, inter alia, in Europe, Turkey, Pakistan and Bangladesh, and we also purchase surplus waste directly from manufacturing plants in these regions. In the last three years, we have signed framework agreements for the supply of more than 140,000 metric tons of textile waste per year and we are working closely with our suppliers to develop specifications, processes and good working conditions.

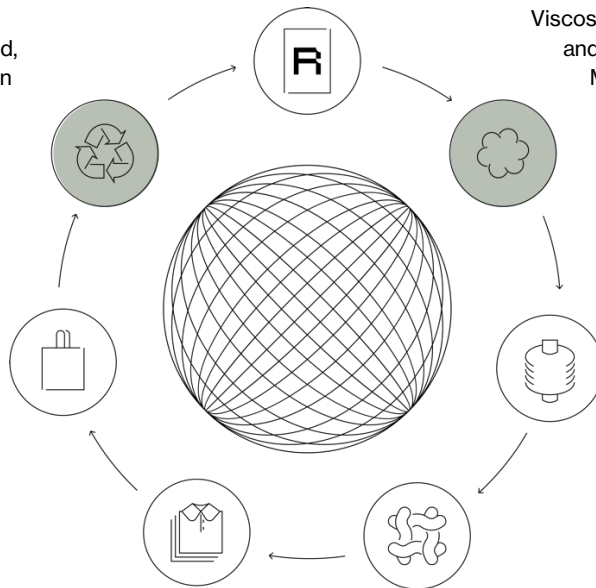
## OUR CUSTOMERS: MANUFACTURER OF MAN-MADE CELLULOSIC FIBER SUCH AS VISCOSE

Renewcell's customers are industrial manufacturers of man-made cellulosic fiber (MMCF). Each year, these manufacturers purchase millions of metric tons of conventional dissolving pulp produced from wood. Sweden has long been a major exporter of high-quality dissolving pulp from forest raw materials.

MMCF is a collective term for textile fibers produced from natural cellulose using a chemical process.

Viscose fiber is the most common MMCF and accounts for some 80% of the MMCF market. Other MMCFs include lyocell, modal and acetate.

The physical properties of MMCF means that it is viewed as a close alternative to cotton, which is also composed of natural and degradable cellulose.



## OUR PARTNERS: FASHION BRANDS

Fashion brands is the category that exercises the greatest influence over the fashion industry's value chain. They both drive and interpret trends among end-users: consumers. At the same time, they are subject to increasing scrutiny and regulatory pressure. Their demand controls the production of millions of manufacturers around the world. We therefore work closely with several of the world's most influential fashion brands to raise awareness of Circulose® and the importance of recycling among the general public. Fashion brands license the use of the Circulose® ingredient trademark for labeling garments made from the material.

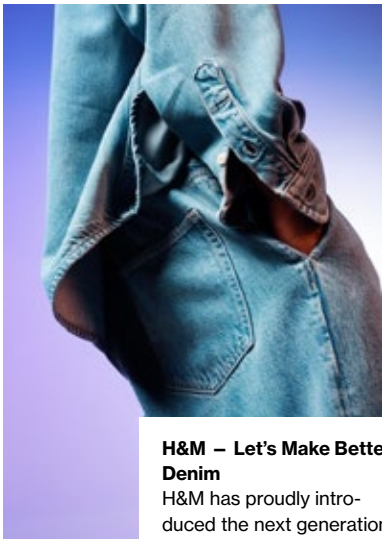


# Highlights – brand launches during 2022



### Jade Cropper – Future Vintage

In her collection, Jade Cropper explores the past and present across different styles that demonstrate Circulose®'s versatility along with the power of combining path-breaking design and material innovation. In this sense, Jade Cropper SS23 is a global milestone on the journey to making fashion circular. "Working with Circulose® as the material allowed me to really explore my creative vision and design without compromising on the quality of the garments I make." – Jade Cropper



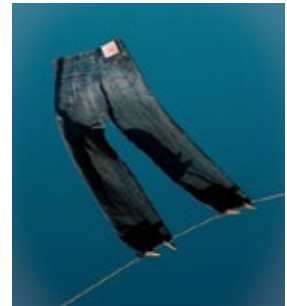
### H&M – Let's Make Better Denim

H&M has proudly introduced the next generation of denim created with circularity-driven innovation. This limited-edition drop is the first men's denim collection constructed from fabrics made with Circulose®.



### Filippa K – The Circulose® Loop

"What Renewcell achieves with Circulose® is truly a game-changer, because they're taking textile waste and turning it into a new fibre that's compatible for existing supply chains, meaning it can easily be made into fabric again at scale," Jodi Everding, VP of sustainability at Filippa K



### Levi's® – 501 Designed for Circularity

"We're taking that innovation Circulose® and applying it to what could rightly be called the most iconic garment in all of apparel, the 501, which shows how serious we are about moving in the direction of circularity. Not only will our circular 501 jeans be designed to stand the test of time, just as they always have been, but they'll also be able to find a second, third or fourth life as new garments."

Paul Dillinger, VP of Design Innovation at Levi's®



### Zara – Circulose®

Zara launched a collection made with Circulose® available globally. This collaboration was part of Inditex's Sustainability Innovation Hub, an open-innovation platform aiming to invest in startups, academic institutions and tech centers to promote and scale initiatives developing new materials, technologies and processes that reduce the environmental footprint of fashion and help advance towards more sustainable production.



### PANGAIA

The emerging innovator Pangaia launched a Unisex knit collection made with Circulose®. PANGAIA is a direct-to-consumer materials science company bringing breakthrough textile innovations and patents into the world through everyday lifestyle products. Every technology they work with aims to solve environmental problems of the fashion/industry.



### GANNI – Fabrics of the Future

As one of the three cutting-edge innovations featured in the very first collection, two pants in GANNI's 2022 pre-fall collection were made with 15% Circulose® content.

"Fabric innovations will play a crucial role in making fashion more circular as well as creating lower impact materials, but for that to happen, brands need to place bets and take risks." Nicolaj Refstrup – GANNI co-founder

The Circulose® brand is a registered trademark owned by Renewcell. It functions as an ingredient brand that helps people find virgin-quality textile products made from recycled textiles. Using the Circulose® trademark is an effective way of sharing the circular story behind clothes that you could never tell are recycled.

Renewcell offers brands and partners the use of the Circulose® trademark and branded visual assets on products made with the material under a conditional royalty-free license.

I used to be a  
pair of jeans.



# Sustainability Report

## CARE AND PROGRESS

The pursuit of a long-term sustainable world is the basis of Renewcell's operations. As the company grows and reaches its goals, humanity's negative footprint on the climate and environment also decreases. At the same time, we create value for our shareholders, partners, employees and the communities we are part of. But we do not sit back and content ourselves with the privilege of going to work every day and helping to make the global fashion industry circular. We also know that we must work to reduce the footprint we still have and to prevent the social, environmental and economic risks that inevitably occur in all business activities. Through our participation in forums such as the UN Global Compact, Solar Impulse Foundation, UN Fashion Charter for Climate Action (for which Renewcell was one of the original founders in 2018), CanopyStyle, Textile Exchange, Accelerating Circularity, Fashion for Good and many more, we ensure that we continue building our understanding and share our knowledge about the industry's impact on its stakeholders.

### Renewcell's value creation strategy

Our sustainability strategy is integrated into the company's overall value creation strategy, where the starting point is the commitment from our employees, a commitment that is summed up by our culture.

The Renewcell style is translated into value creation through the three strategic priorities that constitute the company's business strategy: Scale up capacity; Secure raw material; and

Secure demand. Within each prioritization, we actively map, prevent and reduce our negative impact and concurrently increase our positive impact. In these efforts, we are guided by the 2030 Agenda and the Sustainable Development Goals (SDGs) based on a materiality analysis and the ten principles that form the basis of the UN Global Compact.

## HEALTH, SAFETY AND ENVIRONMENT

Our operations are subject to permits and must meet the requirements of most laws and regulations, including the Environmental Code and the Work Environment Act. Renewcell works continuously and in a structured manner to detect and prevent risks related to health, safety and the environment. More information on the outcomes for our health, safety and environment initiatives in 2022 can be found in the appendix on pages 70–82.

## 2022: REFERENCE YEAR FOR OUR SUSTAINABILITY REPORT

Renewcell is reporting data on the past year's footprint for the first time in conjunction with this year's sustainability report. The reporting refers to the Global Reporting Initiative (GRI) standards and the SASB, TCFD and UN Global Compact frameworks. Furthermore, climate emissions are also reported via the Carbon Disclosure Project (CDP) platform as part of our commitment as a signatory to the UN Fashion Charter for Climate Action.

The outcomes match the norm for industrial companies in scale-up before reaching profitability and cannot be used to assess, for example, emissions per metric ton of product or SEK in revenue at stable operation or for comparisons with other organizations. The company made its largest-ever capital investments in 2022. These investments entail a footprint that will shortly be compensated through capturing market shares for a unique circular raw material for the fashion industry. The results, which are presented in full in the appendix on page 70–82, comprise our baseline and the starting point for our continuous efforts to make the fashion industry circular.

Renewcell's culture: Care and progress.

"We care about our colleagues and their well-being, our product, our customers and partners, and the world around us. We always strive to make progress. As individuals, as a team and as a company, we are determined to quickly build Renewcell into a large, strong and profitable company that changes the world for the better."



The company has developed its value creation strategy using a materiality analysis, which in turn is mapped against the UN SDGs. In 2022, a considerable number of measurement points were developed, the results of which are being published for the first time in conjunction with this report (see appendix 70–82). These measurement points enable governance, reporting and monitoring of our impact. The baseline measurements obtained for 2022 will form the basis for quantified and timed targets for reducing negative impacts and increasing positive impacts. Renewcell intends to be at the global forefront of the business sector's value-creating sustainability efforts.

Much remains to be done and work will continue in 2023. Key activities will comprise the development of a life-cycle analysis at product level, in-depth processes for materiality analysis and stakeholder dialogue, as well as targets.

**Development of our value creation strategy for responsible scale-up**

**2021:** Strategic foundation

- Stakeholder and materiality analysis
- Mapping against the SDGs
- Development of measurement points

**2022:** Baseline measurements and reporting

- Implementation of the reporting tool (Position Green)
- Specification of measurement points
- Reporting framework

**2023 and onward:** Objectives and improvement

- Deeper materiality analysis and stakeholder dialog
- Life-cycle analysis at product level based on actual full-scale production data
- Objectives aligned with the SDGs, including the net-zero plan for GHG emissions

**Responsible scale-up**

In 2022, Renewcell built further on the foundation laid toward the end of 2021 for the company's systematic sustainability. With rising expectations from all stakeholders, an increasing absolute footprint, and in light of regulations such as the coming CSRD and EU Taxonomy as well as new reporting frameworks, Renewcell continued the implementation of its value creation strategy to scale up responsibly.

**MATERIALITY**

Renewcell's stakeholder dialogue and materiality analysis processes are still being developed. The materiality analysis in this report is based on the results of internal initiatives in a series of workshops involving the management team and other company employees under the leadership of an external consultant. The internal working group's conclusions were validated through a survey sent to a larger group of employees, and where the SDGs deemed most important to Renewcell were identified. Renewcell intends to deepen and strengthen its materiality analysis process in 2023 and future years.

**Process for determining material topics**

1. Stakeholder analysis and mapping of the SDGs
2. Materiality analysis using desktop research and internal dialogs
3. Assessment of the impact from operations on all of the SDGs
4. Development of measurement points and grouping under the value creation strategy
5. Mapping of measurement points against standardized external reporting frameworks

**STAKEHOLDERS**



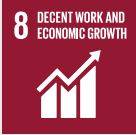

Renewcell has a broad stakeholder map spanning many different sectors. From these stakeholders, Renewcell has identified four prioritized stakeholder groups that we continuously interact with on sustainability issues through a variety of channels.

	Employees	Investors	Suppliers	Customers and partners
<b>Description</b>	Individuals working at the company as direct employees or as consultants.	Shareholders and lenders who finance the company's operations.	Companies and individuals who directly and indirectly supply Renewcell with the raw materials, inputs, machinery and services required by the company's operations.	Organizations that are direct or indirect customers and partners in Renewcell's downstream value chain.
<b>Dialog channels</b>	<ul style="list-style-type: none"> <li>• Employee surveys</li> <li>• Employee dialogs</li> <li>• Internal conferences</li> <li>• Training courses</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Reporting conferences</li> <li>• Financial roadshows</li> <li>• Conference presentations</li> <li>• Private meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier surveys and on-site inspections</li> <li>• Site visits</li> <li>• Conferences</li> <li>• Organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous business interactions</li> <li>• Fairs and conferences</li> <li>• Organizations</li> </ul>



**MATERIAL TOPICS**

The company's materiality analysis is based on the UN Sustainable Development Goals (SDGs). The SDGs identified as most material to Renewcell's internal and external stakeholders comprise the company's material topics and are presented in table on pages 21–22. The table also provides an overview of

Renewcell's potential negative or positive impact on each SDG, the company's existing policies relevant to the SDG, and the GRI standard metrics relevant to the SDG pursuant to the GRI standards<sup>1</sup>. The 2022 outcomes for all measurement points are reported in Appendix – Sustainability data on pages 70–82.

	Overview of Renewcell's impact	Overview of Renewcell's contribution	Relevant policies	Measurement and follow-up (GRI standards)
<p><b>SDG 3</b></p> 	Potential negative impact through emissions from operations and work environment risks.	Potential contribution to improved health and well-being, inter alia, by enabling reduced use of fertilizers and pesticides, and reduced emissions to air and water from textiles in landfill or incineration.	<ul style="list-style-type: none"> <li>• Work environment policy</li> <li>• Control program</li> <li>• Code of conduct</li> <li>• Supplier code of conduct</li> </ul>	203-2, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 401-2, 403-6, 403-9, 403-10
<p><b>SDG 5</b></p> 		Potential positive contribution through building an inclusive internal corporate culture and exerting our influence to promote inclusion and gender equality among our partners in the value chain.	<ul style="list-style-type: none"> <li>• Code of conduct</li> <li>• Supplier code of conduct</li> </ul>	2-9, 2-10, 202-1, 203-1, 401-2, 401-3, 404-1, 404-3, 405-1, 405-2, 406-1, 414-1, 414-2
<p><b>SDG 8</b></p> 	Potential negative impact through commercial activities in markets with elevated risk of human rights breaches in the workplace and of corruption.	Potentially substantial positive contribution by creating new sustainable jobs and revenue streams in waste management, and through the impact of formalized, fair and inclusive working conditions in textile waste management.	<ul style="list-style-type: none"> <li>• Work environment policy</li> <li>• Remuneration policy</li> <li>• Equal treatment plan</li> <li>• Code of conduct</li> </ul>	2-7, 2-8, 2-30, 201-1, 202-1, 203-2, 204-1, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 306-2, 401-1, 401-2, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-8, 403-9, 403-10, 404-1, 404-2, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 414-1, 414-2
<p><b>SDG 9</b></p> 		Positive contribution through capital investments that promote the reuse of existing labor, know-how, machinery and infrastructure. Potential positive contribution through the export of an innovative recycled product to manufacturers in developing countries.		201-1, 203-1

<sup>1</sup> GRI, Linking the SDGs and the GRI Standards, May 2022, <https://www.globalreporting.org/search/?query=Linking+the+SDGs+and+the+GRI+Standards>

	Overview of Renewcell's impact	Overview of Renewcell's contribution	Relevant policies	Measurement and follow-up (GRI standards)
<p><b>SDG 12</b></p> 		<p>Substantial potential contribution through the scale-up of a new innovative process that delivers a 100 percent recycled alternative to resource-intensive virgin materials such as oil, cotton and forests worthy of protection.</p> <p>Large potential contribution through the prevention of waste and incineration, and through increased resource efficiency across the entire textile industry.</p>	<ul style="list-style-type: none"> <li>• Code of conduct</li> <li>• Ancient and endangered forests policy</li> <li>• Supplier code of conduct</li> </ul>	<p>301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 417-1</p>
<p><b>SDG 13</b></p> 	<p>Negative impact from travel and transportation powered by fossil fuels and chemicals produced from fossil raw materials in factories powered by fossil energy.</p>	<p>Substantial potential contribution through the scale-up of a new innovative process that delivers a 100 percent recycled alternative to emission-intensive virgin materials such as oil, cotton and forests worthy of protection.</p> <p>Large potential contribution through the prevention of emissions from waste in landfill and incineration.</p>	<ul style="list-style-type: none"> <li>• Code of conduct</li> <li>• Ancient and endangered forests policy</li> </ul>	<p>201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5</p>



# UN Global Compact

## HUMAN RIGHTS

Renewcell supports the UN Declaration of Human Rights. We follow Swedish labor law and collaborate with trade unions to ensure that breaches of fundamental rights do not occur in our operations. Renewcell is also part of a global fashion industry where there is a risk of human rights breaches by suppliers or partners. We work actively to prevent this risk by setting requirements and ensuring supplier compliance with our policies. Renewcell operates an industrial manufacturing process where risks of injury to employees and others present in operations must always be considered, prevented and minimized. The safety and health of our employees is always our main priority.

## WORKING CONDITIONS

Renewcell supports the ILO's core conventions and undertakes to follow its principles within its own operations and in its value chain. Renewcell supports the freedom of association of all people and the right to collective bargaining. Renewcell recognizes its responsibility to exercise its influence to support these principles and to prevent and deter the occurrence of forced labor and child labor among suppliers and partners. In Renewcell's operations, there is zero tolerance for discriminatory treatment.

## ENVIRONMENT AND CLIMATE

Renewcell's business concept is to create a large-scale circular flow of materials for textiles with the aim of drastically reducing the environmental and climate footprint in the global fashion and textile industry. By continuing to grow and capture market shares from less sustainable virgin materials, we contribute to achieving several of the UN SDGs for 2030. At the same time, we are aware that despite our pioneering activities, we have an imprint that we must work actively to reduce, including from transportation and purchases of inputs. Since our operations include large-scale chemical processes on an industrial scale, we also need to work systematically to prevent and manage risks of emissions and other negative impacts on the local environment. As a pioneering player in circular fashion, Renewcell also feels a special responsibility to spread knowledge about the industry's impact among all groups within and outside the industry. Renewcell is one of the original founders of the UN Fashion Charter for Climate Action industry initiative, which brings together players in the global fashion value chain to drive a reduction in the industry's GHG emissions.

## ANTI-CORRUPTION

Renewcell is part of a global value chain for the collection and sorting of textile waste, and the production of textile fibers. As the company's ambition is to conduct textile recycling on a large scale, Renewcell needs to procure raw materials in markets where there is a large supply of waste both from production and from consumption. Many of these markets have an increased risk of corruption that Renewcell must work actively to address. The company's starting point is zero tolerance for corruption and that Renewcell's code of conduct always takes precedence over any local legislation or practice that could conflict with it. The Renewcell Code of Conduct for All Employees contains the following provision:

*Bribes and all other forms of corrupt business practices are strictly forbidden. Neither Renewcell nor anyone acting on our behalf may approve, offer or enable payments, gifts or other benefits that may affect or appear to affect the objectivity of business decisions or the actions of an official. It is strictly forbidden to accept any personal gifts, payments or other benefits that may affect or may appear to affect your objectivity in business decisions.*

### UN Global Compact Statement of Continued Support

To our stakeholders:

I am pleased to confirm the support of Re:NewCell AB (publ) for the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. In this annual communication on progress, we describe the actions we have implemented to continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders through our primary communication channels.

With kind regards,  
Patrik Lundström, CEO

# Board of Directors' report

The Board of Directors and CEO of Re:NewCell AB (publ) ("Renewcell"), Corp. Reg. No. 556885-6206 hereby submit the annual report for the 2022 fiscal year. The annual report is prepared in Swedish kronor (SEK) and rounded up to the nearest thousand, unless otherwise stated. Figures in parentheses refer to the year-earlier period.

## OPERATIONS

Re:NewCell AB has a mission to make the fashion industry circular through the recycling of waste textiles into new textiles and clothes. The company owns unique technology to recycle cellulose fibre into new cellulose based textiles. This is done through the production of sheets of dissolving pulp, an existing well established product and market, from the raw material of bales of waste textiles. This dissolving pulp is then sold to fibre producers who can produce various cellulose based fibres (so called "Man Made Cellulose Fibres" or "MMCF") from it – thereby delivering true circularity to the textile and fashion industries.

The company has now built its first large scale industrial line in Ortvikén, Sundsvall in Northern Sweden. Work to build the line started in 2021 and was completed in 2022. The line started up and produced its first sheets of dissolving pulp in the fourth quarter of 2022, which were then delivered to customers in December 2022, an important milestone. This was all achieved in a difficult environment given the global pandemic, the war in Ukraine and associated supply chain challenges. The line has an initial annual capacity of 60,000 metric tons which will be increased to 120,000 metric tons at a second stage, work is ongoing to ramp up the production to an annual level of 60,000 metric tons per year.

Re:NewCell AB also has a facility in Kristinehamn, which was the first production facility built mainly as a development facility but also to produce commercial material in small volumes. Kristinehamn has done, and will continue to do, important work to develop and improve the company's unique process to produce dissolving pulp from waste textiles. At the end of 2022 the decision was taken to restructure Kristinehamn to focus on development work for the process and technology.

Re:NewCell AB has a head office located in Stockholm, where senior management, commercial, supply chain and finance departments are based.

Re:NewCell AB owns unique technology based on a new process, developed in-house over a period of more than ten years, and protected as intellectual property in the form of strategic patents and trade secrets. The company's technology is based on experience from conventional large-scale cellulose pulp production from wood. Through a patented process, Renewcell

can extract cellulose from textile waste, adapt its properties and bring it back into the regular textile chain in the form of a patented pulp product called Circulose®. Due to technical limitations, the recycled alternatives that have existed so far in the textile market have required the mixture of virgin and recycled material in order to obtain a quality that meets the requirements of the market and consumers. By replacing conventional materials with Circulose® the company's customers can achieve major environmental and climate benefits, many in line with stated sustainability goals, without compromising on product quality. In 2019 Renewcell became the first in the world to launch a commercially proven product of this kind and has since made many launches with both Swedish and international brands. These launches have been well received and sold out fast. With the new line in Ortvikén our customers will now be able to sell clothes based on Circulose® on a much larger scale.

## THE COMPANY'S PRODUCTS

Renewcell's business concept is to refine raw materials in the form of textile waste, into a product called dissolving pulp. The raw materials need to be sorted, so that they contain a large proportion of cellulose (over 90%) – which is usually in the form of cotton fibres or man-made cellulosic fibres (MMCF). Renewcell then sells its dissolving pulp product, under the brand name Circulose®, to producers of man-made cellulosic fibres or regenerated fibres, mainly in the form of viscose, lyocell or modal. Traditionally dissolving pulp has been made from wood raw materials – but with Renewcell's patented manufacturing process it is now possible to make regenerate fibre in the same quality from 100% recycled textiles.

Renewcell sells its product under the Circulose® product trademark. This trademark is protected by registration in all relevant product classes and in all main markets where the company and its customers are active. Use of the Circulose® trademark is offered to the company's downstream partners under a conditional royalty-free license, allowing them to communicate with consumers about the recycled textiles. Renewcell operates in a global market and exports nearly all of its production to customers abroad, with the direct customer target group mainly found in China, India, Indonesia, Germany, Japan, the USA and Austria.



## EVENTS DURING THE YEAR

### Construction of Renewcell 1 in Ortviken, Sundsvall

The construction of the initial 60,000 metric tons line in Ortviken, Sundsvall took place during most of 2022. From the modifications to the building and foundations, the installation of all the equipment, piping and infrastructure and then the calibration and start-up of operations – it was an intensive year. After start up the line finally reached the Commercial Operations Date (see below) and began commercial production. From here the focus is on ramping up the line to full capacity, initially 60,000 metric tons per year.

### Successful industrial scale viscose filament yarn production from 100% Circulose®

In collaboration with the leading Chinese viscose filament yarn producer Yibin Hiest Fiber Limited Corporation, Renewcell successfully used 100% Circulose® dissolving pulp in industrial scale viscose filament yarn production. While viscose staple fibers made with Circulose® have been commercially available since 2019, the filament development opens up additional product segments for 100% Circulose® fibers in activewear, as a substitute for polyester filament, and in luxury as a substitute for silk.

### Decision on capacity increase due to strong customer interest

On the basis of strong customer interest for Renewcell's unique 100% recycled product Circulose®, the company decided on an increase in capacity from 60,000 metric tons to 120,000 metric tons per year.

### Michael Berg elected as Chairman of the Board of Directors

Michael Berg was elected by the AGM as Chairman of the Board of Directors, thereby strengthening the strategic leadership of the company.

### Letter of Intent signed with fibre producer Daiwabo

A Letter of Intent was entered into affirming the two companies intent to work together to supply textile fibres made using Circulose® to global fashion brands in the coming years.

### Letter of Intent signed with Birla Cellulose

A Letter of Intent was entered into with one of the world's largest man-made cellulosic fibre producers, affirming the two companies intent to work together to supply high quality Liva Reviva textile fibres made using Circulose® to global fashion brands and the textile industry in the coming years. The shared ambition is to use 30,000 metric tons of Circulose® per year.

### Directed share issue raising proceeds of SEK 324m

On 11th May the company made a directed share issue of 3,085,727 new shares to Swedish and international institutional investors at a subscription price of SEK 105 per share. The directed share issue was subscribed by a significant number of reputable Swedish and international institutional investors including, among others, existing shareholders H&M Group and Girincubator AB (via the family affiliated Girindus Investments AB), Cliens Kapitalförvaltning, Handelsbanken Fonder and Swedbank Robur Fonder, as well as certain funds managed by SP Fund management company.

### Partnership with HeiQ to replace polyester and nylon with HeiQ AeonIQ yarn made from Circulose®

A partnership was entered into with the ambition to replace environmentally polluting polyester in textiles with the Swiss company HeiQ, through the manufacture of HeiQ AeonIQ cellulose filament yarn from Circulose® pulp.

### Toby Lawton appointed as Chief Financial Officer ("CFO")

Toby Lawton joined Renewcell as CFO on 1st October.

### Warrant based incentive program

A warrant based incentive program for two key persons was approved by an EGM held on 12th October 2022.

### Directed share issue raising gross proceeds of SEK 158m

On 27<sup>th</sup> October the company made a directed issue of 2,633,333 new shares to Swedish and international institutional investors at a subscription price of SEK 60 per share.

### Commercial Operations Date reached

On October 31<sup>st</sup> the company was informed that the Lenders' Technical Adviser had certified that Renewcell 1 had reached the Commercial Operations Date ("COD"), an important milestone. The COD is a defined date in the loan agreements and represents the day the production line achieved approved functionality for commercial production.

### Tricia Carey appointed as Chief Commercial Officer ("CCO")

Tricia Carey joined the company as CCO in November.

### CEO Patrik Lundström exercises options

On 14<sup>th</sup> November Patrik Lundström, CEO of Renewcell, exercised 11,752 options to buy 765,180 shares in the company, at a total purchase value of approximately SEK 25m.

### Letter of Intent signed with Eastman

A Letter of Intent was entered into with Eastman, a leading US cellulosic acetate fibre producer, for a collaboration to develop Naia™ Renew ES yarns based on Circulose®, an important step in developing acetate-based applications based on Circulose®.

### Lenzing and Renewcell sign large-scale supply agreement

A multi-year supply agreement was entered into with the Lenzing Group, the world's leading supplier of sustainably produced specialty fibres, to accelerate the transition of the textile industry to a circular business model. The agreement includes the sale of 80,000 to 100,000 metric tons of Circulose® to Lenzing over a five-year period, for use in the production of cellulosic fibres for fashion and other textile applications.

### First customer deliveries of Circulose® pulp from Ortviken

At the end of December the company dispatched the first shipment of Circulose® dissolving pulp produced at its Renewcell 1 plant in Sundsvall to a customer. The sale was an important milestone in the ramp-up of Renewcell 1 to its initial capacity of 60,000 metric tons per year.

## FINANCIAL PERFORMANCE

### Net sales

During the period year, net sales amounted to SEK 13m (3). Sales during the period consisted mainly of sales of Circulose® pulp to fiber producers, which amounted to a total of approximately 801 (200) metric tons. In December, the first delivery of Circulose® dissolving pulp produced at Renewcell 1 in Sundsvall took place to a customer. Net sales from Renewcell 1 amounted to SEK 0.8m, which amounted to approximately 55 metric tons.

### Operating expenses

Costs for the period for raw materials and consumables amounted to SEK -70m (-16). The increase is mainly due to the newly established operations in Ortviken, which began test runs and then ramp-up in the second half of the year. Other costs for the period amounted to SEK -87m (-53), the change from the previous year is planned and is largely due to the upscaling of operations in connection with Renewcell 1 in Ortviken, Sundsvall. Personnel costs for the period amounted to SEK -116m (-55). During the year, the average number of employees increased from 47 to 130 people.

### Operating profit before depreciation and amortization (EBITDA)

Operating profit before depreciation and amortization amounted to SEK -252m (-121). The change is mainly explained by the fact that the Company continues to build up its operations in connection with the establishment of Renewcell 1 in Ortviken, Sundsvall. Profit for the period was also affected by other income corresponding to SEK 6m (3), which primarily relates to exchange rate gains but also to the sale of scrap metal arising from the demolition work of Renewcell 1 and other operating expenses for the period, which amounted to SEK -4m (-3) and relate to exchange losses.

### Depreciation

Depreciation for the period amounted to SEK -11m (-8) and relates primarily to fixed assets in Kristinehamn. Depreciation of fixed assets related to the new production line in Ortviken is expected to start from the 1st of January 2023.

### Net financial items

Net financial items for the period amounted to SEK -37m (-5) and consist of interest expenses related to borrowings, exchange rate gains and income interest. During the year, the effective interest rate was applied in connection with a recalculation of net debt (calculated using the annual percentage rate of charge and linked to expected future royalties attributable to the EIB loan). The net effect of the recalculation amounted to SEK 11m and has not affected cash flow.

### Tax

As of December 31st the company had accumulated losses carried forward amounting to approximately SEK 628m. No tax losses have been capitalised as a deferred tax asset.

### Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -398m (-118). The change compared with the previous period is explained by the scale-up of operations that the Company is carrying out and the inventory build-up that has been underway before the start of production. Cash flow from investing activities during the period amounted to SEK -880m (-312). The investments relate to investments in Renewcell 1. The carrying value in the balance sheet of Renewcell 1 amounted to SEK 1,259m (421), which is an increase of SEK 838m compared to the same period last year. Cash flow from financing activities amounted to SEK 1,020m (262). The change is due to the directed share issues that took place during the year totaling SEK 508m and new borrowings corresponding to SEK 541m.

The company's cash and cash equivalents at the end of the period amounted to SEK 293m (551). The company had unutilized loans of SEK 10.5m in accordance with the financing agreement with Nordea, and SEK 50m in accordance with the credit facility signed during the second half of the year.

### GROUP ACCOUNTS

During 2022 Re:NewCell AB had no subsidiaries and has prepared accounts according to RFR2 (see Accounting Principles on pages 52-55). At the start of 2023 the company has acquired a subsidiary and will therefore, from the first quarter 2023, also present Group Accounts for the group according to IFRS. The subsidiary is not expected to contain any operations or significant transactions. Accounts for the parent company, Re:NewCell AB, will continue to be prepared and presented according to RFR2 as before.

### EMPLOYEES

During the year manning increased in Ortviken, Sundsvall ahead of the start-up of production of the new line. The number of employees at the end of the year was 139, compared to 68 at the end of 2021. The average number of employees was 130 for the whole year. Renewcell has a work environment policy aimed at ensuring a good work environment for all employees. The company also has a gender equality and discrimination policy.

### ENVIRONMENT

Large parts of Renewcell's operations are required to report or obtain a permit in accordance with the Environmental Code. The operations referred to are mass production, emissions to air and water, and storage of chemicals. Renewcell works actively to reduce any negative environmental impact and to be a sustainable company. For more information, see the company's sustainability report on pages 19-23.

### EVENTS AFTER THE REPORTING PERIOD

On the 22 March there was a small fire in the shredding area of the Renewcell 1 plant, Ortviken. As a result there was limited production until the damaged equipment was repaired and normal production resumed after twelve days, on 3 April 2023.

**FUTURE EXPANSION POTENTIAL**

The company's strategic business plan includes increased production capacity. The operational objectives of the plan are to achieve a production capacity of 360,000 metric tons in 2030. The financial goals in the plan are to achieve an EBITDA of approximately 30% in 2026 and over 30% in 2030. The goal is also to achieve an equity/assets ratio of 50% and over 50% in 2026 and 2030 respectively.

**CAPITAL INVESTMENT**

The company intends to build a line to be able to produce 120,000 metric tons per year of dissolving pulp in stages. In the first stage the company will reach a capacity of 60,000 metric tons, even though most of the production line and infrastructure is already dimensioned for 120,000 metric tons. The intention is to phase the introduction of Circulose to the market with successive increases in availability. Once the ramp up of the line for 60,000 metric tons is secured the company expects to further increase the capacity to 120,000 metric tons. The total investment amount for 120,000 metric tons is expected to be approximately SEK 1.45 billion (of which SEK 1.3 billion is for the 60,000 metric tons capacity). The step from 60,000 metric tons to 120,000 metric tons will also improve profitability since there will be a limited increase in fixed costs in order to increase capacity from 60,000 metric tons to 120,000 metric tons.

**RISKS AND UNCERTAINTIES**

The company is exposed to various risks, both operational and financial. Re:NewCell AB aims to minimize the potential effects of the risks through preventive work or with insurance and other forms of risk management. For more information, see the risk chapter on pages 39–46.

**SUSTAINABILITY REPORT**

Renewcell has a plan regarding the company's sustainability work, including increasing the availability of data and sustainability information on Circulose as the new production line ramps up. The company has prepared a sustainability report for 2022. The report covers pages 19–23, while the business model is shown on page 14 and the risks on pages 45–46.

**DIVIDEND**

The Board of Directors proposes that no dividend be distributed for the financial year 2022.

**PROPOSED APPROPRIATION OF THE COMPANY'S PROFIT OR LOSS**

The following amounts are at the disposal of the Annual General Meeting:

**SEK thousand**

Retained earnings	-278,794
Share premium reserve	1,441,680
Profit/loss for the year	-299,936
<b>Total</b>	<b>862,949</b>

**Appropriated as follows:****SEK thousand**

is carried forward	862,949
<b>Total</b>	<b>862,949</b>

The annual accounts are subject to adoption by Renewcell Annual General Meeting, and will be presented for approval at the Annual General Meeting on May 16, 2023.

## Five-year overview

SEK thousand	2022	2021	2020	2019	2018
Net sales	12,559	2,778	1,453	750	0
Operating profit before depreciation, amortization and impairment	-252,037	-120,658	-61,329	-30,073	-17,849
Profit for the year	-299,936	-133,430	-68,722	-37,657	-18,418
Cash flow from operating activities	-397,918	-117,695	-54,897	-31,109	-18,980
Cash flow from investing activities	-880,285	-312,174	-30,195	-973	-10,961
Equity	863,903	674,235	800,369	89,570	73,993
Net debt <sup>1)</sup>	516,773	-254,867	-711,996	-30,673	-9,623
Equity ratio, %	47.1	60.5	96.7	86.2	83.2
Average number of employees	130	47	19	8	6

<sup>1)</sup> A negative amount is reported in the event that cash and cash equivalents exceed the interest-bearing liabilities.



# Corporate governance report

## INTRODUCTION

Re:NewCell AB is a Swedish public limited company that has been listed on the First North Premier in Stockholm since 26th November 2020. The corporate governance of Renewcell takes place through the Annual General Meeting, the Board, the CEO and the company's management and is conducted in accordance with the Swedish Companies Act, First North Premier's regulations for issuers, the Swedish Code of Corporate Governance, the Articles of Association, Renewcell's Code of Conduct and the Board and CEO's rules of procedure. Renewcell applies the Swedish Code of Corporate Governance and hereby submits this corporate governance report. This corporate governance report has been made by the board in accordance with the instructions of the Swedish Code of Corporate Governance and the Swedish Companies Act. In 2022 Renewcell has followed the code without any deviation.

## ARTICLES OF ASSOCIATION

The current Articles of Association for Renewcell AB were adopted at the Annual General Meeting on 17th May 2022. It states, among other things, that the seat of the Board shall be in Stockholm, that the members of the Board are elected annually by the Annual General Meeting until the next Annual General Meeting, and that the Board consists of at least three members and a maximum of seven members with a maximum of seven deputies. The complete Articles of Association are available on Renewcell's website, [www.renewcell.com](http://www.renewcell.com).

## ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the shareholders make decisions on key issues. Among other things, the

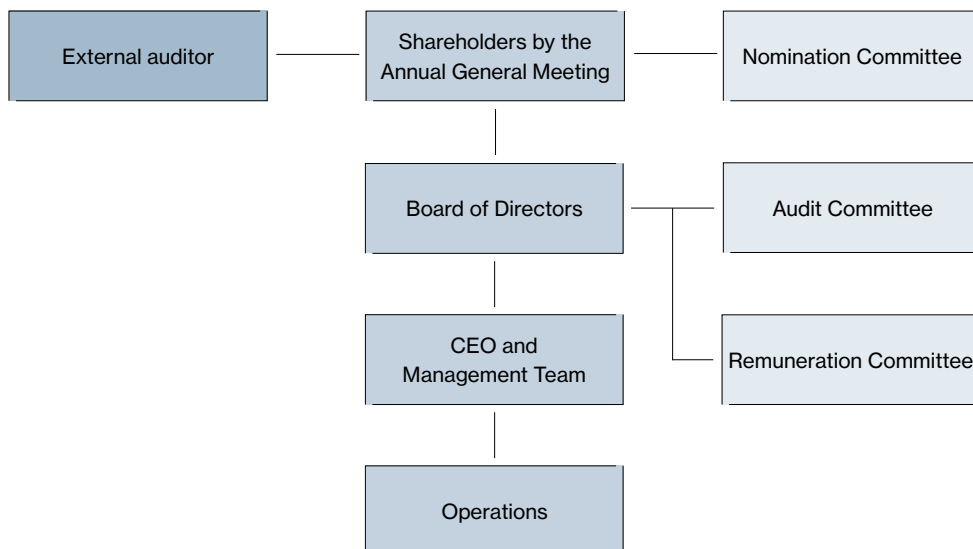
AGM approves income statements and balance sheets, disposition of the Company's results, discharge from liability for the board members and the CEO, election of the board and auditors and remuneration to the board and auditors. The company's total number of shares consists of 37,358,416 shares where each share holds one vote. For information on the Company's largest shareholders, see page 69.

Notice of the Annual General Meeting of Renewcell shall, in accordance with the Swedish Companies Act, be issued no earlier than six weeks and no later than four weeks before the meeting. Notice of any other General Meeting shall be issued no earlier than six and no later than three weeks before the General Meeting. Notice of a General Meeting shall be given in Swedish in the Swedish official publication "Post- och Inrikes Tidningar" and in Swedish and English on Renewcell's website. That a notice has been issued shall be announced in the Swedish newspaper "Dagens Industri".

Shareholders who wish to participate in the Annual General Meeting must register with the Company no later than the day specified in the notice convening the meeting. This day may not be a Saturday, Sunday, public holiday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth weekday before the meeting. Shareholders may bring one or two assistants to the Annual General Meeting, but only if the shareholder has made a notification to this effect when registering as described above.

Shareholders who wish to present a matter for consideration by the Annual General Meeting must send a written request to this effect to the Board. Such a request must normally be received by the Board no later than seven weeks before the Annual General Meeting.

## Corporate governance structure



**ANNUAL GENERAL MEETING 2022**

The most recent Annual General Meeting was held on 17th May, 2022. The meeting was carried out solely by postal vote in accordance with temporary legal rules (in place to limit the spread of covid-19). The following decisions were taken at the Annual General Meeting:

- Adoption of the income statement and balance sheet;
- Appropriation of the Company's result according to the adopted balance sheet;
- Discharge of liability for the board members and the CEO in respect of the company's affairs during 2021;
- Determination that the Board of Directors shall consist of six members;
- Re-election of Mia Hemmingson, Om Bhatia, Anna Attemark, Helene Willberg and Henrik Ager and new election of Michael Berg as members of the Board of Directors;
- Election of Michael Berg as Chairman of the Board of Directors;
- Determination of board fees to the Chairman of the Board of SEK 300,000 and SEK 150,000 to each of the other members elected by the Annual General Meeting. Fees for committee work are SEK 125,000 to the Chairman of the Audit Committee, SEK 60,000 to each of the other members of the Audit Committee, SEK 20,000 to the Chairman of the Remuneration Committee and SEK 15,000 to each of the other members of the Remuneration Committee. Fees shall not however be paid to members who are employees of the company or dependent in relation to major shareholders of the company;
- Re-election of the registered auditing company Mazars AB as the company's auditor for the period until the end of the next Annual General Meeting. Fees to the auditor shall be paid as per approved invoice;
- Amendment of the Articles of Association whereby the Board of Directors is allowed to collect powers of attorney and to resolve that the shareholders shall have the right to exercise their voting rights by post. Furthermore the Board of Directors is allowed to resolve that persons who are not shareholders may participate at the general meeting;
- The Annual General Meeting resolved in accordance with the Board's proposal authorizing the Board to resolve upon issues of shares, warrants and/or convertible instruments;
- The Annual General Meeting resolved to adopt the proposed principles for the appointment of a nomination committee.

**EXTRAORDINARY GENERAL MEETING**

Renewcell held an Extraordinary General Meeting on 12th October 2022. The meeting was carried out solely by postal vote in accordance with temporary legal rules (in place to limit the spread of covid-19). The Extraordinary General Meeting decided on the adoption of a warrant-based incentive program for two key persons, by way of the sale of 160,000 warrants on market terms. Each warrant entitles the holder to subscribe to one share in the company during the period from 15th November 2025 to 15th December 2025.

**ANNUAL GENERAL MEETING 2023**

The next Annual General Meeting of the shareholders of Renewcell will be held on 16th May 2023 in Stockholm. More information about the Annual General Meeting can be found on the Renewcell website.

**NOMINATION COMMITTEE**

The Nomination Committee's task is to submit proposals to the Annual General Meeting regarding, among other things, the election of the Chairman of the Board, Board members, fees to the Board members and, where applicable, proposals for the election of an auditor and fees to the Board. The principles for the appointment of the Nomination Committee are decided by the Annual General Meeting. The Nomination Committee shall consist of a total of at least three members, including the Chairman of the Board who is a member of the Nomination Committee and convenes the first meeting of the Nomination Committee. The Chairman of the Board shall - at the latest at the end of the third quarter of Renewcell's financial year each year - ensure that the company's three largest shareholders or groups of shareholders are offered, each appointing a representative to be a member of the Nomination Committee. The reconciliation is based on Euroclear's shareholder list (owner-grouped) as of the last banking day in September or such other documentation that shareholders or owner groups at this time report as evidence of their shareholding. (It may be noted that there is a proposal to be made to the Annual General Meeting on 16th May 2023 to bring forward the date for determining the three largest shareholders, and inviting them to be representatives on the Nomination Committee, to the end of August).

In the event that any of the three largest shareholders should refrain from appointing a member to the Nomination Committee, the right shall pass to the shareholder who, after these three shareholders, has the largest shareholding in the Company. The Board shall convene the Nomination Committee. The member appointed by the largest shareholder shall be appointed chairman of the nomination committee if the nomination committee does not unanimously appoint another member.

If shareholders who have appointed a member of the Nomination Committee no longer belong to the three largest shareholders no later than three months before the Annual General Meeting, the member appointed by this owner shall make their place available and the shareholder added from among the three largest shareholders shall have the right to appoint a member to the Nomination Committee. Unless there are special reasons, however, no change shall take place in the composition of the Nomination Committee if only a marginal change of ownership has taken place or if the change occurs later than three months before the Annual General Meeting. In the event that a member leaves the Nomination Committee before its work is completed, the shareholder who appointed the member shall appoint a new member. If this shareholder no longer belongs to the three largest shareholders, a new member shall be appointed in the order specified above. Shareholders who have appointed a member of the Nomination Committee have the right to dismiss such a member and appoint a new member of the Nomination Committee.

Changes in the composition of the Nomination Committee shall be announced immediately. The Nomination Committee's term of office runs until a new Nomination Committee has been appointed. The Nomination Committee shall perform what is incumbent on the Nomination Committee in accordance with the Swedish Code of Corporate Governance.

The Nomination Committee for the 2023 Annual General Meeting consists of Per Olofsson (appointed by Girincubator AB and Girindus Investments AB jointly), Nanna Andersen (appointed by H&M Fashion AB), Suzanne Sandler (appointed by Handelsbanken Fonder) and Michael Berg (Chairman of the Board of Directors).

### THE BOARD AND ITS WORK

The Board's work is conducted in the manner prescribed by the Swedish Companies Act, the Swedish Code of Corporate Governance and other rules and regulations applicable to Renewcell. The Board's overall task is to manage Renewcell's affairs and organization, as well as prepare its strategy and issue overall guidelines. From the 1st January up until the AGM the Board consisted of five members. From the AGM on 17th May 2022, the Board has consisted of six members. For a more detailed account of the Board members, including information on background and other significant assignments, see pages 34–37.

The Swedish Code of Corporate Governance contains rules regarding the independence of the Board members and sets requirements that the majority of the Board members must be independent in relation to the Company, the company management and the Company's largest shareholders. All current members are independent in relation to the Company and the Company's management, four of the members of Renewcell are also independent in relation to the Company's major shareholders, see also pages 34–37. Information on remuneration to the Board members can be found in the annual report, Note 7.

The Board works according to established rules of procedure, which, among other things, regulate the frequency and agenda for Board meetings, distribution of materials for meetings and matters to be submitted to the Board for information or for decisions. The rules of procedure regulate the division of work between the Board, the Chairman of the Board and the CEO and define the CEO's powers. The Chairman of the Board prepares the Board meetings together with the CEO. In addition to deciding on the Company's strategy, business plans and financial plans, the Board evaluates the Company's operations and development. The CEO and company management report at each ordinary board meeting from the business, such as development and progress as well as financial reporting. The Board decides on important areas such as significant agreements, budgets and major investments. Every year, the auditor reports to the board in its entirety and in connection with this also meets the board without the presence of anyone from the management.

The Board has regular meetings throughout the year. Some of the meetings are coordinated with the times for financial reporting and other meetings are planned for other purposes. In 2022, the Board held a total of 33 minuted Board meetings. See table below for the members' attendance.

In addition to the Board meetings, the Chairman of the Board and the CEO have an ongoing dialogue regarding the management of the Company. The CEO, Patrik Lundström, is responsible for the implementation of the business plan and the day-to-day management of the Company's affairs, as well as the day-to-

day operations of the Company. The Board receives ongoing information containing follow-up of the Company's investments, sales, operating profit and cash flow, as well as comments on how different parts of the business are developing. In addition, outcomes are reported on a number of financial key figures.

### BOARD COMMITTEES

#### Audit Committee

Renewcell's current Audit Committee (which is unchanged from the previous year) was inaugurated after the 2022 Annual General Meeting and consists of two members: Helene Willberg (Chairman) and Mia Hemmingsson. The role of the Audit Committee is mainly preparatory and advisory and is regulated by a special instruction as part of the Board's rules of procedure. The committee shall, without affecting the Board's responsibilities and tasks in general, monitor the company's financial reporting and the effectiveness of the company's internal control and risk management. Furthermore, the committee shall stay informed about the audit of the Annual Report and review and monitor the auditor's impartiality and independence, paying special attention to whether the auditor provides the company with services other than audit services, and assist in preparing proposals for the Annual General Meeting, including in relation to the election of the Auditor.

During 2022 the Audit Committee held ten meetings.

#### Remuneration Committee

Renewcell's current Remuneration Committee was inaugurated after the Annual General Meeting in 2022. The Board's Remuneration Committee consists of members Michael Berg (Chair) and Mia Hemmingsson. Up until the AGM on 17th May 2022 the Remuneration Committee consisted of Mia Hemmingsson (Chair) and Henrik Ager. The majority of the committee members shall be independent in relation to the company and the company management. Both members of the Remuneration Committee are independent in relation to the company and the company management. The Remuneration Committee held three meetings during 2022. The work of the Remuneration Committee is regulated by special rules of procedure adopted by the Board. The main tasks of the Remuneration Committee are:

- Prepare proposals regarding remuneration principles, remuneration and other terms of employment for the CEO and senior executives;
- Review and evaluate existing and completed programs regarding variable remuneration to the Company's management;
- Review and evaluate the application of guidelines for remuneration to senior executives decided on by the Annual General Meeting, as well as other remuneration structures and remuneration levels within Renewcell;
- Questions about remuneration and other terms of employment regarding the CEO are prepared by the Chairman of the Board. Decisions on these issues are made by the Board, in which the CEO does not participate. Remuneration and other terms of employment for other senior executives are negotiated and agreed with the CEO. Furthermore, the Board monitors and evaluates all programs for variable remuneration to company management. The Board also monitors and evaluates the application of the guidelines for remuneration to senior executives decided on by the 2022 Annual General Meeting, as well as current remuneration structures and remuneration levels in the Company.

**TABLE REGARDING BOARD MEMBERS' ATTENDANCE**

Member	Board meetings	Audit committee	Remuneration committee
Michael Berg <sup>1)</sup>	19/19	–	2/2
Mia Hemmingson <sup>2)</sup>	33/33	10/10	3/3
Henrik Ager <sup>3)</sup>	30/33	–	1/1
Helene Willberg <sup>3)</sup>	33/33	10/10	–
Om Bhatia <sup>2)</sup>	28/33	–	–
Anna Attemark <sup>3)</sup>	30/33	–	–

<sup>1)</sup> First elected at the 2022 Annual General Meeting <sup>2)</sup> First elected at the 2020 Annual General Meeting <sup>3)</sup> First elected at the 2021 Annual General Meeting

**EVALUATION OF THE BOARD'S WORK**

The Board conducts an annual evaluation of the Board's work. The evaluation gives members the opportunity to give their views on working methods, board material, their own and other members' efforts and the scope of the assignment. The evaluation is carried out internally. The Chairman of the Board compiles, analyzes and makes proposals for possible measures. The proposals are discussed within the board. The Chairman of the Board has shared the Board's internal evaluation with the Nomination Committee.

**MANAGEMENT TEAM**

The company's management team consists of seven people, including the CEO. See pages 34–37 for further information about each person in the management team. The management team meets regularly to manage the Company's financial development, establishment of Renewcell 1 in Ortviken and other strategic issues.

**REMUNERATION DURING THE 2022 FINANCIAL YEAR**

Information regarding the remuneration to the CEO, the Board and other senior executives is referred to Note 7.

**AUDITORS**

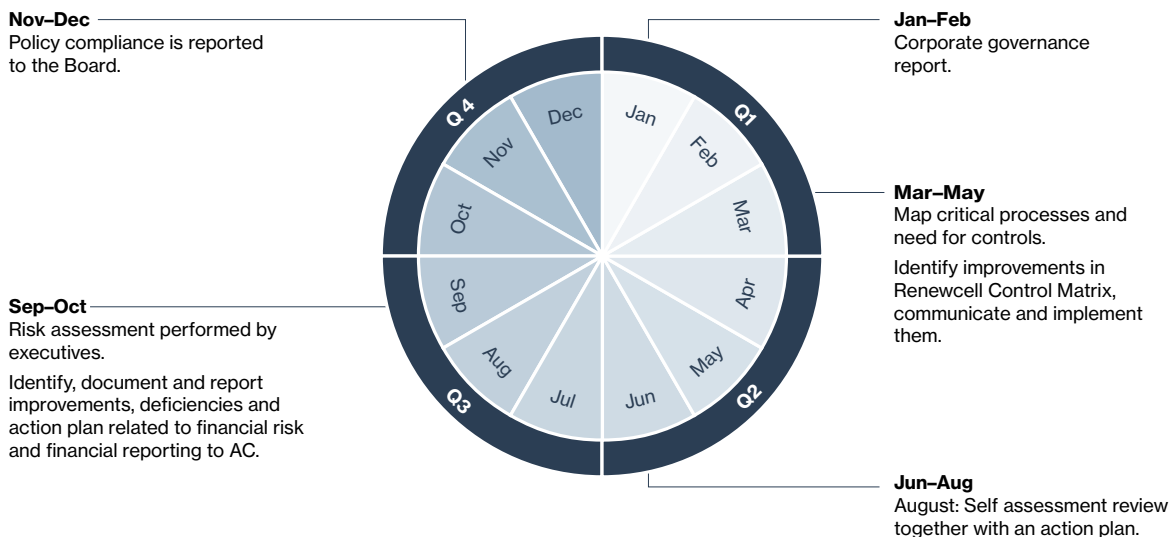
The auditor of Renewcell is appointed annually by the Annual General Meeting. The auditor's task is to examine the Company's annual report and any consolidated accounts, the Board of Directors' and the CEO's administration on behalf of the

shareholders. During the year, the auditor also reviews the interim report as of the end of September. The auditor's report is presented at the Annual General Meeting. At the 2022 Annual General Meeting, Mazars AB was re-elected as Renewcell's auditor until the 2023 Annual General Meeting. From the Company's formation in 2012 until the 2020 Annual General Meeting, Michael Olsson has been the company's auditor. As of the 2020 Annual General Meeting, Mazars AB has been the Company's auditor with Michael Olsson as the principal auditor.

**THE BOARD'S DESCRIPTION OF INTERNAL CONTROL REGARDING THE FINANCIAL REPORTING FOR THE FINANCIAL YEAR 2022**

The Board of Renewcell is responsible for the Company's internal control regarding financial reporting. The internal control must ensure reliable financial reporting and information about the business.

Renewcell's internal control is designed to ensure that the reporting is prepared in accordance with applicable laws and regulations and that it complies with the requirements imposed on companies whose shares are admitted to trading on First North Premier. The work follows the framework of COSO (Committee of Sponsoring Organizations of the Treadway Commission). The framework means that internal control includes the following basic elements: control environment, risk assessment, control activities, information and communication and reporting. The company follows the below yearly cycle in its internal control work.





## GOVERNANCE ENVIRONMENT

A good governance environment is based on an organization with clear decision-making paths, powers and responsibilities as well as a corporate culture with common values and the individual employee's awareness of their role in maintaining good internal control.

Policies, guidelines and instructions are important to maintain good internal governance.

The Board has therefore established a number of basic documents of importance for financial reporting, including in particular the Board's rules of procedure and the instructions to the CEO and the committees, as well as certification and delegation procedures. It is primarily the CEO's responsibility to maintain the governance environment designated by the Board in his daily work. The above-mentioned governing documents are reviewed annually and revised if necessary. In addition to the documents above, the company's accounting and finance manual is applied, which includes guidelines, policies, principles and routines for accounting, reporting and control for Renewcell's finance function.

## RISK ASSESSMENT

The work with risk assessment pertains to financial reporting aims to identify and evaluate the risks that may result in the company's goals for financial reporting not being met. Annually, the finance department evaluates risks of significant errors in the financial reporting and sets action plans to reduce identified risks. The focus is on significant profit and loss and balance sheet items, which have a relatively higher risk due to the complexity or where the effects of any errors risk being large as the values in the transactions are significant. The risk assessment is the basis for the work of ensuring that the financial reporting is reliable.

For a more detailed description of risks and other risk management, see pages 39–46, Risks and risk management.

## GOVERNANCE ACTIVITIES

To ensure that the financial reporting at each reporting occasion gives a true and fair view, there are control activities that involve all levels of the organization from the Board and management to other employees.

The governance activities are the routines that contribute to ensuring that the management's directives are complied with and that the necessary measures are taken to make visible the risks that may prevent the Company from achieving its goals. Control activities are found at all levels of the organization and in all functions. They include a range of activities such as approvals, permits, inspections, reconciliations and review of business results. The company's CFO is responsible for ensuring that all control activities are carried out and maintained. Most control activities are a natural part of the Company's key processes and consist of a mix of preventive and detective controls such as: the approval of competent persons at different levels in the organization, including, for example, duality in approval of payments; continuous sampling from business systems; the identification and analysis of significant deviations in the monthly performance analysis, and regular contacts with the organization's staff outside the ordinary decision line.

## INFORMATION AND COMMUNICATION

To ensure that the external information is correct, complete and available in a timely manner, Renewcell has, among other things, adopted an information and communication policy by the Board. Information, both external and internal, is governed by the Company's information and communication policy. A special section deals with responsibilities, routines and rules. The policy is continuously evaluated to ensure that information given to investors and the stock market is of high quality and is in accordance with the rules at First North Premier. Financial information such as quarterly reports, annual reports and significant events are published through press releases and on Renewcell's website. As far as possible, management reporting is directly linked to financial reporting. Renewcell has a predefined reporting package, which also includes financial reporting. The report package is distributed monthly to the executive management and to the Board. The most important governing documents regarding financial reporting are updated regularly and are communicated to relevant persons through regular meetings.

## REVIEW

The Board is ultimately responsible for ensuring that Renewcell has good internal governance and has appointed an audit committee which, among other things, has the task of monitoring the company's internal control and risk management in financial reporting. The CFO is responsible for ensuring good internal control over financial reporting.

The basis for good internal governance within Renewcell is secure processes with built-in controls and where significant decisions and transactions are always made in duality. The finance function has a continuous dialogue with operations to ensure good internal governance in the business. Meetings are held every month to discuss possible areas for improvement.

Deficiencies in internal governance are reported. Corrective measures are taken to ensure continuous improvement of internal governance. Any significant deficiencies regarding internal governance in the financial reporting are reported to Renewcell's Audit Committee and the Board, and are followed up until the deficiency has been rectified to the satisfaction of the Audit Committee. The company's external auditors also report their possible observations and assessment of internal control to the Audit Committee and the Board.

The Board approves all interim reports and the annual report before these are published.

The Board have examined the issue of establishing an internal audit function, and based on this year's assessment of internal control, make the assessment for the time being that a special internal audit function is not required.

# Board of Directors



## Michael Berg

*Chairman of the Board of Directors since 2022*

**Born:** 1964.

**Education:** MSc. from Stockholm School of Economics.

**Other current assignments:** Chairman of the Boards of BabyBjörn, Lowenco and Proxify.

**Previous assignments (last 5 years):** CEO of Envirotainer, Chairman of the Boards of Sortera, MedCap and Stille.

**Shareholding in the company:** Michael Berg holds, through company, 400,000 shares in Renewcell.

**Independent of the Company and executive management:** Yes

**Independent of major shareholders:** Yes



## Henrik Ager

*Member of the Board of Directors since 2021*

**Born:** 1969.

**Education:** Master of Science, Accounting & Finance, Stockholm School of Economics.

**Other current assignments:** CEO of Copperstone Resources. Senior Advisor at Girindus Investments AB.

**Previous assignments:** President Sandvik Mining and Rock Technology, President Sandvik Rock Tools, Vice President Strategy at Sandvik, Partner at McKinsey & Co.

**Shareholding in the Company:** 17,564 call options that entitle for the purchase of a total of 17,564 shares in the Company.

**Independent of the Company and executive management:** Yes

**Independent of the major shareholders:** No



## Anna Attemark

*Member of the Board of Directors since 2021*

**Born:** 1968.

**Education:** Master of Science in Economics and Business, Accounting & Marketing, Stockholm School of Economics.

**Other current assignments:** Head of Portfolio Brands (which includes the brands COS, ARKET, & Other Stories, Weekday and Monki) at H&M Group. Anna is also involved as mentor in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

**Previous assignments:** CEO of Odd Molly International AB, Member of the Board of XXL ASA, Member of the Board of AB Karl Hedin Bygghandel, Multiple leading roles at H&M including deputy Purchasing Director, COO for Design, Division head.

**Shareholding in the Company:** 4,000

**Independent of the Company and executive management:** Yes

**Independent of the major shareholders:** No



### Om Bhatia

*Member of the Board of Directors since 2020*

**Born:** 1956.

**Education:** MBA from University of Notre Dame and M.S. from Miami University.

**Other current assignments:** CFO and CRO of Paracel S.A, CEO and Principal of Orcas Global LCC, board member in Sherwa Inc. and Consensus Core as well as board member and Vice President of Bellingham Angel Investors.

**Previous assignments (last five years):** CFO of Catalyst Paper Inc. and Senior Managing Director of Macquarie Bank.

**Shareholding in the Company:** Om Bhatia holds, through company, 19,825 shares in the Company.

**Independent of the Company and executive management:** Yes

**Independent of the major shareholders:** Yes



### Mia Hemmingson

*Member of the Board of Directors since 2020*

**Born:** 1977.

**Education:** Master of Science in Business and Economics from Lund University.

**Other current assignments:** Board member in Röhnisch Sportswear Aktiebolag, Röhnisch SE Holding AB, Estrid Sweden AB, Mantle Wellness AB, Meela AB and MiaHem AB. Independent advisor to various companies.

**Previous assignments (last five years):** CEO of Rodebjer Form AB and Chief Administrative Officer of The Lexington Company AB.

**Shareholding in the Company:** Mia Hemmingson holds, through company, 17,094 shares in the Company and 130,000 call options that entitle for purchase of a total of 130,000 ordinary shares in the Company.

**Independent of the Company and executive management:** Yes

**Independent of the major shareholders:** Yes



### Helene Willberg

*Member of the Board of Directors since 2021*

**Born:** 1967.

**Education:** Master of Science in Accounting and Finance, Stockholm School of Economics.

**Other current assignments:** Board member of Thule Group AB, Enzymatica AB, APAC AB, Nordic Paper Holding AB, Profoto Holding AB, Infrea AB, Byggfakta Group Nordic HoldCo AB, Xshore AB, Indecap Holding AB and Footway Group AB.

**Previous assignments:** Managing Director of Alvarez & Marshal Nordics, Audit Partner of KPMG, CEO of KPMG Sweden.

**Shareholding in the Company:** Helene Willberg holds 250 ordinary shares and 29,274 call options that entitle for the purchase of a total of 29,274 shares in the Company.

**Independent of the Company and executive management:** Yes

**Independent of the major shareholders:** Yes

# Management



## Patrik Lundström

*Chief Executive Officer since 2019 (Member of the Board of Directors 2018–2020 and Chairman of the Board of Directors 2018–2019.)*

**Born:** 1967.

**Education:** Master in Chemical Engineering from KTH Royal Institute of Technology in Stockholm and Executive MBA from Stockholm School of Economics, SSE.

**Other current assignments:** Board member in PEEL AB and deputy board member in Stargo Design AB.

**Previous assignments (last five years):** Board member in JonDeTech Sensors AB (publ) and JonDeTech Licensing AB, deputy board member in Lundson & Partners AB, O&G Innovation AB and Grey Matters AB, partner in Lundson & Partners Handelsbolag and Director Business Development at Jacobi Carbons.

**Shareholding in the Company:** Patrik Lundström holds, privately and through a company, 449,504 shares and 730,055 options in Renewcell.



## Toby Lawton

*Chief Financial Officer since 2022*

**Born:** 1974.

**Education:** MA in Physics from Oxford University. Member of the Chartered Institute of Management Accountants and Association of Corporate Treasurers.

**Previous assignments (last five years):** CFO for Svenska Cellulosa AB (SCA)

**Shareholding in the Company:** Toby owns 4,241 shares and 80,000 warrants that entitle to the subscription of 80,000 shares in the Company.



## Tricia Carey

*Chief Commercial Officer since 2022*

**Born:** 1972.

**Education:** Bachelor's degree in Fashion Merchandising from The Fashion Institute of Technology. Certificates in Digital Marketing from Cornell University and Strategy Development from MIT.

**Other current assignments:** Board member of Accelerating Circularity, Transformers Foundation, and The Fashion Impact Fund. Previously Vice Chair at Textile Exchange from 2014–2018.

**Previous assignments (last five years):** Director of Global Business Development at Lenzing Fibers.

**Shareholding in the Company:** Tricia owns 80,000 warrants that entitle to the subscription of 80,000 shares in the Company.



**Dr. Kristina Elg Christoffersson**  
*Chief Technology Officer since 2021*

**Born:** 1970.

**Education:** M.Sc. in Chemistry from Uppsala University and Ph.D. in Chemistry from Umeå University.

**Other current assignments:** –

**Previous assignments (last five years):** Technology Manager at Domsjö Fabriker AB, R&D Manager at Domsjö Fabriker AB, Board member at RISE Processum and MoRe Research.

**Shareholding in the Company:** Kristina owns 11,700 warrants that entitle to the subscription of 11,700 shares in the Company.



**Viktoria Flygare**  
*Chief Human Resources Officer since 2020*

**Born:** 1971.

**Education:** M.Sc. International Business & Economics Lund University.

**Other current assignments:** Senior Advisor and Co-owner at JobAgent.

**Previous assignments (last five years):** Owner Perception – recruitment and HR advisory services.

**Shareholding in the Company:** Viktoria owns 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



**Martin Stenfors**  
*VP Sourcing & Supply Chain since 2017,  
Chief Operating Officer since 2020*

**Born:** 1973.

**Education:** MSc in Industrial economy from Linköping University.

**Other current assignments:** –

**Previous assignments (last five years):** Global SCM Director at Naty AB and Associate Partner of Aurentor AB.

**Shareholding in the Company:** Martin Stenfors holds 65,000 shares through a company and 32,700 directly. He holds 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



**Henrik Dahlbom**  
*Plant Manager Renewcell 1 since 2021*


**Born:** 1973.

**Education:** MSc in Mechanical Engineering, paper technology at KTH Royal Institute of Technology.

**Other current assignments:** –

**Previous assignments (last five years):** Research and Development manager at SCA.

**Shareholding in the Company:** Henrik Dahlbom holds 7,000 shares and 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



Renewcell 1 was established in premises that used to house SCA's Paper Machine 5. Thanks to this, Renewcell has been able to save time, money and resources in establishing the world's first large-scale textile recycling plant.

# Risks and risk management

Risk	Description	Risk management
<b>INDUSTRY AND MARKET RISKS</b>		
<b>Competition</b>	<p>Renewcell still lacks direct and commercially active competitors in its segment. However, there is always a risk of intensifying competition for market share from more or less similar substitute products or new as yet unknown innovations. In addition, there is some risk that competitors will directly infringe on the company's intellectual property rights and intellectual property.</p>	<p>While Renewcell's operations are currently not exposed to any major competition, Renewcell continuously monitors its surroundings and its potential competitors. Renewcell works continuously to protect trade secrets, monitor granted patents and apply for new ones.</p>
<b>Variation in demand and product prices, and market acceptance</b>	<p>The company's product is based on new technology and is dependent on consumer demand. As far as Renewcell is aware, the company's dissolving pulp, Circulose®, is currently the only one of its kind in the market that consists of 100% recycled textiles and which is produced on a commercial scale. However, Renewcell's product is new in terms of the raw material used. In order for the company to be able to successfully continue to grow, partly with traditional pulp producers and partly with other producers of sustainable textile raw material, a market acceptance of the company's products must be achieved.</p> <p>Demand and sales of the company's products depend on a number of factors, such as the cost of Circulose® in relation to other products that are perceived as equivalent.</p> <p>In the event that the company's competitors, with greater resources than the company, develop modern and competitive alternatives to Renewcell's products, potentially at a lower price, or if consumers' demand for sustainable alternatives to newly produced textiles should decrease, or disappear altogether, there is a risk that Renewcell does not succeed in marketing and selling its product as expected. If these risks are realized, they could have a significant negative impact on the company's growth and future earning capacity.</p>	<p>Renewcell manages the risk of price variation by agreeing on sales contracts that secure margins over a long period of time and in large volumes. This, together with an underlying increase in demand for materials, especially fibers with a better sustainability profile and scarce supply, means that the company assesses the risk of a negative impact from price variation as low.</p> <p>To achieve market acceptance, the company works continuously with several established fiber producers in order to carry out various material tests to ensure customers' acceptance of the company's product.</p> <p>To reduce risk in terms of demand variations, the company's objective is to have some of its production covered by agreements that extend for a longer period of time with defined volumes.</p>
<b>Political decisions</b>	<p>Renewcell's operations are covered by an extensive set of regulations. New rules are continuously being added to achieve set climate goals, which can adversely impact Renewcell if it affects the company's ability to purchase raw materials. At present, Renewcell buys raw materials from suppliers that operate in countries outside the EU, which can be a risk if trade agreements with those countries are not supported by the EU, or if other trade barriers arise. Other policy decisions that affect Renewcell's plans for an upscaling are also seen as a risk.</p>	<p>Renewcell closely monitors the regulatory environment and works actively to influence decision-making processes to promote large-scale textile recycling.</p>

Risk	Description	Risk management
<b>FINANCIAL RISKS</b>		
<b>Interest rate risk</b>	Interest rate risk is the risk that fair value or future cash flows from a financial instrument will vary due to market interest rates. The effective interest rate that the company has calculated on existing loans linked to the production facility in Ortviken includes an assessed royalty fee. The royalty fee is calculated on the company's annual gross revenue from direct or indirect sales of textile pulp up to a ceiling of 120,000 metric tons per financial year.	The company has fixed interest rates on the majority of its loans, which makes this risk limited. The estimated royalty fee can affect net financial items, but Renewcell does not see this as a significant risk as there is a production ceiling on how much royalty will be paid.
<b>Currency risk – transaction exposure</b>	The risk of changes in exchange rates for export earnings and import costs may have a negative impact on the company's accounts. Currency risk arises from payment flows in foreign currency, so-called transaction exposure and from translation of balances in foreign currency. The company has foreign currency denominated transactions in EUR and USD.	In the company's build-up phase, it has chosen to hedge the budgeted spending in EUR by exchanging existing cash in SEK for EUR. For future sales and direct purchases following the build-up, the company plans to hedge material recognized items and a proportion of the forecast amounts in foreign currency.
<b>Liquidity and refinancing risk</b>	The company's borrowing is based on meeting set covenants. If Renewcell should not achieve current covenants, the loans may be called in prematurely, which may lead to the company being unable to meet its payment obligations due to insufficient liquidity or having difficulty raising new loans or obtain other financing.	Renewcell has good relations with the lenders and keeps them continuously informed about ongoing projects and monitors all agreements systematically, including so-called covenants. The company also signed a credit facility during the year. See also Note 4 for further description of liquidity risk management.
<b>OPERATIONAL RISKS</b>		
<b>Establishment of production facility</b>	In 2022, the company established a new production facility, Renewcell 1 in Ortviken, with an initial planned annual production capacity of approximately 60,000 metric tons of dissolving pulp. The production volume is planned to gradually increase in 2023 and reach full production during the year. In next step, the company plans to invest to double capacity to 120,000 metric tons of dissolving pulp per year in 2024. Establishing a new production facility is a time consuming and capital intensive process which, in addition to access to the necessary financing, will require the granting of any relevant municipal zoning changes, of building permits and that technical solutions work according to plan. There is a risk that the establishment of the new production facility will be more protracted and costly, which in turn could lead to the company's continued commercialization of Circulose® being delayed or completely stopped. Renewcell's demonstration plant in Kristinehamn returned to focusing solely on the development of the product and process as of January 1, 2023.	The production facility in Ortviken is now established, and the facility acquired a commercial operations date at the end of 2022, which is a defined date in the company's loan agreement that pertains to the date that the production line achieves functionality for commercial production.  Renewcell is carefully monitoring certain key performance indicators connected to the establishment, mainly in regard to outcomes related to production, quality and sales in relation to the planning. Potential delays and price increases in the establishment can therefore be discovered early and addressed with the aim of reducing the overall risk of commercialization. The company also maintains an elevated frequency of updates to shareholders concerning the development as well as a close dialog with its lenders.



Risk	Description	Risk management
<b>Suppliers</b>	<p>The company is highly dependent on suppliers and other partners, for example, for the delivery of raw materials to Renewcell's pulp production or for the delivery of equipment or components to production operations. Renewcell may therefore be adversely affected by suppliers and partners suffering from financial, legal or operational problems, raising prices, being unable to deliver as agreed or delivering products of inferior quality than expected. Such factors may affect the company's ability to purchase raw materials on time at a reasonable price and to deliver its product to its customers, which may lead to general dissatisfaction among customers, such that the company is forced to compensate customers for missed or incorrect deliveries, damaged customer relationships and lower sales for the company.</p>	<p>The company carries out a thorough inspection of the suppliers who supply Renewcell with raw material. The raw material undergoes a quality check before purchase. Renewcell has ensured in the agreement that all suppliers comply with a separate code of conduct. Renewcell works systematically to monitor compliance with the code of conduct with the support of a reputable third-party auditor. Prices and delivery terms are set in multi-year contracts and the Company ensures freedom of choice by having many suppliers.</p>
<b>Environmental permit</b>	<p>The company's operations are regulated by and must meet the requirements of most laws and regulations, including the Environmental Code (1998:808). If Renewcell's interpretation of applicable regulations proves incorrect, or if the company breaches applicable regulations due to changes in the regulations or business-related deficiencies, there is a risk that Renewcell will be fined and be subject to other administrative sanctions.</p>	<p>Renewcell has close contact with the authorities that make the decisions, and ensures compliance with the requirements placed on its operations. The company has invested in establishing procedures, skills and an organization that correspond to the requirements set in the environmental permit.</p>
<b>Costs of inputs and services</b>	<p>Market prices vary over time for many of the inputs and services that are used and will be used in Renewcell's production. Raw materials and their transportation as well as electricity and steam are the major components of the company's total costs.</p>	<p>Renewcell exposes procurement of raw materials to competition and spreads the risks to ensure it is not dependent on individual suppliers. The company's production facility has been established in an area with very good access to relatively cheap fossil-free electricity. Through close collaboration with SCA, the company achieves synergies in purchasing inputs and chemicals. In addition, the proximity to SCA Logistics' port in Tunadal and the access to their global network of transportation services means a substantial efficiency advantage compared with alternative locations. Overall, and from a global perspective, the company has very little exposure to any price increases that other dissolving pulp producers do not share. Increased costs will therefore probably not worsen the company's competitive position.</p> <p>The company has established and continues to establish long-term and independent relationships with multiple partners to provide stability in the price picture and to secure the supply of inputs.</p>

Risk	Description	Risk management
<p><b>Loss of production at production facilities</b></p>	<p>The company's operations depend on reliable and efficient production to ensure that Renewcell's products are delivered on time and correspond to the quality expected by the company's customers. There is a risk that the company's operations will be affected by interruptions and disruptions in production, for example as a result of machine breakdowns, delayed, incorrect or contaminated deliveries of input materials, technical errors, labor law measures, fire, accidents, suppliers that breach Renewcell's supplier code of conduct or other disruptions.</p>	<p>Renewcell has permanently employed laboratory staff in connection with manufacturing who perform regular sampling for quality assurance of the finished product before sale. The company also works with strict processes to follow the working methods required in the production environment. Equipment and work routines are in place to minimize fire risk and are continuously monitored.</p>
<p><b>IT systems and cyber threats</b></p>	<p>IT attacks on companies are increasing and it is important for the company to have secured its IT environment in order to be able to withstand any cyber-attacks that may cause financial losses. IT systems and interruptions or errors in production-related systems can lead to disruptions in production and in important business processes. Improper handling of financial systems can also affect Renewcell's accounting.</p>	<p>The company has a head of IT and its processes. Everyone in the company has undergone training in IT security and systems for continuous monitoring and risk management have been implemented.</p>
<p><b>Key people</b></p>	<p>The company's organization and operations are limited and dependent on a few key persons, which makes the company dependent on their respective and collective efforts for the continued development of Renewcell's operations, especially since several of the company's employees are considered to possess valuable know-how about the company's operations that are not protected through patents or other registrations. Should one or more of these people choose to leave the company, it could delay or cause interruptions in Renewcell's operations. Renewcell's ability to employ and retain such key people depends on a number of factors, including competition in the labor market. Furthermore, since the company's existing organization is limited, an important factor for the company to be able to successfully expand its operations and commercialize its product is also that Renewcell succeeds in attracting and recruiting additional key people in the future. Thus, there is an overall risk that a loss of or inability to recruit key people will lead to the loss of important know-how, the set goals not being met or the implementation of Renewcell's business strategy and commercialization and expansion phase being significantly adversely affected. Moreover, there is a risk that Renewcell's key people will start to work for or establish companies whose operations compete with Renewcell, or recruit other employees to also begin working at competing companies.</p>	<p>The company has an incentive program for key people that currently comprise 100% of the company's management team. The company has also worked a lot with the culture in the workplace to make it attractive. The company has a demonstrated ability to attract competent staff from nearby competitors and retain them.</p> <p>The company protects its intellectual property through loyalty commitments and confidentiality provisions in all employment contracts. All key patents that have been approved and that are under application are owned by the company directly.</p>
<p><b>Health and safety</b></p>	<p>The company's operations involve a workplace with a risk of accidents. In addition to the fact that there is a risk to people's lives and health, there is also a risk of disruption in production that may result in increased costs or an impossibility to continue operating their business.</p>	<p>Renewcell works actively to reduce the number of accidents and increase the employees' healthy work attendance. Staff training, and routine reporting and follow-up for incidents and accidents.</p>

Risk	Description	Risk management
<b>LEGAL RISKS</b>		
<b>Intellectual property rights and know-how</b>	<p>Renewcell's success depends to varying degrees on patents, trademarks and other intellectual property rights as well as the protection of internal know-how. The company owns most of the intellectual property rights, mainly patents in Sweden, the EU, India, China, Germany and the USA for, inter alia, the regeneration of cellulose and fiber separation. If the company fails to protect and uphold its intellectual property rights or if the company is accused of breaching the intellectual property rights of others, it could lead to financial losses for Renewcell, and have a negative impact on the company's brand and reputation. In addition to registrable intellectual property rights, Renewcell is to a large extent dependent on protecting other trade secrets and know-how that are not always covered by patents or other formal intellectual property protection, especially with regard to the protection of the company's manufacturing process.</p>	<p>Renewcell has a strategically developed portfolio of trade secrets and patents with the ongoing support of legal expertise to monitor and defend them in the event of infringement. The company also has employees who continuously monitor the activities in similar operations outside the company.</p>
<b>Business ethics</b>	<p>Unethical conduct or inadequate handling of sustainability issues by Renewcell or its suppliers could result in damage to the company's brand and reputation. This will make it more difficult for the company to retain and attract customers and employees as well as investors. The company may also be subject to fines and other legal sanctions.</p>	<p>The company has a code of conduct for employees and a supplier policy for suppliers and other partners. The company works continuously with its cultural work to ensure compliance with the code of conduct. Suppliers and partners are followed up through audits carried out by a trusted third party in accordance with the company's policy.</p>
		<p>The company has been a signatory to the UN Global Compact since 2021 and is committed to upholding its ten principles and annually reports on progress in relation to them. The principles include active work against corruption.</p>
<b>Environment</b>	<p>The company's production operations entail certain environmental risks and Renewcell is covered by strict environmental regulations, which means that claims can be made against the company in the event of non-compliance. Obligations related to environmental responsibility can thus have a significant negative effect on Renewcell's earnings, cash flow and financial position. There is also a risk that laws, regulations and regulatory requirements in the environmental area will change in the future and thereby lead to increased costs for the company regarding remediation costs caused by operations that Renewcell conducts or may conduct in the future.</p>	<p>The company's core business includes making the world more sustainable and therefore environmental work is always in focus. Renewcell works continuously and in a structured manner to detect and prevent risks related to the environment, as well as to monitor and report on compliance with regulations in its environmental permit. Read more in the sustainability report on pages 19–23.</p>

Risk	Description	Risk management
<b>Disputes</b>	<p>The company's operations are associated with a risk of disputes and other legal claims with external parties, for example as a result of dissatisfaction among customers with Renewcell's products. The company may be adversely affected by ongoing and future disputes and other legal proceedings regarding, for example, negligence, contract disputes, government investigations, audits or other legal claims that may entail both potential liability and defense costs. There is a risk that Renewcell may in the future be involved in such disputes, for example concerning alleged intellectual property infringements, environmental disputes related to the company's production facilities, collaboration agreements, customer and supplier disputes and other commercial disputes.</p>	<p>Renewcell works continuously with quality assurance of its processes to counteract risks of disputes and legal claims. The company has ongoing support from legal expertise to minimize legal risks in all areas of the business.</p>

# Climate – risks and opportunities

Risk/opportunity	Time horizon	Description	Management
<b>TRANSITION RISK</b>			
<b>Development and tightening of regulations for the pricing of carbon dioxide emissions</b>	Medium-term	The majority of Renewcell's total climate impact comprises indirect emission from the transportation of input chemicals that are still dependent on fossil raw materials. There is a risk that tightened regulations and high emission taxation increases the costs for Renewcell's transportation services and inputs.	Renewcell works continually to identify raw material deliveries that require less transportation or that can be conducted in a more carbon-efficient way. Renewcell works closely with input suppliers and logistics services to develop and implement more carbon-efficient or entirely emission-free solutions.
<b>Reputational risk in the textile industry</b>	Short-term	Renewcell collaborates with well-known and influential players in the textile industry with the aim of making the industry more circular. Renewcell is exposed, through its collaborators, to reputational risk through accusations of greenwashing partners in the value chain that have a high climate impact.	Renewcell selects partners carefully and closely regulates how their brands are used in the marketing of products. Renewcell maintains continual dialog with its partners and encourages them to continue to strive toward reducing their environmental impact even in areas that do not concern recycling. Renewcell has the ambition of being a leader when it comes to traceability and transparency with the aim of enjoying a good reputation for the company and its products.
<b>PHYSICAL RISK</b>			
<b>Critical climate hazards</b>	Medium-term	Forecasts around global climate change show an increase of critical climate hazards in the form of more frequent extreme weather conditions. This could lead to an increased risk of disruption in Renewcell's value chain both upstream and downstream with resulting increases in costs.	Renewcell strives to establish a resilient global network of raw material suppliers and customers to reduce the risk of disruptions from a particular geographic location as the result of, for example, extreme weather, having a considerable impact on the company. Risks associated with supplier work environments, such as heat stress, are covered by Renewcell's code of conduct and follow-up program. Environmental consequence descriptions from the company's own manufacturing operations demonstrate low risk as the result of climate change.

Risk/opportunity	Time horizon	Description	Management
<b>TRANSITION OPPORTUNITIES</b>			
<b>Increased demand for circular raw materials</b>	Medium-term	Interest from consumers and the textile industry for reducing climate impacting products is on the rise. Demand for Renewcell's products may grow in line with the textile industry's transition to raw materials with lower carbon dioxide emissions that are less vulnerable to physical climate risks.	Renewcell actively markets its product, individually or in collaboration with players in the entire value chain, all the way to consumers with the aim of raising awareness of the climate benefit of circular raw materials for fashion.
<b>Increased access to raw materials</b>	Medium-term	The expansion of regulations to prevent the combustion and disposal of resource-intensive material such as textiles could increase access to suitable raw materials for Renewcell. This increased access could lead to reduced costs for the supply of raw materials.	Renewcell follows the development of these global policies and conducts dialog both with political decision makers and with industry stakeholders using various global forums. This is to describe the challenges and opportunities of the development of regulations and infrastructure for the collection and sorting of textile waste.
<b>Development and tightening of regulation related to textiles</b>	Medium-term	The implementation of more stringent regulations concerning carbon dioxide emissions from textile products such as carbon dioxide taxes, increased transparency or minimum requirements for recycled content could increase demand for Renewcell's products.	Renewcell follows the development of these global policies and conducts dialog both with political decision makers and with industry stakeholders using various global forums. This is to describe the challenges and opportunities of the development of regulations regarding textiles and textile products. Renewcell intends to conduct life-cycle analyses of its products.
<b>Increased access to investment-ready capital</b>	Medium-term	Increased interest in investments that reduce climate impact, both from public and from private institutions, and amended and tightened regulation could reduce capital expenses for companies such as Renewcell.	Renewcell maintains contact with capital owners to better understand priorities and information requirements connected to climate impact and investments.

# Income statement and statement of comprehensive income

SEK thousand	Note	2022	2021
Net sales	6	12,559	2,778
Other operating income	6	6,251	3,294
Change in inventory		5,495	–
Raw materials and consumables		–69,616	–15,850
Other external expenses	9, 10, 11	–86,999	–52,765
Personnel costs	7, 8	–116,203	–54,793
Other operating expenses		–3,522	–3,321
<b>Operating profit before depreciation, amortization and impairment</b>		<b>–252,037</b>	<b>–120,658</b>
Amortization, depreciation and write-downs	14, 15	–10,954	–7,658
<b>Operating profit</b>		<b>–262,991</b>	<b>–128,315</b>
<b>Financial items</b>			
Other interest income and similar income items		881	427
Interest expenses and similar expense items		–37,826	–5,541
<b>Total financial items</b>	12	<b>–36,945</b>	<b>–5,114</b>
<b>Profit/loss after financial items</b>		<b>–299,936</b>	<b>–133,430</b>
<b>Profit/loss for the year<sup>1)</sup></b>	13	<b>–299,936</b>	<b>–133,430</b>
Earnings per share before dilution		–9.0	–4.3
Earnings per share after dilution		–9.0	–4.3
The number of shares		37,358,417	30,799,426
Average number of shares before dilution		33,369,330	30,799,426
Average number of shares after dilution		35,479,790	32,335,766

1) As there is no other comprehensive income, profit for the year corresponds to comprehensive income for the year.

# Balance sheet – Assets

SEK thousand	Note	2022	2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Other intangible assets	14	10,922	4,359
<b>Total intangible assets</b>		<b>10,922</b>	<b>4,359</b>
<b>Tangible fixed assets</b>			
Leasehold improvements		185,249	–
Plant and machinery		1,123,661	49,675
Equipment, tools and installations		3,071	3,145
Payments on account and tangible fixed assets in the course of construction		6,236	420,773
<b>Total tangible fixed assets</b>	15	<b>1,318,216</b>	<b>473,593</b>
<b>Financial fixed assets</b>			
Other non-current receivables		512	–
<b>Total financial fixed assets</b>		<b>512</b>	<b>–</b>
<b>Total fixed assets</b>		<b>1,329,650</b>	<b>477,952</b>
<b>Current assets</b>			
Inventory	16	177,526	7,088
Accounts receivable		3,529	1,611
Other current receivables		22,336	28,858
Restricted cash in bank accounts	18, 23	175,472	423,000
Prepayments and accrued income	17	9,339	48,256
<b>Total current receivables</b>		<b>388,202</b>	<b>508,813</b>
Cash and bank balances	18, 23	117,393	128,368
<b>Total current assets</b>		<b>505,595</b>	<b>637,181</b>
<b>TOTAL ASSETS</b>		<b>1,835,245</b>	<b>1,115,133</b>



# Balance sheet – Equity and liabilities

SEK thousand	Note	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	8, 19, 25	953	786
<b>Total restricted equity</b>		<b>953</b>	<b>786</b>
<b>Unrestricted equity</b>			
Share premium reserve		1,441,680	953,466
Retained earnings		-278,794	-146,588
Profit/loss for the year		-299,936	-133,430
<b>Total unrestricted equity</b>		<b>862,949</b>	<b>673,449</b>
<b>Total equity</b>		<b>863,903</b>	<b>674,235</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	20	676,590	291,762
<b>Total long-term liabilities</b>		<b>676,590</b>	<b>291,762</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	20	133,047	4,740
Accounts payable		118,817	125,648
Tax liabilities		1,436	737
Other current liabilities		3,998	2,044
Accrued expenses and prepaid income	21	37,455	15,967
<b>Total current liabilities</b>		<b>294,752</b>	<b>149,136</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,835,245</b>	<b>1,115,133</b>

## Change in equity

SEK thousand	Share capital	Share premium reserve	Profit or loss brought forward	Comprehensive income for the year	Total equity
<b>Equity Jan 1, 2021</b>	<b>786</b>	<b>953,466</b>	<b>-85,161</b>	<b>-68,722</b>	<b>800,369</b>
Transfer of last year's profit			-68,722	68,722	-
Warrants			7,194		7,194
Employee options			102		102
Profit/loss for the year				-133,430	-133,430
<b>Equity Dec 31, 2021</b>	<b>786</b>	<b>953,466</b>	<b>-146,588</b>	<b>-133,430</b>	<b>674,235</b>

SEK thousand	Share capital	Share premium reserve	Profit or loss brought forward	Comprehensive income for the year	Total equity
<b>Equity Jan 1, 2022</b>	<b>786</b>	<b>953,466</b>	<b>-146,588</b>	<b>-133,430</b>	<b>674,235</b>
Transfer of last year's profit			-133,430	133,430	-
New share issue	167	507,773			507,941
Issue costs		-19,560			-19,560
Warrants			1,223		1,223
Profit/loss for the year				-299,936	-299,936
<b>Equity Dec 31, 2022</b>	<b>953</b>	<b>1,441,679</b>	<b>-278,795</b>	<b>-299,936</b>	<b>863,903</b>

# Statement of cash flows

SEK thousand	Note	2022	2021
<b>Operating activities</b>			
Operating profit before financial items		-262,991	-128,315
Interest received		837	-
Interest paid <sup>1)</sup>		-3,155	-299
<i>Adjustments for items not included in cash flow:</i>			
Amortization, depreciation and write-downs		10,954	7,658
Employee options		-	102
<b>Cash flow from operating activities before changes in working capital</b>		<b>-254,354</b>	<b>-120,854</b>
<b>Change in working capital</b>			
Change in inventory		-170,438	-6,202
Change in accounts receivable		-1,919	-1,225
Change in other receivables		2,823	-28,358
Change in accounts payable		7,443	27,429
Change in other current operating liabilities		18,526	11,516
<b>Cash flow from operating activities</b>		<b>-397,918</b>	<b>-117,695</b>
<b>Investment activities</b>			
Investments in intangible assets		-7,583	-3,451
Investments in tangible fixed assets		-872,190	-308,723
Investments in financial assets		-512	-
<b>Cash flow from investing activities</b>		<b>-880,285</b>	<b>-312,174</b>
<b>Financing activities</b>			
New share issue		507,941	-
Issue costs		-19,560	-
Issue of warrants		1,223	7,194
New borrowings	24	541,322	319,976
Transaction costs for new borrowings		-5,461	-63,147
Amortization of interest-bearing liabilities	24	-5,809	-2,500
<b>Cash flow from financing activities</b>		<b>1,019,655</b>	<b>261,522</b>
<b>The year's cash flow</b>			
Exchange rate differences on cash and cash equivalents		44	719,288
Cash and cash equivalents at the beginning of the year		551,368	427
<b>Cash and cash equivalents at the end of the year</b>	18	<b>292,864</b>	<b>551,368</b>

1) The company applies the effective interest method, which means that the interest expense recognized in profit or loss deviates from the actual interest paid.

# Notes

## NOTE 1 General information

This Annual Report covers the Swedish company Renewcell AB with organization number 556885-6206. The company is registered in, and has its registered office in Stockholm. The company was formed on October 30, 2012. The address of the head office is Cardellgatan 1, SE-114 36 Stockholm.

This Annual Report has been approved for publication by the Board of Directors on April 24, 2023. The Annual Report may be amended by the company's owner after the Board has approved it.

## NOTE 2 Accounting policies

The note contains a list of the significant accounting policies applied in the preparation of this Annual Report. These policies have been applied consistently for all years presented, unless otherwise stated.

Renewcell AB has prepared its annual report in accordance with the Swedish Annual Accounts Act (ÅRL) and RFR 2 Accounting for Legal Entities (RFR 2). RFR 2 states that the legal entity shall apply International Financial Reporting Standards (IFRS), as adopted by the EU, as far as possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Protection Act and with regard to the connection between accounting and taxation. The recommendation states which exceptions and additions are required in relation to IFRS.

### New and changed standards and interpretations that have not yet been applied by the company

No new standards and interpretations that may affect the Company's financial reports will enter force for financial years beginning after January 1, 2023.

No other IFRS or IFRIC interpretations that have not yet entered force are expected to have any significant impact on the Company.

The Annual Report has been prepared in accordance with the historical cost convention.

### FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency are translated into the reporting currency according to the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the reporting currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise from translation are reported in profit for the year. Exchange rate gains and losses on operating receivables and liabilities are reported in operating profit, while exchange rate gains and losses on financial assets and liabilities are reported as financial items.

### SEGMENT REPORTING

Renewcell AB's CEO, as the chief operating decision maker (CODM), monitors and analyzes the results and financial position of the company as a whole. The CEO does not follow up the result at a disaggregated level lower than the company's. Thus, the CEO also decides on the distribution of resources and makes

strategic decisions based on the company as a whole. Based on the above analysis, the company consists of only one reporting segment.

### REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue consists of remuneration for delivered dissolving pulp, and is reported when performance commitments are considered fulfilled. Virtually all revenue in the company pertains to goods where the performance obligation is considered to be fulfilled at a certain time.

Revenue is measured based on the remuneration specified in agreements with customers. The company recognizes revenue when control of a good or service is transferred to the customer. The customer receives control over the dissolving pulp when it has been delivered and the customer has accepted it. Revenue is adjusted for variable remuneration and potential discounts.

No financing component is deemed to exist as the sale takes place with a credit period of 30–60 days, which is in line with market practice.

Standard guarantees are recognized when the underlying products are sold. The provision is based on historic data for guarantees and an aggregate of possible outcomes in relation to the likelihoods that the outcomes are associated with.

### OTHER INCOME – RECOGNITION OF GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Grants received to cover costs are reported in the item Other operating income in the same period as the eligible costs arise. Grants received for investment in depreciable assets are reported as a reduction of the acquisition value.

### RAW MATERIALS AND CONSUMABLES

Raw materials and consumables include the acquisition cost of the raw materials and consumables that have been used as inputs for production for further processing or, for some other reason, are not available in inventory.

For 2021, changes in inventory were recognized as raw materials and consumables since this item was not material.

### INTEREST EXPENSES AND SIMILAR ITEMS

Interest expenses are recognized using the effective interest rate method.

The effective interest rate is the interest rate that exactly discounts the estimated future outflows over the expected tenor of the financial instrument at the amortized cost of the financial liability. Interest expenses primarily comprise interest expenses on loans.

### REMUNERATION TO EMPLOYEES

Liabilities for salaries and benefits, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported

## NOTE 2 Accounting policies, cont.

as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled. The cost is reported as the services are performed by the employees. The liability is reported as a liability regarding remuneration to employees in the balance sheet.

**Pension obligations**

Renewcell AB has been covered since October 1, 2019 by collective agreements both on the workers' and on the white-collar side, for workers TEKO – IF Metall, and for white-collar workers TEKO – Unionen/Ledarna/Sveriges Ingenjörer.

The company's pension commitments are only covered by defined contribution plans, according to which the company pays fixed contributions to a separate legal entity. The company has no obligation to pay additional fees if this legal entity does not have sufficient assets to pay all compensation to employees that is related to the employees' service during the current or previous period.

**Share-based remuneration to employees***Warrants*

Warrant programs are issued at assessed market values and the programs' impact on the accounts takes place only for cash payment for the option right, and upon conversion to share capital.

*Employee options*

The employee stock option program is considered to be so-called "qualified employee options". The options have been offered free of charge and the value of this benefit is estimated at the time of allocation and reported as a personnel cost in the income statement as the options vest with a corresponding increase in equity. The cost recognized corresponds to the fair value of an estimate of the number of options expected to vest, taking into account service conditions that are not market conditions. This cost is adjusted in the following periods to ultimately reflect the actual number of options vested. However, the adjustment is not made when the forfeiture is only the result of market conditions and/or non-vesting related conditions not being met.

Social security costs related to share-related instruments paid to employees as remuneration for purchased services are expensed through allocation across the periods in which the services were performed. The provision for social security costs is based on the fair value of the options on the reporting date.

The market price for the option programs is determined using the Black-Scholes' valuation model for significant assumptions. Payments received, net after direct transaction costs, are reported in the share capital (quotient value) and the share premium fund when the options are exercised.

**Compensation in the event of termination**

Termination benefits are paid when an employee's employment is terminated by the company before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such benefits. A cost for compensation in conjunction with the termination of employment of personnel is recognized on the earliest date on which the company can no longer withdraw the offer to the employees or when the company has recognized restructuring costs.

**TAXES**

Income taxes consist of the sum of current tax and deferred tax.

**Current tax**

Current tax is calculated on the taxable profit for the period and adjustment of current tax for previous periods. Taxable profit differs from the reported profit in the income statement as it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The company's current tax liability is calculated according to the tax rates that have been decided or announced as of the balance sheet date.

**Deferred tax**

Deferred tax is reported on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used in calculating taxable income. Deferred tax is reported according to the balance sheet method. Deferred tax liabilities are reported for in principle all taxable temporary differences, and deferred tax assets are reported in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable surpluses. As long as the company shows losses, deferred tax assets are only reported when there are convincing factors that suggest future taxable surpluses. Deferred tax liabilities and tax receivables are not reported if the temporary difference is attributable to goodwill or if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability (which is not a business combination) and which, at the time of the transaction, does not affect reported or taxable profit.

Deferred tax is calculated according to the tax rates that are expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been decided or announced on the balance sheet date.

Deferred tax assets and tax liabilities are set off as they relate to income tax that is debited by the same authority and when the company intends to settle the tax with a net amount.

**Current and deferred tax for the period**

Current and deferred tax is recognized as an expense or income in profit or loss, except when the tax is attributable to transactions that are recognized in other comprehensive income or directly in equity. In such cases, the tax must also be recognized in other comprehensive income or directly in equity.

**FINANCIAL INSTRUMENTS**

Financial instruments recognized in the balance sheet include on the asset side other non-current receivables, accounts receivable, other receivables, restricted cash in bank accounts and cash and bank balances, and on the liability side mainly long-term and current liabilities to credit institutions and accounts payable, but also other liabilities and accrued liabilities.

**Recognition and derecognition from the balance sheet**

Accounts receivable are recognized in the balance sheet when the invoice has been sent. Other financial assets and liabilities are recognized in the balance sheet when the company enters into contractual terms. Liabilities are recognized when the

## NOTE 2 Accounting policies, cont.

counterparty has performed and there is a contractual obligation to pay, and accounts payable are recognized when the invoice is received. Financial assets are removed from the balance sheet when the right to receive cash flows has expired. Financial liabilities are removed from the balance sheet when the obligation has been fulfilled or otherwise extinguished. If the terms of a financial liability are renegotiated and not derecognized from the balance sheet, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

#### Financial assets and liabilities – Classification and measurement

The company has chosen to apply the exemption in RFR 2 regarding IFRS 9 and the company measures financial fixed assets at cost less any write-downs and current financial assets according to the lowest value principle. IFRS 9's write-down regulations are applied for financial assets recognized at amortized cost. Financial liabilities are recognized at amortized cost according to the effective interest rate method.

The effective interest rate method is the method used to calculate the amortized cost of a financial asset or financial liability for the distribution and recognition of interest income and interest expenses in profit or loss during the relevant period. The effective interest rate is the interest rate that exactly discounts the estimated future inflows and outflows during the expected term of the financial instrument for the financial asset or financial liability at the recognized amortized cost. When calculating the effective interest rate, all expected cash flows are estimated by considering all contract terms and conditions.

The effective interest rate on the loans raised to finance the factory in Ortviken includes interest and transaction fees as well as an estimated royalty fee on the EIB loan. The original estimated effective interest rate is fixed and the effects of material changes in expectations for and outcomes of royalty fees are recognized on an ongoing basis in profit or loss. The royalty fee is paid during the term of the loan and will be calculated based on the company's annual gross revenue from direct or indirect sales of textile pulp up to a ceiling of 120,000 metric tons for each financial year.

The royalty fee is paid only 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 were met in 2022.

#### ACCOUNTS RECEIVABLE

Accounts receivable are initially measured at cost and then tested in accordance with the rules in IFRS 9 regarding a simplified method for impairment testing of accounts receivable. The simplification entails the company's accounting for accounts receivable reports expected credit losses for the remaining term. This is where the expected shortfalls in contractual cash flows exist in view of the risk of non-payment at some point during the life of the financial instrument. In the calculation, the company uses its historical data, external indications and forward-looking

information to calculate the expected credit losses. The company assesses write-downs of accounts receivable where the receivables are grouped based on the number of days past due because they have shared credit characteristics.

Accounts receivable are written off when the company has no reasonable expectation of recovering the receivable in its entirety or in part.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows include cash, bank balances and restricted cash in bank accounts. Restricted cash in bank accounts refers to cash reserved to meet set covenants pursuant to contracts with lenders.

#### ACCOUNTS PAYABLE

The amounts are unsecured and are usually paid within 30 days. The fair values of accounts payable are assessed as corresponding to their carrying amounts, as they are short-term in nature.

#### INTANGIBLE ASSETS

##### Acquired intangible fixed assets

Acquired intangible fixed assets are recognized at cost less accumulated amortization and any write-downs. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of each intangible fixed asset. The estimated useful life is:

IT system for finance and production	5 years
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##### Research and Development

The company has chosen to apply the exemption in RFR 2 regarding IAS 38, meaning that all development expenses are expensed.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized at cost less government or other grants received to finance the fixed asset as well as accumulated depreciation and any write-downs. Tangible fixed assets have been divided into significant components when the components have significantly different useful lives. The depreciable amount consists of cost less an estimated residual value if this is significant. Expenses for repairs and maintenance are recognized as an expense in the period in which they arise.

Depreciation, based on the net acquisition value, is recognized in profit or loss, on a straight-line basis over the estimated useful life of each tangible fixed asset. The estimated useful lives are:

Leasehold improvements	22 years
Plant and machinery for dissolving pulp production	5–22 years
Equipment, tools and installations	5–10 years
Computers	3 years

The company has also chosen to apply the exemption in RFR 2 regarding IAS 23, which means that all borrowing costs during the construction period of the company's facility are expensed instead of capitalized.

## NOTE 2 Accounting policies, cont.

**DEPRECIATION OF TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS**

Assets that are depreciated/amortized are assessed with respect to impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When calculating value in use, the estimated future cash flow is discounted to present value with a discount rate before tax that reflects the current market assessment of the time value of money and the risks associated with the asset.

If the recoverable amount of an asset is determined to be lower than the carrying amount, the carrying amount of the asset is written down to the recoverable amount. An impairment loss must be recognized immediately in profit or loss.

Previously reported write-downs are reversed if the recoverable amount is judged to exceed the carrying amount. However, reversals do not take place with an amount that is greater than what the carrying amount would have been if the write-down had not been recognized in previous periods. Assumptions regarding the fixed assets' useful lives, residual value and any need for impairment is subject to annual assessments.

**LEASES**

The company has currently chosen the exemption not to apply IFRS 16, which means that leasing costs are recognized directly in profit or loss.

**INVENTORY****Raw materials, work in progress and finished goods**

Inventories are reported at the lower of cost and net realizable value. The cost consists of direct cost of goods, direct salary and attributable indirect manufacturing costs (based on normal manufacturing capacity). The cost of individual items in the inventory is allocated on the basis of weighted average costs. The net realizable value is the estimated sales price in operating activities, less applicable variable sales costs such as freight.

**EQUITY**

The company's equity consists of the following items:

- Share capital as represented by the value of common shares.
- Share premium reserve comprising the premium paid over the nominal value received on new issues of share capital. Any transaction costs associated with the new issue of shares are deducted from the share premium, taking into account any income tax effects.
- Retained earnings, in other words, all earnings retained for the current and previous periods.

**EARNINGS PER SHARE**

When calculating earnings per share after dilution, the average number of shares used in calculating earnings per share before dilution is increased by the weighted average number of additional shares if all potential shares that give rise to a dilution

effect are assumed to have been converted into shares. Options and warrants only give rise to a dilution effect when the average price of shares during the period exceeds the exercise price of the options or warrants. Potential shares also give rise to dilution only in the event that their conversion into shares entails a lower profit or a higher loss per share. As the company reports a loss for the presented financial years, there is thus no dilution effect.

**PROVISIONS**

Provisions are reported when the company has an existing obligation (legal or informal) as a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

**CONTINGENT LIABILITIES**

A contingent liability is recognized when there is a possible liability arising from events that have occurred and whose occurrence is confirmed only by one or more uncertain future events or when there is a liability that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

**STATEMENT OF CASH FLOWS**

The statement of cash flows has been prepared according to the indirect method. The reported cash flow only includes transactions that resulted in deposits or withdrawals. The company classifies balances held at banks as cash and cash equivalents.

**NOTE 3 Judgements and estimates**

In preparation of financial statements requires a number of critical estimates for accounting purposes, it also requires that management make some assessments in the application of the company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual results.

**ROYALTY FEE**

See Note 2, *Financial assets and liabilities – Classification and measurement* for a description of the assessment linked to the royalty fee for reporting the effective interest. In royalty fee related to the EIB loan is not assessed to be seen as an embedded derivative.

**FIXED ASSETS**

Assumptions regarding the fixed assets' useful lives, residual value and any need for impairment is subject to annual assessment.

#### NOTE 4 Financial risk management

The factors that have the greatest impact on the company's earnings are linked to currency risk, interest rate risk, credit risk and liquidity risk. Renewcell strives to minimize potential adverse effects on the company's financial results.

##### Currency risk

Renewcell AB is exposed to currency risk in several currencies, primarily EUR and USD, through purchases, sales and government support.

Reported amounts, liabilities and receivables in foreign currency expressed in SEK thousand:

SEK thousand	2022	2021
Debt in EUR	5,812	9,007
Debt in USD	7,238	2,434
Receivables in EUR	–	116
Receivables in USD	4,102	1,449

Had the exchange rates for EUR and USD differed by 1% from the closing prices on 31 December 2022, the result would have been affected by SEK 172 thousand (130).

##### Interest rate risk

The company's interest rate risk arises through long-term borrowing. Borrowing with variable interest rates exposes the company to interest rate risk regarding cash flow. The part of the loans that is subject to floating interest is not significant and the company considers that the interest rate risk is limited.

Total borrowing with floating interest as of December 31, 2022 amounted to SEK 102,292 thousand (4,792). If the interest rates on borrowing in Swedish kronor as of December 31, 2022 had been 1% higher with all other variables constant, the profit after tax for the financial year would have been SEK 11.6 thousand (0.1) lower, mainly as an effect of higher interest expenses for borrowing with floating interest rates.

##### Credit risk

The credit risk in Renewcell AB arises through balances and investments with banks and financial institutions. All bank balances are with large well-known banks with a high credit rating.

##### Liquidity risk

The company's sales are currently ramping up upon the completion of Renewcell 1 at the end of 2022. Sales have been limited during the year, leading to the company's operations dependence on external financing. An available credit facility of SEK 10.5 million remains from the financial agreements entered into in 2021 between Renewcell AB and Nordea, Svenska Export Kredit AB and the European Investment Bank (EIB). A credit facility of SEK 150 million was signed during the year concerning working capital, of which SEK 50 million was unutilized as of December 31, 2022. The company also completed a directed share issue during the year amounting to SEK 507 million.

Renewcell AB works with forecasts to maintain a picture of the expected need for cash and cash equivalents. This follow-up is done via reporting to the Board, where outcomes and forecasts are compared with budgets and other plans that are regularly produced and discussed by the Board.

Renewcell AB met all loan terms and conditions during the 2022 and 2021 reporting periods.

##### Asset management

The company's goal regarding the capital structure is to secure the company's ability to continue its operations, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimal capital structure to keep the costs of capital down.



**NOTE 5 Financial assets and financial liabilities****Financial instruments by category**

SEK thousand	Carrying amount	Fair value	Carrying amount	Fair value
	Dec 31, 2022	Dec 31, 2022	Dec 31, 2021	Dec 31, 2021
<b>ASSETS</b>				
Other non-current receivables	512	512	–	–
Accounts receivable	3,529	3,529	1,611	1,611
Other receivables	35	35	5	5
Restricted cash in bank accounts	175,472	175,472	423,000	423,000
Cash and bank balances	117,393	117,393	128,368	128,368
<b>Total</b>	<b>296,941</b>	<b>296,941</b>	<b>552,984</b>	<b>552,984</b>
<b>LIABILITIES</b>				
Accounts payable	118,817	118,817	125,648	125,648
Liabilities to credit institutions	809,637	907,769	296,502	330,010
Other debts	3,998	3,998	2,044	2,044
Accrued liabilities	16,447	16,447	8,298	8,298
<b>Total</b>	<b>948,898</b>	<b>1,047,030</b>	<b>432,492</b>	<b>466,000</b>

The fair value of borrowing (liabilities to credit institutions) is provided for information purposes and is calculated by discounting future cash flows of principal amounts and interest discounted

at the current market interest rate. Valuation at fair value has been performed in accordance with level 3. Fair value amounts to SEK 907,769 thousand (330,010).

**NOTE 6 Revenue****Net sales per geographic market**

SEK thousand	2022	2021
Asia	12,176	2,721
Other	383	57
<b>Total</b>	<b>12,559</b>	<b>2,778</b>

**Net sales per product area**

SEK thousand	2022	2021
Dissolving pulp	10,304	2,424
Fiber	2,254	354
<b>Total</b>	<b>12,559</b>	<b>2,778</b>

**Other operating income**

SEK thousand	2022	2021
Exchange rate gains	3,360	401
Excise tax refund electricity	1,246	795
Sales of scrap	990	2,060
Government grants received	604	–
Other	51	38
<b>Total</b>	<b>6,251</b>	<b>3,294</b>

**NOTE 7 Employee benefits, etc.**

SEK thousand	2022			2021		
	Board and CEO	Senior executives	Other employees	Board and CEO	Senior executives	Other employees
Salaries and other benefits	3,317	7,527	70,215	3,816	13,619	20,460
Social security costs	1,207	2,315	22,206	1,395	4,496	6,508
Pension costs	367	1,069	4,628	398	880	1,455
Value of the allotted employee stock option program (Note 8)					102	
Other personnel costs	10	150	1,613	22	202	537
<b>TOTAL</b>	<b>4,835</b>	<b>11,062</b>	<b>98,662</b>	<b>5,631</b>	<b>19,300</b>	<b>28,961</b>

**Remuneration policies**

The Chairman and members of the Board of Directors are paid fees in accordance with the resolution of the general meeting of shareholders.

Guidelines for remuneration and other employment terms and conditions for the company management primarily entail that the company offer its senior executives market-based remuneration. Remuneration to the CEO and other senior executives consists of fixed monthly remuneration. The notice period from Renewcell AB shall be a maximum of six months for the CEO and a maximum of six months for other senior executives. No other termination benefits, such as severance pay, are payable. In the event employment is terminated by the CEO, a notice period of not less than six months applies and for other senior executives, the notice period is not less than three months.

All pension commitments must be defined contribution. Market agreements exist between the company and representatives from the Board and management team.

The Board decides on remuneration to the company's CEO. Decisions on remuneration to employees in senior positions are made by the CEO in consultation with the Chairman of the Board. The CEO is authorized to decide on the remuneration of other employees.

**Salaries and fees for the Board and CEO**

Remuneration totaling SEK 3,251 thousand (3,816) was expended for the CEO and Board of Directors in 2021. The remuneration has primarily been for basic salary or board fees. Remuneration is paid only to independent members.

2022, SEK thousand	Base salary/ Board fee	Variable remuneration	Pension cost	Share-based remuneration	Other remuneration
CEO	2,382	67	367	–	10
Mia Hemmingsson, Member	250				
Om Bhatia, Member	140				
Helene Willberg, Member	265				
Michael Berg, Chairman	213				
Anna Attemark, Member	–				
Henrik Ager, Member	–				
<b>Total</b>	<b>3,251</b>	<b>67</b>	<b>367</b>	<b>–</b>	<b>10</b>

2021, SEK thousand	Base salary/ Board fee	Variable remuneration	Pension cost	Share-based remuneration	Other remuneration
CEO	2,371	927	398	–	22
Mia Hemmingsson, Chairman	250				
Om Bhatia, Member	105				
Helene Willberg, Member	163				
Anna Attemark, Member	–				
Henrik Ager, Member	–				
<b>Total</b>	<b>2,889</b>	<b>927</b>	<b>398</b>	<b>–</b>	<b>22</b>

NOTE 7 Employee benefits, etc., cont.

**Number of employees**

SEK thousand	2022			2021		
	Men	Women	Total	Men	Women	Total
Full time employees	91	39	130	33	14	47
of which, CEO	1	–	1	1	–	1
of which, other management	4	3	7	5	3	8

**NOTE 8 Share-based remuneration**

Below is a summary of the company's option program as of December 31, 2022. In the event that all warrants and employee options are utilized in full, the dilution of current shareholders will amount to 3.4% based on the ownership structure on the release date of this annual report.

**Subscription and employee stock option program as of December 31, 2022**

Program	Type	Time of allocation	Subscription period	Price	Number of options	Exercise price	No. of common shares	Total – Exercise price
2019/2023	Warrants	Nov 2019	Sep 3, 2022 – Sep 3, 2023	0.20	10,464	48.43	680,160	32,940,672
2021/2024 series 1	Warrants	Nov 2021	Nov 8, 2024 – Dec 8, 2024	17.08	416,530	287.53	416,530	119,764,871
2021/2024 series 2	Warrants	May 2022	Nov 8, 2024 – Dec 8, 2024	7.25	55,440	287.53	55,440	15,940,663
2022/2025	Warrants	Nov 2022	Nov 15, 2025 – Dec 15, 2025	5.13	160,000	103.51	160,000	16,561,600
2018/2021	Employee options	Dec 2018	Dec 31, 2021 – Dec 31, 2025	0.00	250	13.54	16,250	220,000
<b>Total</b>					<b>642,684</b>		<b>1,328,380</b>	<b>185,428,094</b>

**Warrant program***Program 2019/2023*

This series provides the right to subscribe for 680,160 shares at a subscription price of SEK 48.43 per share during the period until September 3, 2023. All warrants are held by the company's CEO Patrik Lundström.

**Warrant program***Program 2021/2024*

This series provides the right to subscribe for 471,970 shares at a subscription price of SEK 287.53 per share during the period from November 8, 2024 until December 8, 2024. The program has been divided into two rounds, see table above for more information. The program is directed to the CEO, senior executives and other key people in the company.

**Warrant program***Program 2022/2025*

This series provides the right to subscribe for 160,000 shares at a subscription price of SEK 103.51 per share during the period from November 15, 2025 until December 15, 2025. The program is directed to two senior executives.

**Employee stock option program***Program 2018/2021*

This was an early stage employee stock option program that provided a smaller number of employees with the right to acquire not more than 91,000 shares during a period ending on December 31, 2025 at a subscription price of SEK 13.54 per share. As of December 1, 2022, participating employees had acquired 74,750 new shares following the utilization of options in the program, while options outstanding entitle the participating employees to acquire up to 16,250 new shares. The employee stock option program (from 2018) is secured through warrants of the 2019/2027 series.

**NOTE 9 Fees to auditors**

SEK thousand	2022	2021
Auditing assignments	1,047	493
Auditing services in addition to auditing assignments	322	67
<b>Total</b>	<b>1,369</b>	<b>560</b>

Auditing assignments refer to the auditor's remuneration for the statutory audit. The work includes the audit of the annual report and accounting, the Board's and the CEO's administration, and the fee for audit advice provided in connection with the audit assignment. Auditing services in addition to the auditing assignment include, in particular, the review of the interim report and the prospectus review.

**NOTE 10 Leases**

Lease costs for assets and rented premises held under leases are recognized under other external expenses.

Committed lease costs are detailed below.

SEK thousand	2022	2021
Lease expense recognized during the financial year	17,713	6,029
Nominal value of future lease payments, regarding non-cancellable leases:		
<i>Due for payment within one year</i>		
Rental of premises	24,713	13,164
Leases of fixed assets	1,134	1,020
<i>Due for payment later than one but within five years</i>	82,960	79,100
<i>Due for payment after five years</i>	72,960	90,000

**NOTE 11 Other external expenses**

SEK thousand	2022	2021
Machinery maintenance	18,161	4,270
Rents and other premises costs	17,858	5,875
Consultancy services	17,545	18,269
Marketing	10,167	3,990
IT costs	4,674	2,158
Legal fees	4,007	5,440
Temporary personnel	2,708	5,435
Audit	1,369	560
Other	10,510	6,769
<b>Total</b>	<b>86,999</b>	<b>52,765</b>

**NOTE 12 Financial items**

SEK thousand	2022	2021
<b>Interest income</b>	<b>881</b>	<b>427</b>
<b>Interest expenses</b>		
Interest expenses or liabilities to credit institutions	-35,841	-5,519
<i>Of which, non-cash items</i>	-34,673	-5,242
Other	-1,985	-22
<b>Total</b>	<b>-37,826</b>	<b>-5,541</b>
<b>Net interest income</b>	<b>-36,945</b>	<b>-5,114</b>

Net financial items for the period amounted to SEK -36,945 thousand (-5,114) and comprised interest expenses related to loans, exchange rate gains and interest income. An effective interest rate was applied during the year in conjunction with a new calculation of net loan debt (calculated with the effective interest rate and connected to the future royalties attributable to the EIB loan). The net effect of the recalculation amounted to SEK 11 million and did not impact cash flow.

**NOTE 13 Income tax**

SEK thousand	2022	2021
Reported profit before tax	-299,936	-133,430
Tax according to the current tax rate	61,787	27,487
Tax effect of non-deductible expenses	-6,743	-157
Tax effect of non-taxable income	0	-
Tax effect of expenses recognized in equity	4,029	-
Unrecognized deferred tax assets	-59,073	-27,329
<b>Reported tax expense</b>	<b>-</b>	<b>-</b>
<b>SEK thousand</b>	<b>2022</b>	<b>2021</b>
Accumulated loss carryforwards at the end of the year	627,687	340,922
Nominal value of deferred tax assets	129,303	70,230
<b>Nominal value of unreported deferred tax assets</b>	<b>129,303</b>	<b>70,230</b>

All deficits are not subject to expiry dates.

**NOTE 14 Intangible fixed assets**

SEK thousand	2022	2021
<b>Cost, opening balance</b>	<b>4,452</b>	<b>141</b>
Purchases	631	4,452
Reclassifications	7,308	-141
<b>Cost, closing balance</b>	<b>12,391</b>	<b>4,452</b>
<b>Opening amortization</b>	<b>-93</b>	<b>-141</b>
Disposals	-	141
Amortization for the year	-1,376	-93
Closing amortization	-1,469	-93
<b>Carrying amount</b>	<b>10,922</b>	<b>4,359</b>

Refers to externally purchased and implemented IT systems for finance and production.

Research and development expenditure for the year, all of which was recognized as an expense, totaled SEK 3,101 thousand (3,142).

**NOTE 15 Tangible fixed assets****Leasehold improvements**

SEK thousand	Dec 31, 2022	Dec 31, 2021
<b>Cost, opening balance</b>	<b>-</b>	<b>-</b>
Reclassifications	185,249	-
<b>Cost, closing balance</b>	<b>185,249</b>	<b>-</b>

**Plant and machinery**

SEK thousand	Dec 31, 2022	Dec 31, 2021
<b>Cost, opening balance</b>	<b>70,743</b>	<b>68,476</b>
Purchases	650	1,824
Reclassifications	1,081,986	-
Adjustment	-	443
<b>Cost, closing balance</b>	<b>1,153,379</b>	<b>70,743</b>
<b>Opening depreciation</b>	<b>-21,068</b>	<b>-13,614</b>
Adjustment	-	-443
Depreciation for the year	-8,651	-7,011
Closing depreciation	-29,719	-21,068
<b>Carrying amount</b>	<b>1,123,661</b>	<b>49,675</b>

**Equipment, tools and installations**

SEK thousand	Dec 31, 2022	Dec 31, 2021
<b>Cost, opening balance</b>	<b>3,973</b>	<b>1,491</b>
Purchases	192	2,481
Reclassifications	662	-
<b>Cost, closing balance</b>	<b>4,827</b>	<b>3,973</b>
<b>Opening depreciation</b>	<b>-828</b>	<b>-274</b>
Depreciation for the year	-928	-554
Closing depreciation	-1,755	-828
<b>Carrying amount</b>	<b>3,071</b>	<b>3,145</b>

**Payments on account and tangible fixed assets in the course of construction**

SEK thousand	Dec 31, 2022	Dec 31, 2021
<b>Cost, opening balance</b>	<b>420,773</b>	<b>31,531</b>
Purchases	860,667	395,466
Reclassification	-1,275,205	-6,225
<b>Cost, closing balance</b>	<b>6,236</b>	<b>420,773</b>

As of December 31, construction in progress for Renewcell 1 was reclassified as a tangible fixed asset. Depreciation of the facilities of Renewcell 1 commenced as of January 1, 2023.

**NOTE 16 Inventory**

SEK thousand	Dec 31, 2022	Dec 31, 2021
Carrying amount	177,526	7,088

**The inventory had the following composition:**

SEK thousand	Dec 31, 2022	Dec 31, 2021
Raw materials	155,823	4,085
Finished goods and work in progress	8,216	980
Goods in transit	11,017	2,023
Spare parts	2,469	-
<b>Total</b>	<b>177,526</b>	<b>7,088</b>

**NOTE 17 Prepayments and accrued income**

SEK thousand	2022	2021
Prepaid rental costs	5,443	2,817
Prepaid insurance costs	1,802	1,627
Prepaid financing costs	-	42,616
Prepaid other costs	2,093	1,195
<b>Total</b>	<b>9,338</b>	<b>48,256</b>

**NOTE 18 Cash and cash equivalents**

<b>SEK thousand</b>	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
Restricted cash in bank accounts	175,472	423,000
Bank balances	117,393	128,368
	<b>292,864</b>	<b>551,368</b>

Cash and cash equivalents are pledged as collateral. See more information under Note 23.

Restricted cash in bank accounts pertains to two different reserve accounts: the Debt Service Reserve and the Completion Reserve.

As of December 31, 2022, the Debt Service Reserve amounted to approximately SEK 100 million and includes cash reserved to make principal repayments and interest payments on the

loans for the next 12 months. As of December 31, 2022, the Completion Reserve amounted to approximately SEK 75 million and includes cash reserved until certain production milestones have been met. At the end of the year, SEK 50 million was released from the Completion Reserve and the remaining amount of SEK 25 million is reserved until a Production Test Date when the production line is able to produce at a rate corresponding to 84% of maximum capacity.

**NOTE 19 Share capital development**

	<b>Dec 31, 2022</b>		<b>Dec 31, 2021</b>	
	<b>No. of shares</b>	<b>Share capital</b>	<b>No. of shares</b>	<b>Share capital</b>
<b>Opening value</b>	<b>30,799,726</b>	<b>786,076</b>	<b>30,799,426</b>	<b>786,076</b>
New share issue	Jan 26, 2022 57,850	1,478	-	-
New share issue	May 17, 2022 3,085,727	78,753	-	-
New share issue	Oct 28, 2022 2,633,333	67,209	-	-
New share issue	Nov 22, 2022 765,180	19,529	-	-
New share issue	Nov 28, 2022 16,900	431	-	-
	<b>37,358,716</b>	<b>953,477</b>	<b>30,799,426</b>	<b>786,076</b>

**NOTE 20 Contractual maturities for financial liabilities**

Liabilities are reported undiscounted below, meaning that future interest payments are included in the amount specified.

<b>Financial liabilities</b>	<b>Dec 31, 2022</b>					<b>Nominal amount</b>
	<b>&lt;3 months</b>	<b>3–12 months</b>	<b>1–2 years</b>	<b>3–5 years</b>	<b>&gt;5 years</b>	
Liabilities to credit institutions	17,130	201,390	110,891	409,322	442,920	1,181,652
Accounts payable	118,817					118,817
Other debts	3,998					3,998
Accrued liabilities	16,447					16,447
<b>Total financial liabilities</b>	<b>156,392</b>	<b>201,390</b>	<b>110,891</b>	<b>409,322</b>	<b>442,920</b>	<b>1,320,914</b>

<b>Financial liabilities</b>	<b>Dec 31, 2021</b>					<b>Nominal amount</b>
	<b>&lt;3 months</b>	<b>3–12 months</b>	<b>1–2 years</b>	<b>3–5 years</b>	<b>&gt;5 years</b>	
Liabilities to credit institutions	3,134	11,642	24,252	149,947	238,407	427,382
Accounts payable	125,648					125,648
Other debts	2,044					2,044
Accrued liabilities	8,298					8,298
<b>Total financial liabilities</b>	<b>139,124</b>	<b>11,642</b>	<b>24,252</b>	<b>149,947</b>	<b>238,407</b>	<b>563,372</b>

**Recognized liabilities at the end of the year**

Of the carrying amount for long-term liabilities, SEK 809,637 thousand (291,672), SEK 427,449 thousand (176,291) is due later than 5 years after the balance sheet date.

**NOTE 21 Accrued expenses and prepaid income**

SEK thousand	2022	2021
Accrued holiday pay	7,326	2,275
Accrued social security costs	3,801	1,621
Accrued other personnel-related costs	9,882	3,773
Accrued repayment of EU grants	–	3,321
Accrued interest expenses	6,608	–
Other accrued expenses	9,838	4,977
<b>Total</b>	<b>37,455</b>	<b>15,967</b>

**NOTE 22 Contingent liabilities**

SEK thousand	2022	2021
Conditional repayment obligation for received state aid regarding the Kristinehamn plant.	5,454	5,914

**NOTE 23 Pledged collateral**

SEK thousand	2022	2021
Corporate mortgages	10,000	10,000
Pledged cash and cash equivalents	292,709	544,023
Pledged fixed assets	1,280,020	437,975
<b>Total</b>	<b>1,582,729</b>	<b>991,998</b>

As collateral for the company's commitments and obligations under the loan agreement, the company has, inter alia, pledged cash, insurance, guarantees and agreements as well as certain movable property related to the company's production facilities.

**NOTE 24 Statement of cash flows**

SEK thousand	2022	2021
Opening value as of January 1	296,502	7,292
Newly raised loans	541,322	319,976
Repayment of loans	–5,809	–2,500
Other non-cash flow changes	–22,378	–28,266
<b>Total</b>	<b>809,637</b>	<b>296,502</b>

**NOTE 25 Transactions with related parties**

Remuneration to senior executives has been paid in accordance with the guidelines described in the accounting policies, see Note 2.

For information about share-based remuneration and option programs, see Note 8.

Aside from this, there were no other transactions with related parties.

**NOTE 26 Appropriation of the company's profit or loss**

The following amounts are at the disposal of the general meeting:

SEK thousand	
Retained earnings	–278,794
Share premium reserve	1,441,680
Profit/loss for the year	–299,936
	<b>862,949</b>

**The Board propose that retained earnings are appropriated so that:**

SEK thousand	
To be carried forward to new account	862,949
	<b>862,949</b>

# Definitions of performance indicators

**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 warrants outstanding. The option program is an instrument that can lead to dilution, but since the company has negative earnings, there is no dilutive impact.

**Equity per share**

Equity divided by number of shares outstanding at the end of the period.

**Cash and cash equivalents**

Cash and bank balances plus restricted bank accounts are recognized as current financial assets. See Note 18.

**Net debt**

Interest-bearing liabilities less cash and cash equivalents.

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

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



# Annual report's signatures

The undersigned assure that the annual report has been prepared in accordance with the Annual Accounts Act (ÅRL) and RFR 2, Accounting for Legal Entities, and provides a true and fair view of the Company's position and results.

The Board of Directors' report provides a fair overview of the Company's operations, position and results and describes significant risks and uncertainties that the Company faces.

The annual report has been approved for issuance by the Board of Directors on April 24, 2023. The company's report on the income statement and balance sheet will be subject to approval by the Annual General Meeting on May 16, 2023.

Stockholm, April 24, 2023

Michael Berg  
Chairman

Henrik Ager

Anna Attemark

Om Bhatia

Mia Hemmingson

Helene Willberg

Patrik Lundström  
CEO

Our auditor's report was submitted on April 24, 2023  
Mazars AB

Michael Olsson  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of Re:Newcell AB, corporate identity number 556885-6206

## REPORT ON THE ANNUAL ACCOUNTS

### Opinions

We have audited the annual accounts of Re:Newcell AB for the year 2022 with exception of the corporate governance report on pages 29–38. The annual accounts of the company are included on pages 24–65 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Re:Newcell AB as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Re:Newcell AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1–23 and 68–83. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is neces-

sary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if The Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts, we have also audited the administration of The Board of Directors and the Managing Director of Re:Newcell AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of The Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Re:Newcell AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 29–38 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 24, 2023  
Mazars AB

Michael Olsson  
Authorized Public Accountant

# Share capital development


Date	Event	Number of shares and votes after the transaction		Share capital (SEK)	
		Change in the number of shares and votes	Shares	Change	Total
Feb 29, 2012	New formation	500	500	50,000	50,000
Jan 26, 2016	New share issue	388	888	38,800	88,800
Oct 7, 2016	New share issue	960	1,848	96,000	184,800
Nov 26, 2016	New share issue	190	2,038	19,000	203,800
Oct 23, 2017	New share issue	230	2,268	23,000	226,800
Oct 26, 2017	Split	224,532	226,800	–	226,800
Dec 18, 2017	New share issue	8,648	235,448	8,648	235,448
Sep 3, 2018	New share issue	34,090	269,538	34,090	269,538
Sep 3, 2019	New share issue	48,123	317,661	48,123	317,661
Dec 13, 2019	New share issue	4,591	322,252	4,591	322,252
Jan 16, 2020	Reduction	–48,000	274,252	–48,000	274,252
Jan 16, 2020	Bonus issue			48,000	322,252
May 18, 2020	New share issue	26,960	301,212	31,679	353,931
Jul 2, 2020	New share issue	182	301,394	214	354,144
Aug 3, 2020	Bonus issue			145,856	500,000
Aug 3, 2020	Split	19,289,216	19,590,610		500,000
Nov 3, 2020	Exercise of warrants	682,500	20,273,110	17,419	517,419
Nov 26, 2020	New share issue	10,526,316	30,799,426	268,657	786,076
Jan 26, 2022	Exercise of warrants	57,850	30,857,276	1,478	787,555
May 17, 2022	New share issue	3,085,727	33,943,003	78,753	866,308
Oct 28, 2022	New share issue	2,633,333	36,576,336	67,209	933,517
Nov 22, 2022	Exercise of warrants	765,180	37,341,516	19,529	953,046
Nov 28, 2022	Exercise of warrants	16,900	37,358,416	431	953,478

# The share

## SHAREHOLDERS AS OF DECEMBER 31, 2022

The company's shareholders as of December 31, 2022, before dilution.

Owner	Number 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	3,488,914	9.34
Capital Group	2,702,272	7.96
AMF Pension & Fonder	1,530,169	4.10
Swedoccean AB	1,008,689	2.76
Norron Fonder	976,988	2.62
Fidelity International (FIL)	896,622	2.44
Clients Fonder	880,000	2.36
Patrik Lundström	814,209	2.18
ALMI	688,878	1.84
Deka Investments	453,290	1.34
Goldman Sachs Asset Management	486,284	1.30
Handelsbanken Liv Försäkring AB	480,794	1.29
Nordea Liv & Pension	470,114	1.26
Michael Berg	400,000	1.09
Tomas Gahn	400,000	1.07
Aktia Asset Management	355,789	0.95
Premier Miton Investors	322,579	0.95
BNP Paribas Asset Management	353,261	0.95
<b>The 20 largest shareholders</b>	<b>24,576,582</b>	<b>66.9</b>
Others	12,781,834	33.2
<b>Total</b>	<b>37,358,416</b>	<b>100</b>



Circulose® is a branded dissolving pulp product. Just like conventional dissolving pulp made from wood, Circulose® is delivered to customers in baled-up stacks of dried pulp sheets.

## Appendix – Sustainability data

- 75 GRI content index
- 80 Sustainability Accounting Standards Board (SASB) Disclosures Index
- 81 UN Global Compact Principles Index
- 82 Taskforce on Climate Related Financial Disclosures (TCFD) Index

# Sustainability data

## MATERIAL

Renewcell uses only 100% sorted textile waste as raw material for its production. The total use of raw materials, chemicals and packaging reflects the start-up phase of production at Renewcell 1 during the reporting period, which was characterized by testing and optimization as well as intermittent and irregular operations with a low proportion of sellable output. As a result, material consumption in relation to sellable product was greater than in continuous commercial operation. The results cannot be used to calculate the relevant overall resource efficiency or intensity of operations.

Raw materials	Sorted textile waste	2,320 metric tons
Chemicals	Process chemicals	528 metric tons
Packaging	Paper	4.2 metric tons
	Cardboard	1.7 metric tons
	Plastic	0.2 metric tons
	Metal binding	5 metric tons

## ENERGY CONSUMPTION

Renewcell's total energy use in 2022 was 99.1% renewable. Operations in 2022 were characterized by testing and optimization as well as intermittent and irregular operations with a low proportion of marketable production. Therefore, the results cannot be used to calculate the relevant total energy efficiency or energy intensity of operations.

Energy from renewable sources	33,905,349 kWh
Energy from non-renewable sources	290,940 kWh (0.9% of total)
<b>Total</b>	<b>34,196,289 kWh</b>

## WATER AND EFFLUENTS

Renewcell's use of water is regulated in the company's environmental permits.

Water used at the demo plant in Kristinehamn underwent internal tertiary treatment before being discharged as surface water. Process water used at Renewcell 1 in Sundsvall was discharged to external tertiary purification by a third party.

Operations in 2022 were characterized by testing and optimization as well as intermittent and irregular operations with a low proportion of marketable production. Therefore, the results cannot be used to calculate the relevant overall efficiency or water intensity of the activity.

	All areas	Water-stressed areas
Withdrawal (100% third-party water)	978 ML	0 ML
Discharges (surface water)	737 ML	
Discharge (third-party water)	241 ML	

## EMISSIONS

Renewcell reports its greenhouse gas emissions in 2022 for scope 1, 2, and 3 calculated in accordance with the Greenhouse Gas (GHG) protocol. Since Renewcell has no combustion in its operations and did not refill refrigerants in 2022, scope 1 GHG emissions amounted to around 0 metric tons CO<sub>2</sub>e.

Within scope 2, Renewcell emissions amounted to approximately 186 metric tons CO<sub>2</sub>e.

Direct greenhouse gas emissions (scope 1)	0 metric tons CO <sub>2</sub> e
Indirect energy emissions (scope 2)	186 metric tons CO <sub>2</sub> e
	63,308 metric tons CO <sub>2</sub> e (of which
Other indirect (scope 3) greenhouse gas emissions	60,053 metric tons CO <sub>2</sub> e tubes Scope 3 category 2: Capital goods)

Within scope 3, greenhouse gas emissions amounted to 63,308 metric tons CO<sub>2</sub>e, of which approximately 95% originates from purchases of capital goods (category 2: Capital goods). The high level of capital goods purchases that occurred during the review period is related to the construction of Renewcell 1 and is not expected to recur in coming years. The other included categories in the calculation of scope 3 emissions are categories 1, 4, 5, 6, 7 and 9.

NOx	Direct emissions	0 metric tons
S	Direct emissions	0 metric tons
Dust	Direct emissions	<11 kilograms
		The disclosure only covers the operations of the demo plant in Kristinehamn. Data for Renewcell 1 are not available due to upstart.
VOCs	Direct emissions	0 metric tons

Direct emissions of nitrogen and sulphur oxides, and volatile organic compounds (VOCs) in 2022 were all around 0 metric tons as combustion does not take place within Renewcell's operations. Dust emissions at Renewcell's demo factory in Kristinehamn amounted to less than 11 kilograms during the year.

Operations in 2022 were characterized by testing and optimization as well as intermittent and irregular operations with a low proportion of marketable production. Therefore, the results cannot be used to calculate the relevant overall efficiency or emission intensity of operations.

## WASTE

In 2022, around 1,035 metric tons of waste were generated, of which 1,032 metric tons were non-hazardous waste. 252 metric tons were diverted from disposal while 761 metric tons went to energy recovery and 18 metric tons went to landfill. The amount of waste was largely due to the establishment of Renewcell's first commercial facility Renewcell 1 in Sundsvall.

**EMPLOYMENT****Total number of employees at the end of the reporting year**

	Women	Men	Total
Under 30	6	15	21
30–50 years old	27	50	77
Over 50 years old	4	32	36
<b>Total</b>	<b>37</b>	<b>97</b>	<b>134<sup>1)</sup></b>

<sup>1)</sup> Due to the rapid increase in the number of employees during the reporting period, the end of the year figure is presented here. The average number of employees for the entire reporting period was 130.

**New employees**

	Women	Men	Total
Under 30	4	10	14
30–50 years old	18	48	66
Over 50 years old	1	1	2
<b>Total</b>	<b>23</b>	<b>59</b>	<b>82</b>

Total andel nyanställda: 63%

**Turnover**

	Women	Men	Total
Under 30	1	2	3
30–50 years old	1	1	2
Over 50 years old	0	1	1
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>

Total staff turnover: 4.4%

**OCCUPATIONAL HEALTH AND SAFETY****Management system**

Renewcell applies an occupational health and safety management system that is in full compliance with the Swedish Work Environment Act and the provisions of e.g. AFS 2008:3, AFS 2006:4, AFS 2018:1, AFS 2007:5 and AFS 2006:5.

During the reporting period, Renewcell applied two separate management systems, one at Ortviken ("Renewcell 1") and one at the demo plant in Kristinehamn. Each system includes all employees attached to the site and all other employees and contractors when they are present on site. All on-site activities are covered by the health and safety management system. During the reporting period, operations at the company's head office in Stockholm were not covered by a formal management system for work environment issues.

A structure for a unified overall management system will be evaluated in 2023.

**HAZARD IDENTIFICATION****Risks are identified through:**

- General risk assessments done, covering Production sites.
- Permit to Work, includes a risk inventory and safety measurements needed (all activities in production).
- Specific risk assessments for personal adaptations, when needed (eg in case of pregnancy, ill health etc.).
- Safety walks every week.

Safety walks on specific topics will be implemented during 2023.

Assessment of risks on a routine and non-routine basis are made through 'What if', 'Bowtie' and other methodologies. Renewcell eliminates risks by rebuilding, implementing safeguards, changing the way people work, PPE, information and signage. Renewcell's intention is to implement ISO standards for hierarchy of controls.

Renewcell ensures the quality of risk management processes through Individual training for both managers, safety representatives and employees, Regular follow-up through formal reporting system for incidents and risk observations.

**REPORTING OF HAZARDS AND HAZARDOUS SITUATIONS**

All incidents and risk observations are reported through an incident reporting system to which all employees are encouraged to contribute without fear of reprisals. Fully anonymous reporting to HR is possible via an externally managed third party whistleblowing platform.

Renewcell's workplace safety policy states that anyone can stop a work situation they feel is unsafe, without risk of reprisal. Renewcell's designated Safety officers are authorized by law to stop any hazardous work situation immediately ('Work Environment Act 6:6A').

**INVESTIGATIONS OF WORK-RELATED INCIDENTS**

All Incidents are investigated through a formal incident management system that includes risk matrix and five why's method. An individual investigation is done by an assigned person (qualified in the relevant work area eg. process engineer). One designated safety officer is always involved in investigations. By using the hierarchy of control step by step, staff determines how to choose the right corrective action. If it is not possible to eliminate the hazard, staff will try to substitute tools, equipment, chemicals and so on.

Determination of needed improvements in the occupational health and safety management system is made mainly through regular risk assessments but also through assessments of risks identified in safety walks and risk observations.

**OCCUPATIONAL HEALTH SERVICES' FUNCTIONS AND RESPONSIBILITIES**

- Health and safety specialist: Make sure that we comply to Swedish law and regulations in the field of occupational health and safety.
- Safety officer: Monitor and support the occupational health and safety process from the employees' point of view.
- Process Engineer: Investigate risks identified in risk assessments, safety walks etc. and implements corrective actions.

The quality of services are assessed by regular review of health and safety KPIs and Management yearly review. All employees have access to the Incident reporting system

All employees have access to management system where they can find documentation, routines and instructions, notes from safety committee meetings etc.

Renewcell's voluntary occupational healthcare service offers assistance regarding alcohol- and drug rehab, physical inactivity, unhealthy diets, psychological factors/mental health risks etc. Approval from manager or HR representative to anyone who needs access to Renewcell's occupational healthcare service.



## DEVELOPMENT, IMPLEMENTATION, AND EVALUATION OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

- Quarterly Safety Committee meeting, with designated safety officers and representatives from company management, where result of health and safety statistics is presented and changes/updates in PPE is processed.
- Designated safety officers always participate in risk assessments.
- Designated safety officers participate in developing standard procedures.

## COMMUNICATION

- General information to workers via Intranet and/or direct information via e-mail.
- General information via weekly news from Site Manager.
- Direct information via production management system.

Communication includes information about work-related incidents and the actions taken in response.

## FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

Renewcell conducts quarterly Safety committee meetings at Renewcell 1 Sundsvall. Topics include:

- Decisions on all PPE-related issues.
- Prioritized actions in health and safety.

The Safety committee was in start up during the reporting period, and will be developed fully under 2023 to include full decision-making authority.

## ASSESSMENT OF NEEDS

Applicable laws and regulations are the foundation for determination of safety training and education needed. Additional needs are identified in risk assessments.

### Generic occupational health and safety training

Training is designed and delivered both in web course, classroom and practical formats. Topics include:

- General safety training for all employees and external workers before gaining access to work site. (web based).
- CPR training for all employees in Sundsvall.
- Practical training in rescuing someone hanging in personal fall protection harness for rescue team members.
- Chemical risk training.
- Emergency drills.

Training is generally provided by certified external companies and consultants.

General safety training is required for all employees and external workers in order to access the work site. All external consultants receive a Project introduction training, containing hazardous activities, local emergency information etc.

## FREQUENCY OF TRAINING

- CPR: Every third year
- General Safety training (web): every third year
- Rescue team training: Several times a year
- Emergency drill: once a year

All training is provided in English and Swedish. General safety training (web) is provided in eight languages.

## TRAINING ON WORK-RELATED RISKS, HAZARDOUS ACTIVITIES OR HAZARDOUS SITUATIONS

Introduction to the incident reporting system is given to all employees (practical training)

General risk information (describing the risks) at the installation includes the introduction to the installation.

The training is carried out by Renewcell's health and safety specialist for all employees and external employees. The training is required upon employment or return from extended absence. The course is given in Swedish and English.

The training is compulsory, free of charge and is carried out during paid working hours. The effectiveness of the training modules is continuously evaluated, primarily through accident and health and safety KPIs.

## WORK-RELATED INJURIES

Hours worked, all employees: 185,779

	Number	Indicator
Death due to occupational injury	0	0
Work-related injuries with high consequences (excl. fatalities)	2	2.2 per 200,000 hours
Recordable work-related injuries	11	11.8 per 200,000 hours

Work-related injuries without sick leave in 2022 were mainly minor cuts. Slips, trips and falls (ground level) were the second most common hazard. There was also an instance of contact with a hazardous substance.

The main risk identified was poor housekeeping. Poor housekeeping hazards were discovered through safety rounds. All risk observations, incidents and accidents are reported in Renewcell's reporting system.

Cleaning, organized safety rounds for extra housekeeping have been introduced to eliminate risks. Additional measures taken during the reporting period have been, for example, the installation of padding on a hard surface and the installation of floor grating on previously slippery surfaces.

## EDUCATION

Renewcell was still in early stage during the reporting period, and the occupational training has mostly been process technology-oriented or legally required mandatory training such as fork lift training. As a consequence, during the reporting period, skills upgrading was made available to primarily process operators and also some administrative employees. Skills upgrading assistance are provided through funding, assigned time and regular development reviews.

Renewcell offers all employees whose employment is terminated transition assistance (ie 'Trygghetsfonden' and 'Trygghetsrådet') under the terms of its collective bargaining agreements.

**AVERAGE NUMBER OF HOURS OF TRAINING****By gender**

	Women	Men	Total
Number of training hours	6,137	15,007	21,144
Training hours per person	157.36	150.07	152.12

**By staff category**

	Top management	Management	Non-management
Number of training hours	8	16	21,120
Training hours per person	1	0.57	190.27

**SHARE OF EMPLOYEES WHO RECEIVE REGULAR PERFORMANCE REVIEWS****By gender**

Women	Men	Total
48.72%	70%	64.03%

**By staff category**

Top management	Management	Non-management
0%	25%	79.61%

**DIVERSITY AND EQUAL OPPORTUNITY**

Zero cases of discrimination were reported during the reporting period.

**DIVERSITY OF GOVERNING BODIES AND EMPLOYEES BOARD****By gender**

Women	50%
Men	50%

**By age**

Under 30	0%
30–50 years	12.5%
Over 50 years	87.5%

**TOP MANAGEMENT****By gender**

Women	37.5%
Men	62.5%

**By age**

Under 30	0%
30–50 years	50%
Over 50 years	50%

**MANAGEMENT****By gender**

Women	42.1%
Men	57.9%

**By age**

Under 30	0%
30–50 years	57.9%
Over 50 years	42.1%

**EMPLOYEES (MANAGEMENT EXCLUDED)****By gender**

Women	28%
Men	72%

**By age**

Under 30	18.7%
30–50 years	50.5%
Over 50 years	30.8%

**RATIO OF MEN'S AND WOMEN'S PAY AND BASIC SALARIES BY CATEGORY OF STAFF**

Top management	1.01
Management	1.22
Non-management	1.14

**SUPPLIERS**

Renewcell's own operations are fully located in Sweden, which is a country with low risk to the rights of freedom of association and collective bargaining, or risks for incidents of child or forced and compulsory labor. However, Renewcell has business relations with suppliers of sorted textile waste in countries where these risks are elevated. In the reporting year, these countries were: Bangladesh, India, Pakistan, Mauritius, Turkey, Egypt, Tunisia, Morocco, Mexico and Brazil.

Renewcell mitigates risks to labor rights and risks for incidents of child and forced labor through its supplier code of conduct. All suppliers are required to comply with the code of conduct and be subject to audits that ensure compliance. Renewcell reserves the right to terminate business relations with suppliers with critical non-conformities to the Supplier Code of Conduct. Renewcell's Supplier Code of Conduct also includes requirements to protect the health and safety of employees of suppliers.

During the reporting period, Renewcell conducted social audits of four new suppliers. At least one deviation from Renewcell's Supplier Code of Conduct was identified in each case. As a result, three (75% of new audited) suppliers agreed to corrective actions, while one (25% of new audited) was terminated.

# GRI content index

**Statement of use** Renewcell has reported the information cited in this GRI content index for the period 2022-01-01 to 2022-12-31 with reference to the GRI Standards.

**GRI 1 used** GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	DATA OR REFERENCE
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Re:NewCell AB (publ) ('Renewcell') is a publicly listed company headquartered at Cardellgatan 1, 11436 in Stockholm, Sweden. Renewcell's main operations are located in Sweden.
	2-2 Entities included in the organization's sustainability reporting	The sustainability report covers all entities that are part of Renewcell Group
	2-3 Reporting period, frequency and contact point	This report covers the period 2022-01-01 to 2022-12-31. Renewcell publishes its sustainability report annually. Contact point is Martin Stenfors (martin.stenfors@renewcell.com)
	2-4 Restatements of information	None
	2-5 External assurance	Please see Auditor's statement on pages 66–67. The sustainability report has not been subject to external assurance.
	2-6 Activities, value chain and other business relationships	See 'Value creation' on page 14 of this report.
	2-7 Employees	130 (average in the reporting period)
	2-8 Workers who are not employees	Omitted, data not available
	2-9 Governance structure and composition	See Corporate governance report on pages 29–37
	2-10 Nomination and selection of the highest governance body	See Corporate governance report on pages 29–37
	2-11 Chair of the highest governance body	See Corporate governance report on pages 29–37
	2-12 Role of the highest governance body in overseeing the management of impacts	See Corporate governance report on pages 29–37
	2-13 Delegation of responsibility for managing impacts	Omitted, under development
	2-14 Role of the highest governance body in sustainability reporting	See Corporate governance report on pages 29–37
	2-15 Conflicts of interest	See Corporate governance report on pages 29–37
	2-16 Communication of critical concerns	Omitted, not relevant
	2-17 Collective knowledge of the highest governance body	Omitted, under development
	2-18 Evaluation of the performance of the highest governance body	See Corporate governance report on pages 29–37
	2-19 Remuneration policies	See Corporate governance report on pages 29–37

GRI STANDARD	DISCLOSURE	DATA OR REFERENCE
	2-20 Process to determine remuneration	See Corporate governance report on pages 29–37
	2-21 Annual total compensation ratio	The annual total compensation ratio between the highest paid individual and the median individual was 4.97. The ratio between the percentage increase for the highest paid individual and the median individual was 2.5. No employees have been excluded from this calculation and FTE pay rates have been used.
	2-22 Statement on sustainable development strategy	See CEO statement on pages 9–10
	2-23 Policy commitments	See Sustainability report on pages 19–23 and UN Global Compact on page 23
	2-24 Embedding policy commitments	See Corporate Governance Report on pages 29–37 and Renewcell's Employee Code of Conduct and Supplier Code of Conduct at <a href="https://www.renewcell.com/en/policies/">https://www.renewcell.com/en/policies/</a>
	2-25 Processes to remediate negative impacts	Omitted, under development
	2-26 Mechanisms for seeking advice and raising concerns	Renewcell provides an anonymous online Whistleblowing service that is available to both internal and external stakeholders at <a href="https://www.renewcell.com/en/whistleblowing/">https://www.renewcell.com/en/whistleblowing/</a> . The platform is managed by a third party that provides incoming information to the CHRO for further action.
	2-27 Compliance with laws and regulations	No significant instances of non-compliance during the reporting period.
	2-28 Membership associations	Renewcell is a member of several associations and groups including TEKO, EuRIC, Svenskt Näringsliv, Accelerating Circularity and Textile Exchange but does not participate in a significant role in any organizations.
	2-29 Approach to stakeholder engagement	See Sustainability report pages 19–23
	2-30 Collective bargaining agreements	100% of Renewcell's employees are covered by collective agreements.
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	See Sustainability report pages 19–23
	3-2 List of material topics	See Sustainability report pages 19–23
	3-3 Management of material topics	See Sustainability report pages 19–23
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Omitted, Renewcell had not yet reached positive cash flow during the reporting period.
	201-2 Financial implications and other risks and opportunities due to climate change	See Climate – risks and opportunities on pages 45–46
	201-3 Defined benefit plan obligations and other retirement plans	Renewcell provides retirement contributions to all employees in accordance with its collective agreements.
	201-4 Financial assistance received from government	Renewcell received a grant of about SEK 600 thousand from the Swedish Public Employment Service to support "Development in Employment" for people with diminished labor ability. Renewcell will also receive about SEK 1,200 thousand in electricity tax refund for electricity tax payments during the reporting period.

GRI STANDARD	DISCLOSURE	DATA OR REFERENCE
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not applicable as Sweden does not have a formal minimum wage.
	202-2 Proportion of senior management hired from the local community	80%
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	Omitted, under development
	203-2 Significant indirect economic impacts	Omitted, under development
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Omitted, under development
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Omitted, under development
	205-2 Communication and training about anti-corruption policies and procedures	During the reporting period, 100% of Renewcell employees confirmed their commitment to Renewcell's Employee Code of Conduct, which includes its anti-corruption and business ethics policies.
	205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption during the reporting year.
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	See Appendix – Sustainability data – Materials
	301-2 Recycled input materials used	See Appendix – Sustainability data – Materials
	301-3 Reclaimed products and their packaging materials	Omitted, under development
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	See Appendix – Sustainability data – Energy Consumption
	302-2 Energy consumption outside of the organization	Omitted, under development
	302-3 Energy intensity	Omitted, under development
	302-4 Reduction of energy consumption	Omitted, as the reporting period is the first year of data collection
	302-5 Reductions in energy requirements of products and services	Omitted, under development
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	Omitted, under development
	303-3 Water withdrawal	See Appendix – Sustainability data – Water and Effluents
	303-4 Water discharge	
303-5 Water consumption		
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	See Appendix – Sustainability data – Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	See Appendix – Sustainability data – Emissions
	305-3 Other indirect (Scope 3) GHG emissions	See Appendix – Sustainability data – Emissions
	305-4 GHG emissions intensity	Omitted, under development
	305-5 Reduction of GHG emissions	Omitted, under development

GRI STANDARD	DISCLOSURE	DATA OR REFERENCE																												
	305-6 Emissions of ozone-depleting substances (ODS)	0 metric tons																												
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	See Appendix – Sustainability data – Emissions																												
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Omitted, under development																												
	306-2 Management of significant waste-related impacts	Omitted, under development																												
	306-3 Waste generated	See Appendix – Sustainability data – Waste																												
	306-4 Waste diverted from disposal	See Appendix – Sustainability data – Waste																												
	306-5 Waste directed to disposal	See Appendix – Sustainability data – Waste																												
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	See Appendix – Sustainability data – Employment																												
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Omitted, no data																												
	401-3 Parental leave	<table border="1"> <thead> <tr> <th></th> <th>Women</th> <th>Men</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Entitled to parental leave</td> <td>39</td> <td>100</td> <td>139</td> </tr> <tr> <td>Took parental leave</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>Returned to work in reporting period</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>Returned to work in the prior reporting period</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>Return to work rate</td> <td>–</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Retention rate</td> <td>–</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>		Women	Men	Total	Entitled to parental leave	39	100	139	Took parental leave	0	2	2	Returned to work in reporting period	0	2	2	Returned to work in the prior reporting period	0	2	2	Return to work rate	–	100%	100%	Retention rate	–	100%	100%
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Return to work rate	–	100%	100%																											
Retention rate	–	100%	100%																											
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	Under the company's collective agreements, Renewcell provides a minimum of 2 weeks' notice to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.																												
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	See Appendix – Sustainability data – Occupational Health and Safety																												
	403-2 Hazard identification, risk assessment, and incident investigation	See Appendix – Sustainability data – Occupational Health and Safety																												
	403-3 Occupational health services	See Appendix – Sustainability data – Occupational Health and Safety																												
	403-4 Worker participation, consultation, and communication on occupational health and safety	See Appendix – Sustainability data – Occupational Health and Safety																												
	403-5 Worker training on occupational health and safety	See Appendix – Sustainability data – Occupational Health and Safety																												
	403-6 Promotion of worker health	See Appendix – Sustainability data – Occupational Health and Safety																												
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See Appendix – Sustainability data – Suppliers																												

GRI STANDARD	DISCLOSURE	DATA OR REFERENCE
	403-8 Workers covered by an occupational health and safety management system	See Appendix – Sustainability data – Occupational Health and Safety
	403-9 Work-related injuries	See Appendix – Sustainability data – Occupational Health and Safety
	403-10 Work-related ill health	Omitted, under development
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	See Appendix – Sustainability data – Education
	404-2 Programs for upgrading employee skills and transition assistance programs	See Appendix – Sustainability data – Education
	404-3 Percentage of employees receiving regular performance and career development reviews	See Appendix – Sustainability data – Education
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	See Appendix – Sustainability data – Diversity and Equal Opportunity
	405-2 Ratio of basic salary and remuneration of women to men	See Appendix – Sustainability data – Diversity and Equal Opportunity
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	See Appendix – Sustainability data – Diversity and Equal Opportunity
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	See Appendix – Sustainability data – Suppliers
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	See Appendix – Sustainability data – Suppliers
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	See Appendix – Sustainability data – Suppliers
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	See Appendix – Sustainability data – Suppliers
	414-2 Negative social impacts in the supply chain and actions taken	See Appendix – Sustainability data – Suppliers

# Sustainability Accounting Standards Board (SASB) Disclosures Index

## PULP & PAPER PRODUCTS STANDARD

Topic	Accounting Metric	Category	Unit	Code	Response or reference
<b>Greenhouse Gas Emissions</b>	Gross Global Scope 1 emissions	Quantitative	Metric tons (mt) CO <sub>2</sub> e	RR-PP-110a.1	0 metric tons CO <sub>2</sub> e
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	n/a	RR-PP-110a.2	Under development
<b>Air Quality</b>	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>2</sub> , (3) volatile organic compounds (VOCs), (4) particulate matter (PM), and (5) hazardous air pollutants (HAPs)	Quantitative	Metric tons (mt)	RR-PP-120a.1	See Appendix – Sustainability data – Emissions
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage from biomass, (4) percentage from other renewable energy	Quantitative	Gigajoules (GJ) Percentage (%)	RR-PP-130a.1	1) 81,922 GJ 2) 67% 3) 33% 4) 66
<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	RR-PP-140a.1	1) 978 m <sup>3</sup> 2) 0%
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	n/a	RR-PP-140a.2	Under development
<b>Supply Chain Management</b>	Percentage of wood fiber sourced from (1) third-party certified forestlands and percentage to each standard and (2) meeting other fiber sourcing standards and percentage to each standard	Quantitative	Percentage (%) by weight	RR-PP-430a.1	Not applicable, no wood fiber was procured in the reporting period
	Amount of recycled and recovered fiber procured	Quantitative	Metric tons (mt)	RR-PP-430a.2	2,320 metric tons

## SASB ACTIVITY METRICS

Activity Metric	Category	Unit	Code	Response or reference
<b>Pulp production</b>	Quantitative	Air-dried metric tons (ADMT)	RR-PP-000.A	801 ADMT
<b>Paper production</b>	Quantitative	Air-dried metric tons (ADMT)	RR-PP-000.B	0 ADMT
<b>Total wood fiber sourced</b>	Quantitative	Metric tons (mt)	RR-PP-000.C	0 metric tons



# UN Global Compact Principles Index

Renewcell is a member of the UN Global Compact (UNGC) since 2021, and supports the Ten Principles of the UNGC. Renewcell reports its progress with respect to the Ten Principles in an annual Communication on Progress (CoP). Progress can be followed in the disclosure of standardized GRI indicators. The following table provides guidance to the GRI indicators used by the company for its reporting in accordance with the UNGC CoP.

Principle	GRI-disclosures
1	403:1,4; 405:1-2; 406:1; 407:1; 408:1; 409:1; 410:1; 411:1; 412:1-3; 414: 1-2; 418:1
2	406:1; 407:1; 408:1; 409:1; 410:1; 411:1; 412:1
3	402:1; 403:1,4
4	410:1
5	409:1
6	203:1; 401:2; 405:2; 407:1; 414:1-2
7	201:2; 305:4-5; 306:5
8	301:1-2; 302:1-5; 303:1-5; 304:1-4; 305:1-7; 306:1-5; 307:1; 308:1-2; 417:1-2
9	301:2; 302:3-5; 303: 3-5; 305:4-5; 306:5
10	205:1-2; 413:2

# Taskforce on Climate Related Financial Disclosures (TCFD) Index

Area	Recommended Disclosures	Response or reference
<b>Governance</b>	a) Describe the Board's oversight of climate-related risks and opportunities.	See Corporate governance report on pages 29–37
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	See Corporate governance report on pages 29–37
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	See Climate – risks and opportunities on pages 45–46
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	See Climate – risks and opportunities on pages 45–46
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Under development
<b>Risk management</b>	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Under development
	b) Describe the organisation's processes for managing climate-related risks.	Under development
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Under development
<b>Metrics and targets</b>	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Under development
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See GRI Content Index, Disclosures 305:1-3 and Climate – risks and opportunities on pages 45–46
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Under development

**AGM information**

The Annual General Meeting 2023 in Re:NewCell AB (publ) will take place on May 16, 2023. More information about the Annual General Meeting can be found on the Renewcell website.

**Financial calendar 2023**

May 3 – Interim report Q1 2023  
May 11 – Capital Markets Day  
May 16 – Annual General Meeting  
Aug 29 – Interim report Q2 2023  
Nov 7 – Interim report Q3 2023

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