

RENEWCELL

Nasdaq First North Premier Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Premier Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Premier Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Premier Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Stockholm AB approves the application for admission to trading on Nasdaq First North Premier Growth Market.

The Swedish Financial Supervisory Authority approved a separate Swedish language version of the prospectus on 13 November 2020. The Swedish language version of the prospectus is valid for up to twelve months from the date of approval. The obligation to provide supplements to the Swedish language version of the prospectus in case of significant new factors, material mistakes or material inaccuracy will not be applicable once the Swedish language version of the prospectus is no longer valid. Renewcell will only prepare supplements to the Swedish language version of the prospectus in accordance with the provisions of the Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation).

Invitation to subscribe for shares in Re:NewCell AB (publ)



GLOBAL COORDINATOR OCH JOINT BOOKRUNNER

Nordea

JOINT BOOKRUNNER

Pareto
Securities

RETAIL MANAGER

AVANZA 

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the “**Prospectus**”) has been prepared in connection with the offering to the public in Sweden of shares in Re.NewCell AB (publ) (a Swedish public limited liability company) (“**Renewcell**” or the “**Company**”) (the “**Offering**”). The “**Joint Bookrunners**” refers to Nordea Bank Abp, filial i Sverige (“**Nordea**”) and Pareto Securities AB (“**Pareto**”). The “**Selling Shareholder**” refers to Girindus Investments AB. See section “Certain definitions” for the definitions of these and other terms in the Prospectus.

The figures included in the Prospectus have, in certain cases, been rounded off and, consequently, the tables contained in the Prospectus do not necessarily add up. In addition, certain percentages presented in the Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers. All financial amounts are in Swedish kronor (“**SEK**”), unless indicated otherwise, and “**MSEK**” indicates millions of SEK.

Except as expressly stated herein, no financial information in the Prospectus has been audited or reviewed by the Company’s auditor. Financial information relating to the Company in the Prospectus that is not part of the information audited or reviewed by the Company’s auditor as outlined herein originates from the Company’s internal accounting and reporting systems.

The Offering is not directed to the general public in any country other than Sweden. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Unless otherwise indicated, the Offering described in this Prospectus is not directed to investors in the United States, Canada, Australia or Japan or in any other jurisdiction in which such offering would be unlawful, nor is the Offering directed to such persons whose participation requires additional prospectuses, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden, that would allow any offer of the shares to the public, or allow holding and distribution of the Prospectus or any other documents pertaining to the Company or shares in such jurisdiction. Therefore, the distribution of this Prospectus and the sale of the shares in the Company may be restricted by law in certain jurisdictions. Applications to subscribe for shares that violate such rules may be deemed invalid. Persons into whose possession the Prospectus comes are required by the Company and the Joint Bookrunners to inform themselves about and to observe such restrictions. Neither the Company nor either of the Joint Bookrunners accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities law. See “*Selling restrictions and transfer restrictions*”.

The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “**SFSA**”) as competent authority according to regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The SFSA approves of the Swedish prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency set out in the Prospectus Regulation and this approval should not be regarded as any kind of support for the issuer referred to in the Swedish prospectus. In the event of any conflict between the English and the Swedish prospectus, the Swedish prospectus shall prevail.

NOTICE TO INVESTORS

United States

The shares in the Offering have not been approved by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States.

The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) or under the applicable securities laws of any state of the United States, and may not be offered or sold, directly or indirectly, within the United States unless the shares are registered under the Securities Act except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The shares in the Offering are being offered (a) in the United States to qualified institutional buyers (“**QIBs**”) as defined in, and in reliance on, Rule 144A under the Securities Act (“**Rule 144A**”) and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”). Any offer or sale of the shares in the United States in reliance on Rule 144A will solely be made by one or more broker-dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”). Nordea will not participate in the offer or sale of any shares within or directed into the United States and will not be involved in any activities relating to the shares within or directed into the United States. For certain restrictions on the sale and transfer of the shares, see “*Selling restrictions and transfer restrictions*”. **Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares, and are hereby notified that sellers of shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. See “Selling restrictions and transfer restrictions.”**

In the United States, the Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in the Prospectus has been provided by the Company and other sources identified herein. Distribution of the Prospectus to any person other than the offeree specified by the Joint Bookrunners or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company’s prior written consent, is prohibited. Any reproduction or distribution of the Prospectus in the United States, in whole or in part, and any disclosure of its contents is prohibited. The Prospectus is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire shares in the Offering.

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area other than Sweden, and the United Kingdom (each a “**Relevant State**”), no shares have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
 - (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
 - (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,
- provided that no such offer of the shares shall require any Joint Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares.

United Kingdom

In the United Kingdom, this Prospectus is only being distributed to and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged only with qualified investors (as defined in the Prospectus Regulation) who are (i) investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). The shares in the Offering are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. The Prospectus is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment activity to which this communication relates will only be available to and will only be engaged with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

INFORMATION FOR DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in the Offering have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares and determining the appropriate distribution channels.

STABILIZATION

In connection with the Offering, Nordea may carry out transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq First North Premier Growth Market, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq First North Premier Growth Market and ending no later than 30 calendar days thereafter. Nordea is, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. No later than by the end of the seventh trading day after stabilization transactions have been undertaken, Nordea shall disclose that stabilization transactions have been undertaken in accordance with article 5(4) in the Market Abuse Regulation 596/2014. Within one week of the end of the stabilization period, Nordea will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

FORWARD-LOOKING STATEMENTS

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wording such as “believes”, “estimates”, “anticipates”, “expects”, “assumes”, “forecasts”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read the Prospectus, including the following sections: “Summary”, “Risk factors”, “Business overview” and “Operating and financial review”, which include more detailed descriptions of factors that might have an impact on the Company’s business and the market in which it operates. None of the Company, or any of the Joint Bookrunners can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, particular economic conditions in the markets on which the Company operates, lack of attractive products to sell, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or systematic lack of supplies.

After the date of the Prospectus, none of the Company or any of the Joint Bookrunners assume any obligation, except as required by law or applicable regulatory framework, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

BUSINESS AND MARKET DATA

The Prospectus includes industry and market data pertaining to the Company’s business and markets. Such information is based on the Company’s analysis of multiple sources.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Prospectus that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

IMPORTANT INFORMATION ABOUT THE SELLING OF SHARES

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 26 November 2020. Institutional investors are expected to receive notification of allotment on or about 26 November 2020 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by the Joint Bookrunners, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in the Company means that these acquirers will not have shares available in the specified securities depository account or the securities account until 30 November 2020, at the earliest. Trading in the Company’s shares on Nasdaq First North Premier Growth Market is expected to commence on or around 26 November 2020. Accordingly, if shares are not available in an acquirer’s securities account or securities depository account until 30 November 2020 at the earliest, the acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the shares in the Offering are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of the shares, or to any prospective purchaser designated by any such registered holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act

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Summary of the offering

Price

SEK 76 per share

Application period for the general public

16–24 November 2020

First day of trading

26 November 2020

Settlement Date

30 November 2020

Other information

Ticker: RENEW

ISIN code: SE0014960431

LEI-kod: 549300ODX3D04SRRH667

Financial calendar

Year-end report for 2020	23 February 2021
Annual report 2020	28 April 2021
Interim report for the period 1 January – 31 March 2021, Q1	5 May 2021
Annual shareholders' meeting 2021	19 May 2021

Certain definitions

EUR

Euroclear Sweden

Nordea

Joint Bookrunners

First North Premier

Pareto

Renewcell or the Company

SEK

USD

Euro

Euroclear Sweden AB

Nordea Bank, Abp filial i Sverige

Nordea and Pareto

Nasdaq First North Premier Growth Market

Pareto Securities AB

Re:NewCell AB (publ)

Swedish krona

US dollar

Summary

Introduction and warnings

Introduction and warnings	<p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor.</p> <p>Any decision to invest in securities entails risks and an investor may lose all or part of the invested capital.</p> <p>Where statements in respect of information contained in the Prospectus are challenged in a court of law, the plaintiff investor may, in accordance with member states' national legislation, be forced to pay the costs of translating the Prospectus before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be enjoined, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if it does not, together with the other parts of the Prospectus, provide key information to help investors when considering whether to invest in the securities.</p>
The issuer	<p>Re:NewCell AB (publ) Reg. No. 556885-6206 Cardellgatan 1, SE-114 36 Stockholm, Sweden Telephone number: +46(0)72-454 37 32 LEI-code: 549300ODX3D04SRRH667 Ticker: RENEW ISIN-codes: SE0014960431 (common shares) and SE0014960449 (preference shares)</p>
Competent Authority	<p>Finansinspektionen is the Swedish Financial Supervisory Authority (the "SFSA") and the competent authority responsible for approving the Swedish language version of the Prospectus (the "Swedish Prospectus").</p> <p>The SFSA's visiting address: Finansinspektionen, Brunnsgratan 3 SE-111 38, Stockholm, Sweden The SFSA's postal address: P.O. Box 7821, SE-103 97 Stockholm, Sweden E-mail: finansinspektionen@fi.se Telephone: +46(0)8-408 980 00 The SFSA's webpage is www.fi.se. The Swedish Prospectus was approved by the SFSA on 13 November 2020.</p>

Key information on the issuer

Who is the issuer of the securities?

The issuer's registered office and corporate form	<p>Issuer of the securities is Re:NewCell AB (publ) Reg. No. 556885-6206. The Company's registered office is in Stockholm. The Company is a Swedish public limited liability company, founded and incorporated in Sweden and under Swedish law. The Company operates under Swedish law. The Company's form of association is governed by the Swedish Companies Act (2005:551). The Company's LEI-code is 549300ODX3D04SRRH667.</p>
The issuer's principal activities	<p>Renewcell was founded in 2012 with the goal of taking the garment industry, an industry increasingly characterised by resource-intensive and expanding garment manufacture, and making it sustainable. The garment 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.</p> <p>Renewcell provides an alternative raw material for textile production that replaces resource-intensive material such as cotton, or petroleum-based material such as polyester. The Company's patented process recycles the cellulose in used cotton textiles and makes sheets of pure, natural and biodegradable dissolving pulp¹⁾. The dissolving pulp is then used as an excellent raw material for manufacturing high-quality textile fibres such as lyocell and viscose. Renewcell's dissolving pulp is sold to fibre producers under the trademark Circulose*. Circulose* pulp can be used in several industrial applications but is currently best suited for textile production in the garment industry, where demand for sustainable material is high.</p> <p>The commercialisation of Circulose* is in the start-up phase and global clothing brands, including H&M and Levi's have already launched garments produced in textiles made from Circulose*. The Company has also established partnerships across the value chain with fibre producers, pulp agents and textile sorters to secure the delivery of the raw material and sales of Circulose* pulp.</p> <p>Production currently takes place at the Company's plant in Kristinehamn in Sweden, which commenced operations in 2018. The plant is built at industrial scale but currently has commercial sales of approximately 200 tonnes of dissolving pulp per year, which will be scaled up to 2,000 tonnes of Circulose* pulp in 2021.</p> <p>The next step in Renewcell's development is the construction of a new plant with an annual production capacity of an estimated 60,000 tonnes (ADMT)²⁾ of dissolving pulp. The plant will be located adjacent to SCA's paper and pulp mill in Örtviken, Sweden. Installation of machinery is scheduled to start in the third quarter of 2021 and is expected to be fully installed in the first quarter of 2022. The gradual increase in production volume will commence in the first six months of 2022, and full production volume will be achieved by the end of 2024.</p>

1) Cellulose pulp that, unlike for example wood pulp, dissolves to a homogenous fluid.

2) In specific pulp-industry terms, which calculates air-dried metric tons of pulp. Air-dried is defined as 90 per cent dry matter in the pulp, entailing that one ADMT is equal to 900 kilos of absolutely dry pulp plus 100 kilos of bound water. Unless otherwise specified, all references to Renewcell's production volume in tonnes in the Prospectus refer to ADMT.

Major shareholders of the issuer The Company's largest shareholders as per the day of the Prospectus are set forth in the table below. As far as the Company is aware, no shareholder controls the Company, directly or indirectly.

Shareholder	Number of common shares	Number of preference shares	Per cent
Girincubator AB	3,867,500	–	19.1
Girindus Investments AB	–	3,504,995	17.3
H&M Fashion AB	16,965	2,039,635	10.1
Almi Invest GreenTech AB	–	1,021,605	5.0
Swedoccean AB	5,980	716,235	3.6
Gripen Industri & Invest AB	–	692,705	3.4
Other existing shareholders (71)	2,564,055	5,843,435	41.5
Sum	6,454,500	13,818,610	100

Key managing directors The Company's board of directors consists of Mia Hemmingsson (chairman), Om Bhatia, Erik Karlsson, Mikael Lindström and Henrik Norlin.
The Company's executive management consists of Patrik Lundström (CEO), Maria Vallejo (CFO), Tahani Kaldéus (Head of R&D and innovation), Kajsa Fougner (Plant Manager Kristinehamn), Harald Cavalli-Björkman (CMO), Jenny Fredricsdotter (Circular Business Manager), Christer Johansson (Project Director) and Martin Stenfors (VP Sourcing & Supply Chain).

Auditor Mazars AB with Michael Olsson as auditor in charge.

Key financial information regarding the issuer

Key financial information in summary *The selected historical financial information presented below has been obtained from the Company's audited new financial reports for the financial years 2019, 2018 and 2017, respectively. The Company has prepared the reports in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities (RFR 2). The information has also been obtained from the Company's unaudited, but by the auditor reviewed, financial statements for the nine-month period ending 30 September 2020, with comparative figures for the corresponding period in 2019, prepared in accordance with the Swedish Annual Accounts Act and RFR 2.*

Consolidated income statement

SEK thousand	Financial year ending 31 December ¹⁾			Nine-month period ending 30 September ²⁾	
	2019	2018	2017	2020	2019
Total operating income	7,396	3,763	3,808	2,864	6,140
Operating profit (EBIT)	–37,126	–17,868	–20,100	–47,331	–25,069
The result of the period	–37,657	–18,418	–23,210	–47,651	–25,474

1) Retrieved from the Company's new financial statements as of and for the financial years 2019, 2018 and 2017, respectively.

2) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

Consolidated balance sheet

SEK thousand	Financial year ending 31 December ¹⁾			Nine-month period ending 30 September ²⁾	
	2019	2018	2017	2020	2019
Total assets	103,963	88,934	79,904	77,834	110,923
Total equity	89,570	73,993	63,611	60,808	96,516

1) Retrieved from the Company's new financial statements as of and for the financial years 2019, 2018 and 2017, respectively.

2) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

Key financial
information in
summary, cont.

Consolidated cash flow statement

SEK thousand	Financial year ending 31 December ¹⁾			Nine-month period ending 30 September ²⁾	
	2019	2018	2017	2020	2019
Cash flow from operating activities	-31,109	-18,980	-21,576	-38,744	-19,816
Cash flow from investing activities	-973	-10,961	-35,086	-863	-487
Cash flow from financing activities	51,674	28,799	33,869	17,770	47,164

1) Retrieved from the Company's new financial statements as of and for the financial years ending 31 December 2019, 2018 and 2017, respectively.

2) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

Audit remarks

There are no remarks in the audit reports.

Key risks that are specific to the issuer

Main risks related
to the issuer

Main risks related to the issuer include:

- the risk that the establishment of the Company's new production plant in Ortvisen could take longer or become more costly than planned, which could lead to a delay in or complete suspension of the Company's commercialisation of Circulose*;
- the risk that market acceptance of the Company's product is not achieved, which could lead to that Renewcell loses existing and future customers to competitors;
- the risk that the Company will be affected by stoppages and disruptions to production, which could lead to considerable costs and delayed deliveries;
- the risk that the Company fails to formalise existing and future relationships with suppliers and customers in commercial agreements and fails to successfully maintain such formalised agreement relationships, which could lead to an adverse impact on Renewcell's sales, financial position and earnings;
- the risk that the outbreak of COVID-19 results in negative consequences for the Company's commercialisation which could lead to, in the long term, a poorer revenue potential for the Company;
- the risk that the Company's business will be negatively impacted due to trade conflicts, changed customs and trading regulations, the introduction of import and export restrictions, and trade blockades on the markets in which the Company operates, which could have an adverse effect on Renewcell's financial position and future prospects; and
- the risk that the Company's suppliers and partners being impacted by economic, legal or operational problems, raising prices, being unable to deliver as agreed or supplying products of poorer quality than expected, which could lead to that the Company is forced to compensate customers for missing or incorrect deliveries, damages customer relations and lower sales for the Company.

Key information on the issuer

The main features of the securities

Securities offered	Common shares in Re:NewCell AB (publ). ISIN-code: SE0014960431. The securities are denominated in SEK. The shares' quota value is approximately SEK 0.03.
Number of issued securities	As at the date of this Prospectus, there are 6,454,500 outstanding common shares and 13,818,610 outstanding preference shares in the Company. The preference shares will be converted to common shares in connection with the Offering. In addition, there are 23,636 warrants issued that entitle for subscription for 1,536,340 shares in the Company. The Offering comprises up to 10,526,316 common shares. In the event the Offering is fully subscribed and the Over-allotment Opinion is fully exercised, the Offering will encompass a total of not more than 12,105,263 common shares.
Rights associated with the securities	<p>Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have pre-emptive rights to subscribe for such securities proportionally to the number of shares held prior to the issue. The shares carry the right to payment of dividend for the first time on the record date for distribution which falls immediately after the registration of the shares with the Swedish Companies Registration Office.</p> <p>All shares in the Company carry equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation¹⁾.</p> <p>The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).</p> <p><small>1) As per the date of the Prospectus there are also preference shares with liquidation preference issued in the Company. All preference shares will, however, be converted to common shares at an extraordinary shareholders meeting on 13 November 2020, i.e. prior to the first day of trading in the shares that are issued within the framework of the Offering. The same general meeting will also resolve upon changes to the Company's articles of association, following which the Company will only have one class of shares in the future (common shares).</small></p>
Restrictions on the free transferability	The shares in the Company are not subject to any restrictions on transferability.
Dividend and dividend policy	Renewcell is in an expansive growth phase and has not yet distributed any dividends. The board of directors intends to let the Company carry forward any profits in order to invest in operations, and it therefore does not expect that any dividends will be distributed in the foreseeable future. In the future, when Renewcell's earnings and financial position permit, dividends may become appropriate.

Where will the securities be traded?

Admission to trading	On 28 October 2020, Nasdaq Stockholm AB made the assessment that the Company fulfils the listing requirements on the MTF-platform First North Premier. Nasdaq Stockholm AB will approve an application for admission to trading of the Company's shares on First North Premier subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its shares. Trading in the Company's shares is expected to commence on 26 November 2020.
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What are the key risks that are specific to the securities?

Main risks related to the securities	<p>Main risks relating to the Offering and the Company's shares consist of:</p> <ul style="list-style-type: none"> ● that the price of the shares could become volatile or decrease and that the liquidity in the Company's shares could be limited; ● that the existing shareholders' sale of shares could cause the share price to decline; and ● that the Company's potential to distribute any dividend to its shareholders depends on the Company's future profits, financial position, cash flow, need for working capital, costs for investments and other factors.
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Key information on the offer of securities to the public

Under which conditions and timetable can I invest in this security?

Timetable for the Offering	Application period: 16–24 November 2020 Notification of allotment: 26 November 2020 Announcement of outcome in the Offering: 26 November 2020 First day of trading on First North Premier: 26 November The dates are preliminary.
Distribution plan	Resolution on allotment of shares in the Offering will be made by the board of directors of Renewcell after consulting the Joint Bookrunners, whereby the objective will be to achieve a strong institutional owner base and a wide distribution of the shares' among the public, and to enable a regular and liquid trade in the shares on First North Premier.
Dilution effect as a result of the Offering	The Offering may result in the number of shares in the Company increasing by at most 10,526,316 common shares, corresponding to a dilution of 34.2 per cent for existing shareholders in the Company.
Issue costs	The Company's costs for the Offering are estimated to amount to approximately SEK 50 million and are primarily attributable to costs for financial and legal advisors, auditors and to the Prospectus and presentations of the management.
Costs imposed on investors	None. Commission will not be charged.

Who is the offeror and/or the person asking for admission to trading?

Offeror of the securities	In the event of an exercise of the Over-allotment Option, selling shareholder is Girindus Investments AB, Reg. No. 556807-5294, with its registered office in Stockholm, a Swedish private limited liability company founded in Sweden under Swedish law, incorporated in Sweden and operating under Swedish law. The company's form of association is governed by the Swedish Companies Act (2005:551).
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Why is this prospectus being produced?

Background and reasons	<p>The objective of the Offering and the listing on First North Premier is to finance the Company's construction of the Company's new plant in Örtviken and the Company's continued growth until the Company reaches positive cash flow from operating activities as well as to further increase international recognition of Renewcell among customers, and existing and potential partners.</p> <p>The Offering is expected to raise gross proceeds of around SEK 800 million for the Company, through the new issue of shares. The fees relating to the share issue are expected to amount to SEK 50 million. Moreover, the Company intends to raise loans of around SEK 700 million, of which SEK 450 million has been contracted as of the date of publication of this Prospectus. Accordingly, the Company has a financing plan in place for the total cost of the new plant, including operation and other operating expenses for the continuing business until the Company is cash-flow positive.</p> <p>The Company intends to use the net proceeds from the Offering in accordance with the following order of priority: (i) SEK 390 million to finance the new plant, (ii) SEK 160 million to finance operating expenses attributable to other activities, including operations of the existing plant, research and development and costs attributable to head office and (iii) SEK 200 million to strengthen the balance sheet and provide stability for further expansion. The loan of SEK 700 million will be used in its entirety to finance the new plant.</p> <p>The Company's assessment is that it lacks sufficient working capital prior to the Offering to conduct the existing operations or implement the planned expansion and become cash-flow positive. The Company's existing working capital is assessed to be sufficient up to and including December 2020. It is expected that the working capital requirements can be met through the Offering, newly raised loans and the Company's existing funds.</p> <p>In the event that the Offering is not fully subscribed or completed or if the Company fails to raise the required loan financing the Company may be forced to revise the planned business and expansion plan. The Company may also be forced to investigate alternative possibilities for financing in the form of, for example, a rights issue, a private placement or long-term loan financing from existing or new investors.</p>
Issue proceeds and purpose	<p>The Offering will raise proceeds of around SEK 800 million. Around SEK 390 million of the issue proceeds is intended to finance the new plant. Around SEK 160 million is intended to finance operation expenses attributable to other activities, including operations of the existing plant, research and development and costs attributable to head office. Around SEK 200 million is intended to strengthen the balance sheet and provide stability for further expansion. The Company estimates that the total cost for the new plant will amount to SEK 1,090 million.</p> <p>The admission to trading on First North Premier will increase the possibilities to broaden the Company's shareholder base and give the Company further access to the Swedish and international capital markets, which is assessed to promote the Company's further growth and development.</p>

Risk factors

This section describes the risk factors and significant circumstances considered to be material to the Company's business and future development. The risk factors pertain to the Company's operations, industry and market, legal risks and tax risks, financial risks and risk factors attributable to the Offering and the Company's shares. The assessment of the materiality of each risk factor is based on the probability of its occurrence and the expected magnitude of its negative impact. In accordance with the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the risk factors mentioned below are limited to risks which are specific to the Company or to the securities, and which are material for making an informed investment decision.

The description below is based on information available as of the date of the Prospectus. The risk factors that are currently considered to be the most material are presented first in each category while the subsequent risk factors are presented in no particular order.

The risks and uncertainties below could have a material adverse effect on the Company's business, financial position and/or results of operations. They could also entail a decrease in the value of the shares in the Company, which could lead to shareholders in the Company losing all or part of their invested capital.

Operational risks

The Company needs to expand its production capacity and the establishment of Renewcell's new production plant could take longer or become more costly than planned

The Company's capacity for commercial production of Circulose®, which commenced in 2018, is currently limited and it was as recently as 2019 that Renewcell made a first delivery of its products to a commercial customer. Renewcell's plant in Kristinehamn has a maximum operating capacity of approximately 4,500 tonnes (ADMT¹⁾) of dissolving pulp²⁾ and Renewcell's target is to produce approximately 2,000 tonnes (ADMT) of dissolving pulp annually at the plant in Kristinehamn, which is significantly less than the capacity for a normal-size pulp mill that produces dissolving pulp and uses timber as its raw material, for example softwood or hardwood. A requirement for Renewcell to be able to successfully develop and commercialise its business is the expansion of the Company's production capacity, in part to deliver the quantities in demand from the Company's customers, since their production plants are large and consequently require large amounts of pulp, and also to ensure relevance in volume terms in an expanding global market of more than 100 million tonnes of textiles per year.

Renewcell's existing plant in Kristinehamn is a small production plant. Accordingly, the Company intends to establish a new production plant in Örtviken with a planned annual production capacity of approximately 60,000 tonnes of dissolving pulp. The production volume is planned to gradually increase, commencing during the first six months of 2022 and will reach full production volume toward the end of 2024. Establishing a new production plant is a time-consuming and costly process, which, in addition to access to the required funding, is, for example, also subject to the granting of any relevant detailed development plan changes, planning permission and that technical solutions perform according to plan. The Company will also need to apply for and obtain the relevant permits and registrations from the authorities in Sweden, such as environmental permits. There is a risk that such permits or registrations cannot be obtained at all or on favourable terms for Renewcell (see further under the risk factor "*Renewcell may be unable to obtain or retain necessary permits, including environmental permits*" below.) If the required funding is not obtained, through the Offering, for example, the Company could be compelled to seek other, alternative funding that may only be obtained on less favorable terms, or change the schedule for the establishment of the new production plant.

1) In specific pulp-industry terms, which calculates air-dried metric tons of pulp. Air-dried is defined as 90 per cent dry matter in the pulp, entailing that one ADMT is equal to 900 kilos of absolutely dry pulp plus 100 kilos of bound water.

2) Cellulose pulp that, unlike for example wood pulp, dissolves to a homogeneous fluid.

Renewcell has entered a lease agreement with SCA Graphic Sundsvall AB for the new production plant. The lease comprises an initial leasing period of ten years and there is a risk that the lease could be terminated after the initial lease period or the terms could be changed to Renewcell's disadvantage, upon which Renewcell could be compelled to establish another production plant to be able to continue its business according to plan.

Altogether, there is a risk that the establishment of the new production plant could become more protracted and more costly than expected, which in turn, could lead to a delay in or complete suspension of the Company's commercialisation of Circulose®.

In the event that one or all of the risks associated with the establishment of the new production plant were to materialise, and Renewcell does not succeed in expanding its production capacity as planned, there is a risk that the Company will not succeed in meeting the demand for the Company's products and fulfilling its obligations to existing customers and requests from potential future customers. There is also a risk that the Company's current or future competitors, with potentially higher production capacity and larger resources than the Company, could manage to develop alternative, competing products, which could lead to Renewcell's textile recycling process being replaced or side-stepped, resulting in a deterioration of Renewcell's competitive position in the market and demand for the Company's products strongly declining or, at worst, ceasing altogether. If these risks should materialise, it would have a significantly adverse impact on the Company's sales, financial position and opportunities for expanding its business.

The Company's product is based on new technology and is dependent on consumer demand

The technology in the area of recycled textiles has developed, and continues to develop, rapidly. This trend is being driven by consumers' growing interest in and demand for climate-sustainable products. As far as Renewcell is aware, the Company's dissolving pulp, Circulose®, is currently the only one of its kind in the market that comprises 100 per cent recycled textiles and is produced on a commercial scale. However, Renewcell's product is new in terms of the raw material used. Market acceptance of the Company's products must be achieved to enable the Company to successfully implement its commercialisation phase and to compete with traditional pulp producers and with other producers of sustainable textile raw material. Renewcell must also continuously evaluate the Company's need for equipment at existing and future production plants and upgrade these plants in pace with technological development in its field. Moreover, upgrades may be necessary as a result of stricter

demands in applicable legislation moving forward. Investments in new and upgraded equipment is associated with large costs for Renewcell and rapid technological development could, from time to time, lead to the Company's existing equipment becoming outdated earlier than planned. There is a risk that Renewcell, which has had limited revenue historically, will not have the financial resources required to implement the necessary assessments and upgrades of its production capacity. If the Company fails to implement and adapt to new technology and legislation in its field and deploy it in time and at reasonable cost, Renewcell could lose existing and future customers to competitors with potentially greater resources than the Company.

In addition, there are competitors to the Company that produce, or have a future aim to produce, fully or partially recycled textiles with closely related environmental and quality requirements. A requirement for the Company's ability to successfully compete with other producers of recycled textiles is that Renewcell's products gain the anticipated market penetration and that there is continued demand for them among consumers and suppliers. Consumer demand for and sales of the Company's products are dependent on several factors, such as the cost of Circulose® in relation to other products that are perceived as equivalents and consumers' general demand for sustainable alternatives. If the Company's competitors, with larger resources than the Company, develop modern and competitive alternatives to Renewcell's products, potentially at a lower price, or if consumer demand for sustainable alternatives to newly produced textiles was to decline, or disappear completely, there is a risk that Renewcell will not succeed in marketing and selling its product as expected. If these risks were to materialise, it could have a material adverse effect on the Company's commercialisation phase and future earnings capacity.

Renewcell's business is sensitive to stoppages and disruptions

The Company's business is dependent on reliable and efficient production to ensure that Renewcell's products are delivered in time and meet the quality expected by the Company's customers. There is a risk that the Company's business will be affected by stoppages and disruptions to production, for example, as a result of machinery breakdowns, delayed, faulty or contaminated supplies of input materials, technical errors, labour law measures, accidents, suppliers who breach Renewcell's supplier code of conduct, or other disruptions. A stoppage or disruption, such as a machinery breakdown in parts of or throughout Renewcell's production, could lead to considerable costs and delays for Renewcell. Delayed or faulty supplies of input materials, comprising textile waste

and unsold and recycled goods and clothes, could impact Renewcell's production particularly adversely, both directly and indirectly, since the supplies are a requirement to be able to operate production according to plan, and contaminated input material could lead to Renewcell being unable to obtain or retain its necessary environmental permit (see also the risk factor *"Renewcell's success is dependent on regulatory compliance and obtaining and maintaining the necessary permits, including environmental permits"* below). Stoppages or disruptions could also entail that the Company fails to meet its obligations to current and future customers, which in turn, could damage Renewcell's reputation and lead to the Company being forced to pay compensation or penalties due to delayed delivery or non-delivery. If these risks related to the Company's production and operation materialise, fully or partly, the result could be a negative impact on the Company's profitability and future growth.

Renewcell is dependent on entering and maintaining commercial contracts with relevant players

Renewcell has entered into supplier agreements for the Company's raw material supply (where the agreements with Bank and Vogue Holdings Ltd and Fibraloop Diş Ticaret Limited Şirketi are central), an agency agreement with Ekman & Co AB for marketing and sales of Circulose® pulp, and sales and marketing partnership agreements (where the agreement with Tangshan Sanyou is central). However, a number of Renewcell's contractual relationships with suppliers, customers and clothing brands have not yet been formalised under commercial agreements, but comprise *letters of intent*. The Company's intention is to convert these letters of intent into formal agreements with each counterparty, but there is a risk that it will not be possible to conclude the negotiations regarding such agreements. In addition, the letters of intent entered into by the Company seldom have any direct commitments for the counterparty, but are of a non-binding character, which is why there is a risk that the final agreements – insofar as these can be signed – could generate lower volumes or revenue than the Company initially expected. As well as such lower volumes potentially generating lower revenue than anticipated, lower volumes could also entail that resources allotted to manage the expected volumes cannot be utilised to the extent intended.

Accordingly, a key factor for the success of Renewcell's expansion and commercialisation phase is that the Company manages to formalise existing and future relationships with suppliers and customers in commercial agreements and successfully maintains such formalised agreement relationships. In the event that such agreements cannot be entered, renegotiated or

maintained on terms that are advantageous for Renewcell, or at all, the result could be an adverse impact on Renewcell's sales, financial position and earnings.

The Company's organisation and business are limited and dependent on a small number of key individuals

As of the date of the Prospectus, the Company has slightly more than 20 full-time employees and one part-time employee who works operationally. In addition, there are around ten consultants associated with the Company. The Company's organisation is thus limited, making the Company dependent on a small number of key individuals' respective and collective efforts for the continued development of Renewcell's business, particularly since several of the Company's employees are considered to have valuable know-how relating to the Company's business, which is not protected by patents or other registration.

If one or more of these individuals were to choose to leave the Company, it would delay or cause stoppages in Renewcell's business. Renewcell's ability to employ and retain such key individuals is dependent on several factors, including competition in the labour market. Furthermore, since the Company's existing organisation is limited, a key factor for the Company in successfully expanding its business and commercialising its product is also that Renewcell succeeds in attracting and recruiting additional key individuals moving forward. Accordingly, there is an overall risk that a loss or an inability to recruit key individuals will lead to important know-how being lost, that established goals are not reached or that the implementation of Renewcell's business strategy and commercialisation and expansion phase will be materially impacted in a negative manner.

Moreover, there is a risk that Renewcell's key individuals will start to work on or establish companies whose business competes with Renewcell, or recruit other employees to also begin working at competing companies. If Renewcell's ability to recruit and retain personnel declines, it could jeopardise the Company's commercialisation phase, expansion, corporate culture and relations with key stakeholders, such as customers and suppliers. The loss of such key individuals could, as a result, have negative consequences for Renewcell.

Claims could be made on the Company that exceed Renewcell's insurance cover and damage occurring could lead to higher insurance premiums

Renewcell has insurance cover in the form of, for example, property insurance and liability insurance for the board of directors and senior executives. However, there is a risk that the Company could be impacted by

claims that exceed or are not covered by Renewcell's existing insurance coverage, for example, as a result of injury to a person or environmental damage that could occur at the Company's production plant in Kristinehamn, at the planned production plant in Örtviken or as a result of damage to production plants and machinery that affects the Company's customers. Furthermore, damages affecting Renewcell, even if covered by Renewcell's existing insurance cover at the time of the damage, could lead to increased insurance premiums for Renewcell, which could generate a need or a request on the part of the Company to build up an internal buffer to cover such risks, which, in turn, would have a negative impact on Renewcell's financial position. If the Company's assessment of the need for insurance cover were to prove incorrect or if Renewcell's insurance premiums are increased considerably due to damage the Company did not foresee, the result would be financial loss or increased operating expenses for the Company.

Industry and market-related risks

The outbreak of COVID-19 has negatively impacted the global economy and could delay the implementation of the Company's commercialisation phase

In late December 2019, the outbreak of a new coronavirus (COVID-19) was detected in China and this has subsequently spread globally. The outbreak of COVID-19 is classified as a pandemic and has, in addition to being a significant danger to people's lives and health, brought tangible negative effects on economic development, in Sweden and globally. The outbreak of COVID-19 could have a significant impact on Renewcell's business through, for example, a reduction in production efficiency, both for the Company and the for the Company's customers and suppliers. For example, it has been necessary to postpone the Company's agreement discussions with a number of potential customers and suppliers, as well as partnerships with potential clothing brands, due to the pandemic, including because the Company's counterparts in, for example, Turkey, India, Bangladesh, Pakistan, China, Japan and Indonesia have been increasingly forced to assign time and resources to managing and trying to limit the effects of COVID-19 and have thus only had limited time and resources to conduct a dialogue with the Company. COVID-19 could also impact the global capital market, carrying the risk that, after the planned listing on Nasdaq First North Premier, the price of Renewcell's share could follow the general market trend irrespective of whether Renewcell performs in line with or better than market expectations. Furthermore, there is a risk that the outbreak of COVID-19 could impact the access to capital and the capital markets, which could impact Renewcell's possibility to obtain necessary financing moving forward, for exam-

ple, to finance the establishment of further production plants. Lack of access to adequate funding on, for the Company, acceptable terms could impose an adverse negative effect for Renewcell in light of the Company's limited revenues historically.

The global outbreak of COVID-19 and its global impact on the markets in which Renewcell is active could have overall negative consequences for Renewcell and for the Company's commercialisation phase in the form of, for example, further delays and lost revenue in the future, which could lead, in the long term, to a decline in the value of Renewcell and a poorer revenue potential for the Company.

Certain markets where the Company conducts its business are subject to major political, economic and social uncertainty

The Company sells its products in a global market and the business is dependent on relatively free movement of goods across national borders, both for imports and exports. Certain markets in which Renewcell operates are subject to greater political, economic and social uncertainty than, for example, the Swedish market. Operating in such markets exposes Renewcell to certain specific risks, such as the risk that the Company's business will be negatively impacted due to trade conflicts, changed customs and trading regulations, the introduction of import and export restrictions, and trade blockades. For example, there is a risk that China, where the Company's largest customer at the date of this Prospectus is active, could introduce trading blockades or in other ways implement measures that obstruct trade with Sweden, which could negatively impact the conditions for Renewcell in making sales in the Chinese market. Closed borders could also affect the Company's sales and production indirectly through a deterioration in the conditions for cross-border transport of raw material. If these risks were to materialise, it could have an adverse effect on Renewcell's financial position and future prospects.

Renewcell is dependent on suppliers and partners, whose actions Renewcell cannot always control or have insight into

The Company is to a high degree dependent on suppliers and other partners, such as for deliveries of raw material for Renewcell's pulp production. Accordingly, Renewcell could be negatively affected by suppliers and partners being impacted by economic, legal or operational problems, raising prices, being unable to deliver as agreed or supplying products of poorer quality than expected. Such factors could impact the Company's possibility of purchasing raw material in time and at a reasonable price and to deliver its products to its customers, which could lead to general dissatisfaction among customers, that the Company is forced to compensate customers for

missing or incorrect deliveries, damaged customer relations and lower sales for the Company. All sales of Circulose® are made through the Company's agent, Ekman & Co AB ("**Ekman**"). The agency agreement between the Company and Ekman gives Ekman exclusivity, provided that Ekman achieves the agreed sales targets, which essentially entails that the Company has undertaken not to sell Circulose® directly to any third party itself. Renewcell has also undertaken to refer to Ekman all offers and enquiries received by the Company. Consequently, the agreement entails that Renewcell is not entitled to conduct any direct sales of Circulose® pulp as long as Ekman meets the agreed sales targets. Furthermore, even if Ekman does not achieve the agreed sales targets, there is a risk that Renewcell would fail in conducting successful sales operations for Circulose® by itself. The Company's future development and sales revenues are therefore to a high degree dependent on Ekman achieving the sales targets and other targets contracted between the parties. There is also a risk that the Company would not succeed in identifying an equivalent replacement for Ekman in the event that the agency agreement between the Company and Ekman were to be terminated prematurely for some reason or Ekman suspends or changes its business.

In addition, Renewcell has most of its potential customers and suppliers globally, including in Turkey, India, Bangladesh, Pakistan, China, Japan and Indonesia, and Renewcell does not have full insight into, nor can it control, their operations. There is a risk that suppliers could act in a manner that damages the Company, for example, by acting in contravention of Renewcell's supplier code of conduct, which includes a ban on discrimination of employees and on child labour, as well as the requirement of compliance with applicable environmental regulations. If Renewcell's suppliers, intentionally or unintentionally, breach applicable legislation and regulations in each country or neglect to follow the Company's supplier code of conduct, it could lead to negative publicity for the Company and have an adverse effect on Renewcell's reputation. A poorer reputation resulting from such negative publicity carries the risk of loss of customers and lower revenue for the Company.

Finally, Renewcell's existing and potential customers and commercial target groups include viscose fibre manufacturers, which as per the date of this Prospectus comprise approximately fifteen players, of whom four are clearly dominant. Accordingly, the market is characterised by a high degree of customer concentration. A customer-concentrated market entails specific risks for the Company, such as the risk that the Company could become dependent on the relationship with one or a few customers or that a

conflict or dispute with one or a few customers could risk impacting the Company's profitability and growth particularly negatively as there are relatively few other potential customers that could require and purchase Renewcell's products.

Legal risks and tax risks

The Company and its competitive position are dependent on its intellectual property rights and business secrets being protected

Renewcell's success is dependent, to varying degrees, on patents, trademarks and other intellectual property rights, as well as the protection of internal know-how. The Company owns several intellectual property rights, primarily patents in Sweden, the EU, India, China, Germany and the US, for example, for the regeneration of cellulose and fibre separation. Renewcell's patent portfolio also comprises a number of patent applications that have not yet been granted and, in addition, the Company intends to apply for further patents going forward. However, there is a risk that the Company's protection for patents and other intellectual property rights used within the business could prove inadequate or that the Company's patent applications are not granted. If the Company does not succeed in protecting and maintaining its intellectual property rights or if the Company is accused of infringing others' intellectual property rights, it could lead to financial losses for Renewcell and have a negative impact on the Company's brand and reputation. The Company's manufacturing process, which is mainly protected by patents that the Company applied for or intends to apply for in combination with patents already granted and know-how, is particularly exposed to these risks. If the necessary intellectual property rights protection of the Company's manufacturing process cannot be obtained or maintained, for example if the Company's current or future patent applications are rejected, or if the Company's strategy, in the form of a combination of intellectual property rights protection that can be registered and know-how, proves to be inadequate, this would have a particularly negative impact on the Company's competitive position, earnings capacity and commercialisation.

In addition, Renewcell has entered into, and intends to enter into in the future, trademark licensing agreements for the Company's trademarks, which give the licensee the right to use Renewcell's trademarks under certain conditions, such as for marketing purposes. There is a risk that such licensees or external parties could use Renewcell's trademarks incorrectly, which could have a negative impact on the Company, for example if such parties conduct operations with which the Company does not want to be associated.

In addition to intellectual property rights that can be registered, 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 protection of intellectual property rights, particularly in regard of the Company's manufacturing process as described above. There is a risk that unauthorised dissemination or use of such information, intentionally or unintentionally, by, for example, competitors, consultants, employees or others, could occur in a manner that damages the Company's competitive situation. There is also a risk that competitors and others independently develop corresponding know-how and trade secrets. If employees, consultants, advisors or other persons who have been hired were to act in contravention of secrecy undertakings regarding confidential information, or if confidential information were to be disclosed in another manner and used by competitors, this could have a negative material impact on Renewcell's future turnover, earnings and future position in the stock market.

Renewcell's business is exposed to environmental risks

The Company's production business entails certain environmental risks and Renewcell is subject to several environmental provisions that imply that specific requirements could be imposed on the Company in the event of non-compliance. In accordance with current Swedish legislation, it is as a main rule the party which operated the business that contributed to the contamination of a property that is responsible for the remediation of the property (so-called remediation responsibility). In addition, the property owner has a so-called subsidiary remediation responsibility in certain cases, such as when the contaminating party has gone into bankruptcy. The remediation responsibility also applies regardless of any contractual connections between the property owner and the contaminating party. Accordingly, there is a risk that Renewcell could be held liable for restoring a property to a state that meets the requirements of the relevant environmental legislation, regardless of whether the Company caused the damage, which could, among other things, comprise potentially costly decontamination of suspected and actual land, water and groundwater contamination. There is also a risk that the Company's costs for investigation and taking action, such as removing or restoring land, could be significant. The obligations relating to environmental responsibility could therefore have a significantly negative impact on Renewcell's earnings, cash flow and financial position. There is also a risk that laws, regulations and official requirements relating to the environment will change in the future and that this will lead to increased costs for the Company in terms of decontamination costs resulting from the business that Renewcell conducts or may conduct in the future.

Renewcell's success is dependent on regulatory compliance and obtaining and maintaining the necessary permits, including environmental permits

The Company's business is regulated by and must meet the demands of several laws and regulations, including the Swedish Environmental Code (1998:808). The ability to comply with applicable laws and regulations is, in certain instances, dependent on the establishment of facts and interpretations of complex regulations, for which there are no earlier advisory decisions available. In such cases, it may be impossible for Renewcell to correctly assess the implications of such laws and regulations. If Renewcell's interpretation of the applicable rules and regulations should prove to be incorrect, or if the Company were to violate the applicable rules and regulations due to changes thereof or operational deficiencies, there is a risk that Renewcell could be subject to fines and other administrative sanctions. If the Company, its sub-suppliers or partners do not meet the regulations and practice, Renewcell could be forced to allocate considerable time and financial resources to address these regulatory deviations, defend against allegations, be subject to sanctions such as high fees, fines, confiscation of products, business restrictions or lawsuits or, in the worst case, forced to suspend all or parts of its business. Damages, fines or high fees would have a negative material impact on Renewcell's financial position and substantially impact the Company's possibility of developing its production without raising additional capital and could have a significantly negative effect on the Company's reputation, even if an investigation or process did not lead to any consequences or if the penalty was a low amount.

A requirement for conducting the Company's business is also that Renewcell succeeds in obtaining and retaining certain necessary permits on conditions favourable to the Company, such as environmental permits in accordance with the Environmental Code and permits for the handling of chemicals. Since 2020, the Company has had an environmental permit for the recycling of 8,000 tonnes of textile waste per year. Due to the terms of the environmental permit, the Company will need to take certain actions in the event that production is increased, such as further water treatment measures. The period of validity for the permit is initially three years, with the possibility of extension, which is relatively short in the context. The establishment of Renewcell's new production plant will also require that new permits can be obtained. A new permit process is associated with certain risks, such as the risk that the new permits are associated with stricter terms and conditions, which, in turn, could require the Company to undertake costly investments to meet the requirements contained in the terms. If new permits cannot be obtained without unreasonable costs and delays, or

at all, or if such a decision is appealed or is in any other way associated with strict conditions, the result could be delays and financial losses for Renewcell. There is also a risk that existing permits could be withdrawn as a result of the Company failing to meet the terms and conditions for the permits.

The Company's existing permits for the operations in Kristinehamn also contain certain so-called deferred matters, with the implication that the Company is obligated to follow up on certain circumstances, such as treatment of process water and handling of textiles received for a trial period until the final terms of the permit have been established. If the result of such a follow-up is negative for the Company and the final terms are stricter than the current provisional terms, there is a risk of negative consequences for Renewcell's financial position and future prospects.

Disputes, claims and other legal processes could be a financial burden and damage Renewcell's reputation

The Company's business is associated with the risk of disputes and other legal requirements with external parties, for example as a result of dissatisfaction with Renewcell's products among its customers. The Company could be affected negatively by ongoing and future disputes and other legal processes related to, for example, carelessness, negligence, contractual disputes, official investigations, audits or other legal claims that could entail potential liability for damages and defence costs. There is a risk that Renewcell could become involved in such disputes in future, for example, regarding alleged infringements of intellectual property rights, environmental disputes related to the Company's production plants, partnership agreements entered into, customer and supplier disputes, and other commercial disputes. In August 2020, for example, Södra Skogsägarna ekonomisk förening submitted an objection to a Swedish patent granted to Renewcell that pertains to textile recycling. Renewcell responded to this objection in September 2020.

If claims were to be made against the Company and this were to lead to legal liability being established, the claims could lead to financial loss for the Company or cause material damage to Renewcell's trademark and reputation, which could have a negative impact on Renewcell's ability to operate its business. Furthermore, allegations of inappropriate behaviour, regardless of whether they are true or not, could damage Renewcell's trademark and reputation. The magnitude of the negative effects on the Company in the event that any of these risks materialises depends primarily on the extent to which any claim is covered by the Company's insurance and the area to which the claim pertains. Disputes and other legal processes relating to environmental responsibility, for example, are considered to be particularly critical for such reasons as the

responsibility having no time limit, often being associated with significant costs (also see the risk factor *"Renewcell's business is exposed to environmental risks"* above) and is expected to have a particularly negative impact on Renewcell's brand and reputation, which has had a distinct sustainability profile ever since the Company was formed.

Renewcell has tax loss carryforwards and there is a risk that a changed tax situation will result in increased tax expenses

Renewcell has large accumulated tax loss carryforwards. As of 31 December 2019, the Company had accumulated tax losses carried forward amounting to SEK 92.5 million. It is uncertain whether, and if so when, it will be possible to utilise these carryforwards against taxable profit. Ownership changes that mean that the controlling influence over the Company changes may result in limitations (fully or in part) in the entitlement to utilise such loss carryforwards in the future. The opportunity of utilising the loss carryforwards in the future could also be negatively impacted by changes in applicable legislation or by Renewcell's inability to generate sufficient profits to utilise such tax loss carryforwards.

Furthermore, the handling of tax considerations within the Company are based on interpretations of current tax legislation, tax agreements and other tax regulations, and requirements of the relevant tax authorities. There is a risk that tax audits or reviews will result in additional taxes being charged or that deductions made are denied. If the Company's interpretation of tax legislation, tax agreements and other tax regulations or their applicability is incorrect; if one or more official authorities successfully decide on negative tax adjustments pertaining to Renewcell; or if applicable laws, agreements, regulations in effect or interpretations thereof or administrative practice in relation to these change (including retroactive changes), the Company's earlier or current management of tax considerations could be called into question. If tax authorities successfully bring forward such claims, this could lead to an increased tax expense including tax surcharges and interest and have a negative effect on Renewcell's financial position and capital situation.

The Company may be classified as a passive foreign investment company for U.S. federal income tax purposes. Such classification could result in materially adverse U.S. federal income tax consequences for U.S. investors

The Company will be a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of "passive income" or (ii) 50% or more of the average value of its assets consists of assets that produce, or are held for the production of, passive

income. For this purpose “passive income” generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions with exceptions for, among other things, dividends, interest, rents and royalties received from certain related companies to the extent attributable (in accordance with U.S. Treasury Regulations) to non-passive income derived by such related companies, as well as gains from sale or exchange of inventory or similar property. Based on certain estimates of the Company’s gross income, gross assets, the nature of the Company’s business, the expected use of the proceeds from the Offering and the Company’s anticipated market capitalization, it is possible that the Company may be classified as a PFIC in its current taxable year or in the foreseeable future. In addition, there can be no assurance that the Company will not be considered a PFIC for any taxable year because the determination of whether the Company is a PFIC is made annually and is based on the composition of its gross income, the value of its assets (including goodwill), market capitalization and activities in those years. If the Company were classified as a PFIC for any taxable year in which U.S. investors own shares in the Company, U.S. investors may be subject to adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of shares and certain excess distributions, and a requirement to file annual reports with the U.S. Internal Revenue Service. Prospective U.S. investors should consult their tax advisers regarding the Company’s PFIC status and the consequences to them if the Company were classified as a PFIC for any taxable year.

Financial risks

Renewcell’s revenues are currently limited and, accordingly, the Company has a continuous need for financing

Since the start of operations, Renewcell has recognised a negative operating profit. In 2019, the operating profit totalled SEK –37.1 million. Furthermore, the cash flow (which amounted to SEK –31.1 million for the continuing business in 2019) is expected to mainly remain negative through 2022. Renewcell’s ongoing commercialisation and expansion phase and the planned establishment of a new production plant in Ortvikén entail substantial costs and there is a risk that this phase will be more time-consuming and cost-intensive than planned. The availability of and terms for further financing are affected by several factors, including the possibility to enter relevant partnership agreements and the general availability of risk capital and loans.

If the Company does not succeed in securing new financing or refinancing of existing financing at all or on terms advantageous for Renewcell, it could result in increased costs for Renewcell. There is also a risk that changes in the general interest rates could affect the Company negatively by generating increased interest

expense for existing and future financing. To meet future capital requirements, Renewcell could also resolve on, and has done so historically, issues of shares or other securities to existing shareholders and to new investors and there is a risk that such capital raises could cause a dilution of existing shareholders’ holdings.

If the Company fails to secure sufficient capital on terms advantageous to the Company or at all, Renewcell’s future prospects could be negatively affected. In a shorter-term perspective, the lack of capital could lead to the Company having insufficient liquidity to meet its payment obligations, which could entail that Renewcell could face insolvency. In a longer-term perspective, such a lack of capital could entail that the Company is forced to adapt its business to implement cost-savings and reduce the pace of its commercialisation phase, or that Renewcell, in a worst-case scenario, could be forced to cease operating.

Renewcell’s debt financing is associated with far-reaching conditions and the Company will grant extensive security which could be realised if the conditions are not met

In November 2020, the Company entered a SEK 450 million loan facility agreement with Nordea and AB Svensk Exportkredit (publ) as original lenders (jointly, the “**Lenders**”) (the “**Facility**”), to finance the construction of the Company’s new production plant in Ortvikén. The loan is to 85 per cent guaranteed by Finnvera, Finland’s official export credit agency. Further, the Company is currently in negotiations with the European Investment Bank regarding an additional SEK 250 million loan.

The Company’s right to payments under the Facility is conditional upon, inter alia, that the Offering is carried out and that the Company secures an addition SEK 250 million of debt financing in accordance with the terms and conditions set forth in the Facility. Further, the financing is conditional upon that the Company obtains additional environmental permits. There is a risk that the Company fails to achieve those conditions, for example as a result of that required additional financing cannot be obtained on terms acceptable for the Company, or at all. The access to financing is dependent on several factors where some are beyond the Company’s control, such as potential lenders assessment of the Company’s creditworthiness or the overall trends on the capital markets. Further, there is a risk that the Company fails to obtain necessary environmental permits according to plan, if for example the application process is delayed, whereby payments under the Facility could be delayed or could not be provided at all. In case any of these risks would materialise there is a risk that required financing for the construction of the new production plant in Ortvikén is delayed or that required financing would not be provided at all.

Further, even where the conditions set out above are achieved and the Company obtains the intended financing, the Company has undertaken to, inter alia, make sure that certain financial performance indicators do not differ from levels agreed in the Facility (so-called financial covenants). In the event that agreed levels are not achieved, there is a risk that any amount outstanding under the Facility will fall due immediately, in whole or in part. Further, the Facility stipulates additional restrictive covenants, customary in project financings.

As security for its obligations and liabilities under the Facility, the Company will grant extensive security comprising, inter alia, pledging of cash, insurances, intellectual property, guarantees and agreements and granting of security over certain movable assets (*Sw. lös egendom*) relating to the Company's production sites, such as certain machinery, buildings and other key assets. Consequently, in the event that the Company fails to meet its obligations and liabilities, the Lenders could be entitled to claim the relevant securities in accordance with the terms and conditions in separately entered security agreements. Such realisation of granted securities, could be extensive and entail that the Company's operations and assets, in whole or in part, are deprived of the Company. This could entail that the Company is forced to change its operations or, in the worst of cases, is forced to cease its operations, in whole or in part. Taken together, the Company's debt financing is subject to a number of uncertainties and risks and in the event that such risks, in whole or in part, are materialised, it could have a significant negative impact on Renewcell's financial position and future prospects.

Risks related to the Offering and the Company's shares

An active, liquid and orderly market may not develop for Renewcell's shares, the price of the shares could become volatile and potential investors could lose part or all of their investment

Prior to the Offering, there has been no organised market for Renewcell's shares. There is a risk that an active and liquid market may not develop or, if such a market develops, that it may not continue after the conclusion of the Offering. The Offering Price has been set at SEK 76 per share by the Company's board of directors in consultation with the Joint Bookrunners and may not necessarily reflect the price investors in the market are willing to buy and sell shares for following completion of the Offering, for example, the price subsequent to the listing could be significantly lower than the price in the Offering. The price could be dependent on different factors, such as the Company failing to commercialise its product, Circulose®, or the Company or its partners being accused of advertising the product as more climatically sustainable than is currently the case, so-called greenwashing, which are

considered to be circumstances of particular importance for Renewcell. In addition, following completion of the Offering, a significant part of Renewcell's shares will be subject to lock-up. The above could have a negative impact on the shares' liquidity and could result in low trading volumes.

Existing shareholders' sale of shares could cause the share price to decline

The price of the Company's share could decline if there are substantial sales of shares in the Company, particularly sales by the Company's board members, senior executives and the major shareholders Girincubator AB and Girindus Investments AB (companies which belong to the same group) which, prior to the Offering, own a total of approximately 36.4 per cent of the shares and votes in the Company, and H&M Fashion AB, respectively, which owns approximately 10.1 per cent, or when a large number of shares are sold. Existing shareholders (including all shareholding board members and senior executives) have undertaken – with some exceptions and for a certain period – not to sell or otherwise enter into transactions with a similar effect without prior written consent from the Joint Bookrunners. After the expiry of the relevant lock-up period, the shareholders will be free to sell their shares in the Company. The sale of large amounts of Renewcell's shares after the end of the applicable lock-up periods, or the perception that such a sale will take place, could cause the price of shares in the Company to fall. Such negative effects on the share price constitutes a significant risk for those who invest in Renewcell's shares, in particular in light of that Renewcell's potential to distribute a dividend historically has been and could also in the future be limited (see further the risk factor *"Renewcell's potential to distribute a dividend to its shareholders could be limited"* below).

The Company's largest shareholders will be able to exercise significant influence over the Company after the Offering

After completion of the Offering, provided that the Offering is fully subscribed and the Over-allotment Option has been exercised in full, the Company's largest shareholders, Girincubator AB and Girindus Investments AB (companies which belong to the same group), will own a total of approximately 18.8 per cent of the shares and votes in the Company. It is therefore likely that Girincubator and Girindus Investments will continue to have significant influence over the outcome of the matters that are referred to the Company's shareholders for approval, including the election of board members and any mergers, consolidations or sales of all (or nearly all) of the assets in Renewcell. In addition, Girincubator and Girindus Investments may have a significant influence over the Company's senior executives and the Company's business.

Girincubator and Girindus Investments' interests may diverge considerably from or compete with the interests of Renewcell or those of other shareholders, and Girincubator and Girindus Investments may exert their influence over the Company in a manner that is not in the interest of other shareholders. For example, there could be a conflict between the interests of Girincubator and Girindus Investments' on the one hand and the interests of the Company or the other shareholders on the other hand as regards any decisions on distributing dividends.

Renewcell's potential to distribute dividends to its shareholders could be limited

Renewcell is in an expansive phase of growth and has not yet distributed any dividends. The board of directors intends to let the Company carry forward any profits in order to invest in operational activities, and it therefore does not expect that any dividends will be distributed in the foreseeable future. In the future, when Renewcell's earnings and financial position permit, dividends may become appropriate.

The scope of any future dividends from the Company depends on a number of factors, such as the Company's future profits, financial position, cash flow, need for working capital, investments and other factors. Further, the Company may not have sufficient distributable earnings, and Renewcell's shareholders may decide not to distribute dividends in future. If no dividend is distributed, any returns for an investor will depend on the future share price trend.

Shareholders in the US or other countries outside Sweden may not be able to participate in any future cash issues

If the Company issues new shares in a cash issue, shareholders will have, as a general rule, pre-emptive rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights issues or otherwise make participation difficult or limited. For example, shareholders in the US may be unable to exercise rights to subscribe for new shares unless a registration statement under the

Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the subscription rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdictions. The Company is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares, and doing so in the future may be impractical and costly. To the extent that Renewcell's shareholders in jurisdictions outside of Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their holdings in the Company would be diluted.

The undertakings from Cornerstone Investors are not secured and may therefore not be met

AMF Fonder AB, Handelsbanken Fonder AB on behalf of managed funds, Swedbank Robur and funds managed by Capital World Investors ("**Cornerstone Investors**") have undertaken to subscribe for shares in the Offering, corresponding to a total of SEK 355 million. Following completion of the Offering, the Cornerstone Investors will thus hold approximately 15.2 per cent of the number of shares and votes in the Company, provided that the Offering is fully subscribed for. However, the Cornerstone Investors' undertakings are not secured by bank guarantee, blocked funds or pledge of collateral or similar arrangements, for which reason there is a risk that the Cornerstone Investors' will not be able to meet their undertakings, either in whole or in part. Moreover, the Cornerstone Investors' undertakings are associated with certain conditions, such as achieving a certain distribution of the Company's shares in connection with the Offering as well as that the Offering is implemented within a certain period of time. In the event that any of these conditions is not met, there is a risk that the Cornerstone Investors will not fulfil their undertakings, which could have a negative impact on the completion of the Offering.

Invitation to subscribe for shares in Renewcell

To support Renewcell's growth and continued development, the board of directors of the Company have decided to conduct a new share issue in Renewcell and, as a result thereof, resolved to apply for admission to trading of the Company's shares on First North Premier. Nasdaq Stockholm AB has assessed that the company fulfils the listing requirements, subject to customary reservations, and provided that the application is approved, the first trading day on First North Premier is expected to be 26 November 2020.

Pursuant to the terms and conditions set out in this Prospectus, investors are hereby invited to subscribe for a maximum of 10,526,316 newly issued shares in Renewcell, which will be issued pursuant to the authorisation given at the extraordinary general meeting on 10 July 2020.

To cover any over-allotment in the Offering, the shareholder Girindus Investments AB (the "**Selling Shareholder**") has pledged, at the request of the Nordea, to sell not more than 1,578,947 additional existing shares, corresponding to 15 per cent of the maximum number of shares included in the Offering (the "**Over-allotment Option**"). The Over-allotment Option can be exercised in full, or partly, during the 30 calendar days following the first day of trading of the Company's shares on First North Premier. The price for the shares in the Over-allotment Option will be the same as the Offering Price.

The Offering Price has been set at SEK 76 per share by the Company's board of directors in consultation with the Joint Bookrunners and is the same for employees, existing shareholders, board members, institutional investors and the general public in Sweden. The Offering Price is based on discussions with Cornerstone Investors, expected interest in the investment from certain other institutional investors and other considerations. Based on the Offering Price of SEK 76, the market capitalisation of the Company amounts to around SEK 1,541 million prior to the Offering. Assuming the Offering is fully subscribed, the market capitalisation of the Company will amount to about SEK 2,341 million following the Offering. The Company has warrants outstanding that entitle to subscription for 1,536,340 shares in Renewcell. After all warrants have been exercised, the total number of shares in the Company will amount to 21,809,450, excluding the shares encompassed by the Offering, which corresponds to a total implied value of the Company's shares of approximately SEK 1,658 million excluding the shares issued under the Offering.

Assuming that the Offering is subscribed for in full, the Offering will encompass 10,526,316 shares in Renewcell, corresponding to around 34.2 per cent of the total number of shares in the Company after the Offering. If the Over-allotment Option is fully exercised, and if the Offering is subscribed for in full, the Offering will encompass 12,105,263 shares in Renewcell, corresponding to around 39.3 per cent of the total number of shares in the Company after the Offering. The Offering is conditional on the new issue being subscribed for in full (excluding the Over-allotment Option).

AMF Fonder AB, Handelsbanken Fonder AB on behalf of managed funds, Swedbank Robur and funds managed by Capital World Investors (Cornerstone Investors) have undertaken, under specific terms and conditions, and at the same price as other investors, to subscribe for 4,671,029 shares in the Company for a total of SEK 355 million. If the Offering is subscribed for in full and the Over-allotment Option is fully exercised, the undertakings will correspond to around 38.6 per cent of the total number of shares in the Offering and around 15.2 per cent of the total number of shares in the Company after the Offering. H&M Fashion AB and a number of persons in the Company's management and board of directors have also undertaken to invest approximately SEK 89 million in the Offering. For more information, refer to section "*Legal considerations and supplementary information – Commitments from Cornerstone Investors and others*".

The total value of the Offering amounts to approximately SEK 800 million and approximately SEK 920 million assuming that the Over-allotment Option is fully exercised.

In other respects, reference is made to the content of this Prospectus, which has been prepared by the board of directors of Renewcell in conjunction with the Offering.

Stockholm 13 November 2020

Re:NewCell AB (publ)
The board of directors

Background and reasons

Renewcell provides an alternative raw material for textile production that replaces resource-intensive material, such as cotton, or petroleum-based material, such as polyester. As far as is known, the Company is the first in the world to commercially offer a dissolving pulp for textile production manufactured from 100 per cent recycled cotton textiles and has, thereby, succeeded in closing the loop for cellulose-based textiles (cotton or viscose) in an otherwise linear textile value chain.

The commercialisation of Renewcell's Circulose® pulp products is ongoing and global clothing brands, including H&M and Levi's have already launched garments produced in textile made from Circulose®. Furthermore, BESTSELLER will launch a collection with Circulose® and there is also substantial interest from other global clothing brands. The Company has also established partnerships across the value chain with fibre producers, pulp agents, textile sorters and a number of clothing brands to secure both the delivery of the raw material and sales of Circulose® pulp.

The next step in Renewcell's development is the construction of a new plant with an annual production capacity of 60,000 air-dried metric tons ("ADMT")¹⁾ of pulp. The plant will be located in facilities in SCA's paper mill in Örtviken outside Sundsvall. Installation of machinery is scheduled to start in the third quarter of 2021 and is expected to be fully installed in the first quarter of 2022. The production volume will gradually increase, commencing during the first six months of 2022 and will reach full production volume toward the end of 2024.

The objective of the Offering and the listing on First North Premier is to finance the Company's construction of the new plant and the Company's continued growth until the Company reaches positive cash flow from operating activities as well as to further increase international recognition of Renewcell among customers, and existing and potential partners.

The Company estimates that the total cost for the new plant will amount to SEK 1,090 million, including capital investments, installation and operation until the Company is cash-flow positive. The Company estimates that the operating expenses attributable to other activities, including operations of the existing plant in Kristinehamn, research and development and costs attributable to head office will amount to SEK 160 million before the Company is cash flow positive.

The Offering is expected to raise gross proceeds of around SEK 800 million for the Company, through the new issue of shares. The fees relating to the share issue are expected to amount to SEK 50 million. Moreover, the Company intends to raise loans of around SEK 700 million, of which SEK 450 million has been contracted as of the date of publication of this Prospectus. Accordingly, the Company has a financing plan in place for the total cost of the new plant, including operation and other operating expenses for the continuing business until the Company is cash-flow positive.

The Company intends to use the net proceeds from the Offering in accordance with the following order of priority: (i) SEK 390 million to finance the new plant, (ii) SEK 160 million to finance operating expenses attributable to other activities, including operations of the existing plant, research and development and costs attributable to head office and (iii) SEK 200 million to strengthen the balance sheet and provide stability for further expansion. The loan of SEK 700 million will be used in its entirety to finance the new plant.

The Company's assessment is that it lacks sufficient working capital prior to the Offering to conduct the existing operations or implement the planned expansion and become cash-flow positive. The Company's existing working capital is assessed to be sufficient up to and including December 2020. Over the forthcoming 12-month period, the Company's working capital requirements for conducting the existing production operations in Kristinehamn, planned research and development work and head office are estimated at about SEK 100 million. Over the forthcoming 12-month period, the Company's working capital requirements for conducting the existing operations and completing the planned expansion are estimated at about SEK 800 million. It is expected that the working capital requirements can be met through the new issue being conducted as part of the Offering, newly raised loans and the Company's existing funds, which amounted to SEK 17.4 million at 30 September 2020.

1) A pulp-industry specific term, which denotes air-dried tonnes of pulp. Air-dried is defined as 90 per cent dry matter in the pulp, entailing that one ADMT is equal to 900 kilos of absolutely dry pulp plus 100 kilos of bound water. All descriptions of Renewcell's production volumes in tonnes in this Prospectus refer to ADMT unless otherwise stated.

In the event that the Offering is not fully subscribed or completed, or if the loan financing described in the section “*Business overview – New construction of plant in Ortviken – Financing plan*” is not raised, the Company may revise the planned business and expansion plan by postponing the expansion of capacity in the next plant to instead focus on operation of its existing production operations in Kristinehamn and planned research and development work. The Company may also investigate alternative possibilities for financing in the form of, for example, a rights issue, a private placement or long-term loan financing from existing or new investors.

For more information, refer to the full particulars of the Prospectus, which has been prepared by the board of directors of Renewcell in conjunction with the Offering. The board of directors of Renewcell is responsible for the content of this Prospectus and to the knowledge of the board of directors, the information provided in the Prospectus corresponds to the facts and no information that could affect its meaning has been omitted.

Stockholm 13 November 2020

Re:NewCell AB (publ)
The board of directors

The board of directors of Renewcell has sole responsibility for the content of this Prospectus. However, Girindus Investments AB confirms its commitment to the terms and conditions of the Offering in accordance with what is set out in the Prospectus.

Stockholm 13 November 2020

Girindus Investments AB

Market overview

The information concerning market growth and size as well as Renewcell's market position in relation to the competitors specified in the Prospectus comprises an overall assessment by Renewcell, based on both internal and external sources. The sources on which Renewcell has based its assessment are indicated on a running basis in the information. In addition, Renewcell has made several statements in the Prospectus about the industry and its competitive position within the industry. These statements are based on the Company's experience and its own market surveys. Although the information has been presented correctly and Renewcell considers the sources to be reliable, the Company has not independently verified the information and as such cannot guarantee its accuracy or completeness. Market and business information may include estimates concerning future market trends and other forward-looking statements. Forward-looking statements are not a guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. Information from third parties has been accurately reproduced and, as far as Renewcell is aware and can ascertain from information published by the relevant third parties, no facts have otherwise been omitted that could render the reproduced information inaccurate or misleading.¹⁾

Introduction to Renewcell's market

The demand for clothing more than doubled between 2000 and 2018²⁾, driven by a dramatically increasing global middle class, shorter fashion cycles and an upswing in consumers buying more garments and discarding them after using them only a few times. With an expected increase in the global middle class, the Company believes that demand for clothing will continue to increase for a long time to come.

Historically, the largest part of this increased consumption has been supplied by increased use of cotton and synthetic fibres. The most common synthetic fibre in clothing production today is polyester, which is primarily produced from oil in an energy-intensive process. Polyester takes a long time to decompose in nature, and thus causes serious problems from microplastics being released during laundering. It is estimated that the fibre contributes 35 per cent of all microplastics in the ocean³⁾. The next most common fibre, cotton, requires large amounts of water and is a contributing factor to eutrophication. For example, it takes over 10,000 litres of water to manufacture one complete pair of cotton jeans,⁴⁾ and the cotton industry accounts for four per cent of the total consumption of fresh water globally⁵⁾.

In addition to the climate and environmental impact of clothing production, there is a serious problem with garment waste. Less than one per cent of all garments are currently recycled into new clothes. The remaining waste goes into landfills or is incinerated after use⁶⁾. The small amount of textiles that is nonetheless recycled becomes primarily low-value products such as rags, insulation or upholstery stuffing. Altogether, this means the garment industry is considered to be one of the industries with the greatest negative environmental impacts in the world. Environmental awareness among consumers has increased dramatically over the last few years, and sustainability has become a driver in purchasing decisions. Internet searches for "sustainable fashion" tripled between 2016 and 2019, which can be regarded as an indicator of the increased concern over environmental issues⁷⁾. At the same time, political action has changed the framework in the garment industry through stricter legislation. It has been decided that until 2025, every member state of the EU must offer separate collection of used textiles with gradually increasing target requirements for the proportion of material that is actually collected during subsequent years. In addition, member states are compelled to actively work on preventing the

1) The Company has, with the support of the consultancy firm McKinsey & Company ("Third-Party consultant"), mapped market data, including market size, market growth and competition analysis within the framework for a six-month long collaboration from the end of 2019 to the spring of 2020. The collaboration is based on an award Renewcell won in 2019 and has not entailed any cost for the Company for the consulting services received.

2) Ellen MacArthur Foundation, A New Textiles Economy: Redesigning Fashion's Future, 2017 and Company estimate.

3) Boucher, J. & Friot, D. Primary Microplastics in the Oceans: a Global Evaluation of Sources. IUCN, Gland, Switzerland, <https://doi.org/10.2305/IUCN.CH.2017.01.en>, 43pp (2017).

4) United Nations Climate Change, <https://unfccc.int/news/un-helps-fashion-industry-shift-to-low-carbon>

5) The Conscious Club, <https://www.theconsciouschallenge.org/ecologicalfootprintbibleoverview/water-clothing>

6) Ellen MacArthur Foundation, A New Textiles Economy: Redesigning Fashion's Future, 2017: https://www.ellenmacarthurfoundation.org/assets/downloads/A-New-Textiles-Economy_Full-Report_Updated_1-12-17.pdf

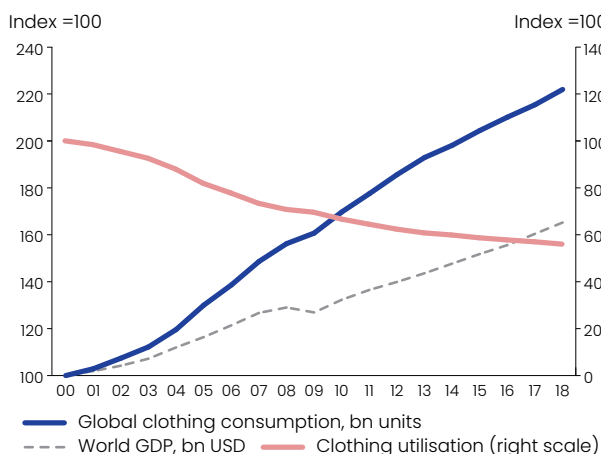
7) McKinsey Apparel CPO Survey 2019.

material collected from going to landfills or incineration¹⁾. As a result, the government of Sweden set up an investigation in December 2019 to produce proposals for increased producer responsibility for textiles²⁾ and on 9 July 2020 resolved on a national strategy for a circular economy³⁾. Other countries have also come a long way: France, for example, has introduced a law that promotes a circular economy and prohibits clothing companies from destroying surplus garments⁴⁾. One result is that leading global clothing brands have voluntarily committed to increasing the proportion of sustainable and recycled material to close the loop in the otherwise linear textile value chain.

Global demand for clothing textiles

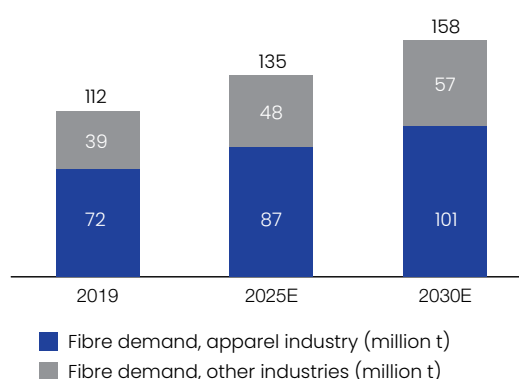
Clothing consumption has more than doubled since 2000, from approximately 50 billion garments sold to 111 billion units sold in 2018, corresponding to approximately 70 million tonnes of fibre with a market value of USD 63 billion in 2018⁵⁾. This increase was driven by a growing middle class, shorter fashion cycles and the fact that items of clothing are now being used fewer times before they are discarded. The garment industry represents approximately 65 per cent of the total demand for fibre. For more information on other areas of application, refer to the section “Market overview – Alternative end markets”.

Global clothing consumption and clothing utilisation⁶⁾



According to the UN, the world's population is expected to continue to increase, from 7.6 billion at the end of 2019 to 9.8 billion in 2050⁷⁾. At the same time, 1.7 billion people are expected to move from the low-income bracket into the middle class by 2030⁸⁾. It is expected that this will lead to an increase in total fibre demand (including areas of application other than the fashion industry) from approximately 112 million tonnes in 2019 to approximately 158 million tonnes of textile fibre in 2030⁹⁾, corresponding to an increase in market value of approximately USD 4 billion per year¹⁰⁾.

Fibre demand



Source: The Company's assessment with the support of Third-party consultant.

Fibre types

The fibre types in the figure below can be divided into natural and artificial fibres. Cotton, which comes from plants, is included under natural fibres. Other fibres are also a part of natural fibres and include linen, wool and silk. Artificial fibres in turn are divided into regenerated fibres and synthetic fibres. Regenerated fibres are artificial textile fibres produced from natural raw material; viscose, for example, is produced from dissolving wood pulp (“DWP”) or dissolving textile pulp (“DTP”). Synthetic fibres are artificial textile fibres normally produced from petroleum, such as polyester, polyamide, acrylic and elastane.

Renewcell's product is a DTP under the trademark Circulose® that can be used in manufacturing different types of regenerated fibres. The three most common are viscose, modal and lyocell. The differences between them are small and concern mainly the manufacturing process and the structure of the filaments.

- 1) European Union, Textiles in Europe's circular economy: <https://www.eea.europa.eu/themes/waste/resource-efficiency/textiles-in-europe-s-circular-economy>.
- 2) Government of Sweden, Ett producentansvar för textil: <https://www.regeringen.se/4ae68c/contentassets/ed534990577740479348c54c724dad6d/ett-producentansvar-for-textil-dir.-201996>
- 3) Government of Sweden: <https://www.regeringen.se/pressmeddelanden/2020/07/sverige-staller-om-till-en-cirkular-ekonomi/>
- 4) McKinsey Apparel CPO Survey 2019.
- 5) Estimated on an average textile fibre price of USD 900 per tonne.
- 6) Clothing utilisation is defined as the average number of times a garment is worn before it ceases to be used and shows the relative decrease in the number of times a single garment is used over its lifecycle. Source: Ellen MacArthur Foundation, A New Textiles Economy: Redesigning Fashion's Future, 2017 (method for calculating clothing utilisation), World Bank (GDP) and Third-party consultant (global apparel sales).
- 7) United Nations, 2017: <https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>
- 8) Brookings Institution, 2018: <https://www.brookings.edu/blog/future-development/2018/09/27/a-global-tipping-point-half-the-world-is-now-middle-class-or-wealthier/>
- 9) The Company's assessment with the support of Third-party consultant.
- 10) Estimated on an average textile fibre price of USD 900 per tonne.

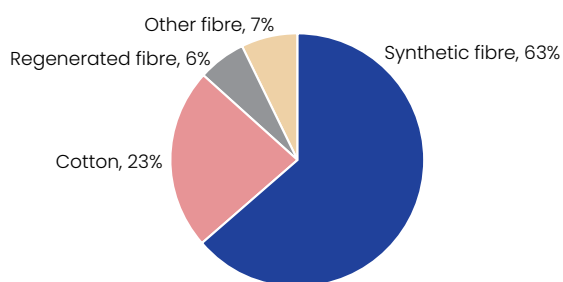
The manufacturing processes for viscose and modal are similar, and also use similar chemicals. Viscose production has been refined over the last century to produce a textile that is soft and easy to care for, while modal fibres are treated somewhat differently after they have been spun in order to make the filament stronger.

Lyocell is a regenerated fibre similar to viscose and modal, but uses another solvent in the manufacturing process to extract the cellulose. The solvent is organic and easier to filter and reuse in a closed loop, and is therefore generally regarded as being more environmentally friendly than the one used in the viscose process.

The global fibre mix

The global fibre mix consists of synthetic fibres, cotton, regenerated fibres and other fibres; synthetic fibres represent the largest share and other fibres the smallest. See Figure "The global fibre mix" for the different shares of fibres in the global fibre market. The figure pertains to 2019 when the market size was 112 million tonnes¹⁾, corresponding to a market value of approximately USD 100 billion²⁾.

The global fibre mix



Source: The Company's assessment with the support of Third-party consultant.

The cellulose gap

Regenerated fibres will be an important part of meeting future demand for clothing textiles, since the other types of fibres are marked by capacity limitations and non-sustainable production methods.

All fibres except synthetic fibres are experiencing difficulties with increasing production capacity, due primarily to shortages of cultivable land for agriculture

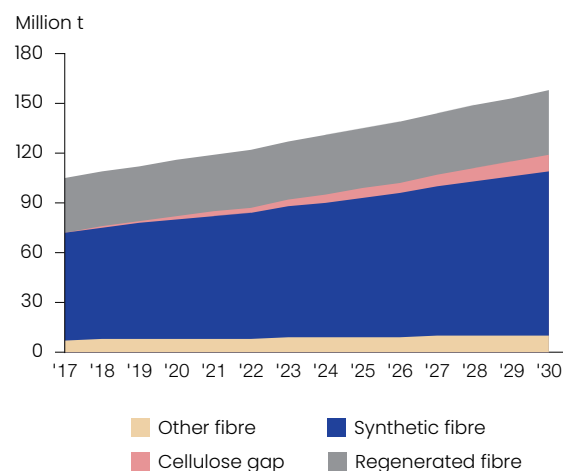
or forestry. Stagnating cotton production as a result of capacity limitations is creating a "cellulose gap" between supply and demand as textile consumption continues to increase³⁾.

Even if petroleum-based synthetic fibres have scope for expanded production capacity, the fibres lack certain desirable properties that cellulose-based fibres, such as cotton, and regenerated fibres have and therefore cannot replace them⁴⁾. In addition, their negative environmental impact has roused serious criticism. The only alternative to synthetic fibres for meeting increased demand is thus recycled fibres, in which regenerated fibres from recycled textiles are the main alternative considering their high quality, attractive properties such as absorbency and moisture management, as well as low environmental impact.

The Company therefore assesses that Renewcell's pulp product, Circulose®, will play an important role going forward in meeting demand in the growing cellulose gap.

The figure below shows how the cellulose gap will increase over time and is expected to amount to approximately 10 million tonnes of fibre in 2030⁵⁾.

The cellulose gap



Source: The Company's compilation from Nousiainen, Pertti, et al. (2015). "NEW ROUTES FROM CELLULOSE TO TEXTILE FIBER AND READY PRODUCTS."

1) The Company's assessment with the support of Third-party consultant.

2) Estimated on an average textile fibre price of USD 900 per tonne.

3) Haemmerle, Franz. (2011). The Cellulose Gap (The Future of Cellulose Fiber). Lenzinger Berichte. 89.

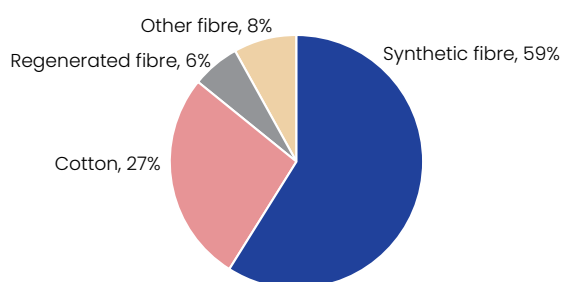
4) Haemmerle, Franz. (2011). The Cellulose Gap (The Future of Cellulose Fiber). Lenzinger Berichte. 89.

5) Nousiainen, Pertti, et al. (2015). "NEW ROUTES FROM CELLULOSE TO TEXTILE FIBER AND READY PRODUCTS."

The global fibre mix in the garment industry

Of the total fibre market of 112 million tonnes, it is estimated that 65 per cent is used in the garment industry, which means a market volume of approximately 72 tonnes in 2019¹⁾, or USD 66 billion²⁾. The remaining 35 per cent of the market is used on various areas such as furnishings or the hygiene and health market. The figure below shows the fibre mix in the garment industry for 2019.

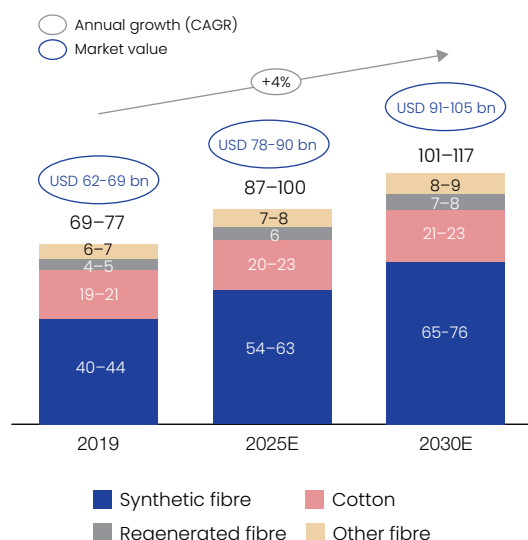
The global fibre mix in the garment industry



Source: The Company's assessment with the support of Third-party consultant.

The market for textile fibres in the garment industry is expected to grow four per cent per year up to 2030 to an expected total of 101–117 million tonnes of fibre, corresponding to a market value of USD 91–105 billion³⁾.

Growth in the market for textile fibres in the garment industry



Source: The Company's assessment with the support of Third-party consultant.

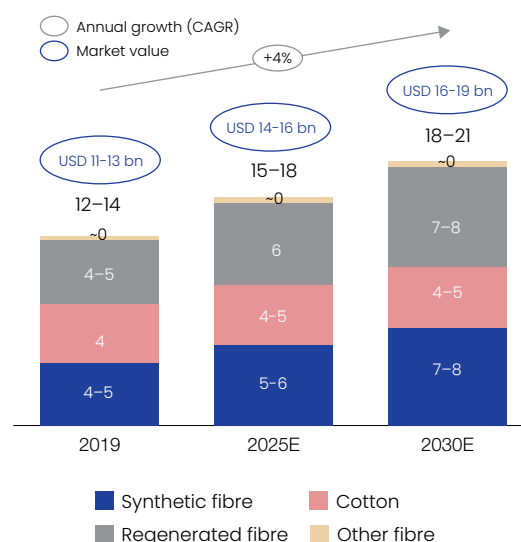
Renewcell's addressable market

Renewcell's product can be used in several industries but is currently best suited for textile production in the garment industry, where demand for sustainable material is high. The Company believes that regenerated fibre from recycled textiles could replace approximately 18 per cent of fibres from non-recycled sources in the garment industry, which means an addressable market for Renewcell of approximately 12 to 14 million tonnes in 2019⁴⁾.

The replacement rate of 18 per cent is a weighted average and means that 10 per cent of synthetic fibres as well as 20 per cent of cotton fibres, 100 per cent of existing regenerated fibres and 5 per cent of other fibres are replaced by regenerated fibre from recycled textiles⁵⁾.

The market is expected to grow approximately four per cent through 2030, which would mean an addressable market size of 18 to 21 million tonnes⁶⁾, corresponding to a market value of USD 16–19 billion⁷⁾.

Growth in Renewcell's addressable market



Source: The Company's assessment with the support of Third-party consultant.

Over the long term, Renewcell's product could be used in other industries besides the garment industry, which would lead to an expanded addressable market for the Company.

1) The Company's assessment with the support of Third-party consultant.

2) Estimated on an average textile fibre price of USD 900 per tonne.

3) Estimated on an average textile fibre price of USD 900 per tonne.

4) The Company's assessment with the support of Third-party consultant.

5) The Company's assessment with the support of Third-party consultant.

6) The Company's assessment with the support of Third-party consultant.

7) Estimated on an average textile fibre price of USD 900 per tonne.

Value chain

The garment industry value chain

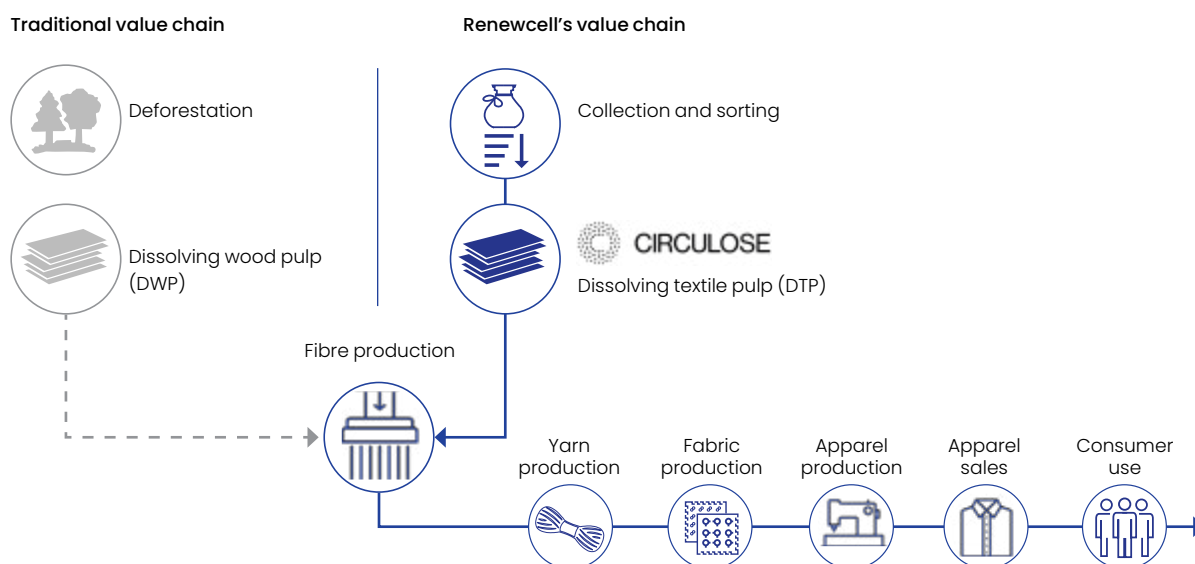
Renewcell currently operates in the garment industry, and has a function early on in the value chain: production and sale of input material for fibre production. Several steps subsequently follow in order to finally reach the consumer, who uses the clothes. See the figure below for an illustration of all the steps in the value chain.

Larger portions of the value chain are well established today and occupy numerous companies—everything from local dressmaker's workshops to global fibre producers. The traditional value chain is

linear, and begins with extraction of raw material from timber that is processed into DWP by pulp producers.

Renewcell replaces the first part of this traditional value chain and can link the value chain together to become circular by using textiles as input material. Instead of timber harvesting, Renewcell gains access to raw material through partnerships with collectors and sorters of textile waste. The downstream processes remain the same as in the traditional value chain. This is due to the fact that Renewcell's Circulose® pulp (DTP) has similar technical properties, which is why the fibre producers can replace DWP with 100 per cent recycled raw material in their production without need for further investment.

Renewcell's value chain



Source: Renewcell

Dynamic and balance of power among parts of the value chain

The garment industry is characterised by a purchaser-driven value chain in which the consumer indirectly drives demand. On the other hand, the global clothing brands have the greatest direct influence over the value chain and control demand, both in terms of volume and technical specifications. The Company believes that the dynamics and balance of power among the various parts of the value chain can be described as follows:

- **Consumers** and their demand have a major influence on the strategic priorities of the clothing brands.
- The **clothing brands** are known as “channel captains” and have a major influence over the entire value chain. This influence is used by setting requirements for other players in the value chain based on their strategic priorities, thus creating tractive power along the value chain.
- The **garment manufacturers** are fragmented, and located primarily in low-cost countries. They are subject to significant profit margin pressure from the clothing brands due to high levels of competition.
- The **yarn and cloth producers** are relatively protected compared with the garment manufacturers owing to lower levels of competition and greater complexity in their processes.
- The **fibre producers** are a highly concentrated group, and the four largest players are moreover vertically integrated, manufacturing around half of the pulp for their fibre production themselves.
- The **pulp producers** are a concentrated part of the value chain. Several traditional pulp producers are vertically integrated, from forestry to dissolving pulp and paper.

The input material market

Renewcell's input material consists of recycled cellulose-based textiles such as cotton and viscose. These can originate both from the garment industry and the rest of the textile market, and are divided into three main categories: textile waste from production (production waste), unsold goods and clothing, and recycled used goods and clothing. Textile waste from production pertains to production waste from yarn and textile producers. Unsold goods pertain to goods and clothing from the clothing brands that have not been sold. Recycled used goods and clothing pertains to textiles that have been recycled and sorted, for example used jeans. Refer to the section "Business overview – Production – Input material in production" for more information on the different input material.

Of all the fibre used in the garment industry, approximately 12 per cent is lost to production waste. Of all the textiles that reach the consumer, approximately 12 per cent is currently recycled into uses of lesser value (e.g. insulation or upholstery stuffing). Less than one per cent of all textile fibre in garments is currently recycled into new clothes¹⁾. The Company believes that the market for input material from the garment industry will total approximately 20 million tonnes in 2020. Beyond that, it is estimated that the remaining textile market will generate approximately five million tonnes of potential input material for Renewcell in 2020.

The table below lists the pros and cons of the various sources of input material.

The input material market

Source:	Expected volume, 2020	Description	Pros	Cons
Production waste	~8 million tonnes	Waste from manufacturing processes for yarn, textile and clothing. Includes cutting scraps, bolt ends, etc.	<ul style="list-style-type: none"> - There is an established market - Can be targeted directly at suitable cotton blends - Can avoid buttons, zippers, etc. 	<ul style="list-style-type: none"> - Heavy competition for the material - Relatively high price - Trend in which producers decrease the proportion of waste and/or create mechanical recycling on site
Unsold goods	~3 million tonnes	Clothes that cannot be sold by the clothing brand. Includes goods that never left the warehouse or shelf, returns, samples, defective articles, etc.	<ul style="list-style-type: none"> - There is an established market - Can be targeted directly at players with high cotton content in their textiles - There is potential for charging waste management fees 	<ul style="list-style-type: none"> - The textiles are often packed in labelled plastic bags - Relatively low volumes - Limited predictability in material types
Used goods	~10 million tonnes	Discarded garments from consumers. Around 73 per cent ends up in landfill or is incinerated, either directly or after any second-hand sales.	<ul style="list-style-type: none"> - Clothing brands can act as collection partners - Garments are well suited for Renewcell's process - "Unlimited" volume in the event collection infrastructure develops 	<ul style="list-style-type: none"> - Waste has a broad geographic spread - At present, primarily sorted manually in accordance with condition rather than material type

Note: These volume estimates contain material that are both suitable and unsuitable for recycling in Renewcell's process.
Source: The Company's assessment with the support of Third-party consultant.

1) Ellen MacArthur Foundation, 2017.

Alternative end markets

Renewcell's dissolving textile pulp has several areas of application in addition to cellulose-based fibres in the garment industry. Besides cellulose fibres for textiles, the dissolving pulp can potentially be used for production of cellulose acetate, cellulose ethers and cellulose nitrate. The Company has chosen to focus on cellulose

fibres for textiles, bearing in mind its market size and high rate of growth and that sustainability is a stronger selling argument in this consumer-oriented sector. Other areas of application are characterised by somewhat lower rates of growth and absolute market size.

Areas of application for Circulose® pulp

Type	Market size (USD bn/mn tonnes)	Annual growth (2019–2023E)	Attractiveness
Cellulose fibre for textiles	5.0 / 5.5	4–6%	
Cellulose ethers (CE) & MCC	1.1 / 0.6	2–4%	
Cellulose acetate (CA)	0.7 / 0.4	–1–1%	
Nitrocellulose (NC)	0.5 / 0.3	0–1%	

Source: The Company's assessment with the support of Third-party consultant.

There are several different applications in cellulose fibre for textiles besides the garment industry, such as the manufacturing and automotive industries, the hygiene and health market and the furnishings market. Renewcell's product is currently best suited for textile production in the garment industry, where demand for sustainable materials is high and growing. The garment industry also places strict technical demands on the product, which raises the entry barrier for

competitors and makes the Company's product particularly suited with regard to its high quality. The other applications are less attractive owing in part to looser technical requirements, which means Renewcell would have to compete price-wise with products of lower quality and starting prices. The Company believes these markets could be relevant in the long term, but has chosen to focus on the garment industry for the present.

Alternative end markets

	Garment industry ¹⁾	Manufacturing and automotive industries ¹⁾	Hygiene and health market ¹⁾	Furnishings market ¹⁾
Technical requirements	High	Medium	Medium	Low
Market size	Large	Medium	Small	Medium
Average fibre price (USD per tonne)	1,200–5,000	800–1,100	900–1,200	1,200–1,500
Attractiveness				

Note: 1) Includes all types of fibres in the market (both sustainable and non-sustainable)

Source: The Company's assessment with the support of Third-party consultant.

Trends and drivers for increased production of sustainable textiles

Consumer awareness

Environmental awareness among consumers has increased dramatically over the last few years, and sustainability has become a driver in purchasing decisions. Internet searches for “sustainable fashion” tripled between 2016 and 2019, which can be regarded as an indicator of the increased concern over environmental issues¹⁾.

At the same time, political action has changed the framework in the garment industry through stricter legislation. The EU has introduced a number of compulsory regulations that will enter force as of 2025. As a result, for example, France has introduced a law that promotes a circular economy and prohibits clothing companies from destroying surplus garments²⁾.

Statistics from surveys of purchasing managers show that environmentally friendly material is important and that they expect the industry will use at least 30 per cent of recycled fibre in every newly produced garment, and that textiles manufactured from environmentally friendly artificial fibre will replace at least 20 per cent of current textiles³⁾.

Regulations for increased textile recycling

In March 2020, the European Commission introduced an action plan for a circular economy that will promote textile recycling⁴⁾. It has been decided that until 2025, every member state of the EU must offer separate collection of used textiles with gradually increasing target requirements for the proportion of material that is actually collected during subsequent years. In addition, member states are compelled to actively work on preventing the material collected from going to landfills or incineration⁵⁾. Beyond that, several countries have introduced, or plan to introduce, regulations to reduce textile waste. For example, France has introduced a law that promotes a circular economy and prohibits clothing companies from destroying surplus

garments, and Turkey's zero waste program was expanded to include textiles in 2019⁶⁾. The government of Sweden additionally set up an investigation at the end of 2019 for the introduction of producer responsibility for textiles, for the purpose of increasing the rate of collection and recycling⁷⁾ and also resolved on 9 July 2020 on a national strategy for a circular economy⁸⁾.

The Paris Agreement and the UN's Fashion for Global Climate Action

One of the most significant political events of the past several years was the 2015 climate conference in Paris. During the conference, 195 countries adopted the first universal, legally binding global climate agreement. Its purpose is to avoid dangerous climate changes, with the goal of keeping global warming under 1.5 degrees Celsius⁹⁾. The Paris Agreement gave rise to the UN's “Fashion for Global Climate Action” network, the purpose of which is to adapt the garment industry to the objectives of the agreement and to move toward net zero emissions emissions by 2050¹⁰⁾.

2030 Agenda for Sustainable Development

In 2015, the UN's Sustainable Development Goals were adopted as part of the 2030 Agenda for Sustainable Development. One of the goals is to ensure sustainable consumption and production. By 2030, the amount of waste must be significantly reduced through prevention, reduction, reuse and recycling¹¹⁾.

Competing technologies and Renewcell's positioning

In Renewcell's market segment there are established traditional producers of dissolving pulp with timber as input material, producers who offer dissolving pulp containing a mix of input material from both non-recycled and recycled sources, and a number of technology companies that the Company believes are in the early stages of producing new processes for the chemical recycling of cotton textiles.

1) McKinsey Apparel CPO Survey 2019.

2) McKinsey Apparel CPO Survey 2019.

3) McKinsey Apparel CPO Survey 2019.

4) European Commission, A new Circular Economy Action Plan: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN>

5) European Union, Textiles in Europe's circular economy: <https://www.eea.europa.eu/themes/waste/resource-efficiency/textiles-in-europe-s-circular-economy>

6) McKinsey Apparel CPO Survey 2019.

7) Government of Sweden, Ett producentansvar för textil: <https://www.regeringen.se/4ae68c/contentassets/ed534990577740479348c54c724dad6d/ett-producentansvar-for-textil-dir.-201996>

8) Government of Sweden: <https://www.regeringen.se/pressmeddelanden/2020/07/sverige-staller-om-till-en-cirkular-ekonomi/>

9) United Nations, Paris Agreement, 2015: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

10) United Nations, Fashion for Global Climate Action: https://unfccc.int/sites/default/files/resource/20_REP_UN%20FIC%20Playbook_V7.pdf

11) United Nations, Transforming our world: the 2030 Agenda for Sustainable Development, 2015: https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

As far as is known, Renewcell is the first in the world to offer a dissolving pulp for textile production manufactured from 100 per cent recycled cotton textiles on a commercial basis. By recycling old cotton textiles, Renewcell creates a circular flow of materials with major gains for the environment as a result. Renewcell believes that the Company has a unique position in which important purchasing factors are met among both clothing brands and fibre producers who wish to improve their environmental profile. Refer to the section “Market overview – Case Study: Environmental Impact” for more information on the environmental impact of different textiles.

Traditional pulp producers

DWP, which traditional pulp producers manufacture, could have positive environmental properties compared with cotton and polyester. On the other hand, DWP does not address the amounts of waste coming from the garment industry that at present go to landfill or are incinerated. Raw materials from the forest are used instead. Recently, more and more stakeholder organisations have expressed deep concerns over the fact that increased demand for viscose has led to intensified harvesting of rainforest, for example in Indonesia. One of these stakeholder organisations is Canopy, a non-profit working to protect the world's forests, species and climate¹⁾. Additionally, harvesting leads to a decrease in the forest's capacity for capturing carbon dioxide and thus contributes to global warming²⁾. The Company believes that pressure from organisations such as Canopy has pushed a number of clothing brands to commit to working only with suppliers of sustainable material.

Mix of wood and textiles

A small number of pulp producers offer dissolving pulp that is a mix of raw forest materials and textile waste. The Company assesses that only approximately 5 to 30 per cent of these pulp products are composed of cellulose from recycled cotton textiles, partly due to technological limitations. The technology used is drastically limited as regards the type of cotton textile that can be recycled, where white and 100 per cent pure cotton from production waste work especially well³⁾.

Recycled cellulose

There are a number of development projects in the early stages that are aimed at producing new processes for chemical recycling of cotton textiles. The Company believes that the projects have at least five to seven years of development left before they are in the phase Renewcell is currently in as of the publication of this Prospectus. Moreover, most of these projects are focused on launching new fibre types, which means that they integrate a step further forward in the value chain compared with Renewcell. The Company assesses that it takes a long time for new types of fibres to achieve market acceptance both in the value chain and among consumers. Lyocell is the latest generation of cellulose fibre launched in the market, and after 30 years still has a marginal market share compared to viscose, cotton and polyester⁴⁾. Renewcell has therefore consciously chosen instead to produce raw materials for fibre types that have already gained acceptance.

In the recycled cellulose segment, Renewcell competes with companies such as Infinited Fiber and Evrnu. The Company believes that the major difference between them is that Renewcell has a commercial production plant on site, and that the Company's dissolving pulp can be used directly in the existing value chain without Renewcell's customers (viscose fibre producers) needing to change either their machinery or their chemicals in their viscose production. The Company assesses that Infinited Fiber and Evrnu will start pilot facilities in the near future; the Company believes, however, that none of these are operational as of the date of publication of this Prospectus. Moreover, Infinited Fiber and Evrnu have demonstrated that their technology creates a new fibre, which in the Company's opinion will need to be accepted by fibre producers and clothing brands, which could take some time.

1) CanopyStyle: <https://canopyplanet.org/campaigns/canopystyle/>
















2) CanopyStyle, *CanopyStyle 5th Anniversary Report*: <https://canopyplanet.org/wp-content/uploads/2019/02/CanopyStyle-5th-Anniversary-Report.pdf>

3) The Company's assessment.

4) The Company's assessment.

The table below describes a selection of the companies that Renewcell competes with in the recycled cellulose segments, traditional pulp producers and producers that use a mix of wood and textiles based on the input material used, the commercial level that in the Company's opinion has been achieved, and the final product.

Competing technologies and Renewcell's positioning

	Company	Input materials	Production status	End product
Recycled cellulose	Renewcell	Cotton and viscose waste (all colours)	 Commercial production, 2022	DTP
	Infinited Fiber Company	Cotton, cardboard, agricultural waste	 Pilot stage	New type of cellulose fibre
	Evrnu	Cotton waste	 Pilot stage	New type of cellulose fibre
	HKRITA-Novetex	Mix of polyester and cotton waste	 Research stage	Polyethylene pellets and cellulose products
	Natural Fiber Welding	Cotton and agricultural waste	 Pilot stage	Cotton yarn
	SaXcell	Cotton waste	 Research stage	New type of cellulose fibre
	Block-Text	Mix of polyester and cotton waste	 Concept stage	Polyethylene pellets and cellulose products
	Worn Again Technologies	Mix of polyester and cotton waste	 Pilot stage	Polyethylene pellets and cellulose products
	Tyton Biosciences	Mix of polyester and cotton waste, agricultural waste	 Pilot stage	PE monomers and cellulose products
Traditional pulp producers (selection)	Sappi	Deciduous wood	 Commercial production	DWP
	Stora Enso	Deciduous and coniferous wood	 Commercial production	DWP
	Rayonier Advanced Materials	Coniferous wood	 Commercial production	DWP
Mix of wood and textiles	Lenzing Refibra™	Wood and cotton waste	 Commercial production	Lyocell and fibre of <30% recycled material
	Aditya Birla	Wood and cotton waste	 Commercial production	Viscose with <20% recycled material
	Södra	Deciduous wood and cotton waste	 Commercial production	Dissolving pulp with <20% recycled material

Source: The Company's assessment and company websites.



Mechanical recycling

Another type of recycling process that has long been in use is mechanical cotton recycling. The Company believes that only a very small amount of waste is suitable for mechanical recycling, and due to the fact that the fibre length is shortened by the process, the fibre inevitably loses its strength, and the cloth loses its softness. A large amount of virgin fibre—around 80 per cent or more—needs to be blended in to meet the market's basic quality requirements¹⁾. The Company believes that it will not be possible to scale mechanical recycling up to the relevant size in order to remedy the garment industry's sustainability issues, since it does not meet the strict quality levels the industry has set.

Recycled synthetic fibre

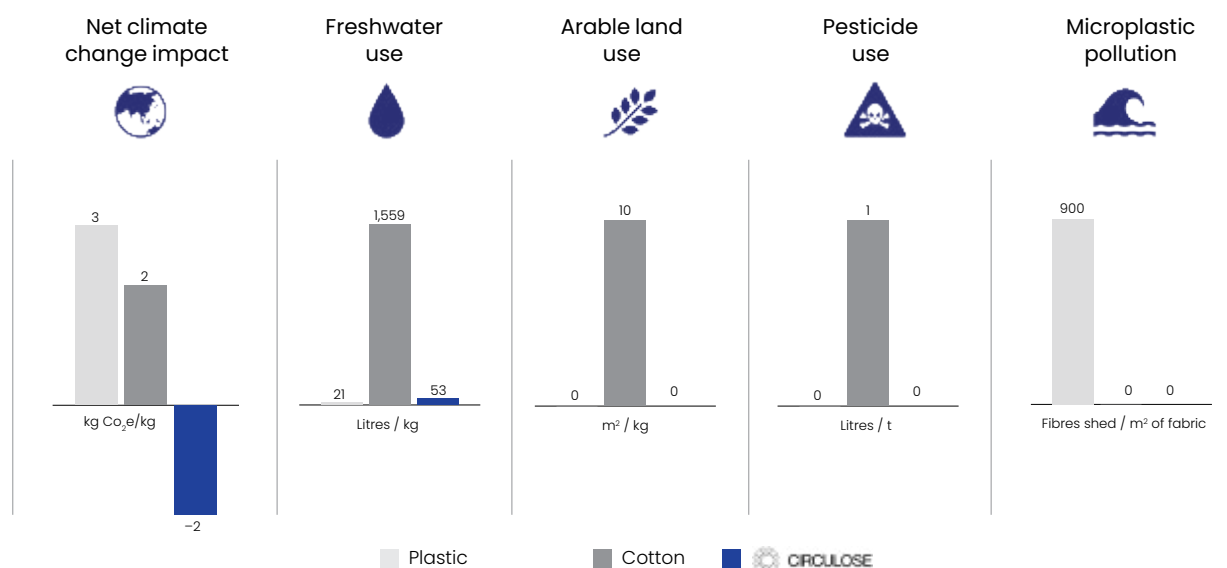
In the fossil fuel-based fibre segment—primarily polyester and nylon—there are currently fibres in the market that are being presented as recycled. The Company believes, however, that this cannot be regarded as circular because they are recycled from other industries and product types. Normally, this concerns transparent PET bottles or fishing nets made of nylon being used as raw materials. The Company believes that this recycling does not do anything to solve the waste issue in the garment industry, and moreover causes the same plastic microfibre pollution as virgin textile fibres from plastic do. Oil is a non-renewable raw material that either results in a net addition of carbon dioxide into the atmosphere upon final incineration or bioaccumulates.

1) Quartz, *Why cotton is so difficult to recycle—and how clothing retailers hope to change that*, 2015: <https://qz.com/487423/why-cotton-is-so-difficult-to-recycle-and-how-clothing-retailers-hope-to-change-that/>

Case study: Environmental impact

Renewcell's process for recycling cotton textiles uses significantly less water and fewer chemicals, and carbon dioxide emissions are smaller than in traditional textile production. In addition, the use of the earth's resources is extended owing to the Company's circular business model. If one kilogramme of clothing is recycled instead of being produced from virgin sources, thousands of litres of water are saved and both carbon dioxide and chemical emissions are reduced.

Comparison of environmental impact



Source: The Company's synthesis of Niinimäki et al "The Environmental Price of Fast Fashion" Nature 2020, SCS Global Services; Cotton Campaign, Carney Almroth et al, "Quantifying shedding of synthetic fibers from textiles; a source of microplastics released into the environment" 2017, Wikifarmer.

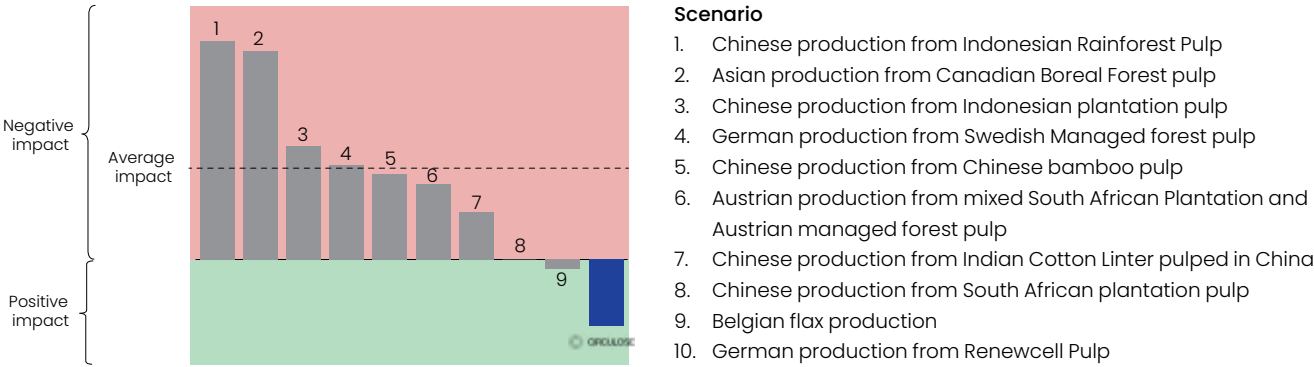
The figure below compares the environmental impact of viscose fibres made from Circulose® pulp with polyester fibres and cotton fibres. In contrast to the latter, Circulose® promotes positive climate benefits because the carbon dioxide captured biogenically in the cotton through photosynthesis remains in the material through additional use cycles. In addition, the earth's capacity to capture carbon dioxide is not impacted by timber harvesting or changed land use in the same way as for cultivated fibres, such as cotton and forestry-based viscose. Moreover, cotton is cultivated primarily in dry regions where fresh water is in short supply and requires artificial irrigation of large areas. This contributes to the perception of cotton being extremely resource-intensive as regards both water usage and land for cultivation. Circulose® and polyester belong to the group of artificial fibres, and thus do not require large amounts of water or land to produce. On the other hand, polyester sheds microplastics when

washed, requires large amounts of energy during manufacture and is manufactured from a non-renewable resource. Some of the fibres are captured by water treatment facilities, but those not captured end up in the ocean and constitute a threat to the ocean environment.

The figure compares various methods of producing dissolving wood pulp with Circulose® and shows that the production process for Circulose® is the one with the least net effect on the climate as measured in carbon dioxide equivalents (**CO₂e**). Viscose fibres produced from Circulose® pulp have a net impact of negative two kilogrammes CO₂e per kilogramme produced. Moreover, this calculation does not take into account the greenhouse gas emissions avoided as a consequence of Renewcell recycling textiles that would otherwise end up in landfills and turn into methane, or be incinerated and released as carbon dioxide.

Lifecycle assessment of CO₂e

Comparing 10 sources of Man-made Cellulose Fiber

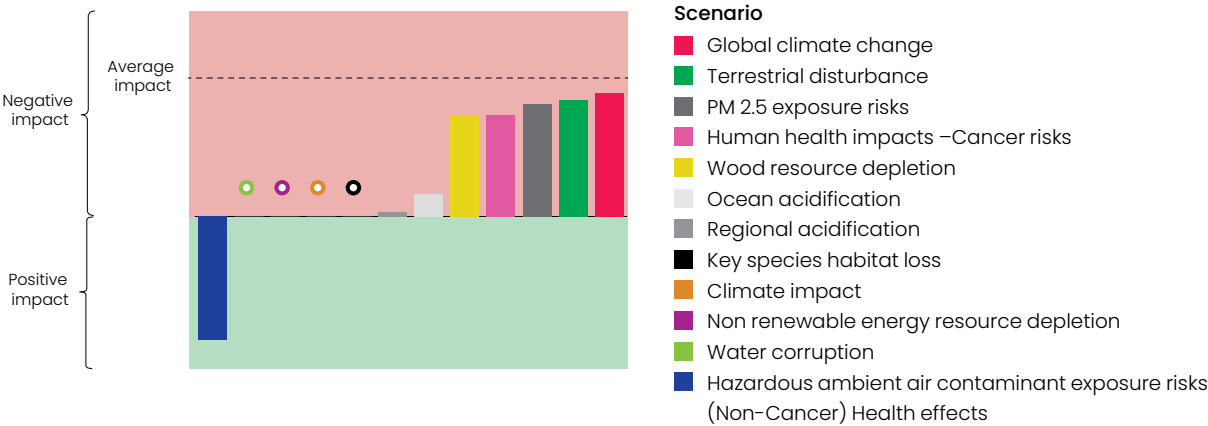


Source: SCS Global Services –“Life Cycle Assessment Comparing Ten Sources of Manmade Cellulose” 2017.

The figure below illustrates the environmental impact of Circulose® over its useful life compared with the average regenerated fibre. Fibres produced from Renewcell’s Circulose® pulp perform better than the average in all categories as regards environmental impact.

Environmental impact across lifecycle

Comparing Circulose® to average for Man-made Cellulose Fiber



Source: SCS Global Services –“Life Cycle Assessment Comparing Ten Sources of Manmade Cellulose” 2017.



EU Taxonomy

The EU Taxonomy Regulation entered force on 12 July 2020. This EU-wide taxonomy is a tool to aid investors, companies, issuers and similar entities navigate the transition to a resource-efficient economy by classifying investments as environmentally sustainable or not. The objective is to ensure that the finance sector has a common set of guidelines for which investments could be called “green.”

It is based on a binary classification—environmentally sustainable or not—in which the European Commission has established six environmental objectives that are listed in the table below. To be classified as environmentally sustainable, an operation must substantially promote at least one of the objectives while not substantially damaging any of the other objectives¹⁾.

EU Taxonomy

Environmental objectives in the EU Taxonomy	Fulfilled by Renewcell
Climate change mitigation	✓
Climate change adaptation	✓
Sustainable use and protection of water and marine resources	✓
Transition to a circular economy	✓
Pollution prevention and control	✓
Protection of eco systems	✓

1) EU, *EU taxonomy for sustainable activities*, 2020: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_sv

Impact of COVID-19

The outbreak of COVID-19 has negatively impacted the global economy, as well as Renewcell's stakeholders, to various extents. The Company believes that the global outbreak of COVID-19 and its impact on the markets where Renewcell is active could entail certain negative consequences over the short term, but over the long term it is likely to accelerate the transition to sustainability and thus involve positive consequences for Renewcell.

COVID-19 will likely accelerate the transition to sustainability

Stakeholders	Public sector	Consumers	Clothing brands	Fibre producers	Investors
Short-term impact (six months)	<ul style="list-style-type: none"> - Delays in decision-making processes - Long-term projects shelved 	<ul style="list-style-type: none"> - Decreased demand owing to income insecurity and lack of access to physical retailers 	<ul style="list-style-type: none"> - Short-term furloughs, reorganisations - Delays in decision-making - Loss of income - Disruptions in distribution - Decreases in marketing investments - Price reductions to clear inventory 	<ul style="list-style-type: none"> - Cancelled orders - Capacity expansion projects put on hold owing to uncertainty in demand - Oversupply, price reductions to clear inventory 	<ul style="list-style-type: none"> - Corporate bond market "closed" - Risk reduction
Long-term impact (one to five years)	<ul style="list-style-type: none"> - Focus on economic stimuli, likely targeted towards sustainable development 	<ul style="list-style-type: none"> - Accelerated transition toward conscious consumption and transparency - Accelerated transition to e-commerce - Reduced interest in luxury consumption - Greater focus on value for money 	<ul style="list-style-type: none"> - Accelerated closure of stores - Increased e-commerce - Focus on reshoring, transparency and increased flexibility in the supply chain 	<ul style="list-style-type: none"> - Focus on flexibility and diversification in the supply chain - Accelerated transition to branded products to drive differentiation and maintain margins 	<ul style="list-style-type: none"> - Increased interest in long-term sustainable investments, resilient supply chains, e-commerce and digital services
Net impact for Renewcell	Positive	Positive	Neutral	Positive	Positive
Explanation	Renewcell's plan for growth is well positioned to reap the rewards from these stimulus initiatives.	Circulose® is well-positioned for a shift in consumer values	No changes in long-term sustainability ambitions	Focus on differentiated products drive demand for specialised pulp	Sustainability investments will likely continue to increase

Source: The Company's assessment.

I used
to be a
pair of
jeans.



CIRCULOSE

Business overview

Introduction to Renewcell

Renewcell was founded in 2012 with the goal of taking the garment industry, an industry increasingly characterised by resource-intensive and expanding garment manufacture, and making it sustainable. The garment 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 materials such as polyester also contributes to an increase in microplastics in the world's oceans. These negative consequences are increasing in pace with the growth of the industry.

Renewcell provides an alternative raw material for textile production that replaces resource-intensive material such as cotton, or petroleum-based material such as polyester. The Company's unique and patented process recycles the cellulose in used cotton textiles and makes sheets of pure, natural and biodegradable dissolving pulp, which is then used as an excellent raw material for manufacturing high-quality textile fibres such as lyocell and viscose.

As far as is known, the Company is the first in the world to offer a dissolving pulp for textile production manufactured from 100 per cent recycled cotton textiles and has, thereby, succeeded in closing the loop for cellulose-based textiles (cotton or viscose) in an otherwise linear value chain; thus, making the Company's process unique.

Renewcell's dissolving pulp is sold to fibre producers under the trademark Circulose®. Circulose® pulp can be used in several industrial applications but is currently best suited for textile production in the garment industry, where demand for sustainable material is high.

The commercialisation of Renewcell's Circulose® pulp products is in the start-up phase and global clothing brands, including H&M and Levi's have already launched garments produced in textiles made from Circulose® and BESTSELLER launches a collection during the spring of 2021. The Company believes there is a high level of interest from other global clothing brands. The Company has also established partnerships across the value chain with fibre producers, pulp agents, textile sorters and a number of clothing brands

to secure the delivery of the raw material and sales of Circulose® pulp.

Production currently takes place at the Company's plant in Kristinehamn, which commenced operations in 2018. The plant has an annual production capacity of approximately 4,500 air-dried metric tons (ADMT)¹⁾ of dissolving textile pulp, which could provide for the manufacture of 20 million T-shirts, for example. The plant has been constructed on an industrial scale but currently has production for commercial sales of approximately 200 tonnes of dissolving pulp per year, which will be scaled up to 2,000 tonnes of Circulose® pulp yearly in 2021. The reason it is not being scaled up to the full production capacity of 4,500 tonnes per year is because the plant is also being used for research and development (R&D).

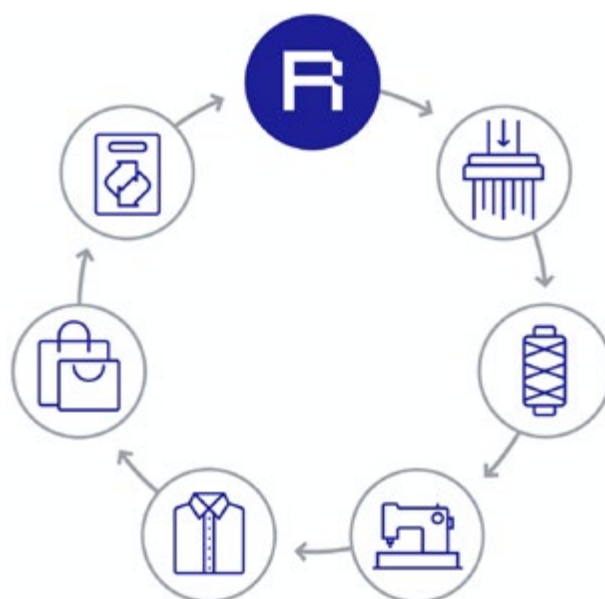
The next step in Renewcell's development is the construction of a new plant with an annual production capacity of an estimated 60,000 tonnes of dissolving pulp. The plant will be located adjacent to SCA's paper and pulp mill in Ortviken, Sweden. Installation of machinery is scheduled to start in the third quarter of 2021 and is expected to be fully installed in the first quarter of 2022. The gradual increase in production volume will commence in the first six months of 2022, and full production volume will be achieved by the end of 2024.

History

Renewcell was formed in 2012 after professors Mikael Lindström and Gunnar Henriksson at KTH Royal Institute of Technology in Stockholm researched a more efficient method of producing bioethanol by finding a new way to decompose cellulose. Over the course of their work, they realised that their method successfully decomposed the cellulose in cotton and viscose. They were convinced that this could be the key to the large-scale recycling of textiles, making the garment industry sustainable. The Company was founded by both professors in partnership with Girincubator AB, a family-owned tech investment company with a background in the pulp industry, Dr. Christofer Lindgren of Cleanflow AB and Johan Sundblad (former deputy CEO of IL Recycling). Below is a summary of the most important events in the Company's history.

1) A pulp-industry specific term, which denotes air-dried tonnes of pulp. Air-dried is defined as 90 per cent dry matter in the pulp, entailing that one ADMT is equal to 900 kilos of absolutely dry pulp plus 100 kilos of bound water. All descriptions of Renewcell's production volumes in tonnes in this Prospectus refer to ADMT unless otherwise stated.

2012	<ul style="list-style-type: none"> ● Re:NewCell AB founded in Stockholm, Sweden
2013	<ul style="list-style-type: none"> ● Research conducted at Greenhouse Labs (KTH Royal Institute of Technology) The research verified important parts of the recycling process (bleaching, viscosity adjustment, fractioning, process optimisation and purification) ● The first patent in the EU granted
2014	<ul style="list-style-type: none"> ● The first cloth was produced from fibres based on 100 per cent Circulose® pulp to demonstrate the application in the garment industry. A dress was produced in partnership with the TITK research institute, SKS, Wargön Innovation and Smart Textile from the Swedish School of Textiles at the University of Borås.
2015	<ul style="list-style-type: none"> ● The Company carried out an oversubscribed new share issue of SEK 8 million. ● The first patent in the US granted
2016	<ul style="list-style-type: none"> ● The Company carried out an oversubscribed new share issue of SEK 58 million. Fouriertransform, the state-owned investment company, and Girincubator AB, a family-owned investment company, are the primary investors. ● Preliminary study of the Kristinehamn plant begun ● A large amount of dissolving pulp was produced and delivered for testing in industrially relevant, mixed production (virgin cotton together with Circulose® pulp) of Iyocell fibres ● Plant machinery tested at suppliers ● A clothing collection was produced and exhibited at the Ethical Fashion Show in Berlin
2017	<ul style="list-style-type: none"> ● The Company carried out an oversubscribed new share issue of SEK 28 million in which H&M was one of the investors ● The Kristinehamn plant essentially completed
2018	<ul style="list-style-type: none"> ● Patrik Lundström took office as the new Chairman of the Board ● The Company carried out two oversubscribed new share issues of in total SEK 30 million in which Textilia was one of the investors ● Initial production run in the Kristinehamn plant ● First delivery of Circulose® pulp to customers ● The Company carried out strategy initiatives and decided to increase production to meet demand in the market
2019	<ul style="list-style-type: none"> ● Patrik Lundström took office as the new CEO and resigned as Chairman of the Board ● Partnership with Bank & Vogue, a Canadian textile sorting company that also runs the Beyond Retro chain, a leading European retail chain with vintage clothing, to deliver post-consumer textiles as input material for Renewcell's production process ● Renewcell won a prize for circular initiative of the year at the Återvinningsgalan awards ceremony ● The Company carried out an oversubscribed new share issue totalling SEK 55 million in which KappAhl was one of the investors ● First commercial sales to fibre producer Tangshan Sanyou ● The Company won the "Encouragement for Action" prize from Stockholm Fashion District ● Renewcell receives first prize in the Norrskén Impact Award 2019 competition ● The Company signed a letters of intent with leading manufacturer Royal Golden Eagle (owner of Sateri), which plans to invest USD 200 million over the next ten years in research and development of cellulose-based textile fibres ● The Company received financing from the EU LIFE programme for continued development of Renewcell's innovative technology
2020	<ul style="list-style-type: none"> ● The Company carried out a bonus issue and bought out the previous shareholder, Fouriertransform ● The Company carried out two new share issues of in total SEK 44 million (based on the valuation from November 2019) ● Initial commercial launch of garments containing Circulose® with the global clothing brand H&M ● Finalist in the World-Changing Ideas competition sponsored by Fast Company, a US newspaper ● Levi's launches a partnership with Renewcell by introducing their most sustainable jeans yet, containing Circulose® ● Agreement for the delivery of Circulose® pulp is entered into with fibre producer Tangshan Sanyou ● Renewcell becomes part of the Full Circle Textiles Project, coordinated by the Fashion for Goods sustainability initiative. Renewcell will supply Kering, PVH and Target with Circulose® pulp, which they will develop into products with the help of Birla Cellulose. The purpose of the project is to validate and scale up the use of recycled material in the companies' value chains ● 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 Örtviken outside Sundsvall ● BESTSELLER enters into a collaboration with Renewcell to launch a collection with clothes containing Circulose® during the spring of 2021 ● Renewcell and Beyoind Retro establish a partnership regarding so-called "textile to textile"-recycling, including delivery of 30,000 tonnes post-consumer waste yearly to Renewcell ● The Company enters into a new financing agreement with Nordea Bank and Svensk Exportkredit on SEK 450 million



Business concept and vision

Business concept

Renewcell's business concept is to manufacture, sell and deliver an alternative, environmentally friendly raw material for textile production that replaces resource-intensive material such as cotton, or petroleum-based material such as polyester.

Vision

Leading the way to a long-term sustainable world by manufacturing high-quality products from recycled textiles.

Operational and financial targets

The Company has a growth plan that is based on the new share issue conducted in connection with the Offering being fully subscribed and the debt financing described in the section "*Business overview – New construction of plant in Ortvisen – Financing plan*" being in place, which the operational and financial targets below are contingent on. Should this not occur, the Company will continue with its current operations, which consist of production in Kristinehamn as well as continued research and development.

Operational targets

Renewcell has the following targets for installed annual production capacity of dissolving pulp. The Company intends to reach the targets through both increased capacity in Ortvisen, but potentially also through the establishment of production in new locations:

2022: 60,000 tonnes

2026: 250,000 tonnes

2030: 360,000 tonnes

In addition, the Company has the following targets for total number of global clothing brands that have launched products with textile fibres manufactured from Circulose® pulp:

2026: 20 clothing brands

2030: 30 clothing brands

Financial targets

Medium-term financial targets

The Company's target is to have an annual EBITDA margin of 30 per cent, and an equity ratio of 50 per cent for financial year 2026.

Long-term financial targets

The Company's target is to have an annual EBITDA margin of over 30 per cent over the long term, and an equity ratio of over 50 per cent for financial year 2030.

Growth strategy

The Company has three strategic areas of focus for reaching its operational and financial targets:

- (1) Expansion of production capacity;
- (2) Enhancing efficiency in operation and production; and
- (3) Establishing partnerships with key stakeholders in the value chain.

Expansion of production capacity

To reach its production target the Company will need to expand its production capacity by building new plants. One condition for this is the new share issue conducted in connection with the Offering being fully subscribed and the loan financing described in the section "*Business overview – New construction of plant in Ortvisen – Financing plan*" being in place. These

conditions additionally apply in the Prospectus where the new plant is described.

The Company is in the starting phase of the construction of a new plant with an installed annual production capacity of approximately 60,000 tonnes of dissolving pulp. The gradual increase in production volume will commence in the first six months of 2022, and full production volume will be achieved by the end of 2024. More information on the new plant can be found in the section *"Business overview – New construction of plant in Ortvikén"*.

The annual production capacity of the new plant can be expanded over the long term to a total of approximately 120,000 tonnes of dissolving pulp. The Company estimates that the expansion will become relevant approximately three years after the completion of the plant, in pace with increased demand for Circulose®. More information on the expansion of the new plant can be found in the section *"Business overview – New construction of plant in Ortvikén – Capacity expansion"*.

Later additional production capacity is planned on the same scale as the impending new construction.

Enhancing efficiency in operation and production

To reach its profitability targets, the Company will need to enhance the efficiency of its production as well as improve its technology, for example, to gain access to a broader and less expensive selection of raw material. More information on research and development can be found in the section *"Business overview – Research and development – Future focus."* Other enhancements to efficiency will cover energy balances, chemical balances and increased rate of production. More information on enhancements to production efficiency can be found in the section *"Business overview – New construction of plant in Ortvikén – Areas for efficiency enhancement"*.

Establishing partnerships

The objective is to establish more partnerships with key stakeholders in the value chain to drive supply and demand for dissolving pulp under our Circulose® brand. By marketing Circulose® directly to clothing brands and forming closer partnerships with them and their direct suppliers, Renewcell can create value for players throughout the value chain. The partnerships are flexible in design, but most often involve Renewcell offering practical support in development and marketing a given textile product containing Circulose®. In return, the partner markets the Circulose® brand. This places Renewcell in a position with an overview of, insight into and control over all the steps in the value chain. It also provides Renewcell with the possibility of steering the positioning of the Circulose® brand in relation to consumers in a cost-efficient manner.

Strengths and competitive advantages

The Company believes it has the following strengths and competitive advantages, which are expected to promote realisation of its strategy and reaching its goals:

- First in the world to offer a fully circular solution in the garment industry, where clothing is recycled into new virgin quality clothing
- Industrial-scale production capacity since 2017
- Strong global partnerships and customer agreements with fibre producers and clothing brands, both of which are key players in the value chain
- A clear strategy with significant expansions of production capacity and strong growth potential
- A strong management team with excellent qualifications
- Intellectual property protected by strong patents and business secrets

First in the world to offer a fully circular solution in the garment industry, where clothing is recycled into new virgin quality clothing

The textile industry is considered to be one of the industries with the greatest negative environmental impacts in the world, with unsustainable methods throughout the value chain from raw material production to processing and waste management. Like many other industries, demand for sustainable solutions has increased dramatically over the last few years, which means that drastic changes need to take place in the textile industry going forward. Renewcell's solution closes the loop in the otherwise linear value chain by including a new stream of recycled input material for the production of dissolving pulp, which can be used for textile production.

Industrial-scale production capacity since 2017

With the construction of Renewcell's plant in Kristinehamn in 2017 the Company, as far as is known, is the first in the world to offer commercially a dissolving pulp for textile production manufactured from 100 per cent recycled cotton textiles on an industrial scale. The plant has a total production capacity of approximately 4,500 tonnes of dissolving pulp. For more information on the Company's production, refer to the section *"Business overview – Production."*

Global partnerships and customer agreements with fibre producers and clothing brands, both of which are key players in the value chain

Renewcell has developed a global partnership network of leading clothing brands and fibre producers. The network plays an important role in supporting the commercialisation of Circulose® by driving demand

and ensuring the supply of the product in the value chain. For more information on the Company's partnerships, refer to the section "*Business overview – Partnerships*." Customer agreements have also been signed to ensure that there are buyers for the majority of the annual production capacity. For more information on the Company's partnerships, refer to the section "*Business overview – Customer agreements and sales pipeline*."

A clear strategy with significant expansions of production capacity and growth potential

Renewcell's commercialisation of its product under the Circulose® trademark is in full swing. To date, Renewcell has demonstrated the technology by producing a prototype fabric based on 100 per cent Circulose® pulp in 2014, and successfully demonstrated the capacity of the production process on an industrial scale after the construction of the Kristinehamn plant in 2017. The next step in completing commercialisation and accelerating the Company's journey of growth is scaling up production with the construction of a new plant with an annual production capacity of approximately 60,000 tonnes of dissolving pulp.

A strong management team with excellent qualifications

Renewcell believes it has a strong management team with a balanced mix of experience from executive positions in both rapidly growing companies and large globally established businesses such as BillerudKorsnäs, Electrolux, Ericsson, General Electric and H&M. The Company's organisational structure and management team are well designed to successfully commercialise Renewcell's product and generate future growth.

Intellectual property protected by strong patents and business secrets

Renewcell's technology is its most important asset. That is why the Company works actively with patent applications, as well as trademark protection and know-how, to ensure that the technology is properly protected. Renewcell applies a strategy that combines patents with business secrets, based on practices in the process industry. Patents are applied for if it is considered strategically important, but the majority of the Company's intellectual property is held as confidential skills and know-how in its human capital. As of the publication date of this Prospectus, the Company has five active patent families, two applications for new patent families and internal business secrets concerning five different parts of the process, some of which could be converted to patents as needed. Refer to the "*Business overview – Patents*" section for more information.

Product offering

Circulose® – a dissolving pulp from recycled textile

Renewcell offers a dissolving textile pulp (DTP) for sale to be used as raw material in manufacturing textile fibres such as lyocell and viscose. Renewcell's DTP is sold to fibre producers under the trademark Circulose®.

Circulose® is produced from 100 per cent recycled cellulose textiles, primarily cotton. The Company's process recycles the cellulose in textile waste and makes sheets of natural and biodegradable DTP. For more information on the Company's production process, refer to the section "*Business overview – Production*."

The same type of dissolving pulp is currently being produced by pulp producers, with the difference that they use virgin timber as raw material. The pulp is then given the name dissolving wood pulp (DWP). DWP is a commercialised product and is the most common raw material in the manufacture of lyocell and viscose today.

The Company's recycling process is supported by patented technology, and the product can be used in several industrial applications but is currently best suited for the garment industry where demand for sustainable material is high.

Pricing of Circulose®

Circulose® pulp is sold to fibre producers for approximately USD 1,200 per tonne. The Company believes that the price is competitive, given the positive environmental properties that Circulose® offers compared with other textile fibres that are considered environmentally friendly and sustainable. There is a functional world market for DWP, with pricing similar to that of raw materials. The price for DWP varies depending on application and properties. DWP of similar quality to Circulose® is currently sold for approximately USD 800–1,400 per tonne¹⁾.

Price sensitivity for Circulose® is deemed to be low and governed primarily by clothing brands, and by extension by consumer prices. The cost of dissolving pulp comprises only around two per cent of the consumer price of a pair of jeans. Statistics from the purchasing managers of global clothing brands also show a greater willingness to pay for sustainable material; over 90 per cent accept a price premium compared with material from unsustainable sources²⁾. The low cost share of the consumer price that the pulp comprises means that the clothing brands have the possibility of increasing their margins even if the price should increase dramatically for some reason.

1) The Company's assessment.

2) McKinsey Apparel CPO Survey 2019.

Pricing of textile fibres

The pricing of textile fibres varies considerably, and is influenced by a range of factors, including the quality and physical properties of the fibres on the one hand, and on the other whether or not production is environmentally safe. The fibre producer and trademark also affect the price.

The price of viscose fibre manufactured from Circulose® is determined by the fibre producer but is estimated to be in the range for other sustainable fibres. Generic cotton fibre costs approximately USD 1,500 per tonne, and sustainability-certified BCI cotton¹⁾ costs approximately USD 2,500 per tonne. Alternatives such as viscose and lyocell cost from USD 1,500 per tonne for generic fibres and up to USD 6,000 per tonne for environmentally friendly trademarked fibres.

Other alternatives include trademarked lyocell fibres such as Tencel™ and Refibra™. Tencel™ is the most common lyocell fibre today, and sells for approximately USD 3,000–5,000 per tonne. Refibra™ is also a lyocell fibre, but is manufactured from dissolving wood pulp with an approximately 30 per cent blend of cellulose from recycled cotton. Refibra™ is marketed as a sustainable alternative to Tencel™, and sells for approximately USD 4,000–6,000 per tonne.

Circulose® pulp is converted into fibre by the fibre producers, and costs approximately USD 700 per tonne; shipping the pulp costs approximately USD 50 per metric ton but the costs may vary depending on the fibre producer. The Company therefore believes that there are excellent conditions to maintain or raise the price of Circulose® pulp over the long term.

Pricing of textile fibres

Profile	Cost of various pulps and fibres, USD per tonne	
	Indicative pulp prices:	
Standard	Dissolving pulp (wood-based)	800–1,400
Sustainable	Circulose* pulp (based on recycled cellulose textile)	1,200
	Indicative price of finished fibre ¹⁾ :	
Standard	Viscose (generic)	1,200–2,000
Standard	Cotton (generic)	~1,500
Sustainable	Lyocell (generic)	2,400–2,700
Sustainable	Cotton BCI ²⁾	~2,500
Sustainable	Tencel™ (Trademarked lyocell fibre. Most common lyocell fibre in the market)	3,000–5,000
Sustainable	Refibra™ (Trademarked lyocell fibre with approximately 30 per cent recycled cotton)	4,000–6,000

1) The prices vary greatly and actual final prices are determined by factors including individual negotiations and order volumes

2) BCI stands for Better Cotton Initiative, and is a non-profit organisation that promotes better standards in cotton farming. Cotton is the only fibre in the table not manufactured from dissolving pulp

Source: The Company's assessment with the support of Third-party consultant and emergingtextiles.com

1) BCI stands for Better Cotton Initiative, and is a non-profit organisation that promotes better standards in cotton farming.

















Quality

The physical properties of textile fibres can be summarised based on four different general parameters: durability, sensitivity to moisture, sensitivity to heat and breathability. It is impossible to say which properties are better or worse than the others, since it depends on what end product the fibre is used for. Other properties are desirable in manufacturing a pair of jeans compared to manufacturing a training shirt. In addition, the choice of weaving technique and final treatment further affects the properties of the fibre.

The popularity of viscose has increased over the last several years owing to its outstanding properties such as versatility (it can easily be used together with other fibres), breathability, colour fastness, good sensitivity to moisture, a high degree of softness and comfort, excellent sensitivity to heat, strength and robustness, as well as resistance to static electricity. Viscose made from Circulose® has the same physical properties as viscose from DWP.

The environmental properties of the various fibre types vary considerably and can be summarised as

follows: viscose from Circulose® generally displays clearly the best environmental properties in the Company's opinion, whereas cotton and polyester display the worst. Cotton production consumes large amounts of water and uses pesticides, since the plantations are large monocultures, and fertilisers that are a contributing factor to eutrophication. Polyester causes serious problems with microplastic emissions during laundering and is characterised by an energy-intensive production process with significant carbon dioxide emissions. The production of viscose uses significantly less water and chemicals, and releases less carbon dioxide in comparison. The greatest difference between viscose from Circulose® and viscose from DWP is that the latter is produced from timber that comes from non-recycled sources while viscose from Circulose® is produced from 100 per cent recycled cellulose textiles such as cotton and is thus considered to consume fewer resources. For more information on the environmental impact of various fibres, see the section "Market overview – Case study: Environmental impact."

		Circulose®-viscose	DWP viscose	Cotton	Polyester
Physical properties	Durability				
	Sensitivity to moisture				
	Sensitivity to heat				
	Breathability				
Environmental properties	Resource consumption	Low	Medium	High	High
	Biodegradability	High	High	High	Low
	Recycling rate	100%	0%	<1%	<1%
	Raw material type	Natural	Natural	Natural	Fossil fuel

Business model

Product offering

Renewcell offers a dissolving textile pulp for sale to be used as raw material in manufacturing environmentally friendly textile fibres such as lyocell and viscose.

Production

The Company's production currently takes place at a plant in Kristinehamn where the machines are owned by the Company and are operated by in-house staff. The Company intends to build a new plant in Ortviken, Sweden, where a large part of the commercial production will be carried out. Installation of machinery is scheduled to start in the third quarter of 2021 and the machinery is expected to be fully installed in the first quarter of 2022.

Research and development

Research and development are managed internally, in Stockholm and at the existing plant in Kristinehamn.

Sales and customers

The Company's Circulose® pulp product is sold globally to fibre producers. Renewcell sells the product through its trading partner Ekman, which acts as the Company's global sales representative. The Company will collaborate closely with Ekman, which in addition to sales will add value in credit and insurance, as well as logistics and administration.

Revenue model

At present, the Company sells Circulose® pulp against payment per tonne of product delivered. The Company's trading partner Ekman has exclusive rights to sell Circulose® globally, and its remuneration totals a percentage per tonne sold.

Over the long term, the Company may apply another revenue stream that involves payment for taking charge of old textiles. The Company can then offer a service to clothing brands for managing their surplus, which will then be used as a raw material in Renewcell's production instead of ending up in landfill or being incinerated. At present, the offering in this category is more uncertain than other types of raw material. This potential revenue stream is not included in the Company's financial calculations.

Partnerships

Renewcell has established, and intends to establish, business relationships in several places throughout the value chain through partnerships with global clothing brands and fibre producers. The Company works with a "push-pull" strategy that involves Renewcell collaborating with clothing brands, which are the most influential players in the value chain, to create tractive power for Circulose® throughout the value chain (the "pull"); and with fibre producers, which are the Company's direct customers, to ensure the supply of Circulose® (the "push").

Clothing brands

As described in the section "*Market overview – Value chain – Dynamic and balance of power among parts of the value chain*," global clothing brands have tremendous influence over the value chain and drive demand for different fibre types. Collaborating with clothing brands and entering into partnerships with them creates tractive power for Circulose® throughout the value chain, thereby giving Renewcell control over the entire value chain together with the clothing brands. The partnerships include marketing of clothing products that contain Circulose®. Renewcell's clothing brand partners sign a royalty-free non-exclusive license for the use of the Circulose® brand and associated communication devices owned by the Company.

The partnerships involve major advantages for both Renewcell and the clothing brands. Renewcell benefits from increased transparency and traceability, greater influence over distribution channels, product range and trademark use, direct access to end users and intermediaries, access to waste streams, secured order volumes and the build-up of brand capital for Circulose®. On the same theme, the clothing brands benefit greatly from the partnerships, the greatest advantages of which are access to environmentally friendly Circulose® material, the possibility of marketing Circulose® branded products and increased transparency.

As of the date of publication of this Prospectus, Renewcell has launched partnerships with H&M, Levi's and BESTSELLER. In addition, the Company has more than 100 enquiries of interest from clothing brands, of which more than 50 could lead to potential partnerships that Renewcell is working continually to develop.

The table below shows an overview of current partners and expected launches in the near future.

Collaborations with clothing brands

Partner	Country	Status
H&M	Sweden	Current partner
Levi's	US	Current partner
BESTSELLER	Denmark	Current partner
Kering (Gucci, Balenciaga)	France	Partner in the Full Circle Textiles project
Clothing brand 1	Germany	Launch H1 2021
Clothing brand 2	Sweden	Launch H1 2021
Clothing brand 3	Sweden	Launch H1 2021
PVH (Calvin Klein, Hilfiger)	Netherlands	Partner in the Full Circle Textiles project
Clothing brand 4	US	Preparing initial launch

Fibre producers

The fibre producers process Circulose® pulp into fibres (known as "regenerated fibres"), which means the partnerships are extremely important for ensuring the supply of Circulose® in the value chain. The fibres can then be woven into yarn, which is in turn used in producing textiles.

In addition to access to a unique, high-quality product with excellent climate and environmental properties (refer to section "*Market overview – Case study: Environmental impact*" for the Company's environmental impact), the fibre producers obtain a better competitive position through partnership with Renewcell since the use of Circulose® improves their results in independent sustainability rankings such as the influential CanopyStyle Hot Button report from Canopy, a non-profit organisation that works to protect the planet's forests, species and climate.

Several leading clothing brands, including H&M, have adopted policies of only purchasing regenerated fibre from fibre producers that have achieved a green status in Canopy's ranking. The fibre producer Tangshan Sanyou achieved green status in the ranking for the first time in 2019 as a result of its partnership with Renewcell.

Textile producers

In addition, the Company has established partnerships with various textile producers as well as collection and recycling organisations to ensure access to raw materials. For more information on this, refer to the section "*Business overview – Supplier agreements.*"



Case study: Historical partnerships with clothing brands

H&M

In March 2020, H&M launched a blue dress containing 50 per cent viscose from Circulose® pulp and 50 per cent DWP. Renewcell and H&M have a relationship that began back when Renewcell was founded, but it has intensified as a result of H&M's share investments in the Company at the end of 2017. During this period, H&M was involved in quality assurance and testing of the first batch of viscose fibres from Circulose® pulp that was produced by Tangshan Sanyou in 2019. These fibres, recycled from denim waste provided by the textile sorting company Bank & Vogue, was selected for use in H&M's SS20 Conscious Exclusive collection, which is a recurring limited collection with the leading sustainable materials in the market.



Levi's

In July 2020, Levi's introduced a partnership with Renewcell by launching their most sustainable jeans yet containing Circulose®, DWP and organic cotton. Levi's has a clearly expressed sustainability goal of reduced climate impact, in particular where water consumption is concerned. Renewcell has partnered closely with Levi's and its suppliers for some time to ensure that recycled fibres from Circulose® pulp fulfil the strict quality requirements for a pair of Levi's jeans. The first global launch took place as part of Levi's Well-thread collection, which is focused on ground-breaking environmentally friendly material and has attracted a great deal of media attention globally. Going forward, Circulose® fibres will be regularly included in the premium segment of Levi's SS21 Made & Crafted collection.



Bestseller

In September 2020, in connection with Copenhagen Fashion Summit, the Denmark based global fashion house BESTSELLER announced that they will launch several garments made of Circulose® in spring 2021. The garments will be included in collections of several of BESTSELLER's brands, including VERO MODA, ONLY and SELECTED FEMME. The collaboration with Renewcell is a flagship launch within BESTSELLER's overall brand sustainability investment Fashion FWD Lab. The purpose of Fashion FWD Lab is to identify new innovative materials and business models in order to accelerate the change of the fashion industry to sustainability.



Customer agreements and sales pipeline

As of the date of publication of this Prospectus, Renewcell has entered a sales and marketing partnership agreement with Tangshan Sanyou, one of the world's largest fibre producers, that encompasses a total of 40,000 tonnes of Circulose® pulp per year over a period of five years, with start of delivery expected during the second quarter of 2022¹⁾. The sales agreement corresponds to approximately 67 per cent of the total annual production capacity of the new plant in Örtviken. The total value of the customer agreement is approximately SEK 1.9 billion²⁾.

The remaining 20,000 tonnes of annual volume in the new plant (at full production volume) is reserved for sale

to the other fibre producers listed in the table below, thereby obtaining a spread of the customer base.

The Company has initiated dialogues with the 15 largest fibre producers, which in the Company's opinion represent approximately 85 per cent of the global production volume of viscose fibre, of which the seven largest fibre producers have an aggregate annual pulp consumption of approximately four million tonnes³⁾. This also includes Tangshan Sanyou, described below.

The table below is an overview of current customer agreements as well as potential customer agreements that could be signed in the near future.

Collaborations with fibre producers

Customer	Country	Status
Tangshan Sanyou	China	Five-year agreement signed for 40,000 tonnes/yr.
Fibre producer 1	China	First pulp order being produced for viscose filaments
Birla Cellulose	India	Partner in the Full Circle Textiles project
Fibre producer 2	US	Testing Circulose® for viscose acetate
Fibre producer 3	Europe	Testing Circulose® before placing order
Fibre producer 4	Japan	Testing Circulose® before placing order
Sateri	China	Declaration of intent signed
Fibre producer 5	Europe	Discussions in progress

Supplier agreements

The Company is in active dialogue with major textile manufacturers as well as collection and recycling organisations for post-consumer goods in order to ensure access to raw material.

As of the date of publication of this Prospectus, Renewcell has signed binding agreements with a total of 4 suppliers of input material. In total, these agreements cover approximately 45,000 tonnes of input

material with a contractual price span of USD 80–220 per tonne. The weighted average length of the agreements is approximately 4 years. The input material agreements cover both production waste and post-consumer waste (refer to the section “Business overview – Production – Input material in production” for more information on different types of input material).

The table below is an overview of current supplier agreements as well as supplier agreements that could be signed in the near future.

Supplier agreements

Customer	Country	Status
Supplier 1	Canada	Supplier agreement signed (30,000 tonnes)
Supplier 2	Germany	Supplier agreement submitted, verbal agreement (2,000 tonnes)
Supplier 3	Turkey	Supplier agreement signed (10,000 tonnes)
Supplier 4	Italy	Supplier agreement signed (3,600 tonnes)
Supplier 5	Netherlands	Supplier agreement submitted, final negotiations in progress (3,000 tonnes)
Supplier 6	UK	Supplier agreement signed (2,500 tonnes)
Supplier 7	Switzerland	Supplier agreement submitted, final negotiations in progress (2,000 tonnes)
Supplier 8	Estonia	Supplier agreement submitted, final negotiations in progress (10,000 tonnes)

1) The first delivery of the year amounts to 15,000 tonne, which involves a total volume of 175,000 metric tons of Circulose® pulp over the period of the agreement.

2) Contract price 1,250 USD/t of which 1,200 USD/t is the price per tonne for Circulose® and 50 USD/t is added shipping costs (not included in total contract value). FX-rate USD/SEK: 9.00 SEK

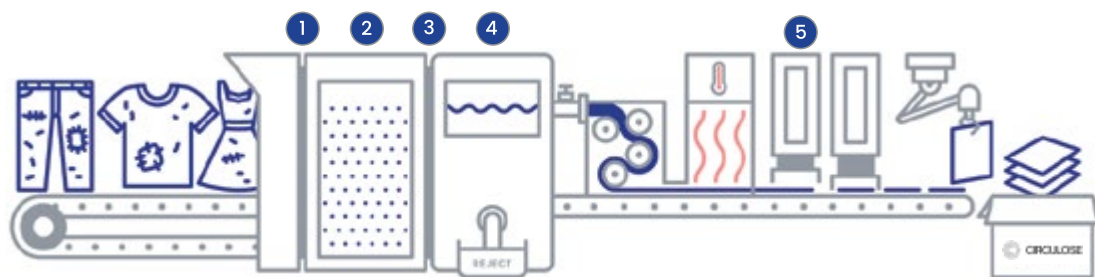
3) Canopy, Lenzing AG, the Company's assessment.

Production

Patented process for producing Circulose® pulp

Renewcell's process is built on a combination of established technology and innovation. The process is highly similar to traditional processes from the pulp and paper industry, but has been adapted to facilitate the use of cellulose textiles instead of timber as a raw material. The process in its entirety is therefore unique, and protected under both patents and business secrets.

The production process consists of five steps:



Step 1: The textiles are shredded, de-buttoned and de-zipped

In the first step, bales of textiles are placed on the conveyor belt and manually shredded, after which they are ground down in a mill to adjust the length of the fibres. Cotton fibres are considerably longer than the wood fibre used for DWP. Major contaminants such as buttons and zippers are also mechanically separated in this step.

Step 2: De-coloured and turned into a slurry

The ground-up textiles are then run through a wet stage where the fibres are further separated and certain dyes are removed with chemicals that are recycled and ultimately consumed in a closed loop. The material is also processed in a number of steps to adjust the properties of the cellulose such as viscosity and reactivity.

Step 3: Bleaching

The wet pulp is then sent to the bleaching stage. Here, the pulp undergoes an environmentally friendly gas treatment that bleaches the dye that could not be removed in the preceding step. The bleaching stage corresponds to similar processes in traditional pulp manufacture.

Step 4: Separation of contaminants

Previously, a major challenge with cellulose textiles was the handling of contaminants such as polyester, spandex and elastane. Renewcell's innovative technology manages this challenge through several steps that cleans the dissolved pulp of these contaminants. By and large, the result is natural cellulose. The contaminants are diverted to rejects and treated as waste. The amount of rejects generated depends on the proportion of cellulose in the input material.

Step 5: Drying and sheeting

The process concludes with the wet pulp being dewatered and dried using pressure and heat, and then being cut into sheets that are baled for delivery.

Industrial-scale production capacity since 2017

In 2017, Renewcell opened an industrial-scale plant in Kristinehamn with an annual production of approximately 4,500 tonnes of dissolving textile pulp, which could supply the manufacture, for example, of approximately 20 million T-shirts. The plant has been constructed on an industrial scale and currently has production for commercial sales of approximately 200 tonnes of dissolving pulp per year, which will be scaled up to 2,000 tonnes of Circulose® pulp yearly in 2021. The reason it is not being scaled up to the full production capacity of 4,500 tonnes per year is because the plant is also being used for research and development (R&D). Both production and R&D will continue at Kristinehamn regardless of whether the Offering is conducted and regardless of whether the loan financing described in the section “*Business overview – New construction of plant in Ortvisen – Financing plan*” is in place.

Industrial-scale quality assurance

The plant in Kristinehamn has been producing since 2018 and has been used both for commercial production and R&D. The plant demonstrates that the Company's process and technology is scalable through fulfilling the desired functionality and quality on an industrial scale.

Since production began at the plant, the Company has developed and adjusted its process to increase the quality of the dissolving pulp depending on input material. Development covers both minor modifications of machinery, calibration of the machinery's operational settings, and the use of various chemicals in the dissolution, dyeing and bleaching steps of the process.

In 2019, the Company used the plant to produce commercially for customers, including the fibre producer Tangshan Sanyou, which have ordered Circulose® pulp. Additionally, the plant has been used to produce for Renewcell's partners H&M and Levi's, which released clothing that contains fibres based on Circulose® pulp in their stores earlier in 2020. A large number of additional fibre producers have received Circulose® pulp and are running tests on it.

The Company is now ready to scale its production, since functionality has been demonstrated on an industrial scale and the quality of the final product has

been commercially confirmed throughout the value chain, all the way to clothing stores.

Standardised machinery and global supplier access

The machinery is largely standard equipment from the paper and pulp industry. The production line is less complex, on the other hand, given that Renewcell's process requires fewer steps than the production process for the paper and pulp industry. There are at least two suppliers for each piece of standardised machinery, which promotes reduced supplier risk. Furthermore, Renewcell owns the design for all critical non-standardised components, which allows the Company to hold its core competence internally.

Input material in production

Types of input material

Renewcell's input material consists of recycled cellulose-based textiles such as cotton and viscose. These can originate both from the garment industry and the rest of the textile market, and are divided into three main categories: textile waste from production, unsold goods and clothing, and recycled used goods and clothing. Textile waste from production pertains to production waste from yarn and textile producers. Unsold goods pertain to goods and clothing from the clothing brands that have not been sold. Recycled used goods and clothing pertains to textiles that have been recycled and sorted, for example used jeans.

Over the short term, production waste is the most attractive alternative for Renewcell since it is easier to purchase uniform textile of the right material and quality from producers, compared to often mixed textiles from unsold and used clothing collected. Moreover, there are market structures already in place for managing these waste streams.

Over the long term, the Company is open to using input material from all sources, depending on availability and price. The Company has been working to increase accessibility to input material that is suitable for the Company's production through establishing partnerships with several textile manufacturers as well as collection and recycling organisations (refer to the section “*Business overview – Supplier agreements*” for more information).



Materials requirements for input material

The materials comprising the input material impact the quality of the dissolving pulp being produced. The Company therefore has clear materials requirements for which input material is to be used. These material requirements will also differ between the Company's existing plant in Kristinehamn and the new plant in Örtviken. The Company is continually conducting R&D in order to reduce the material requirements, thereby broadening access to input material. More information on the Company's research and development can be found in the section "Business overview – Research and development."

At present, the Company's existing plant in Kristinehamn uses raw material consisting of at least 98 per cent average cotton content that is undyed, white or indigo ("jeans blue"), which yields an even quality in the

dissolving pulp. The table below describes which input material is available to the plant in Kristinehamn.

A number of new steps will be added to the process at the new plant in Örtviken, for example separation of polyester and further bleaching. This will allow the input material to consist of at least 90 per cent average cotton content and have a broader colour spectrum. Refer to the section "Business overview – Research and development – Future focus" for more information. The table below describes which input material is available to the new plant.

Input material cost

The cost of input material that is used in production varies from approximately USD 80 per metric ton up to approximately USD 750 per tonne. The table below lists the cost of the various input materials.

Cost breakdown for input material		Kristinehamn	Örtviken
Preliminarily sorted jeans from consumers	USD ~80 per tonne	X	✓
Yarn waste from textile production	USD ~150 per tonne	X	✓
Cloth waste from textile production	USD ~220 per tonne	✓	✓
Sorted cotton textiles from consumers	USD ~350 per tonne	X	✓
White sorted cotton textiles from consumers or production	USD ~490–650 per tonne	✓	✓
Finely sorted and manually processed consumer textiles	USD ~750 per tonne	✓	✓

Source: Company assessment.



Construction of new plant in Ortvikén

Renewcell intends to construct a new plant in Ortvikén, Sweden, with an initial annual production capacity of 60,000 tonnes of dissolving textile pulp. The plant is planned to be in operation 24 hours a day at the full rate of production with a utilisation rate of approximately 93 percent after taking planned maintenance stops into account. One condition for the new construction is the Offering being carried out and the loan financing described under the heading “*Financing plan*” being in place.

Detailed preliminary study completed

In partnership with the consulting firm AFRY, the Company has completed a detailed preliminary study for the plant. The plan includes a detailed specification of the design of the plant including machinery, pipe fittings, premises, infrastructure and cost estimates.

The design of the plant is based on the existing plant in Kristinehamn, with a number of planned improvements including the installation of a step for better shredding of input material, an additional bleaching step and more efficient separation of polyester. The improvements will increase the quality of the final product, broaden the range of usable input material and increase the degree of automation. Standard machinery will be used as much as possible.

Plant facility and leases

The new plant will be constructed at a facility and in buildings that SCA are currently using for paper and pulp production. Renewcell has signed a lease for ten years from the date the Company takes occupancy of the building.

The Company believes that the location of the plant will be a major advantage, since the existing functional infrastructure of the facility—access to water, electricity, steam and water purification, for example—can be utilised. Surrounding infrastructure is also in place, which facilitates efficient logistics management for transportation. There is also access to extremely competent staff in the region. Renewcell can thus focus its resources and investments on the steps of its own process.

Machinery suppliers

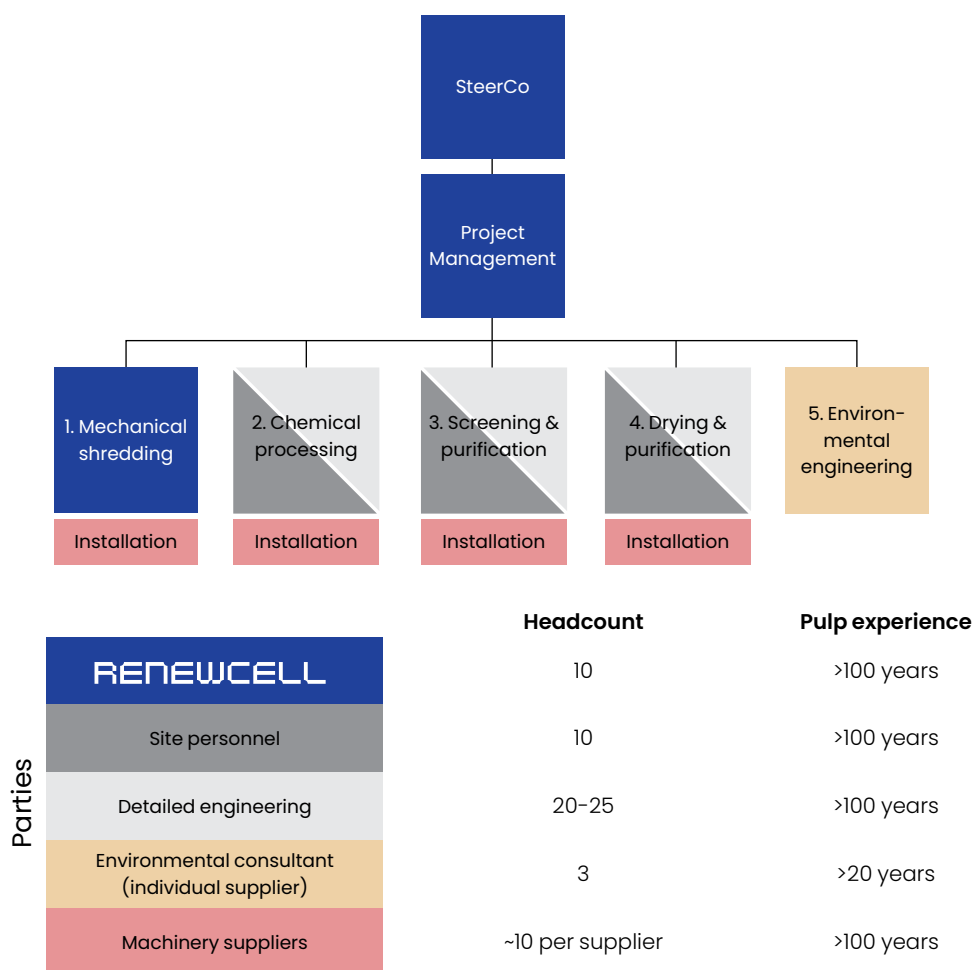
Renewcell will make use only of well-established, high-quality suppliers in pulp production. The suppliers are very well known in the market and have provided similar machinery for over 100 years. They all have well-established organisations that can provide products and technical support, as well as service organisations that will work on starting up the machinery. To reduce supplier risk, the Company has chosen to order 80 per cent from the same supplier and the remainder from another supplier in order to facilitate ramping up production capacity in future and to reduce repair risks.

Project management and organisation

The project is being managed by Renewcell with assistance from a number of partners. The Company has chosen to be responsible for project management, in part to protect intellectual property and business secrets, and in part because the know-how to pursue similar projects already exists within the Company.

The figure below shows an overview of how the project organisation will be structured, with internal and external competence.

Overview of project organisation



Indicative project plan and start of production

The indicative project plan can be divided into a number of work streams, which are described briefly in the figure below.

The work began in 2019, when a detailed preliminary study was initiated with the assistance of the consulting company AFRY. The study was completed in April 2020. AFRY subsequently commenced the work on producing a detailed project plan, which will run in parallel with the project up until the start of operations.

The environmental permit process was started in the second quarter of 2020, and is expected to be completed in the first quarter of 2021.

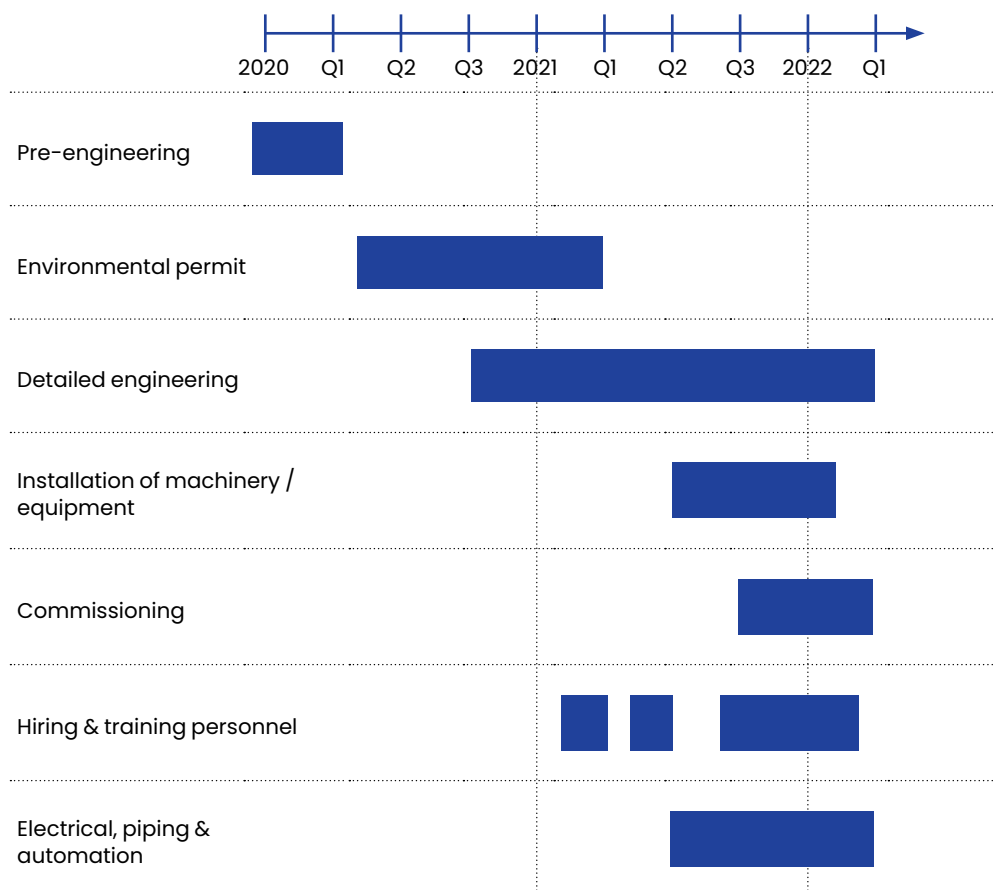
Installation of machinery will begin in the third quarter of 2021 and continue until early 2022. Plant personnel will also be hired and trained in parallel so as to be ready for the start of production.

The gradual increase in production volume will commence in the first six months of 2022, and full production volume will be achieved by the end of 2024.

The Company expects production volume to amount to 30 per cent of total production in 2022, 75 per cent in 2023 and 93 per cent in 2024. Moreover, in connection with the construction of additional plants over the long

term, the ramp-up is expected to total 50 per cent in the first year, 80 per cent in the second year and 93 per cent in the third year.

Indicative project plan for Ortviken



Estimation of production costs and profitability

The new plant will have significant economies of scale in production compared with the existing plant in Kristinehamn. The Company has estimated the cost of production for Circulose® pulp in the new plant after the planned capacity expansion in connection with full production capacity of 120,000 tonnes.

The cost of input material varies, depending on the category of input material. The process can make use of 90–98 per cent of the input material in the manufacture of Circulose®, depending on the proportion of cotton or cellulose in the input material. Refer to the section “Business overview – Production – Input material in production – Cost of input material” for more

information on the cost of different input material. The Company will use various kinds of input material in production, depending on availability. The Company expects that the average cost of input material over the long term will amount to approximately USD 220 per tonne of Circulose® pulp, but believes that there is scope to lower this cost (refer to the sections “Business overview – Supplier agreements” and “Business overview – Production – Input material in production – Cost of input material”). Other direct costs are expected to amount to USD 410 per tonne of Circulose® pulp. Other operating expenses attributable to the plant are expected to amount to USD 55 per tonne of Circulose® pulp.

With a selling price of approximately USD 1,200 per tonne of Circulose® pulp, the Company estimates a contribution margin¹⁾ of approximately 43 per cent in the new plant in connection with full capacity after the planned expansion, with the aforementioned cost assumptions.

Areas for efficiency enhancements

The Company will conduct annual projects to enhance efficiency, and has identified three primary areas for efficiency enhancements in the new plant. More specifically, they encompass enhancing the efficiency of energy balances and chemical balances as well as increased production speeds. These efficiencies will eventually enable an increase in annual production capacity up to 130,000 tonnes.

Financing plan

The Company estimates that the total cost for the new plant will amount to SEK 1,090 million, including capital investments, installation and operation until the Company's cash-flow from operations is positive. Of the total cost, SEK 870 million comprises investments in fixed assets, including a safety reserve of 15 per cent (approximately SEK 113 million), and SEK 220 million in operating expenses, including a delay reserve of approximately SEK 100 million. The Company has thus earmarked a customary buffer to cover any cost overruns and project delays for up to one year.

Approximately SEK 390 million of the proceeds from the Offering, and newly raised loans of approximately SEK 700 million, where SEK 450 million are agreed upon at the day of the Prospectus, are intended for use in financing the project. The total loan amount is intended to be divided among three creditors: Nordea, AB Svensk Exportkredit and the European Investment Bank ("EIB").

Nordea and AB Svensk Exportkredit have entered into a loan agreement with Renewcell on up to SEK 520 million, where up to SEK 450 million relates to project costs and up to SEK 70 million relates to interest under the construction period and premium guarantee to Finnvera. A process was started with EIB as well in April 2020 to obtain additional loan financing on SEK 250 million. EIB is expected to submit its final credit decision in February 2021. For further information, refer to the section "*Legal considerations and supplementary information – Financing agreements*".

Environment and construction permits

An environmental permit application, which follows the current environmental permit for the facility in Kristinehamn, was submitted in November 2020 to the Västernorrland County administrative board. The Company believes that the conditions for approval of the environmental permit are good, given that the facility intended has previously been used for paper and pulp production by SCA and that the environmental permit application follows the environmental permit that was approved for the Company's plant in Kristinehamn. The Company also believes that the application is a priority matter, since pulp works in the area are being closed down. The response period for the municipality is up to six months after the environmental permit application has been submitted.

Further, notifications of construction for smaller changes to existing buildings are submitted continuously.

Capacity expansion

Over the long term, the new plant in Ortviken can be expanded to an annual production capacity of 120,000 tonnes of dissolving textile pulp. The Company estimates that the expansion could become relevant approximately three years after the completion of the plant, as demand for Circulose® increases. The ramp-up in production volume from 60,000 tonnes to 120,000 tonnes will take place over a period of three years, and the utilisation rate of the new production volume is expected to amount to 85 per cent in the first year, 90 per cent in the second year and 93 per cent in the third year. The investment cost of the capacity expansion is estimated at approximately SEK 160 million. In the long term, streamlining of process steps will be implemented, thus enabling an increase in annual production capacity to 130,000 tonnes.

1) Contribution margin is defined as the selling price per ton Circulose® minus direct and indirect costs attributable to the plant in Ortviken with a capacity of 120,000 tonnes per year divided by the selling price per ton Circulose®. Excluded from this calculation are costs attributable to the head office, research and development, and other operating costs to operate the plant in Kristinehamn.

Research and development

Research and development (R&D) is a central part of Renewcell's operations, and is being carried out in Stockholm and Kristinehamn. In Stockholm, the Company leases a laboratory on the premises of KTH Royal Institute of Technology. The chemical steps in the production process are being developed in the laboratory at the Kristinehamn plant, and random samples from production are being analysed. Moreover, the Company has the possibility of using viscose processing equipment through a partnership with Karlstad University. Renewcell's R&D division comprises three persons led by Doctor Tahani Kaldéus.

Future focus

The Company's focus is on continued development of the technique so that Renewcell can reach its short- and long-term production targets. More specifically, it concerns developing techniques for managing a lower concentration of cellulose in input material, increasing efficiency in the bleaching step and developing the mechanical separation of, for example, zippers and buttons. The figure summarises the Company's technical requirements for achieving its production targets.

Overview of plan for technical improvements

	Current requirements	Requirement targets			Action for continuous technical improvements
		~2022	2023	2030	
Degree of purity	98% Min. cotton share	90% Min. cotton share	Cont.	Cont.	Improve processes to better manage blend materials and by-products
Colors	Non-dyed, white or indigo dyes	>90% dye spectrum	Cont.	Cont.	Improve decolouring and bleaching processes to enable intake of majority of dyed materials
Material composition	Absence of fastenings, e.g. zippers, buttons (prints included for now)	Trim automatic fastenings removal to work at scale Efficient handling of by-products	Cont.	Cont.	Improve processes to enable automated and waste-minimizing management of sourced materials at scale

Patents

Intellectual property is an important asset for Renewcell. That is why the Company works actively with trademark and knowledge protection. Renewcell applies a strategy that combines patents with business secrets, based on practices in the process industry. Patents are applied for if it is considered strategically important, but the majority of the Company's intellectual property is held as confidential skills and know-how in its human capital.

The current patent portfolio contains three patent families that pertain to the process for creating reactive cellulose-based dissolving pulp and two patent families that pertain to one of the core processes at the Kristinehamn plant. In addition to the above, two patent families have been submitted but have yet to be granted. Furthermore, there are internal business secrets for five separate components of the process for which the choice has been made not to apply for patents.

The tables below show the patents the Company presently holds and the Company's active patent applications.

Published patents					
Country	App. No.	Pat./Reg. No.	Reg. Date	Title	End date
Austria	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
Germany	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
Denmark	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
Spain	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
Finland	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
France	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
UK	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
Sweden	11836723.4	2632957	21 Nov 2018	Cellulose derivatisation	26 Oct 2031
Brazil	BR112013010451-1	112013010451-1	11 Feb 2020	Cellulose derivatisation	26 Oct 2031
China	201180049754	ZL201180049754.0	1 Jun 2016	Cellulose derivatisation	26 Oct 2031
India	1011/KOLNP/2013	313708	4 Jun 2019	Cellulose derivatisation	26 Oct 2031
US	13/880,798	9469693	18 Oct 2016	Cellulose derivatisation	26 Oct 2031
Austria	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Switzerland	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Czech Republic	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Germany	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Finland	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
France	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
UK	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Netherlands	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Norway	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Poland	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Portugal	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Sweden	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
Turkey	13706951.4	2817448	16 Nov 2016	Cellulose fibres	19 Feb 2033
China	201380009127	ZL 201380009127.3	25 Nov 2015	Cellulose fibres	19 Feb 2033
US	14/450,362	9751955	5 Sep 2017	Cellulose fibres	5 Apr 2033
Germany	10715524.4	2425024	30 Jan 2013	Cellulose conversion	16 Apr 2030
Denmark	10715524.4	2425024	30 Jan 2013	Cellulose conversion	16 Apr 2030
Spain	10715524.4	2425024	30 Jan 2013	Cellulose conversion	16 Apr 2030
Finland	10715524.4	2425024	30 Jan 2013	Cellulose conversion	16 Apr 2030
France	10715524.4	2425024	30 Jan 2013	Cellulose conversion	16 Apr 2030
Sweden	10715524.4	2425024	30 Jan 2013	Cellulose conversion	16 Apr 2030
Brazil	PI1014723-3	PI1014723-3	26 Dec 2018	Cellulose conversion	16 Apr 2030
US	13/265,353	8758517	24 Jun 2014	Cellulose conversion	20 Aug 2030
EPO	17804813.8	EP3529282A1	28 Aug 2019	Textile recycling	16 Oct 2037
Sweden	1651375-6	541 675	26 Nov 2019	Textile recycling	19 Oct 2036
Sweden	1851612-0	543 048	20 Jun 2020	Separation of fibres	19 Dec 2038

Active patent applications		
Country	App. No.	Title
EPO	17817697	Fibre mixed pulp fibres
China	201780075344	Fibre mixed pulp fibres
India	201917020183	Fibre mixed pulp fibres
US	16/466,030	Fibre mixed pulp fibres
PCT	PCT/EP2019/085901	Separation of fibres
China	201780064626	Textile recycling
India	201917013511	Textile recycling
US	16/341,086	Textile recycling

Organisation, policy and employees

Organisation

The Company has its head office in Stockholm, with production in Kristinehamn and research and development in both Stockholm and Kristinehamn.

Policy

Sustainability

Sustainability is Renewcell's fundamental business concept. The Company's ability to assist the textile industry in the shift to a bio-based circular economy constitutes the value Renewcell creates for its customers, its owners and its employees as well as for people and ecosystems the world over. By continuing to develop products as well as growing and capturing market share, the Company promotes decreasing the industry's negative environmental impact as a whole.

Broadly speaking, Renewcell's sustainability policy is linked up with the national environmental targets that are in turn linked to the Sustainable Development

Goals that comprise the foundation for the 2030 Agenda. The Company feels that the Sustainable Development Goals constitute a strong framework for the shared ambition of a just and sustainable world.

Communication

Renewcell's communication policy regulates its internal and external communication. This policy, which applies to all employees and Board members of the Company and encompasses both written and verbal communication, was prepared to ensure that Renewcell meets the requirements for furnishing correct information to the stock market. The communication policy includes procedures for press releases, year-end reports, interim reports, annual reports, annual general meetings, interactions with analysts and other Company presentations, and information management on the Company's website.

Employees

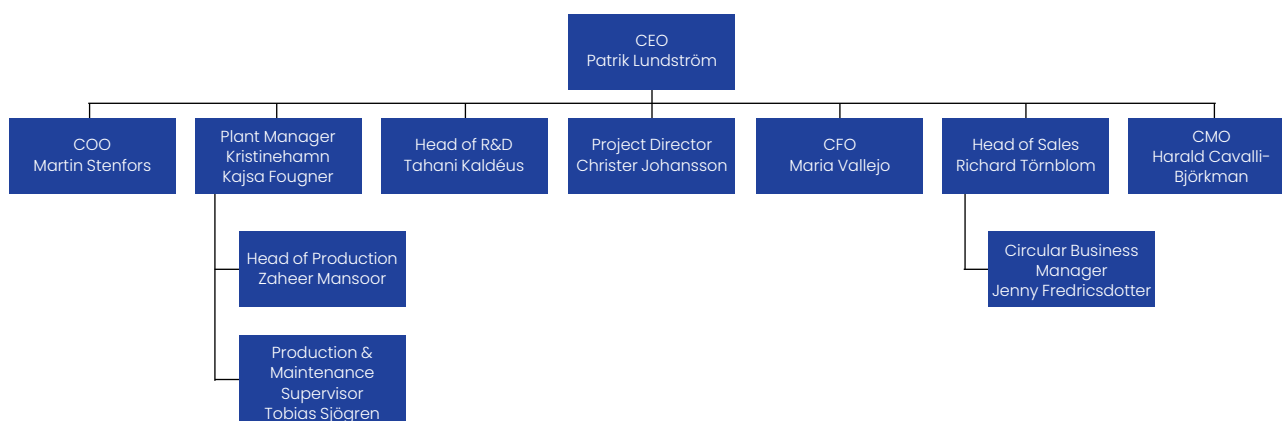
At 30 September 2020, Renewcell had 22 employees of which eight were employed at the Company's head office in Stockholm, twelve were employed at the Company's production plant in Kristinehamn and two were contracted consultants.

At the end of 2019, Renewcell had 10 employees of which 4 were employed at the Company's head office in Stockholm and 6 were employed at the Company's production plant in Kristinehamn.

At the end of 2018, Renewcell had 6 employees of which 3 were employed at the Company's head office in Stockholm and 3 were employed at the Company's production plant in Kristinehamn.

At the end of 2017, Renewcell had 6 employees of which 3 were employed at the Company's head office in Stockholm and 3 were employed at the Company's production plant in Kristinehamn.

Organisation structure





Condensed financial information

The selected historical financial information presented below has been obtained from the Company's audited¹⁾ new financial statements for the financial years 2019, 2018 and 2017, respectively. Renewcell has prepared the statements in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities (RFR 2). RFR 2 stipulates that the legal entity applies the International Financial Reporting Standards (IFRS) as they have been adopted by the European Union (EU) as far as possible within the framework of the Swedish Annual Accounts Act and Act (1967:531) respecting retirement pensions, taking into consideration the connection between accounting and taxation. The recommendation describes the exceptions and additions required in relation to IFRS. Until and including 2018, Renewcell applied the Swedish Annual Accounts Act and Swedish Accounting Standards Board's recommendation on annual reports for smaller companies BFNAR 2016:10 (K2). The transition to RFR 2 did not, however, require any adjustment to the balance sheet dated 1 January 2017, 31 December 2017 or 31 December 2018 or of the income statement and the statement of comprehensive income for 2017 and 2018 or for the statement of cash flows for 2017 or 2018. The information has also been obtained from the Company's reviewed financial statements for the nine-month period ending 30 September 2020, with comparative figures for the corresponding period in 2019, prepared in accordance with the Swedish Annual Accounts Act and RFR 2. Certain figures presented in the Prospectus have been rounded off, which means that the tables in the Prospectus do not necessarily tally exactly. All financial amounts are presented in SEK, unless otherwise indicated. Except as expressly indicated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor.

The following information should be read in conjunction with the "Operational and financial overview," "Capitalisation, indebtedness and other financial information" and the Company's audited consolidated financial statements including notes in the section "Historical financial information."

1) The audit has been conducted in accordance with FAR's recommendation RevR 5 Examination of financial information in prospectuses.

Condensed income statement

SEK thousand	Nine-month period ending 30 September ¹⁾		Financial year ending 31 December ²⁾		
	2020	2019	2019	2018	2017
Operating income					
Net sales	1,221	242	750	0	0
Change in inventory	512	0	700	0	0
Other operating income	1,132	5,898	5,946	3,763	3,808
Total operating income	2,864	6,140	7,396	3,763	3,808
Operating expenses					
Raw materials and consumables	-5,636	-734	-5,106	0	0
Other external expenses	-25,756	-19,330	-23,503	-15,134	-19,972
Personnel costs	-13,589	-6,043	-8,860	-6,478	-2,497
Total operating expenses	-44,982	-26,108	-37,469	-21,612	-22,469
Operating profit before depreciation and amortisation	-42,117	-19,968	-30,073	-17,849	-18,661
Depreciation and write-downs	-5,214	-5,101	-7,053	-19	-1,439
Operating profit	-47,331	-25,069	-37,126	-17,868	-20,100
Write-down of financial fixed assets	0	0	0	0	-2,703
Other interest income and similar income items	0	0	0	0	0
Interest expenses and similar expense items	-320	-405	-531	-550	-407
Total financial items	-320	-405	-531	-550	-3,110
Profit after financial items	-47,651	-25,474	-37,657	-18,418	-23,210
Result of the period	-47,651	-25,474	-37,657	-18,418	-23,210

1) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

2) Retrieved from the Company's new financial statements as of and for the financial years 2019, 2018 and 2017, respectively.

Condensed balance sheet

SEK thousand	Nine-month period ending 30 September ¹⁾		Financial year ending 31 December ²⁾		
	2020	2019	2019	2018	2017
ASSETS					
Fixed assets					
Intangible assets	0	141	0	141	141
Tangible fixed assets	57,114	62,789	61,465	67,404	56,462
Total fixed assets	57,114	62,930	61,465	67,545	56,603
Current assets					
Inventory	1,212	0	700	0	0
Accounts receivable	404	34	27	0	14
Other current receivables	1,501	1,010	1,818	1,562	2,354
Prepayments and accrued income	224	464	738	204	168
Total current receivables	3,341	1,509	3,283	1,766	2,536
Cash and bank balances					
Cash and bank balances	17,379	46,484	39,215	19,623	20,765
Total cash and bank balances	17,379	46,484	39,215	19,623	20,765
TOTAL ASSETS	77,834	110,923	103,963	88,934	79,904
EQUITY AND LIABILITIES					
Restricted equity					
Share capital	500	318	322	270	235
Total restricted equity	500	318	322	270	235
Unrestricted equity					
Share premium reserve	193,145	169,332	174,317	121,656	27,819
Profit or loss brought forward	-85,186	-47,650	-47,412	-29,515	58,767
Result of the period	-47,651	-25,474	-37,657	-18,418	-23,210
Total unrestricted equity	60,308	96,198	89,248	73,723	63,376
Total equity	60,808	96,516	89,570	73,993	63,611
Long-term liabilities					
Other long-term liabilities to credit institutions	5,417	6,667	6,042	7,500	9,792
Total long-term liabilities	5,417	6,667	6,042	7,500	9,792
Current liabilities					
Other liabilities to credit institutions	2,083	2,500	2,500	2,500	208
Accounts payable	5,671	2,425	4,100	2,834	5,316
Tax debt	211	373	181	219	83
Other current liabilities	724	196	109	233	233
Accrued expenses and prepaid income	2,920	2,247	1,461	1,655	661
Total current liabilities	11,609	7,740	8,351	7,441	6,501
TOTAL EQUITY AND LIABILITIES	77,834	110,923	103,963	88,934	79,904

1) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

2) Retrieved from the Company's new financial statements as of and for the financial years 2019, 2018 and 2017, respectively.

Condensed statement of cash flows

SEK thousand	Nine-month period ending 30 September ¹⁾		Financial year ending 31 December ²⁾		
	2020	2019	2019	2018	2017
Operating activities					
Operating profit/loss before financial items	-47,331	-25,069	-37,126	-17,868	-20,100
Interest paid	-320	-405	-531	-550	-407
<i>Adjustments for items not included in cash flow:</i>					
Depreciation and write-downs	5,214	5,101	7,053	19	1,439
Employee options	77	0	102	0	0
Cash flow from operating activities before changes in working capital	-42,361	-20,373	-30,502	-18,399	-19,068
Change in working capital					
Change in inventory	-512	0	-700	0	0
Change in accounts receivable	-377	-34	-27	14	-14
Change in other receivables	831	292	-790	756	2,196
Change in accounts payable	1,571	-409	1,266	-2,482	-5,444
Change in other current operating liabilities	2,104	709	-356	1,131	754
Cash flow from operating activities	-38,744	-19,816	-31,109	-18,980	-21,576
Investing activities					
Investments in intangible fixed assets	0	0	0	0	-60
Investments in tangible fixed assets	-863	-487	-973	-10,961	-34,735
Investments in financial fixed assets	0	0	0	0	-291
Cash flow from investing activities	-863	-487	-973	-10,961	-35,086
Financing activities					
New issue of shares	44,540	47,714	52,713	28,799	27,850
Issue of warrants	0	284	419	0	1,019
Change in interest-bearing liabilities	-1,042	-833	-1,458	0	5,000
Share repurchase	-25,728	0	0	0	0
Cash flow from financing activities	17,770	47,164	51,674	28,799	33,869
Cash flow for the period	-21,836	26,861	19,592	-1,142	-22,793
Cash and cash equivalents at the beginning of the period	39,215	19,623	19,623	20,765	43,558
Cash and cash equivalents at the end of the period	17,379	46,484	39,215	19,623	20,765

1) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

2) Retrieved from the Company's new financial statements as of and for the financial years ending 31 December 2019, 2018 and 2017, respectively.

Selected performance indicators

The Prospectus contains certain alternative performance measures (APMs) that are not defined in accordance with RFR 2. The Company believes that these APMs are widely used by certain securities analysts and other stakeholders as complementary measures of earnings trends and to provide better understanding of the Company's financial trends. Unless expressly indicated otherwise, none of these APMs have been audited or reviewed by the Company's auditor. Moreover, such APMs, as defined by Renewcell, are not to be compared with other performance indicators with similar names used by other companies. This is because these APMs have not always been defined in the same manner and because other companies may not calculate them in the same manner as Renewcell.

Performance indicators SEK thousand	Nine-month period ending 30 September ¹⁾		Financial year ending 31 December ²⁾		
	2020	2019	2019	2018	2017
Performance indicators					
Total assets	77,834	110,923	103,963	88,934	79,904
Net sales	1,221	242	750	0	0
The result of the period	-47,651	-25,474	-37,657	-18,418	-23,210
Alternative performance measures					
Equity ratio at the end of the period, % ³⁾	78.1	87.0	86.2	83.2	79.6
Employees					
Average number of employees	17	7	10	6	6
Share data					
Number of shares at the beginning of the period	322,252	269,538	269,538	235,448	2,038
Number of shares at the end of the period	19,590,610	322,252	322,252	269,538	235,448

1) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

2) Retrieved from the Company's audited condensed financial statements as of and for the financial years ending 31 December 2019, 2018 and 2017, respectively.

3) For definitions, refer to the section "Condensed financial information – Definitions of performance indicators."

Reconciliation tables

The table below shows the reconciliation of the equity ratio.

Calculation of alternative performance measures SEK thousand	Nine-month period ending 30 September ¹⁾		Financial year ending 31 December ²⁾		
	2020	2019	2019	2018	2017
Calculation of equity ratio					
(A) Equity	60,808	96,516	89,570	73,993	63,611
(B) Total assets	77,834	110,923	103,963	88,934	79,904
(A/B) Equity ratio, %	78.1	87.0	86.2	83.2	79.6

1) Retrieved from the Company's unaudited condensed financial statements as of and for the nine-month period ending 30 September 2020, together with comparative figures for the nine-month period ending 30 September 2019.

2) Retrieved from the Company's audited condensed financial statements as of and for the financial years ending 31 December 2019, 2018 and 2017, respectively.

Definitions of performance indicators

Non-RFR 2 measures	Definition	Reason for use
Equity ratio	Equity divided by total assets at the end of the period.	The equity ratio is provided, since the Company believes that it is commonly used by certain investors, securities analysts and other analysts as a measure of the Company's financial position. The Company is of the opinion that the equity ratio enhances investors' understanding of the Company's financial position at the end of the period.

Operational and financial overview

The information presented below should be read in conjunction with the section “*Condensed financial information*” and the Company’s audited¹⁾ new financial statements for the financial years 2019, 2018 and 2017, respectively. Renewcell has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities (RFR 2). RFR 2 stipulates that the legal entity applies the International Financial Reporting Standards (IFRS) as they have been adopted by the European Union (EU) as far as possible within the framework of the Swedish Annual Accounts Act and Act (1967:531) respecting retirement pensions, taking into consideration the connection between accounting and taxation. The recommendation describes the exceptions and additions required in relation to IFRS. Until and including 2018, Renewcell applied the Swedish Annual Accounts Act and Swedish Accounting Standards Board’s recommendation on annual reports for smaller companies BFNAR 2016:10 (K2). The transition to RFR 2 did not, however, require any adjustment to the balance sheet dated 1 January 2017, 31 December 2017 or 31 December 2018 or of the income statement and the statement of comprehensive income for 2017 and 2018 or for the statement of cash flows for 2017 or 2018. The information has also been obtained from the Company’s reviewed financial statements for the nine-month period ending 30 September 2020, with comparative figures for the corresponding period in 2019, prepared in accordance with the Swedish Annual Accounts Act and RFR 2. Certain figures presented in the Prospectus have been rounded off, which means that the tables in the Prospectus do not necessarily tally exactly. All financial amounts are presented in SEK, unless otherwise indicated. Except as expressly indicated herein, no financial information in the Prospectus has been audited or reviewed by the Company’s auditor.

This section contains forward-looking statements. Such forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors, including those stated in the section “*Risk factors*” and elsewhere in this Prospectus.

The Company’s performance

Comparison of the first nine months of 2020 and the first nine months of 2019

During the period January to September of 2020, net sales amounted to SEK 1,221 thousand (SEK 242 thousand during the period January to September 2019). Sales mostly comprised two large deliveries of pulp to a fibre producer ahead of future brand launches. The result of the period amounted to SEK –47,651 thousand (SEK –25,474 thousand). The increase was mainly attributable to costs for new recruitments, process optimisation costs during the first quarter and consulting costs in connection with the design and financing of the planned capacity expansion.

Comparison between the 2019 and 2018 financial years

In 2019, net sales amounted to SEK 750 thousand (SEK 0 thousand in 2018). Operating profit for the year totalled SEK –37,126 thousand (–17,868). The increase

was mainly attributable to costs associated with the plant in Kristinehamn and consultancy fees in conjunction with the preliminary study for the expansion of capacity.

Comparison between the 2018 and 2017 financial years

In 2018, net sales amounted to SEK 0 thousand (SEK 0 thousand in 2017). Operating profit for the year totalled SEK –17,868 thousand (SEK –20,100 thousand). The decrease was mainly attributable to lower other external expenses and lower depreciations.

The Company’s financial position

Comparison of the first nine months of 2020 and the first nine months of 2019

At the end of September 2020, equity amounted to SEK 60,808 thousand (SEK 96,516 thousand at the end of September 2019) and the equity ratio was 78% (87%). Cash and cash equivalents at the end of September

1) The audit has been conducted in accordance with FAR’s recommendation RevR 5 Examination of financial information in prospectuses.

2020 totalled SEK 17,379 thousand (SEK 46,484 thousand). In January, a cash settlement of SEK 25,728 thousand was disbursed for the redemption of shares held by Fouriertransform AB. During April 2020, the inflow of the proceeds of SEK 44,241 thousand from the rights issue was completed. In addition, a SEK 48,000 bonus issue was conducted without issuing any new shares. A small rights issue raising SEK 299 thousand was completed in May. The work on the new financing continues.

At 30 September 2020, fixed assets amounted to approximately SEK 57,114 thousand (SEK 62,930 thousand) and current assets excluding cash and cash equivalents amounted to SEK 3,341 thousand (SEK 1,509 thousand) at the same date. The change mainly comprised operational working capital, accounts receivable and inventory in conjunction with the increase in production in the second quarter of 2020.

Comparison between the 2019 and 2018 financial years

At the end of 2019, equity was SEK 89,570 thousand (SEK 73,993 thousand at the end of 2018) and the equity ratio was 86.2 per cent (83.2). Cash and cash equivalents at the end of 2019 totalled SEK 39,215 thousand (SEK 19,623 thousand) strengthened by new issues carried out during the year. At 31 December 2019, fixed assets amounted to SEK 61,465 thousand (SEK 67,545 thousand) and current assets excluding cash and cash equivalents totalled SEK 3,283 thousand (SEK 1,766 thousand) at the same date, and mostly comprised prepayments and accrued income.

Comparison between the 2018 and 2017 financial years

At the end of 2018, equity was SEK 73,993 thousand (SEK 63,611 thousand at the end of 2017) and the equity ratio was 83.2 per cent (79.6). Cash and cash equivalents at the end of 2018 totalled SEK 19,623 thousand (SEK 20,765 thousand). At 31 December 2018, fixed assets amounted to SEK 67,545 thousand (SEK 56,603 thousand) and current assets, excluding cash and cash equivalents, totalled SEK 1,766 thousand (SEK 2,536 thousand) at the same date, and mostly comprised prepayments and accrued income.

The Company's cash flow

Comparison of the first nine months of 2020 and the first nine months of 2019

For the first nine months of 2020, cash flow from operating activities including changes in working capital amounted to SEK -38,744 thousand (SEK -19,816 thousand for the first nine months of 2019). Cash flow from investing activities totalled SEK -863 thousand (SEK -487 thousand) and mainly comprised smaller investments in production. Cash flow from financing activities totalled SEK 17,770 thousand (SEK 47,164 thousand). In the first nine months of 2020, shares held by Fouriertransform AB were redeemed and two rights issues were completed.

Comparison between the 2019 and 2018 financial years

For 2019, cash flow from operating activities including changes in working capital amounted to SEK -31,109 thousand (SEK -18,980 thousand for 2018). Cash flow from investing activities totalled SEK -973 thousand (SEK -10,961 thousand) and mainly comprised investments in production. Cash flow from financing activities for the year totalled SEK 51,674 thousand (SEK 28,799 thousand). In 2019, the Company completed two new share issues amounting to a total of SEK 55 million before transaction costs.

Comparison between the 2018 and 2017 financial years

For 2018, cash flow from operating activities including changes in working capital amounted to SEK -18,980 thousand (SEK -21,576 thousand). Cash flow from investing activities totalled SEK -10,961 thousand (SEK -35,086 thousand) and mainly comprised investments in production. Cash flow from financing activities totalled SEK 28,799 thousand (SEK 33,869 thousand). In 2018, the Company completed one new share issue amounting to a total of SEK 30 million before transaction costs.

Significant changes after 30 September 2020 and information on trends

- As of October 2, the company has signed a lease agreement with SCA for a new plant in their facility in Örtviken, Sundsvall.
- The Danish fashion house BESTSELLER released to the public for the first time about its collaboration with Renewcell. For the spring season 2021, brands such as Selected and Vero Moda will launch several different products made from up to 50% Circulose*.
- Renewcell has decided to discontinue the RENEW-TEXTILE project, which is part-financed by the EU and has been ongoing since July 2019. The reason is that the Company's development has been faster than expected and that the project's overall goals have already been achieved.
- On October 8, a bridge loan was signed with the largest owners H&M and Girincubator AB until the new financing is in place. The loan has a framework amount of SEK 12 million and an annual interest rate of 0.94%.
- During October, warrants from the 2016/2020 warrant program were exercised. The exercise has provided the company with SEK 7.7 million and 682,500 new shares have been issued.
- In November, the Company enters into a new financing agreement with Nordea Bank and Svensk Exportkredit on up to SEK 520 million, where up to SEK 450 million relates to project costs and up to SEK 70 million relates to interest under the construction period and premium guarantee to Finnvera.

In addition to the trends described in the section "Market overview – Trends and driver for increased production of sustainable textiles" there are, after the end of 2019 and until the date of the Prospectus and as far as the Company is aware, no particular trends in terms of production, sales, stocks, costs and sales prices within the framework of the Company's operations and on the markets where the Company operates, respectively.

Capital structure, indebtedness and other financial information

The tables in this section present the Company's capitalisation and indebtedness as of 30 September 2020, and following the completion of the Offering providing the Offering is fully subscribed. Refer to the section "Share capital and ownership structure" for further information about the Company's share capital and shares. The tables in this section should be read together with the section "Operational and financial overview" and the Company's financial information with accompanying notes, which are found elsewhere in this Prospectus.

Capitalisation

SEK thousand	30 September 2020	After completion of the Offering ¹⁾
Current interest-bearing liabilities		
Guaranteed	–	–
Against collateral ²⁾	2,083	2,083
Unsecured credits	–	–
Total current interest-bearing liabilities	2,083	2,083
Non-current interest-bearing liabilities		
Guaranteed	–	–
Against collateral ³⁾	5,417	5,417
Unsecured credits	–	–
Total non-current interest-bearing liabilities	5,417	5,417
Equity		
Share capital	500	769
Share premium reserve	193,145	992,876
Retained earnings	–132,837	–132,837
Total capitalisation	60,808	860,808

1) With the provision that the Offering is fully subscribed.

2) Collateral pertains to corporate mortgage to Almi Företagspartner.

3) Collateral pertains to corporate mortgage to Almi Företagspartner.

Net debt

The following table presents the Company's net debt position as of 30 September 2020, and following the completion of the Offering providing the Offering is fully subscribed for. The table only includes interest-bearing liabilities. As of 30 September 2020, the Company has contingent liabilities amounting to SEK 7 million and relating to conditional liabilities to remunerate customer and a conditional obligation to repay the receipt of state aids.

SEK thousand	As of 30 September 2020	After completion of the Offering ¹⁾
(A) Cash at hand	–	–
(B) Cash equivalents	17,379	761,379 ²⁾
(C) Marketable securities	–	–
(D) Liquidity (A) + (B) + (C)	17,379	761,379
(E) Current receivables	2,129	2,129
(F) Current bank loans	2,083	2,083
(G) Current component of long-term liabilities	–	–
(H) Other current liabilities	–	–
(I) Current liabilities (F) + (G) + (H)	2,083	2,083
(J) Net current debt (I) – (E) – (D)	–17,425	–761,425
(K) Long-term bank loans	5,417	5,417
(L) Bonds issued	–	–
(M) Other long-term loans	–	–
(N) Long-term liabilities (K) + (L) + (M)	5,417	5,417
(O) Net debt (J) + (N)	–11,784	–756,008

1) With the provision that the Offering is fully subscribed.

2) Cash equivalents are expected to increase through the issue proceeds on SEK 800 million, after deduction of issue costs (SEK 50 million) and repayment of shareholder loan from H&M Fashion AB and Girincubator AB (SEK 6 million drawn at the time for the Prospectus).

Statement of working capital

The Company's assessment is that it lacks sufficient working capital for the current needs during the upcoming 12 months. The Company's existing working capital is assessed to be sufficient up to and including December 2020. Over the forthcoming 12-month period, the Company's working capital requirements for conducting the existing production operations in Kristinehamn, planned research and development work and head office are estimated at about SEK 100 million. Over the forthcoming 12-month period, the Company's working capital requirements for conducting the existing operations and completing the planned expansion are estimated at about SEK 800 million. The working capital requirements are expected to be possible to meet through the new issue being conducted as part of the Offering, newly raised loans and the Company's existing funds, which amounted to SEK 17.4 million at 30 September 2020.

In the event that the Offering is not fully subscribed or completed, the Company may be forced to revise the planned business and expansion plan by postponing the expansion of capacity in the next plant to instead focus on operation of its existing production operations in Kristinehamn and planned research and development work. The Company may also investigate alternative possibilities for financing in the form of, for example, a rights issue, a private placement or long-term loan financing from existing or new investors.

Assets

Intangible assets

As of 30 September 2020, intangible assets amounted to SEK 0 million.

Tangible fixed assets

As of 30 September 2020, tangible fixed assets totalled SEK 57.1 million. The Company's tangible fixed assets comprise machinery, technical plant, equipment and tools pertaining to the production plant in Kristinehamn.

Historical investments

Renewcell invests continuously in the further development of production at Kristinehamn as well as in research and development. In the first nine months of 2020, investments made in tangible fixed assets primarily encompassed further development of production and amounted to SEK 863 thousand. From 1 October 2020 until the date of the Prospectus, no investments have been made. In 2019 and 2018, Renewcell invested primarily in tangible fixed assets relating to the further development of production at Kristinehamn, and such investments amounted to SEK 973 thousand for 2019 and SEK 10,961 thousand for 2018.

Ongoing investments and undertakings for future investments

The Company's ongoing investments primarily pertain to further development of the Company's production facility in Kristinehamn. Further, the Company has undertaken to purchase certain equipment to the Company's new production facility in Ortvikén from SCA Graphic Sundsvall AB for a total amount of SEK 20 million, of which SEK 6 million is to be paid in connection with that the lease agreement regarding the new production facility enters into force and remaining amount is to be paid within twelve months thereafter. In addition, the Company has not made any undertakings regarding future investments but intends to carry out investments in machinery equipment in the future, including a pulp drying machine, attributable to the new production facility.

Board of directors, Executive management and Auditor

Board of directors

The Company's board of directors consists of five ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholder-

ers' meeting 2021. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and the major shareholders.

Name	Position	Member since	Independent of	
			The Company and executive management	The major shareholders
Mia Hemmingsson	Chairman	2020	Yes	Yes
Om Bhatia	Board member	2020	Yes	Yes
Henrik Norlin	Board member	2012	Yes	No
Erik Karlsson	Board member	2019	Yes	No
Mikael Lindström	Board member	2012	Yes	Yes



Mia Hemmingsson

Born 1977.

Chairman of the board since 2020.

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

Other current assignments:

Board member in Röhnisch Sportswear Aktiebolag, Röhnisch SE Holding AB and MiaHem AB.

Previous assignments (last five years):

CEO of Rodebjer Form AB and Chief Administrative Officer of The Lexington Company AB.

Shareholding in the Company:

Mia Hemmingsson holds, through company, 11,830 preference shares¹⁾ in the Company and 130,000 call options²⁾ that entitle for purchase of a total of 130,000 ordinary shares in the Company.



Om Bhatia

Born 1956.

Board member since 2020.

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 preference shares¹⁾ in the Company.



Henrik Norlin

Born 1983. Board member since 2012.

Chairman of the board 2019–2020.

Education: MSc in Industrial Engineering and Management from KTH Royal Institute of Technology in Stockholm.

Other current assignments:

Board member in Fastighetsaktiebolaget Johanneshöjden, BAFCO Invest AB, Girindustrial AB, CleanFlow Black AB, and Girindus Investments AB as well as deputy board member in Torö Lanthandel AB.

Previous assignments (last five years):

Board member in Meva Energy AB and CleanFlow AB as well as deputy board member in Argonaut AB, CleanFlow AB, Kajkanten 2020 AB and CleanFlow Black AB.

Shareholding in the Company:

Henrik Norlin holds, through related companies, 3,867,500 common shares and 3,504,995 preference shares¹⁾ in the Company.

1) The preference shares will be converted into ordinary shares in connection with the Offering.

2) For more information on the call options, refer to section "Share capital and ownership structure – Call Options".



Erik Karlsson

Born 1983.

Board member since 2019.

Education: MSc in Environmental Engineering from Lund University.

Other current assignments:

Chairman of the board in Worn Again Technologies Limited, board member in Infinited Fiber Company OY, deputy board member in TreeToTextile AB and Investment Manager at H&M CO:LAB.

Previous assignments (last five years):

Project Manager and sustainability Business Expert H&M Group Sustainability.

Shareholding in the Company:

Erik Karlsson holds no shares in the Company.



Mikael Lindström

Born 1967.

Board member since 2012.

Education: MSc in Chemical Engineering, PhD in Cellulose Technology and lecturer in Pulp Technology and professor in Pulp Technology.

Other current assignments:

Board member in Aktiebolaget svensk papperstidning, CleanFlow AB and CleanFlow Black AB as well as owner of MITCHE Technology.

Previous assignments (last five years):

Board member of Svenska Kemisamfundet Service AB and CleanFlow AB, deputy board member i Cellutech AB, CEO and deputy board member of WWSC Forskare AB as well as partner in Heli inovatio Handelsbolag.

Shareholding in the Company:

Mikael Lindström holds 511,485 shares (of which 491,985 are common shares and 19,500 are preference shares¹⁾) in the Company.

1) The preference shares will be converted into ordinary shares in connection with the Offering.

Executive management



Patrik Lundström

Born 1967. CEO since 2019. Board member 2018–2020 and chairman of the board 2018–2019.

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, personally and through company, 39,650 preference shares¹⁾ and 22,236 warrants²⁾ that entitle to subscription of 1,445,340 new ordinary shares in the Company.



Maria Vallejo

Born 1971. CFO since 2020.

Education: Bachelor of Science degree in Business Administration and Economics with focus on Financing from Stockholm University.

Other current assignments:

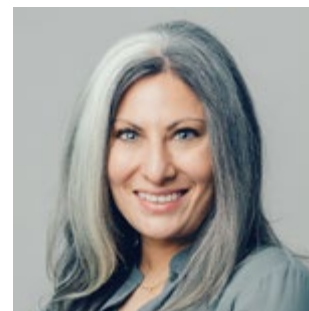
Board member in Movum Consulting AB and Movum Holding AB.

Previous assignments (last five years):

Own consultancy within restructuring and M&A to private equity-companies.

Shareholding in the Company:

Maria Vallejo holds, through company, 158,470 preference shares¹⁾ in the Company.



Tahani Kaldéus

Born 1978. Head of R&D and Innovation since 2019.

Education: PhD in Fibre and Polymer Science from KTH Royal Institute of Technology in Stockholm, MSc. in Chemical Engineering/Polymer Technology from KTH Royal Institute of Technology in Stockholm and BSc. in Chemical Engineering from Mälardalen University.

Other current assignments:

None.

Previous assignments (last five years):

None.

Shareholding in the Company:

Tahani Kaldéus holds 19,825 preference shares¹⁾ in the Company.

1) The preference shares will be converted into ordinary shares in connection with the Offering.

2) Of which 11,772 warrants under series 2018/2022 and 10,464 warrants under series 2019/2023.



Kajsa Fougner

Born 1972. Plant Manager Kristinehamn since 2019.

Education: MSc in Chemical Engineering from KTH Royal Institute of Technology in Stockholm.

Other current assignments: Chairman of the board in Miljökraft, board member in Karlstad UN association and Assessment of applications for research funding at the Swedish Energy Agency.

Previous assignments (last five years): Board member of the not-for-profit organisation Sodahuskommittén as well as Project Manager and Process Consultant Chemical Pulping Karlstad and Stockholm at ÅF Industry.

Shareholding in the Company: Kajsa Fougner holds 1,950 preference shares¹⁾ in the Company.



Christer Johansson

Born 1967. Project Director since 2020.

Education: Master of Science in Mechanical Engineering from Chalmers University of Technology.

Other current assignments: Board member in Foresto AB, Alvarez & Marsal Sweden AB and Valtour AB.

Previous assignments (last five years): Partner in Alvarez & Marsal Sweden Handelsbolag.

Shareholding in the Company: Christer Johansson holds, through company, 158,470 preference shares¹⁾ in the Company.



Martin Stenfors

Born 1973. VP Sourcing & Supply Chain since 2017.

Education: MSc in Industrial Engineering and management from Linköping University, Faculty of Science and Engineering.

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, through company, 65,000 preference shares¹⁾ and 500 employee stock options²⁾ that entitle to subscription of 32,500 new ordinary shares in the Company.



Harald Cavalli-Björkman

Born 1987. CMO since 2020.

Education: B.Sc. with major in Economics from Uppsala University.

Other current assignments: Deputy board member in Cavalli-Björkman & Partners AB.

Previous assignments (last five years): –

Shareholding in the Company: Harald Cavalli-Björkman holds, through company, 11,635 preference shares¹⁾ and 300 employee stock options²⁾ that entitle to subscription of 19,500 new ordinary shares in the Company.



Jenny Fredricsdotter

Born 1974. Circular Business Manager since 2017.

Education: Textile economics from University of Borås.

Other current assignments: –

Previous assignments (last five years): Production Manager at WeSC and Another Textile Company.

Shareholding in the Company: Jenny Fredricsdotter holds 2,275 preference shares¹⁾ and 300 employee stock options²⁾ that entitle to subscription of 19,500 new ordinary shares in the Company.

1) The preference shares will be converted into ordinary shares in connection with the Offering.

2) For more information on the employee stock options, refer to section "Share capital and ownership structure – Employee Stock Option Program".

Other information about the board of directors and executive management

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management towards the Company and their private interests and/or other undertakings.

During the last five years, none of the members of the board of directors or the members of the executive management have (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation (other than voluntary), or been subject to administration under bankruptcy, (iii) been the subject to accusations and/or sanctions by any agency authorized by law or regulation (including approved professional organisations) or (iv) been prohibited by a court of law from being a member of any company's administrative, management or supervisory body or from holding a senior or overarching position of any company.

There are no arrangements or agreements regarding remuneration for current board members or the executive management upon termination of their assignments or employment.

All members of the board of directors and the members of the executive management are available at the Company's address, Cardellgatan 1, SE-114 36 Stockholm, Sweden.

Auditor

The Company's auditor is Mazars AB with Michael Olsson as auditor in charge. Mazars AB was elected auditor of the Company at the 2020 annual shareholders' meeting. Since the Company was incorporated in 2012 up until the 2020 annual shareholders' meeting, the auditor in charge, Michael Olsson, was personally elected as auditor. Michael Olsson (born 1974) is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). The Auditor's office address is Mazars AB, SE-111 83 Stockholm, Sweden.

Corporate governance

Corporate governance

Re:NewCell AB (publ) is a Swedish public limited liability company. Prior to the listing on First North Premier, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company has been listed, the Company will also comply with First North Premier's Rule Book for Issuers and apply the Swedish Corporate Governance Code (the "**Code**"). The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained (according to the so-called "comply or explain principle"). Any deviation will be reported in the Company's corporate governance report, which will be prepared for the first time for the 2020 financial year. However, in the first corporate governance report, the Company is not required to explain non-compliance with such rules that have not been relevant during the period covered by the corporate governance report. Currently, the Company does not expect to report any deviations from the Code.

Shareholder's meeting

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual shareholders' meeting must be held within six months from the end of the financial year. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Dagens Industri.

Right to participate in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling six business days prior to the meeting, and notify

the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares held by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors well in advance for the matter to be included in the agenda for the shareholders' meeting.

Nomination committee

Companies applying the Code shall have a nomination committee. According to the Code, the shareholders' meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the Group Management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who cooperates in terms of the Company's management.

At the extraordinary shareholders' meeting held on 10 July 2020, it was resolved that the nomination committee for the annual shareholders' meeting 2021 shall be composed of the chairman of the board and one representative for each of the three largest shareholders based on ownership of the Company as per the end of the financial year's third quarter. Should one of the three largest shareholders refrain from appointing a representative to the nomination committee, the right shall pass to the shareholder that, excluding these three shareholders, has the largest shareholding in the Company. The board of directors shall convene the nomination committee. The member representing the largest shareholder shall be appointed chairman of the nomination committee, unless the nomination committee unanimously appoints another member.

If earlier than three months prior to the annual shareholders' meeting, one or more of the shareholders having appointed representatives to the nomination committee no longer are among the three largest shareholders, representatives appointed by these shareholders shall resign and the shareholders who then are among the three largest shareholders may

appoint their representatives to the nomination committee. However, unless special reasons apply, no change to the composition of the nomination committee shall be made if there has only been a minor change of ownership or if the change occurs later than three months prior to the annual shareholders' meeting. Should a member resign from the nomination committee before its work is completed, the shareholder who has appointed the member resigned shall appoint a new member. If such shareholder is no longer among the three largest shareholders, a new member shall be appointed in accordance with the order set out above. Shareholders who have appointed a representative to be a member of the nomination committee shall have the right to dismiss such member and appoint a new representative of the nomination committee.

Changes to the composition of the nomination committee must be announced immediately. The term of office for the nomination committee ends when the composition of the following nomination committee has been announced. The nomination committee shall perform the tasks incumbent on the nomination committee pursuant to the Code.

The nomination committee ahead of the annual shareholders' meeting 2021 comprises Per Olofsson (appointed by Girincubator AB and Girindus Investments AB jointly), Nanna Andersen (appointed by H&M Fashion AB), Boris Gyllhamn (appointed by Almi Invest GreenTech AB) and Mia Hemmingson (chairman of the board).

Board of directors

The board of directors is the highest decision-making body of the Company after the shareholders' meeting. According to the Swedish Companies Act, the board of directors is responsible for the organization of the company and the management of the company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the board of directors appoints the CEO.

Members of the board of directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the board of directors elected by the shareholders' meeting shall be not less than three and not more than seven members with no deputy members.

According to the Code, the chairman of the board of directors is to be elected by the shareholders' meeting and have a special responsibility for leading the work of the board of directors and for ensuring that the

work of the board of directors is well organized and efficiently performed.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

In light of the size of the board as well as of the Company, the board of directors has not established an audit committee or a remuneration committee, but the board of directors in its entirety performs the tasks incumbent on such committees.

Currently, the Company's board of directors consists of five ordinary members elected by the shareholders' meeting, who are presented in section "*Board of directors, executive management and auditor*".

The CEO and other executive management

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information from the executive management for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the development of sales, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented in section "*Board of directors, executive management and auditor*".

Remuneration to the members of the board of directors, CEO and executive management

Remuneration to the members of the board of directors

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the shareholders' meeting. At the annual shareholders' meeting held on 17 June 2020, it was resolved that the fee to Mia Hemmingson should be SEK 150,000 and that the fee to Om Bhatia should be SEK 75,000. No fee is paid to the other members of the board of directors. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

During 2019, the members of the board of directors did not receive any remuneration with the exemption of SEK 80,000 paid to Patrik Lundström and SEK 81,745, paid to the previous board member Heikki Heissi.

Guidelines for remuneration to the CEO and other executive management

At the annual shareholders' meeting on 10 July 2020, it was resolved to adopt guidelines for remuneration to the CEO and other members of the executive

management, mainly implying that the Company shall offer the senior executives a competitive remuneration in order to be able to employ, motivate and retain competent employees, who works to achieve maximum shareholder and customer value. The remuneration shall be in line with market conditions and may consist of the following components: fixed cash remuneration, variable cash remuneration, other benefits and pension.

The fixed cash remuneration shall be individual and based on the individual's responsibility and role, as well as competence and experience in relevant positions. The variable cash remuneration may not exceed 100 per cent of the annual fixed cash remuneration. Pension shall be premium-based, unless otherwise stipulated by applicable collective bargaining agreements. Variable cash remuneration shall not be pension-qualifying, unless otherwise stipulated by applicable collective bargaining agreements. Pension premiums for premium-based pension shall amount to a maximum of 30 percent of the annual fixed cash remuneration. Other benefits may include, inter alia, health insurance. Such benefits shall be of limited value in relation to other compensation and be in line with customary market practice on each geographic market.

Remuneration to the CEO and other executive management

The table below presents an overview of remuneration in SEK to the CEO and other members of executive management for the 2019 financial year.

Name	Base salary	Variable remuneration	Other benefits ¹⁾	Pension costs ²⁾	Total
Patrik Lundström, CEO	560,000 ³⁾	–	–	120,000	680,000
Other members of executive management (seven)	3,198,732	–	102,000 ⁴⁾	379,000	3,680,217
Total	3,758,732	–	102,000	499,000	4,360,217

1) The Company has no allocated or accrued other benefits.

2) The Company has no allocated or accrued pension costs.

3) Including board remuneration on 80,000 SEK.

4) Refers to benefits within the framework of an established employee option programme.

Current employment agreement for the CEO and other executive management

A mutual notice period of six months applies to the CEO. For other members of executive management, a notice period of three months applies when notice is given by the employee. When notice of termination is given by the Company, the notice periods stipulated in applicable collective bargaining agreements should apply, however not less than three months.

With the exception from the CEO, all members of executive management are entitled to occupational pensions as stipulated in collective bargaining agreements. The CEO chooses the amount to be set aside for pension savings, whereof the amount chosen is reduced from the monthly salary.

Furthermore, Harald Cavalli-Björkman, Jenny Fredricsdotter, Kajsa Fougner and Martin Stenfors have, as complement to their respective employment agreements, separate bonus agreements with the Company, which entitles them to a bonus paid in cash, provided that certain conditions have been met, such as that the employment with the Company has not been terminated and that the employee has not failed in its duty of loyalty. Any bonus is based on the value of the Company's shares at the end of 2023 and can at the maximum amount to MSEK 1,1 for each each of Harald Cavalli-Björkman, Jenny Fredricsdotter and Martin Stenfors, and MSEK 2,4 at the maximum for Kajsa Fougner.

Incentive program

For a description of the Company's incentive program, see section *"Share capital and ownership structure – Employee option program"*.

Auditing

The auditor shall review the Company's annual reports and financial statements as well as the board of directors' and the CEO's management of the Company. Following each financial year, the auditor shall submit an audit report to the annual shareholders' meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors and not more than two deputy auditors. The auditor and, where applicable, deputy auditor, shall be an authorised auditor or registered audit firm. The Company's auditor is presented in more detail in section *"Board of directors, executive management and auditor"*.

In 2019, the total remuneration to the Company's auditor amounted to SEK 56 thousand.

Internal control

Internal control comprises the control of the Company's organisation, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the Company's financial reporting is prepared in accordance with law and applicable accounting standards, that the Company's assets are protected and that other requirements are fulfilled. The system for internal control is also intended to monitor compliance with the Company's policies, principles and instructions. Internal control also comprises risk analysis and follow-up of incorporating information and business systems. The Company identifies, assesses and manages risks based on the Company's vision and goals. Risk assessment of strategic, compliance, operational and financial risks shall be performed annually by the Company's management. The assessment shall be presented to the board of directors.

The board of directors is responsible for internal control. Processes managing the business and delivering value shall be defined within the business management system. The CEO is responsible for the process structure within the Company.

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process shall annually be performed and reported to the board of directors. The CFO is responsible for the self-assessment process.

Share capital and ownership structure

General information

According to the Company's articles of association, the share capital may not be less than SEK 500,000 and not exceed SEK 2,000,000, and the number of shares may not be less than 19,000,000 and not exceed 76,000,000. As per 30 September 2020, the Company had issued a total of 19,590,610 shares, of which 5,772,000 were common shares and 13,818,610 were preference shares¹⁾. The shares are denominated in SEK and each share has a quotient value of approximately SEK 0.026. The Company's shares have been issued in accordance with Swedish law. All issued shares are fully paid-up and freely transferable.

Certain rights associated with the shares

The shares included in the Offering are of the same class (common shares). The rights associated with shares issued by the Company, including those rights pursuant to the articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Each share in the Company entitles the holder to one vote at the general meeting of shareholders and each shareholder is entitled to vote for the full number of shares held by the shareholder in the Company. All shares in the Company carry equal rights to dividends. In the event of liquidation, holders of preference shares have priority over the common shares up to an amount corresponding to the amount that all holders of preference shares paid upon issue of such preference shares divided by the number of preference shares outstanding. All preference shares will be converted into common shares at an extraordinary general meeting of shareholders on or about 13 November 2020. The same general meeting of shareholders will also resolve on an amendment to the articles of association, in accordance with which the Company will henceforth only have one class of share.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, as a general rule, shareholders have pre-emptive rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Decisions regarding the distribution of profits are taken by the general meeting of shareholders. All shareholders registered in the share register maintained by Euroclear Sweden on the record date

adopted by the general meeting of shareholders are entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (distribution in kind). If shareholders cannot be reached through Euroclear Sweden, such shareholders still retain their claim on the Company for the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend reverts to the Company.

No restrictions on the right to receive dividends apply to shareholders resident outside of Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax; refer also to the section "*Tax considerations in Sweden*".

Dividend policy

Renewcell is in an expansive growth phase and has not yet distributed any dividends. The board of directors intends to let the Company carry forward any profits in order to invest in operations, and it therefore does not expect that any dividends will be distributed in the foreseeable future. In the future, when Renewcell's earnings and financial position permit, dividends may become appropriate.

Central securities depository

The shares in the Company are registered in a central securities depository register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). The register is maintained by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. No share certificates are issued for the Company's shares. The ISIN codes for the shares are SE0014960431 (common shares) och SE0014960449 (preference shares).

Certified adviser

All companies with shares listed on First North Premier have a certified adviser that monitors regulatory compliance. The Company has designated FNCA Sweden AB (Box 5807, SE-102 48 Stockholm, Sweden) as its certified adviser. FNCA Sweden AB does not own any shares in the Company.

1) As at the date of this Prospectus, the Company has issued in total 20,273,110 shares, whereof 6,454 500 are common shares and 13,818,610 are preference shares.

Share capital development

The table below shows historic changes in the Company's share capital since its founding and until 30 September 2020, and the changes in the number of shares and the share capital which have taken place thereafter, including changes that will be made in conjunction with the listing of the Company's shares on First North Premier, provided that the Offering is fully subscribed for.

Date	Transaction	Change in number of shares and votes	Number of shares and votes after the transaction		Share capital (SEK)	
			Common Shares	Preference shares	Change	Total
29 Feb 2012	New formation	500 (common)	500	–	50,000	50,000
26 Jan 2016	New share issue	388 (common)	888	–	38,800	88,800
7 Oct 2016	New share issue	960 (preference)	888	960	96,000	184,800
26 Nov 2016	New share issue	190 (preference)	888	1,150	19,000	203,800
23 Oct 2017	New share issue ¹⁾	230 (preference)	888	1,380	23,000	226,800
26 Oct 2017	Split	87,912 (common) and 136,620 (preference)	88,800	138,000	–	226,800
18 Dec 2017	New share issue ²⁾	8,648 (preference)	88,800	146,648	8,648	235,448
3 Sep 2018	New share issue ²⁾	34,090 (preference)	88,800	180,738	34,090	269,538
3 Sep 2019	New share issue ³⁾	48,123 (preference)	88,800	228,861	48,123	317,661
13 Dec 2019	New share issue ⁴⁾	4,591 (preference)	88,800	233,452	4,591	322,252
16 Jan 2020	Reduction of share capital ⁵⁾	–48,000 (preference)	88,800	185,452	–48,000	274,252
16 Jan 2020	Bonus issue	–	88,800	185,452	48,000	322,252
18 May 2020	New share issue ⁶⁾	26,960 (preference)	88,800	212,412	31,678.58	353,930.58
2 Jul 2020	New share issue ⁶⁾	182 (preference)	88,800	212,594	213.86	354,144.44
3 Aug 2020	Bonus issue	–	88,800	212,594	145,855.56	500,000
3 Aug 2020	Split	5,683,200 (common) and 13,606,016 (preference)	5,772,000	13,818,610	–	500,000
2020-11-03	Exercise of warrants	682,500 (common)	6,454,500	13,818,610	17,419.06	517,419.06
2020-11-13	Redesignation ⁷⁾	–	20,273,110	–	–	517,419.06
2020-11-27	The Offering	10,526,316	30,799,426	–	268,657.18	786,076.24

1) The new share issue was carried out at a subscription price of SEK 88,000 per share.

2) The new share issue was carried out at a subscription price of SEK 880 per share.

3) The new share issue was carried out at a subscription price of SEK 1,039 per share.

4) The new share issue was carried out at a subscription price of SEK 1,089 SEK per share.

5) The decrease was implemented through withdrawal of shares. The purpose was repayment to the shareholders.

6) The new share issue was carried out at a subscription price of SEK 1,641 per share.

7) All preference shares are intended to be converted to common shares. For more information, refer to the section "Certain rights associated with the shares" above.

Employee option programme

In 2018, the Company's board of directors decided on the introduction of an employee option programme. As of the date of this Prospectus, 1,400 options have been allocated to four employees under the programme. After a vesting period of 36 months (calculated from the date the option agreement relevant to the employee option was signed), each employee option grants the right—after recalculation owing to share splits conducted in the Company—to subscribe for 65 common shares in the Company during the period from 31 December 2021 up to and including 31 December 2025 at a subscription price of SEK 13.54 per share. Delivery of shares under the employee option programme is secured through the issue of warrants (refer to the section "*Warrants – 2019/2027*" below). The right to subscribe for shares under the employee option programme is associated with certain terms and conditions, including that the employee must remain employed with the company for three years from the date of subscription.

Warrant programme

As of 30 September 2020, the following series of warrants had been issued by the Company.¹⁾ With the exemption of series 2019/2027, where issuance was resolved upon by the general meeting, the issuance has been resolved upon by the board of directors based on authorisations granted by the general meeting. The number of shares that each warrant grants the right to, as well as the price per share, have been recalculated due to two share splits carried out in October 2017 and August 2020.

2016/2020

The series encompasses 105 warrants that grant the right to subscribe for 682,500 common shares during the period from 1 October 2020 to 30 December 2020. The subscription price on exercise of the option is SEK 11.26 per common share. Seventy-five warrants are held by Trudvang and Partners AB (through capital insurance), a company wholly owned by the Company's former CEO Mattias Jonsson, and 30 warrants are held by Vasholmen Consulting AB, a company wholly owned by the Company's former Chairman of the Board David Schelin.

2018/2022

The series encompasses 11,772 warrants that grant the right to subscribe for 765,180 common shares during the period from 20 December 2021 to 31 December 2022. The subscription price on exercise of the option is SEK 32.68 per common share. All warrants are held by PEEL AB, a company wholly owned by the Company's CEO Patrik Lundström.

2019/2023

The series encompasses 10,464 warrants that grant the right to subscribe for 680,160 common shares during the period from 3 September 2022 to 3 September 2023. The subscription price on exercise of the option is SEK 48.43 per common share. All warrants are held by the Company's CEO Patrik Lundström.

2019/2027

As of 30 September 2020, the series encompassed 1,400 warrants that grant the right to subscribe for 91,000 common shares during the period from 15 December 2021 to 31 December 2027. The subscription price on exercise is SEK 0.03 (corresponding to the quotient value of the share) per common share. The warrants have been issued as part of an employee option programme and are held by the Company (refer further to the header "*Employee option programme*" in this section above).

In accordance with separately signed cash bonus agreements with the Company's executives Harald Cavalli-Björkman, Jenny Fredricsdotter, Martin Stenfors and Kajsa Fougner, it has been agreed that a number of their employee options will expire as a result of signing the bonus agreements (for more information on the bonus agreements, refer to the section "*Corporate Governance – Employment contracts, etc. for senior executives*"). For information on the number of employee options held by each senior executive after the above mentioned agreements, refer to the section "*Board of directors, executive management and auditor – Executive management*".

Call options

On 24 September 2020, two of the largest shareholders in the Company, Girincubator AB and H&M Fashion AB, issued 101,645 and 28,355 call options respectively (130,000 in total) to MiaHem AB, a company wholly owned by the Company's chairman Mia Hemmingson. Each call option grants MiaHem a right, but no obligation, to acquire one common share in the Company at a price of SEK 100.98 per share during a six-month period beginning on the date three years from the date the options were issued. The price (or premium) per call option, calculated using the Black-Scholes model, is SEK 1.55 and has been deemed to be on market terms. The call options are freely transferable during the six-month period in which they can be exercised. In the event of any transfer, however, Girincubator AB and H&M Fashion AB have the right to redeem the share under the same terms and conditions of the transfer (pre-emption rights).

1) As at the date of this Prospectus, only series 2018/2022, 2019/2023 and 2019/2027 are issued by the Company after full exercise of series 2016/2020, providing the Company with approximately SEK 7 million.

Ownership structure

The table below describes the Company's ownership structure immediately before the Offering/as of the date of the Prospectus and directly after completion of the Offering. As far as Renewcell is aware, no shareholder controls the Company, directly or indirectly.

Shareholders	Ownership prior to the Offering ¹⁾			After the Offering (provided the Offering is fully subscribed for and the Over-allotment Option is fully exer- cised)		After the Offering (provided the Offering is fully subscribed for and the Over-allotment Option is not exercised)	
	Number of common shares	Number of preference shares	%	Number of common shares	%	Number of common shares	%
Girincubator AB	3,867,500	-	19.1	3,933,290	12.8	3,933,290	12.8
Girindus Investments AB	-	3,504,995	17.3	1,926,048	6.3	3,504,995	11.4
H&M Fashion AB	16,965	2,039,635	10.1	3,124,440	10.1	3,124,440	10.1
Almi Invest GreenTech AB	-	1,021,605	5.0	1,021,605	3.3	1,021,605	3.3
Swedoecean AB	5,980	716,235	3.6	722,215	2.3	722,215	2.3
Gripen Industri & Invest AB	-	692,705	3.4	692,705	2.2	692,705	2.2
Other existing shareholders (71)	2,564,055	5,843,435	41.5	8,446,638	27.4	8,446,638	27.4
Total	6,454,500	13,818,610	100	19,866,941	64.5	21,445,888	69.6
New shareholders	-	-	-	10,932,485	35.5	9,353,538	30.4
Total	6,454,500	13,818,610	100	30,799,426	100	30,799,426	100.0

1) As at the date of this Prospectus, there are in total 6,454,500 common shares and 13,818,610 preference shares in the Company. The preference shares will be converted to common shares shortly ahead of the Offering.

Share conversion in connection with the Offering

In connection with the Offering, all preference shares in the Company will be converted to common shares through redesignation of each preference share to one common share (1:1), which means that subsequently, all shares in the Company will be common shares. The share conversion will be resolved on at an extraordinary general meeting of shareholders on or about 13 November 2020. Registration of the share conversion with the Swedish Companies Registration Office is expected to take place on or about 17 November 2020.

Issue of authorisation

At an extraordinary general meeting of shareholders of the Company on 10 July 2020, it was resolved to authorise the board of directors to decide on the issue of new shares at the latest by the time of the next annual general meeting, on one or more occasions and with or without pre-emptive rights for the Company's shareholders, though such an issue cannot result in the Company's share capital exceeding the Company's greatest permissible share capital according to the articles of association in effect at any time.

The authorisation is intended to be used to conduct the Offering, and replaces the issue authorisation that was decided by the 2020 annual general meeting.

Dilution

The Offering may result in the number of shares in the Company increasing by at most 10,526,316 common shares, corresponding to a dilution of 34.2 per cent for existing shareholders in the Company.

In the Company, 23,636 warrants have also been issued at the date of this Prospectus. An exercise of all warrants for subscription of new common shares in the Company corresponds to a dilution of 4.8 per cent provided that the Offering is fully subscribed for.

The net asset value per share (equity per share) as at 30 September 2020 amounted to SEK 3.10, to be compared to the price per share in the Offering on 76 SEK.

Shareholders' agreements

The Company's shareholders have signed a shareholders' agreement that regulates aspects including corporate governance and financing of the Company. The shareholders' agreement will automatically expire in connection with the Company's shares being listed on First North Premier. To the best of the Company's knowledge, no shareholders' agreements or other agreements between the Company's shareholders pertaining to joint control of the Company will exist after the expiration of the aforementioned shareholders' agreement, nor will there be any agreements or similar arrangements that could lead to a change in control over the company.

Undertaking to refrain from selling shares

Through the agreement concerning placement of shares that is expected to be signed on or about 25 November 2020, all shareholders¹⁾ of the Company, including board members and senior executives will undertake to, subject to certain exceptions²⁾, not to sell their respective holdings for a given period after the trading on First North Premier has commenced (the **"Lock-up Period"**). The Lock-up Period for board members and senior executives will be 360 days, while the Lock-up Period for other shareholders, with the exception of H&M Fashion AB and Girincubator AB, will be 180 days. For H&M Fashion AB and Girincubator AB, the Lock up-period applies until the date when commercial activities are initiated at the Company's new production facility in Ortvisen, expected to take place around 1 July 2022. Joint Bookrunners may grant exceptions from the undertakings in question.

In the agreement, the Company will undertake against the Joint Bookrunners to, inter alia, subject to certain exceptions, for a period of 360 days from the first day of trading on First North Premier, not prior to written consent from the Joint Bookrunners, resolve on or propose shareholders' meeting to resolve on an increase in the share capital through an issue of shares or other financial instruments.

For further information, refer to the section *"Legal considerations and supplementary information – Placing agreement"*.

Public takeover bid and compulsory redemption

The Swedish Corporate Governance Board has issued regulations for public takeover bids pertaining to shares in Swedish companies listed on stock exchanges such as First North Premier. In all essentials, the rules correspond to those that apply to companies whose shares are listed for trading in a regulated market. A public takeover bid can apply to all or part of the shares in a company. Only after a decision by the general meeting of shareholders can a company take measures intended to impair the conditions for tendering or implementing a bid, if the board of directors or the CEO of the company has grounds to assume that such a bid is imminent or if such a bid has been tendered.

As a starting point, shareholders who have accepted a public takeover bid are bound by their acceptance but under certain circumstances can revoke it, for example if it was contingent on the fulfilment of certain conditions. If a shareholder chooses not to accept a public takeover bid, the shares of that shareholder may be subject to compulsory redemption in the event the person tendering the bid gains holdings representing more than nine tenths of the shares in the company through the bid. Compulsory redemption involves a legal right to redeem outstanding shares. Similarly, the person whose shares can be redeemed has the right to have their shares redeemed. The price of the shares redeemed through compulsory redemption will be established either as the consideration offered for the shares or the price that could be expected in connection with the sale of the shares under normal conditions. The procedure for determining reasonable compensation constitutes part of the minority protection under the Swedish Companies Act. Any disputes regarding redemption will be reviewed by arbitrators.

The Company's shares are not subject to bids tendered as a result of mandatory bids, right of redemption or redemption obligation. No public takeover bids pertaining to the Company's shares have been received during the current or preceding financial year.

1) With the exception of a former employed, smaller shareholder.

2) The exceptions mainly include (i) to accept or submit so-called irrevocables within the framework of a public takeover bid relating to all of the shares in the Company, (ii) transfers within the framework of certain buy-back programmes offered by the Company, (iii) transfers of subscription- or other rights in order to pay the subscription price in rights issues in the Company and (iv) certain transfers to related parties.

Articles of association

In connection with the Offering, the Company's articles of association will read as follows.

1 § Name

The company's name is Re:NewCell AB. The company is a public limited liability company (publ).

2 § Registered office

The board of directors' registered office shall be situated in Stockholm, Sweden.

3 § Object of the company's business

The company shall, directly or indirectly through subsidiaries, research on, develop and conduct business with cellulose-based products and therewith related operations.

4 § Share capital

The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000.

5 § Number of shares

The number of shares shall be not less than 19,000,000 and not more than 76,000,000.

6 § Financial year

The company's financial year shall be calendar year.

7 § Board of directors

The board of directors shall comprise of not less than three and not more than seven directors with not more than seven deputy members.

8 § Auditor

The company shall have not less than one and not more than two auditors and not more than two deputy auditors. As auditor and, when applicable, deputy auditor, an authorised public accountant or a registered public accounting firm shall be elected.

9 § Notice of shareholders' meeting

Notice of shareholders' meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. It shall be announced in Dagens Industri that a notice of general meeting has been issued.

10 § Participation in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting shall give notice to the company no later than on the date stipulated in the notice convening the shareholders' meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting. One or two assistants to the shareholder shall be entitled to attend the general meeting only if the shareholder has notified the company hereof in the manner set out above.

11 § VPC company

The company's shares shall be registered in a securities register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

Legal considerations and supplementary information

Legal group structure

Re:NewCell AB (publ), corp. reg. no. 556885-6206, has its registered office in Stockholm, Sweden. The Company is a Swedish public limited liability company founded and incorporated in Sweden under Swedish law. The Company's business is conducted in accordance with Swedish law. The Company's form of association is governed by the Swedish Companies Act (2005:551). The Company's LEI code is 549300ODX3D04SRRH667. The Company is not part of any corporate group.

Material agreements

The Company has entered into supplier agreements with textile producers as well as collection and recycling organisations for the purpose of securing the supply of input materials required to produce Circulose®. Following production, the Circulose® pulp is sold globally on an agency basis to fibre producers, which in their turn, refine the Circulose® pulp into fibres that can be spun into yarn to be used in manufacturing textiles. For the purpose of driving access to and demand for Circulose® pulp, the Company has also entered into agreements with clothing brands covering the development and marketing of textile products containing Circulose®.

In addition to the agreements described below, the Company has entered into a number of minor agreements and several letters of intent with suppliers, fibre manufacturers and clothing brands aimed at entering deeper discussions and formal agreements.

Supplier agreement – Bank and Vogue

On 25 September 2020, the Company entered into a supplier agreement with Bank and Vogue Holdings Ltd. ("**Bank & Vogue**"). Under the agreement, Bank & Vogue shall supply raw materials to the Company, including end-of-life textiles, in an amount of 15,000 tonnes in the first year of the agreement and 30,000 tonnes in the second to the fourth year. Under the agreement, the Company has undertaken to purchase at least a minimum volume of 50 per cent of the just mentioned volumes each year.

Supplier agreement – Fibraloop

On 21 August 2020, the Company entered into a supplier agreement with Fibraloop Diş Ticaret Limited Şirketi ("**Fibraloop**"). Under the agreement, Fibraloop is to supply the Company with raw material in the form of, inter alia, end-of-life textiles, in an amount of 5,000 tonnes in the first year of the agreement and 10,000 tonnes in the following three years.

Agency agreement – Ekman & Co

On 19 August 2020, the Company entered into an agency agreement with Ekman & Co AB ("**Ekman**"). The contract period is five years and renews automatically for one year at a time unless terminated within the initial term of the contract. Under the terms of the agreement, on behalf of the Company, Ekman will in its own name (as an agent) market and sell Circulose® globally. In accordance with the agreement, Ekman must submit proposed orders for Circulose® to the Company. Ekman is entitled to compensation pursuant to the agreement in the form of a commission based on the sales volume. Under the agreement, all intellectual property rights pertaining to the Circulose textile pulp are the exclusive property of the Company. With the precondition that Ekman reaches the sales targets agreed between the parties, the agreement is exclusive, which means primarily that the Company undertakes to not itself sell Circulose® to any third party. Furthermore, the Company has undertaken to refer all offers and enquiries received by the Company that pertain to potential purchases of Circulose® to Ekman. The agreement also includes a change of control clause, which entails that in the event of a sale of a majority of the shares in the Company (beyond any change of ownership resulting from the Offering) or in Ekman to a third party, or in the event of a sale of all or substantially all of the assets of either party to a third party, the other party has the right to terminate the agreement with a notice period of 90 days. Finally, the agreement stipulates that in the event that the Company transfers ownership of its factory (alternatively all or substantially all of the assets of the factory) in Kristinehamn, the Company will, to the best of its ability, ensure that the agreement is transferred to the acquirer. In the event that the Company is unable to transfer the agreement, the Company is liable to pay a penalty of SEK 20 million to Ekman.

Fibre manufacturing agreement – Tangshan Sanyou

On 25 September 2020, the Company entered into a sales and marketing cooperation agreement with Tangshan Sanyou, the largest state-owned viscose producer in the Chinese market. Under the terms of the agreement, Tangshan Sanyou undertakes to purchase 80 and 2,100 ADMT of dissolving pulp at a price of at least USD 1,250 per ADMT in 2020 and 2021, respectively. The agreement also stipulates that the collaboration will enter into full force 30 days after the Company has informed Tangshan Sanyou in writing that the Company's new production plant (refer to the section "*Production plant in Ortviken*" below) has been

completed. After that date, the agreement extends for an initial term of five years, during which Tangshan Sanyou undertakes to purchase up to 40,000 ADMT per year.

Sales agreement with H&M

On 28 September 2020, the Company entered a sales agreement with H & M Hennes & Mauritz GBC AB ("**H&M**"), pursuant to which H&M has undertaken to purchase Circulose® fibres for an initial period of five years starting in 2021. The volume that H&M has undertaken to purchase increases gradually for a five years period up to 10,000 tonnes the fifth year. The agreement stipulates that the Company's obligations under the agreement are conditional on the new production plant in Ortviken being able to produce around 60,000 tonnes of Circulose® pulp per year. In the event the new production plant is unable to produce this quantity, H&M and the Company will enter negotiations aimed at agreeing alternative volumes and prices. If the parties are unable to reach agreement thereon, the respective parties are each entitled to terminate the agreement with a notice period of 30 days. In the event that neither of the parties have terminated the agreement before 30 June 2025, the agreement will extend for further 12-month periods, with a notice period of six months.

In conjunction with entering this sales agreement, the Company has granted H&M a licence to use the trademark "Circulose®".

Financing agreements

Loan agreement with Nordea and Svensk Exportkredit

In November 2020, the Company entered into an up to SEK 520 million loan facility agreement with Nordea and AB Svensk Exportkredit (publ) as original lenders (jointly, the "**Lenders**") (the "**Facility**"), where up to SEK 450 million relates to financing of deliveries under commercial contracts between the Company and suppliers of machinery (a so-called export credit) and remaining amount relates to interest payments during the construction period and premium payments under the guarantee provided by Finnvera (see below). The Facility is to 85 per cent guaranteed by the Finnish export credit agency Finnvera plc. The purpose of the Facility is to finance the construction of the Company's new production plant in Ortviken.

The Lenders undertakings to provide financing under the Facility are conditional upon, inter alia, that the Offering is carried out, that the Company enters into, under the Facility, relevant commercial agreements, authorised under an export credit and that the Company secures an addition SEK 250 million of debt financing in accordance with the terms and conditions further set forth in the Facility, meaning, among other things, that the additional financing as a basis should be provided by the European Investment Bank (EIB). The Company is currently in negotiations with EIB

regarding a SEK 250 million loan and EIB is expected to take a decision on the loan in February 2021.

Further, the Facility contains change of control-provisions, meaning that the Facility, among other things, falls due in the event the shareholders H&M Fashion AB or Girincubator AB transfer shares in the Company prior to that commercial operations are initiated at the Company's new production facility in Ortviken, expected to take place around 1 July 2022. However, H&M Fashion AB and Girincubator AB have undertaken not to transfer shares in the Company until that time (refer to the section "*Share capital and ownership structure – Undertaking to refrain from selling shares*").

The financing is further conditional upon that the Company obtains final unappealable environmental permits necessary in order to operate the business at the production site in Ortviken. For further information on the Company's environmental permits, refer to the subsection "*Environment, sustainability and permits*" in this section.

The Facility contains customary project finance undertakings relating to, inter alia, obtaining, maintaining and ensuring compliance with environmental permits, compliance with laws and restrictions on raising of loans and change of business. Further, the Facility contains certain conditions relating to the Company's financial position (so-called financial covenants), meaning that the Company has undertaken to make sure that certain financial performance indicators do not differ from levels agreed in the Facility.

As security for the Company's obligations and liabilities under the Facility, the Company will, inter alia, pledge cash (as security for, inter alia, contingencies, delays and debt service), insurances, guarantees and agreements. Further, the Company will grant security over certain movable assets (Sw. *lös egendom*) relating to the Company's production sites, including, among other things, machinery, buildings and other key assets.

Loan agreement with Almi Företagspartner

In April 2016, the Company entered a loan agreement for up to SEK 10 million with Almi Företagspartner, under which the Company had borrowed a total of SEK 7.5 million as of 30 June 2020. The loan conditions stipulate monthly repayments of SEK 208 thousand. However, as a result of the global outbreak of Covid-19, no principal is repayable on the loan for a period of one year. The loan falls due for repayment in full in May 2023. The Company has pledged floating charges of SEK 10 million as collateral to cover all its obligations to Almi.

Loan agreement with H&M Fashion AB and Girincubator AB

On 8 October 2020, the Company entered a loan agreement for SEK 12 million with the Company's major shareholders, H&M Fashion AB and Girincubator AB (the "**Shareholder loan**"). The Shareholder loan is divided into two tranches of SEK 6 million each and each tranche is called for by the Company. The Shareholder loan falls due for repayment not later than three months after entering the agreement and is subject to annual interest of 0.94 per cent.

Production plant in Ortviden

To increase the Company's production capacity, the Company intends to establish a new production plant in Ortviden with a planned annual production capacity of approximately 60,000 tonnes of dissolving pulp. In conjunction with the above, the Company has, inter alia, entered into a lease agreement as well as applied for necessary permits.

Lease and service agreements

On 2 October 2020, the Company entered into a lease agreement with SCA Graphic Sundsvall AB ("**SCA**") for the new production plant. For the lease agreement to be valid, the following preconditions apply: (i) that by 31 January 2021, the Company has obtained access to the requisite financing to begin and complete adaptation of the production plant to the Company's operations, (ii) that by 31 December 2020, the parties have entered into a service agreement according to which the Company shall be entitled to purchase, among other things, steam, water and electricity from SCA and a logistics service agreement according to which the Company shall be given access to a logistic center of SCA as well as that (iii) the Company has obtained all environmental permits necessary for conducting the Company's operations at the new production plant, and that such permits have entered into force by 30 June 2021. Should any of the above terms and conditions not be met by the specified date, the respective parties have the right to terminate the lease agreement not later than 31 December 2021.

Provided that the above mentioned conditions are met, the lease agreement extends for an initial term of ten years, starting three months after SCA's written request. In the event that neither of the parties have terminated the agreement three years prior to the end of the initial lease term, the agreement will extend subject to the same terms and conditions for extension periods of five years (with an unchanged notice period).

Permits and environment

On 14 September 2020, the Company filed a consultation document (Sw. *samrådshandling*) to the County Administrative Board Västernorrlands län for the purpose of preparing the filing of an application on environmental permit for the operation of the business

at the new production site. The Company filed the application for a permit on 12 November 2020 and expects to obtain permit in April 2021.

For information on the Company's current permits and other environmental aspects, refer to the section "*Environment, sustainability and permits*" below.

Investments

The Company has undertaken to purchase certain equipment to the new production facility for in total SEK 20 million and intends to carry out additional investments in machinery equipment in the future, including a pulp drying machine.

Intellectual property rights

The Company's patent portfolio comprises three patent families that pertain to the process for creating reactive cellulose-based dissolving pulp and two patent families that pertain to one of the core processes at the Kristinehamn plant. In addition to the above, two patent families have been submitted but have yet to be granted. Furthermore, there are internal business secrets for five separate components of the process for which the Company has chosen not to apply for patents. For further information on the Company's patents, refer to the section "*Business overview – Patents*."

Furthermore, the Company also owns the trademarks "CIRCULOSE" and "RE:NEWCELL" as well as the domain names "*renewcell.com*" and "*renewcell.se*".

In addition to patents and other registerable intellectual property rights, in accordance with established practice in the process industry, the Company works actively to protect its business secrets and the know-how of the Company's employees. These efforts are conducted through, inter alia, all employment contracts with members of the Company's management team including provisions that prevent the employee from conducting competing operations for a specified period following termination of employment as well as requisite confidentiality clauses.

Disputes

In August 2020, Södra Skogsägarna ekonomisk förening submitted an objection to a Swedish patent granted to Renewcell that pertains to textile recycling. Renewcell responded to this objection on 21 September 2020 and believes that the objector's grounds are weak and that the Company has favourable possibilities to successfully pursue the case at the Swedish Patents and Registration Office.

Other than the above, the Company has not been involved in any public authorities proceedings, legal proceedings or arbitration during the past 12 months (including cases that are pending or that the Company is aware could arise) that have had, or could have, a material impact on the Company's financial position or profitability.

Insurance

The Company holds customary insurance policies for its industry, such as business insurance and liability insurance for Board members and senior executives. The insurance cover is subject to continuous review and the Company believes that the current insurance cover provides adequate protection in relation to the risks that normally pertain to the Company's operations.

Environment, sustainability and permits

The Company conducts operations in the form of recycling of cellulose-based textiles that require permits. The operations handle chemical products, including sodium hydroxide, sulphuric acid, dithionite, hydrosulfite and auxiliary chemicals. The permit pertains to the recycling of 7,700 tonnes of textile waste per year and was granted on 9 March 2020. The permit is valid for three years.

The Company is not currently subject to any demands for environmental remediation or liable for any claims due to environmental contamination. In 2019 however, a smaller incident occurred in the form of emissions of lightly contaminated process water. The incident is not however expected to lead to any further after-effects.

The Department of Environment and Urban Planning at Kristinehamn Municipality conducts regular supervision of the operations at the Kristinehamn plant, and the most recent inspection report dated 14 April 2020 contains no material observations for the Company's operations.

In accordance with the Company's sustainability policy, the Company requires compliance from all suppliers with the Company's material specification (REACH and Global Recycle Standard (GRS)). In accordance with the policy, in 2020, the Company also intends to certify one or more of its products in line with an internationally recognised environmental certification.

Placing Agreement

Pursuant to the terms and conditions of the agreement regarding the placement of shares, which is intended to be entered into around 25 November 2020 between the Company, the Joint Bookrunners and the Selling Shareholder (the "**Placing Agreement**"), the Company undertakes to issue a maximum of 10,526,316 new shares to the subscribers procured by the Joint Bookrunners. Furthermore, the Selling Shareholder undertakes to provide the Over-allotment Option.

Pursuant to the Placing Agreement, the Company provides customary warranties to the Joint Bookrunners, including, *inter alia*, that the information in the Prospectus is correct, that the Prospectus and the Offering comply with relevant legal requirements and other regulations, and that no legal or other restrictions

prevent the Company from entering into the Placing Agreement or for the execution of the Offering. Furthermore, the Placing Agreement stipulates that the Joint Bookrunners' undertaking to procure subscribers to the Offering is conditional upon, *inter alia*, that the warranties provided by the Company are correct. Pursuant to the Placing Agreement, the Company, with customary exceptions, will undertake to indemnify the Joint Bookrunners against certain claims under certain conditions.

Moreover, under the Placing Agreement, existing shareholders in the Company will, subject to customary reservations and certain exceptions, undertake to not sell their respective holdings for a given period after the first day of trading in the Company's shares on First North Premier (for further information, refer to the section "*Share capital and ownership structure – Undertaking to refrain from selling shares*"). Pursuant to the Placing Agreement, the Company will also undertake not to, subject to certain exceptions, (i) issue, offer, pledge, sell, contract to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities that can be converted to or are possible to exercise or exchange for such shares, or (ii) purchase or sell warrants or other instruments or enter into swap agreements or other arrangements that transfer, in full or in part, the financial risk associated with ownership of shares in the Company to another party until 360 days after the first day of trading, at the earliest. However, the Joint Bookrunners may permit exceptions from these limitations.

Commitments from Cornerstone Investors and others

AMF Fonder AB, Handelsbanken Fonder AB on behalf of managed funds, Swedbank Robur and funds managed by Capital World Investors (Cornerstones Investors) have, in relation to the Joint Bookrunners, the Selling Shareholder and the Company, undertaken to acquire in total 4,671,029 shares in the Offering on the same terms and conditions as other investors. The undertakings correspond to in total 15.2 per cent of the total number of shares in the Company immediately following the completion of the Offering, provided that the Offering is fully subscribed for. Cornerstone Investors do not receive any compensation for their respective undertakings. The Company and the Joint Bookrunners consider that the Cornerstone Investors have high creditworthiness, and hence will be able to meet their respective undertakings. However, Cornerstone Investors' undertakings are not secured by way of bank guarantee, escrow or pledge or similar arrangements. Cornerstone Investors' undertakings are subject to certain conditions relating to, *inter alia*, that the Offering is completed within a certain time-frame and that each Cornerstone Investor is allotted the number of shares that they have undertaken to

acquire. In the event that any of these conditions are not met, there is a risk that Cornerstone Investors do not fulfil their undertakings. All Cornerstone Investors are available at the Company's address, Cardellgatan 1, SE-114 36 Stockholm.

Name	Undertaking, number of shares	Undertaking, SEK
Capital World Investors	1,710,500	129,998,000
AMF Fonder	986,843	75,000,068
Handelsbanken Fonder	986,843	75,000,068
Swedbank Robur	986,843	75,000,068
In total	4,671,029	354,998,204

In addition, certain existing shareholders, members of the board of directors and employees in the Company have undertaken to subscribe for in total 1,172,778 shares in the Offering. These undertakings correspond to in total approximately 3.8 per cent of the total number of shares in the Company immediately following the completion of the Offering, provided that the Offering is fully subscribed for. However, these persons are not guaranteed allotment of shares in the Offering.

Name	Undertaking, number of shares	Undertaking, SEK
H&M Fashion AB (Erik Karlsson)	1,067,840	81,155,840
Girincubator AB (Henrik Norlin)	65,790	5,000,040
Orcas Global (Om Bhatia)	13,158	1,000,008
MiaHem AB (Mia Hemmingson)	5,264	400,064
PEEL AB (Patrik Lundström)	6,579	500,004
Movum Consulting AB (Maria Vallejo)	5,264	400,064
Valtour AB (Christer Johanson)	5,264	400,064
Tahani Kaldéus	3,290	250,040
Take No Heroes AB (Harald Cavalli-Björkman)	329	25,004
In total	1,172,778	89,131,128

Stabilisation

In connection with the Offering, Nordea may conduct transactions aimed to support the market price of the shares at a level above that which might otherwise prevail in the open market. Such stabilisation transactions may be carried out on First North Premier, in the OTC market or otherwise, at any time during the period beginning on the first date of trading in the shares and ending not later than 30 calendar days thereafter. However, Nordea is under no obligation to undertake any stabilisation, nor is there any guarantee that stabilisation will be carried out.

Moreover, if undertaken, stabilisation may be discontinued at any time without prior notice. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, Nordea must disclose that stabilisation transactions have been undertaken in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, Nordea will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

Transactions with related parties

During the period encompassed by the historical financial information in the Prospectus, the Company has purchased consultancy services from Girindus Investments AB (shareholder in the Company and parent company of the Company's largest shareholder Girincubator AB), Trudvang & Partners AB (a company that is wholly owned by the Company's former CEO Mattias Jonsson), Vasholmen Consulting AB (a company that is wholly owned by the Company's former chairman David Schelin), Kolboforsen Konsult AB (shareholder in the Company), BK Con AB (a company that is wholly owned by the indirect shareholder (ownership via Julle Invest AB) Lennart Börjesson), Christofer Lindgren (co-founder and shareholder of the Company), ontraQ AB (shareholder of the Company), Bluepearl AB (shareholder of the Company), Perception Rekrytering AB, Projectline AB, Hassi Consulting Oy (a company that is wholly owned by the former board member Heikki Hassi), Anian AB (a company that is wholly owned by the former board member Per Aniansson), B Miller Consulting AB (a company that is wholly owned by the Company's former CFO Bengt Miller), MiaHem AB (a company that is wholly owned by the Company's chairman Mia Hemmingson) and Orcas Global LCC (a company that is wholly owned by the board member Om Bhatia). The consultancy services pertain to, inter alia, financing, environmental permits, marketing and project sales as well as research and development.

For the above mentioned consultancy services, the Company has paid a total of about SEK 24.9 million, of which SEK 9.4 million in 2017, SEK 5.9 million in 2018, SEK 4.4 million in 2019 and SEK 5.1 million from 1 January 2020 until the date of this Prospectus.

According to the Company's assessment, the above mentioned agreements have been entered into on commercial terms. Other than the above, no material transactions with related parties have been carried out during the period covered by the historical financial information in this Prospectus and until the time of the Prospectus.

Advisor interests

In connection with the Offering, the Joint Bookrunners provide financial advisory and other services to the Company, for which the Joint Bookrunners will receive a fee amounting to a specific percentage of the gross proceeds from the sale of shares in the Offering. In addition, the Company may choose to pay a discretionary fee to the Joint Bookrunners the amount and allocation of which will be determined on the first day of trading in the Company's shares on First North Premier. Thus, the total compensation the Joint Bookrunners will receive depends on the success of the Offering.

From time to time, the Joint Bookrunners may also provide services, within the scope of normal operations and in conjunction with other transactions, to the Company and its major shareholders as well as their related parties. In addition, Nordea acts as a lender to the Company pursuant to the loan agreement detailed under the heading "*Loan agreement with Nordea and Svensk Expertkredit*" above.

Costs in connection with the Offering

The Company's costs for the Offering are estimated to amount to approximately SEK 50 million. Such costs are primarily attributable to costs for financial and legal advisors, auditors, printing and distribution of the Prospectus, and costs related to presentations of the management and similar.

The Swedish Financial Supervisory Authority's approval of the Swedish Prospectus and website information

The Swedish Prospectus has been approved by the Swedish Financial Supervisory Authority in its capacity as the competent authority in accordance with Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority has approved the Swedish Prospectus only insofar as it meets the standards of completeness, comprehensibility and consistency as stipulated in Regulation (EU) 2017/1129. This approval should not be construed as signifying any form of support for the Company or for the quality of the securities to which the Swedish Prospectus pertains. Investors should make their own assessment as to whether an investment in these securities is suitable.

To the extent that the Prospectus contains hyperlinks to websites, the information on these does not form part of the Prospectus.

Documents available for inspection

During the period of validity of the Prospectus, the Company's articles of association and certificate of registration can be inspected free of charge at the Company's head office or on the Company's website www.renewcell.com.

Tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the Offering for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only regarding the shares in the Company as from the admission for trading on First North Premier.

The summary does not cover:

- situations where shares are held as current assets in business operations;
- situations where shares are held by a limited partnership or a partnership;
- situations where shares are held in an investment savings account (Sw. *investeringssparkonto*);
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);
- the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;
- the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. *investeraravdrag*);
- foreign companies conducting business through a permanent establishment in Sweden; or
- foreign companies that have been Swedish companies.

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on the holder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering, including the applicability and effect of foreign tax legislation and provisions in tax treaties. The summary below is based on the assumption that the shares in the Company are deemed listed for tax purposes (if the shares are not deemed listed for tax purposes, other tax rules than the ones summarized below may be applicable. However, no guarantee that the shares will be deemed be listed for tax purposes is given.

Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 per cent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 per cent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realized in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*), or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). Capital

losses not absorbed by these set-off rules are deductible at 70 per cent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 21.4 per cent.¹⁾ Capital gains and capital losses are calculated in the same way as described for private individuals above.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities

¹⁾ The tax rate is 20.6 per cent for financial years commencing after 31 December 2020.

taxed as shares. A net capital loss on shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons, e.g. investment companies.

Shareholders with limited tax liability in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is

30 per cent. The tax rate is, however, generally reduced through tax treaties. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 per cent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

Selling restrictions and transfer restrictions

Selling restrictions

United States

The shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold except: (i) in the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the Securities Act; or (ii) outside the United States to certain persons in compliance with Regulation S under the Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. The Placing Agreement provides that any offer or sale of shares in the United States will be made by one or more United States broker-dealers only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. Nordea's activities in connection with the Offering are limited solely to outside the United States.

Any offer or sale of shares in the Offering in the United States will be made by broker-dealers who are registered as such under the United States Securities Exchange Act of 1934, as amended. In addition, until 40 days after the commencement of the Offering, an offer or sale of shares in the Offering within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the Securities Act and in connection with any applicable state securities laws. The terms used above have the meanings given to them by Regulation S and Rule 144A.

European Economic Area and United Kingdom

In relation to each Member State of the European Economic Area (with the exception of Sweden) and the United Kingdom (each a "**Relevant State**"), no shares in the Offering have been offered or will be offered to the public in that Relevant State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Regulation:

- to any legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, the Selling Shareholder, or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase or subscribe for any shares in the Offering.

Each person in a Relevant State who receives any communication in respect of, or who acquires any shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Company and the Joint Bookrunners that it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.

The Company, Selling Shareholder, the Joint Bookrunners and their respective affiliates and its and their respective directors, employees, agents, advisers, subsidiaries and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any shares in the Offering in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in the Offering in, from or otherwise involving the United Kingdom.

General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in

the Offering, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Prospectus comes are required by the Company and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense. None of the Company or the Joint Bookrunners accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares in the Offering, of any such restrictions.

Transfer restrictions

No action has been or will be taken in any country or jurisdiction other than Sweden by it that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Prospectus comes are required by the Company and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense.

The shares in the Offering have not been and will not be registered under the Securities Act and the shares in the Offering may not be offered or sold, directly or indirectly, within or into the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act.

Each purchaser of the shares in the Offering in the United States purchasing pursuant to Rule 144A or another exemption from the registration requirements of the Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (a) the purchaser is authorised to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;
- (b) the purchaser acknowledges that the shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and may not be offered or sold within the United States except pursuant to an exemption from, or in a

transaction not subject to, the registration requirements of the Securities Act;

- (c) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (iii) is acquiring such shares in the Offering for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the shares, as the case may be;
- (d) the purchaser is aware that the shares in the Offering are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;
- (e) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, or any economic interest therein, as the case may be, such shares in the Offering or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in accordance with Regulation S, (iii) in accordance with Rule 144 under the Securities Act (if available), (iv) pursuant to any other exemption from the registration requirements of the Securities Act, subject to receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the Securities Act, or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States and any other jurisdiction;
- (f) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the shares from the Company or an affiliate thereof in the initial distribution of such shares;
- (g) the shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of any shares in the Offering;
- (h) the purchaser will not deposit or cause to be deposited any shares in the Offering into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

- (i) if the purchaser is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- (j) the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions; and
- (k) the purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and the Company, the Mangers and their respective affiliates and advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares in the Offering in compliance with Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (a) the purchaser is authorised to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;
- (b) the purchaser acknowledges that the shares of the Company have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and, subject to certain exceptions, may not be offered or sold within the United States;
- (c) the purchaser is, and the person, if any, for whose account or benefit the purchaser acquired the shares in the Offering, was located outside the United States at the time the buy order for the shares in the Offering was originated and continues to be located outside the United States and has not purchased the shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the United States;

- (d) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the shares in the Offering from the Company or an affiliate thereof in the initial distribution of such shares;
- (e) the purchaser is aware of the restrictions on the offer and sale of the shares in the Offering pursuant to Regulation S described in this Prospectus;
- (f) the shares in the Offering have not been offered to it by means of any “directed selling efforts” as defined under Regulation S and the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined under Regulation S in the United States with respect to the shares in the Offering;
- (g) the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions;
- (h) if the purchaser is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (i) the purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Mangers and their respective affiliates and advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Historic financial information

Interim report for the period January – September 2020
(including auditor's report)

RENEWCELL

Interim Report Q3 2020

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Renewcell AB (publ), Corp. Reg. No. 556885-6206

January-September 2020 in brief

Figures in parentheses refer to the year-earlier period.

Financial information Jan-Sep

- Net sales for the period amounted to SEK 1,221 thousand (242).
- The loss after financial items of amounted to SEK 47,651 thousand (loss: 25,474).
- Total assets at the end of the period amounted to SEK 77,834 thousand (110,923).
- Cash and cash equivalents at the end of the period totalled SEK 17,379 thousand (46,484).

Significant events

- COVID-19 has led to closures, which have delayed negotiations with customers and suppliers. Internally, we have had a ban on visits to our plant in Kristinehamn and implemented new routines at the office in Stockholm. Financially, we have made use of the temporarily reduced employer's contributions and from June, obtained a deferral on the repayment of our loan from Almi in an amount of SEK 208 thousand per month for a period of six months.
- The process improvements and installations planned for production were implemented in the first six months of the year. These changes have entailed increased runnability and stabilised product quality.
- At the end of June, the Company held its Annual General Meeting, at which a new board of directors was appointed. Mia Hemmingson and Om Bhatia were elected to the board. Mia Hemmingson was appointed as new Chairman. Malcolm Norlin, Per Aniansson and Heikki Hassi stepped down from the board.
- The management team was strengthened by the recruitment of a CFO and a Project Director, with responsibility for planning and completion of the new production plants.
- A bonus programme, encompassing five employees, was prepared in June. The bonus programme will extend from 1 July 2020 through 31 December 2023. Any bonus will be based on the value of the Company's shares at the end of 2023 and could total a maximum amount of SEK 6.8 million overall.
- In March, H&M became the first company in the world to launch a commercial garment with Circulose®, a dress from its Conscious Exclusive Collection

comprising 50 per cent Circulose®. The dresses quickly sold out in several markets and this collaboration was mentioned in the media, including in Fast Company and Vogue.

- In July, Levi's® launched two jeans models as part of its Wellthread® Collection. The models comprised 20 per cent Circulose®. The products were marketed by Levi's as "Our most sustainable jeans ever" and attracted a large amount of media attention.
- As part of the establishment of Renewcell's future plant, the Company initiated an environmental permit process at two different locations. The process at Ortviken in Sundsvall is ongoing and is expected to be completed during the first quarter of 2021.
- In conjunction with the development of the new plant, the Company also signed an agreement in September with the fibre producer Tangshan Sanyou for a volume of 175,000 tonnes of Circulose® over a five-year period at a value of approximately USD 220 million. Renewcell also signed agreements with a number of suppliers of textile waste to supply its future plant with raw materials.
- Renewcell changed its company category from private to a public limited company at the Annual General Meeting on 10 July in accordance with the board of directors' proposal. In addition, a bonus issue of SEK 146 thousand was conducted to increase the capital to SEK 500 thousand and a share split of 1:65 was also conducted. The work on the financing of the future plant was intensified during the spring.

Significant events after the end of the interim period

- On 2 October, the Company signed a lease with SCA for a new plant at their facility in Ortviken, in Sundsvall.
- The Danish fashion house BESTSELLER reported publicly for the first time on its partnership with Renewcell. In the spring season of 2021, such brands as Selected and Vero Moda will launch several different products comprising up to 50 per cent Circulose®.
- Renewcell has decided to discontinue the RENEWTEXTILE project, which is partly financed by

the EU and has been under way since July 2019. The motive for this is that the Company has developed faster than expected and that the project's overall goals have already been achieved.

- On 8 October, a bridging loan was agreed with the largest owners H&M and Girincubator AB until the new financing is in place. The loan has a framework

amount of SEK 12 million and an annual rate of interest of 0.94 per cent.

- During October, options from the 2016/2020 options programme were exercised. The exercised options raised SEK 7.7 million for the Company and 682,500 new shares will be issued.

CEO's comments

The past nine months have been eventful for us at Renewcell. Naturally, the COVID-19 outbreak dominated the period, with us experiencing delays and changed priorities among our external contacts with suppliers and customers. In our internal work, we needed to establish new procedures and adapt our operations in Kristinehamn and Stockholm to meet the new conditions. We can say with confidence that we have taken the measures required to safeguard our employees' health, but also our business as a whole. We have continued to develop our production line in Kristinehamn, which led to enhanced product quality and increased availability. Renewcell stands stronger than ever and is continuing to grow its production and team.

There are clear indications that the fashion industry regards the pandemic as an opportunity for raising its sustainability ambitions. The situation presents a possibility for producers and brands to show consumers that they are contributing to rebuilding a better world on the other side of the crisis. At the same time, 2025 is edging closer - the year when the EU's compulsory directive on the separate collection of textiles and ban on incineration or depositing in landfill comes into force. We noted a growing interest in our solution from political decision-makers, nationally and internationally, for how we can take care of the textile waste that this will create. Accordingly, there is a rare shared agreement between consumers, the industry and legislators that the fashion industry must become better at taking care of the materials that we once reaped from the earth at a high cost to the climate and the environment. We are well positioned to support the industry in its necessary transition.

The accelerated structural change in the paper industry has opened new opportunities for us to expand our production capacity in locations where paper manufacturers are making cutbacks. In the January-September period, we evaluated 15 different locations for establishment and initiated work to finance an expansion. Our project design and financing work is proceeding with a high level of intensity, with the help of Project Director, Christer Johansson and CFO, Maria Vallejo, who we welcomed to the team in May.

We achieved a milestone in the company's development during the first half of the year. On 26 March, a garment made of our Circulose® recycled material was launched for the first time ever for sale to consumers. The news attracted media attention from, for example, Vogue, WWD, Hypebeast and Dagens industri. The launch, in collaboration with H&M, is the definitive proof that our product works throughout the value chain and on to the hanger and consumer. It demonstrated to the industry that it is actually possible to produce and sell high-quality and attractive clothes manufactured using a climate-smart and environmentally friendly textile material. The attention has already borne fruit and as a result of the fantastic work by our sales team, and our inventory of finished goods sold out before the summer holidays. In the middle of the summer, we then followed this up with an acclaimed launch in partnership with Levi's. The launches demonstrate the commercial strength of both the product and the concept, but above all, the fact that Levi's is replacing 40 per cent of the cotton fibre with viscose and thereby shows leadership and that it is possible to replace cotton. Levi's said it best: "This is big."

I came to Renewcell because I believe that the company is best suited to leading the transition to a sustainable society and our technology is proof that sustainable innovation can be profitable. I want to express thanks for the confidence that has been placed in me and extend my warm thanks to my team, who are all passionate about closing the loop for textiles on a large scale.

Stockholm, October 2020

Patrik Lundström
CEO



The business

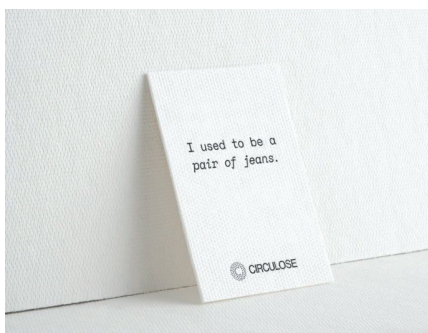
Large market with high growth

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

A sustainable solution

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

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



Due to technical limitations, the recycled alternatives that have been available in the textile market to date have required the inclusion of virgin materials to achieve the

quality that meets the demands of broad consumer groups. By replacing conventional materials with Circulose®, the Company's customers can achieve large environmental and climate gains without compromising on the products' quality.

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

The Company's products

Renewcell's business concept is to recycle raw materials in the form of textile waste into so-called dissolving pulp. Renewcell sells its dissolving pulp product by the tonne to producers of regenerated fibre, such as viscose, modal and lyocell. Dissolving pulp is usually made of raw forest materials, but Renewcell's patented process now makes it possible to make regenerated fibre of virgin quality from 100-per cent recycled textile raw materials.



Renewcell sells its product under the brand name Circulose®. The trademark is protected by registration in all relevant product classes and in all markets where the company and its customers are active. The use of the Circulose® trademark is offered as added value to the Company's partners under a conditional royalty-free licence.

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

[Strategic business plan 2020-2030](#)

Last year, Renewcell's board of directors established a strategic business plan for the next ten-year period. The plan comprises geographic expansion, with full-scale

production plants on a proprietary basis or in collaboration with partners. The long-term financial target is to achieve a production volume of more than 360,000 tonnes per year with healthy profitability.

Comments on the report

Financial overview

SEK thousand	Jan-Sep		Jan-Dec
	2020	2019	2019
Operation's net sales	1,221	242	750
Profit after financial items (EBT)	-47,651	-25,474	-37,657
The result and total comprehensive income for the period	-47,651	-25,474	-37,657
Total assets	77,834	110,923	103,963
Equity	60,808	96,516	89,570
Equity ratio, %	78.1	87.0	86.2
Average number of employees	17	7	8

See definitions below.

Revenue and earnings

Net sales for the January-September period amounted to SEK 1,221 thousand (242). Sales mostly comprised two deliveries of pulp to a fibre producer ahead of future brand launches. The loss for the period amounted to SEK 47,651 thousand (loss: 25,474). The increase was mainly attributable to the cost of new recruitments, process optimisation expenses in the first quarter, and consulting costs in conjunction with project design and financing of the planned capacity expansion.

Liquidity and financial position

At the end of the period, equity amounted to SEK 60,808 thousand (96,516) and the equity ratio to 78 per cent (87). Cash and cash equivalents at the end of the period totalled SEK 17,379 thousand (46,484). In January, the cash settlement of SEK 25,728 thousand was disbursed for the redemption of shares held by Fouriertransform AB. The inflow of the proceeds of SEK 44,241 thousand from the rights issue was completed in April. In addition, a SEK 48,000 bonus issue was conducted without issuing any new shares. A small rights issue of an amount of SEK 299 thousand was completed in May.

Work on new financing is in progress.

At 30 September, fixed assets amounted to SEK 57,114 thousand (62,930) and current assets, excluding cash and

cash equivalents, amounted to SEK 3,341 thousand (1,509) at the same date. The change mainly comprised operational working capital, accounts receivable and inventory in conjunction with the increase in production in the second quarter.

Cash flow and investments

Cash flow from operating activities including changes in working capital for the first nine months amounted to an outflow of SEK 38,744 thousand (outflow: 19,816). Cash flow from investing activities totalled an outflow of SEK 863 thousand (outflow: 487) and mainly comprised smaller investments in production. Cash flow from financing activities totalled SEK 17,770 thousand (47,164). During the first half of the year, the shares held by Fouriertransform were redeemed and two rights issues were conducted.

Accounting and measurement policies

General information and compliance with IAS 34

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting. The Company was founded on 30 October 2012 and has its registered office in Stockholm, Sweden. The Company does not comprise a group and the Company therefore applies IFRS with the

adjustments required pursuant to RFR2 Accounting for Legal Entities.

Transactions with related parties

A bonus programme, encompassing five individuals in the management team, was prepared in June. The bonus programme will extend from 1 July 2020 through 31 December 2023. Any bonus will be based on the value of the Company's shares at the end of 2023 and could total a maximum amount of SEK 6.8 million overall.

In addition to the remuneration paid to senior executives, no major transactions with related parties occurred during the period.

Financial assets and liabilities

All financial assets and liabilities are measured at amortised cost. In all cases, carrying amounts are deemed to correspond to fair value. No change occurred during the period in the classification or transfer of financial assets between measurement hierarchies.

Significant accounting and measurement policies

This interim report was prepared in accordance with the accounting and measurement policies applied in the Company's 2019 Annual Report.

Definitions of key performance indicators

Equity ratio

Defined as equity in relation to total assets.

Significant estimates and assessments

When interim reports are prepared, the board of directors and the CEO, in accordance with the applicable accounting

and measurement policies, must make certain estimates, assessments and assumptions that affect the accounting and measurement of assets, provisions, liabilities, revenues and costs.

The outcome could deviate from these estimates and assessments and seldom amount to the same amount as the estimated outcome.

The estimates and assessments made in the interim report, including assessment of the most important reasons for uncertainty, are the same as those applied in the 2019 Annual Report.

Risks and uncertainties

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

- Structural change (technology, competitors, etc.)
- Production plants
- Price fluctuations
- Availability and price of raw materials
- Political decisions
- Sustainability and responsibility
- Environment

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

- Liquidity and refinancing
- Interest rates
- Currency transaction exposure
- Translation exposure

There were no significant changes in the risks and uncertainties during the period compared with those presented in the 2019 Annual Report.

Share information

The Company's shareholders at 30 September 2020:

	No. of common shares	No. of preference shares	No. of shares and votes	Share of capital and votes
The ten largest shareholders				
Girincubator AB	3,867,500		3,867,500	19.74
Girindus Investments AB		3,504,995	3,504,995	17.89
H&M Fashion AB	16,965	2,039,635	2,056,600	10.50
Almi Invest GreenTech AB	-	1,021,605	1,021,605	5.21
Swedoccean Aktiebolag	5,980	716,235	722,215	3.69
Gripen Industri & Invest AB	-	692,705	692,705	3.54
Lindgren, Christofer Tobago	520,000	-	520,000	2.65
Lindström, Mikael	491,985	19,500	511,485	2.61
Profun Förvaltnings AB	-	410,345	410,345	2.09
Henriksson, Gunnar	380,510	12,740	393,250	2.01
The ten largest shareholders	5,282,940	8,417,760	13,700,700	69.94
Other	489,060	5,400,850	5,889,910	30.06
Total	5,772,000	13,818,610	19,590,610	100.00

Share information

The number of shares in Renewcell amounts to 19,590,610. The Annual General Meeting held on 10 July resolved on a split of 1:65 and that the share capital would be increased through a bonus issue to SEK 500 thousand. At the same time, the board of directors was authorised to decide on new share issues prior to the next Annual General Meeting.

Warrant programme

The Company has issued warrants in four different programmes 2016/2020, 2018/2022, 2019/2023 and 2019/2027. The most recent programme issued in the framework of the employee option programme was for 2018/2025. In the event that the options are utilised in full, the dilution of current shareholders will amount to 10.2 per cent.

Condensed financial information

Income statement and statement of comprehensive income

SEK thousand	Jan-Sep		Jan-Dec
	2020	2019	2019
Operating income			
Net sales	1,221	242	750
Change in inventory	512	0	700
Other operating income	1,132	5,898	5,946
Total operating income	2,864	6,140	7,396
Operating expenses			
Raw materials and consumables	-5,636	-734	-5,106
Other external expenses	-25,756	-19,330	-23,503
Personnel costs	-13,589	-6,043	-8,860
Total operating expenses	-44,982	-26,108	-37,469
Operating profit before depreciation, amortisation and impairment (EBITDA)	-42,117	-19,968	-30,073
Depreciation and write-downs	-5,214	-5,101	-7,053
Operating profit (EBIT)	-47,331	-25,069	-37,126
Other interest income and similar income items	0	0	0
Interest expenses and similar expense items	-320	-405	-531
Total financial items	-320	-405	-531
Profit after financial items (EBT)	-47,651	-25,474	-37,657
Result and total comprehensive income for the period	-47,651	-25,474	-37,657

Balance sheet

SEK thousand	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Intangible assets	0	141	0
Tangible fixed assets	57,114	62,789	61,465
Total fixed assets	57,114	62,930	61,465
Inventory	1,212	0	700
Accounts receivables	404	34	27
Other current receivables	1,501	1,010	1,818
Prepayments and accrued income	224	464	738
Total current receivables	3,341	1,509	3,283
Cash and bank balances			
Cash and bank balances	17,379	46,484	39,215
Total cash and bank balances	17,379	46,484	39,215
TOTAL ASSETS	77,834	110,923	103,963
EQUITY AND LIABILITIES			
Share capital	500	318	322
Paid-in, not registered capital	0	0	0
Share premium reserve	193,145	169,322	174,317
Profit or loss brought forward	-85,186	-47,650	-47,412
Result for the period and the year	-47,651	-25,474	-37,657
Total equity	60,808	96,516	89,570
Other long-term liabilities	5,417	6,667	6,042
Total long-term liabilities	5,417	6,667	6,042
Other liabilities to credit institutions	2,083	2,500	2,500
Accounts payable	5,671	2,425	4,100
Tax debt	211	373	181
Other current liabilities	724	196	109
Accrued expenses and prepaid income	2,920	2,247	1,461
Total current liabilities	11,609	7,740	8,351
TOTAL EQUITY AND LIABILITIES	77,834	110,923	103,963

Change in equity

SEK thousand	Share capital	Share premium reserve	Profit or loss brought forward	Comprehensive income for the period	Total equity
Opening balance, 1 Jan 2019	270	121,656	-29,515	-18,418	73,993
Transfer of last year's result			-18,418	18,418	-
New share issue	48	49,952			50,000
Transaction costs		-2,286			-2,286
Warrant proceeds			283		283
Total comprehensive income for the period				-25,474	-25,474
Closing balance, 30 Sep 2019	318	169,322	-47,650	-25,474	96,516
Opening balance, 30 Sep 2019	318	169,322	-47,650	-25,474	96,516
New share issue	4	4,995			4,999
Warrant proceeds			135		135
Employee options			103		103
Total comprehensive income for the period				-12,182	-12,182
Closing balance, 31 Dec 2019	322	174,317	-47,412	-37,657	89,570
Opening balance, 1 Jan 2020	322	174,317	-47,412	-37,657	89,570
Transfer of last year's result			-37,657	37,657	-
Repurchase of own shares	-48	-25,680			-25,728
Bonus issue	194		-194		-
New share issue	32	44,508			44,540
Employee options			77		77
Total comprehensive income for the period				-47,651	-47,651
Closing balance, 30 Sep 2019	500	193,145	-85,186	-47,651	60,808

Cash-flow statement

SEK thousand	Jan-Sep		Jan-Dec
	2020	2019	2019
Operating activities			
Operating profit before financial items	-47,331	-25,069	-37,126
Interest paid	-320	-405	-531
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and write-downs	5,214	5,101	7,053
Employee options	77	0	102
Cash flow from operating activities before changes in working capital	-42,361	-20,373	-30,502
Change in working capital			
Change in inventory	-512	0	-700
Change in accounts receivable	-377	-34	-27
Change in other receivables	831	292	-790
Change in accounts payable	1,571	-409	1,266
Change in other current operating liabilities	2,104	709	-356
Cash flow from operating activities	-38,744	-19,816	-31,109
Investing activities			
Investments in intangible fixed assets	0	0	0
Investments in tangible fixed assets	-863	-487	-973
Cash flow from investing activities	-863	-487	-973
Financing activities			
New issue of shares	44,540	47,714	52,713
Repurchase of own shares	-25,728	0	0
Issue of warrants	0	284	419
Repayment of interest-bearing liabilities	-1,042	-833	-1,458
Cash flow from financing activities	17,770	47,164	51,674
Cash flow for the period	-21,836	26,861	19,592
Cash and cash equivalents at the beginning of the period	39,215	19,623	19,623
Cash and cash equivalents at the end of the period	17,379	46,484	39,215

Assurance

The board of directors and CEO assure that the interim report provides a fair view of the Company's operations, financial position and profits, and describes the material risks and uncertainties facing the Company.

Stockholm, 22 October 2020

Henrik Norlin

Mia Hemmingson
Chairman

Erik Karlsson

Mikael Lindström

Om Bhatia

Patrik Lundström
CEO

Auditor's review report

Introduction

We have reviewed the condensed interim financial information (interim report) for Renewcell AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with RFR 2 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA). The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information has not, in all material respects, been prepared in accordance with RFR 2 and the Annual Accounts Act.

Stockholm, 22 October 2020

Mazars AB

Michael Olsson

Authorised Public Accountant

New financial statements for the 2019, 2018 and 2017 financial years

Consolidated income statements and statements of comprehensive income

SEK thousand	Note	Financial year ending 31 December		
		2019	2018	2017
Operating income				
Net sales		750	0	0
Change in inventory	16	700	0	0
Other operating income	6	5,946	3,763	3,808
Total operating income		7,396	3,763	3,808
Operating expenses				
Raw materials and consumables		-5,106	0	0
Other external expenses	10, 11	-23,503	-15,134	-19,972
Personnel costs	7	-8,860	-6,478	-2,497
Total operating expenses		-37,469	-21,612	-22,469
Profit before depreciation and amortisation		-30,073	-17,849	-18,661
Depreciation and write-downs	14, 15	-7,053	-19	-1,439
Operating profit		-37,126	-17,868	-20,100
Write-down of financial fixed assets		0	0	-2,703
Other interest income and similar income items		0	0	0
Interest expenses and similar expense items	12	-531	-550	-407
Total financial items		-531	-550	-3,110
Profit after financial items		-37,657	-18,418	-23,210
Result of the period	13	-37,657	-18,418	-23,210

Balance sheets

SEK thousand	Note	Financial year ending 31 December		
		2019	2018	2017
ASSETS				
Fixed assets				
Intangible fixed assets	14			
Patents		0	141	141
Total intangible fixed assets		0	141	141
Tangible fixed assets	15			
Machinery and other technical plant		61,128	67,006	56,462
Equipment, tools, fixtures and fittings		337	398	0
Total tangible fixed assets		61,465	67,404	56,462
Total fixed assets		61,465	67,545	56,603
Current assets				
Inventory	16	700	0	0
Accounts receivable		27	0	14
Other current receivables		1,818	1,562	2,354
Prepayments and accrued income		738	204	168
Total current receivables		3,283	1,766	2,536
Cash and bank balances				
Cash and bank balances	17	39,215	19,623	20,765
Total cash and bank balances		39,215	19,623	20,765
TOTAL ASSETS		103,963	88,934	79,904
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	18, 19, 20	322	270	235
Total restricted equity		322	270	235
Unrestricted equity				
Share premium reserve		174,317	121,656	27,819
Profit or loss brought forward		-47,412	-29,515	58,767
Result of the period		-37,657	-18,418	-23,210
Total unrestricted equity		89,248	73,723	63,376
Total equity		89,570	73,993	63,611
Long-term liabilities				
Other long-term liabilities to credit institutions		6,042	7,500	9,792
Total long-term liabilities		6,042	7,500	9,792
Current liabilities				
Other liabilities to credit institutions		2,500	2,500	208
Accounts payable		4,100	2,834	5,316
Tax debt		181	219	83
Other current liabilities		109	233	233
Accrued expenses and prepaid income	21	1,461	1,655	661
Total current liabilities	20	8,351	7,441	6,501
TOTAL EQUITY AND LIABILITIES		103,963	88,934	79,904

Changes in equity

SEK thousand	Share capital	Share premium reserve	Balanced result	Comprehensive income for the year	Total equity
Equity at 1 Jan 2017	204	65,071	-501	-6,821	57,953
Transfer of last year's result			-6,821	6,821	-
New share issue	32	27,819			27,850
Warrant proceeds			1,019		1,019
Comprehensive income for the year				-23,211	-23,211
Equity at 31 December 2017	236	92,890	-6,304	-23,211	63,611

SEK thousand	Share capital	Share premium reserve	Balanced result	Comprehensive income for the year	Total equity
Equity at 1 Jan 2018	236	92,890	-6,304	-23,211	63,611
Transfer of last year's result			-23,211	23,211	-
New share issue	34	29,965	0		29,999
Transaction costs		-1,199	0		-1,199
Comprehensive income for the year				-18,418	-18,418
Equity at 31 Dec 2018	270	121,656	-29,515	-18,418	73,993

SEK thousand	Share capital	Share premium reserve	Balanced result	Comprehensive income for the year	Total equity
Equity at 1 Jan 2019	270	121,656	-29,515	-18,418	73,993
Transfer of last year's result			-18,418	18,418	-
New share issue	52	54,947	0		54,999
Transaction costs		-2,286	0		-2,286
Warrant proceeds			284		284
Warrant proceeds			135		135
Employee options			102		102
Comprehensive income for the year				-37,657	-37,657
Equity at 31 Dec 2019	322	174,317	-47,412	-37,657	89,570

Statement of cash flows

SEK thousand	Financial year ending 31 December		
	2019	2018	2017
Operating activities			
Operating profit before financial items	-37,126	-17,868	-20,100
Interest paid	-531	-550	-407
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and write-downs	7,053	19	1,439
Employee options	102	0	0
Cash flow from operating activities before changes in working capital	-30,502	-18,399	-19,068
Change in working capital			
Change in inventory	-700	0	0
Change in accounts receivable	-27	14	-14
Change in other receivables	-790	756	2,196
Change in accounts payable	1,266	-2,482	-5,444
Change in other current operating liabilities	-356	1 131	754
Cash flow from operating activities	-31,109	-18,980	-21,576
Investing activities			
Investments in intangible fixed assets	0	0	-60
Investments in tangible fixed assets	-973	-10,961	-34,735
Investments in financial fixed assets	0	0	-291
Cash flow from investing activities	-973	-10,961	-35,086
Financing activities			
New issue of shares	52,713	28,799	27,850
Issue of warrants	419	0	1,019
Change in interest-bearing liabilities	-1,458	0	5,000
Cash flow from financing activities	51,674	28,799	33,869
Cash flow for the period	19,592	-1,142	-22,793
Cash and cash equivalents at the beginning of the period	19,623	20,765	43,558
Cash and cash equivalents at the end of the period	39,215	19,623	20,765

Notes to the financial statements

Note 1 General information

These new financial statements for the 2017, 2018 and 2019 financial years pertain to the Swedish company Re:newcell AB, corporate registration number 556885-6206, and were adopted by the Company's board of directors as of 13 November 2020. The financial statements have been prepared in connection with the Prospectus. The Company is registered and domiciled in Stockholm, Sweden. The Company was founded on 30 October 2012. The address of the head office is Cardellgatan 1, SE-114 36 Stockholm, Sweden.

Re:newcell AB is a company that operates in the field of textile recycling. Operations are located in Kristinehamn, where the Company has a plant, and in central Stockholm, the location of the Company's head office. The company's vision is to lead the way to a sustainable world by producing high quality products from recycled textiles. Re:newcell's operations are based on a new, proprietary process that has been protected as intellectual property using strategic patents and business secrets.

Note 2 Accounting and measurement policies

The note contains a record of the most significant accounting policies applied in the preparation of the new financial statements. These principles have been applied consequently for all presented years, unless stated otherwise.

Re:newcell AB has presented its new financial statements in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities (RFR 2). RFR 2 stipulates that the legal entity applies the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as far as possible within the framework of the Swedish Annual Accounts Act and the Act respecting retirement pensions, taking into consideration the connection between accounting and taxation. The recommendation describes the exceptions and additions required in relation to IFRS.

The purpose of these financial statements is to present historical financial information for Re:NewCell AB for the financial years 2019, 2018 and 2017. The annual report for 2019 has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The annual reports for 2018 and 2017 have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's recommendation BFNAB 2016:10. In these financial statements, 2019, 2018 and 2017 are presented in accordance with the Swedish Annual Accounts Act and RFR 2. The transition to RFR 2 has not, however, required any adjustment to the balance sheets dated 1 January 2017, 31 December 2017 or 31 December 2018 or in the income statements, the statement of comprehensive income or the statement of cash flows for 2017 and 2018.

Foreign currency translation

Transactions in foreign currency are translated to the accounting currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated to the accounting currency at the exchange rate on the balance-sheet date. Translation differences arising from the translations are recognised in net profit. Exchange rate gains and losses on operating receivables and liabilities are recognised in operating profit, while exchange rate gains and losses on financial receivables and liabilities are recognised as financial items.

Revenue from contracts with customers

Revenue comprises remuneration for delivered dissolving pulp, and is recognised on delivery. The delivery terms are ex works.

Other income – Recognition of state grants

State grants are recognised at fair value. Grants received to cover expenses are recognised in the item Other operating income in the same period in which the eligible expenses arose. Grants received for investments in depreciable assets are recognised as a reduction in the cost.

Operating expenses

Operating expenses are recognised in earnings when the service is used or when the event has taken place.

Interest expenses and similar items

Interest expenses and similar items are recognised in the period in which they arise and are recognised under the item Interest expenses and similar items, and mainly comprises interest expenses on loans.

Employee benefits

Since 1 October 2019, Re:newcell AB has collective agreements for both blue and white-collar workers; TEKO – IF Metall for blue-collar workers and TEKO – Unionen/Ledarna/Swedish Association of Graduate Engineers for white-collar workers.

Post-employment benefits

The Company's pension obligations comprise solely defined-contribution plans, under which the Company pays fixed contributions into a separate legal entity. The Company does not have any obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees.

Short-term employee benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid leave, that are expected to be settled within 12 months of the end of the financial year, are recognised as current liabilities at the undiscounted amounts expected to be disbursed on settlement of the liabilities. The expense is recognised at the rate at which services are performed by the employees. The liability is recognised as an obligation for employee benefits in the balance sheet.

Post-employment benefits

The Company does not have any obligation for post-employment benefits.

Employee option programme

Re:newcell AB's employee option programme is detailed in Note 8.

Termination benefits

Termination benefits are paid when an employee's employment has been terminated by the Company before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such compensation. The Company recognises termination benefits when a decision has been taken to terminate employment.

Income tax

The recognised tax expense comprises current and deferred tax calculated on the taxable income for the period at the applicable tax rates. Tax is estimated on the basis of the enacted or substantively enacted tax rules on the balance-sheet date.

Deferred tax assets pertaining to loss carryforwards are only recognised as assets to the extent that there are compelling factors to suggest that these loss carryforwards can be utilised against future taxable surpluses. Such future use may be impacted by changes in ownership, funding rounds and the jurisdiction in which the taxable profits arise.

Intangible assets

Expenses for proprietary intangible assets are recognised as costs on an ongoing basis as they arise.

Tangible fixed assets

Tangible fixed assets are recognised at cost less any state or other grants received to finance the fixed asset together with accumulated depreciation and any impairment. When the components have substantially different useful lives, tangible fixed assets have been divided into significant components. Depreciable amounts comprise cost less an estimated residual value if this is material. Costs for repair and maintenance are recognised as expenses in the period in which they arise.

Depreciation, based on net cost, is recognised in profit or loss, on a straight-line basis over the estimated life of each tangible fixed asset. In general, the estimated economic life is 5–20 years for machinery and equipment. Depreciation is included in Operating expenses.

When an indication exists at the closing date that a tangible fixed asset has decreased in value, it is tested for any impairment. Impairment is included in Operating expenses.

Inventory

Raw material, work-in-progress and finished goods

Inventories are recognised at the lower of cost and net realisable value. The cost comprises the direct cost of the goods, direct labour costs and attributable indirect production costs (based on normal production capacity). The cost of individual inventory items is allocated based on weighted average costs. The cost of goods for sale is determined after deduction of discounts. The net realisable value is the estimated sales price in the continuing business reduced by applicable variable sales costs, such as freight.

Accounts receivables

Accounts receivables are initially measured at cost and then tested in accordance with the rules of IFRS 9 regarding a simplified method of impairment testing for accounts receivables. The simplification entails the Company's accounting for accounts receivables reports full lifetime expected credit losses. This is where the expected shortfalls in contractual cash flows exist given the risk of non-payment at some point of the financial instrument's lifetime. In the calculation, the Company uses its historical data, external indications and forward-looking information to calculate the expected credit losses. The Company assesses the impairment of accounts receivables where the receivables are grouped based on the number of days overdue because they have shared credit characteristics.

Financial liabilities

Financial liabilities are recognised when the Company is bound by the contractual commitments attributable to the instrument. Financial liabilities cease to be recognised in the balance sheet when they expire, that is, when the contractual undertaking has been discharged, annulled or extinguished.

Long-term liabilities are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash, bank deposits and other short-term investments. Other short-term investments are classified as cash and cash equivalents when they fall due within three months of the acquisition date, can be readily converted into cash at a known amount and are exposed to an insignificant risk of fluctuations in value.

Contingent liabilities

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

Equity

The Company's equity comprises the following items:

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

Statement of cash flows

The statement of cash flows has been prepared according to the indirect method. The recognised cash flow includes only transactions that involve receipts or payments. The Company classifies balances held at banks as cash and cash equivalents.

Note 3 Financial risk management

The factors with the greatest impact on the Company's earnings are linked to currency risk, credit risk and liquidity risk. Re:newcell AB's overall risk management policy focuses on the unpredictability in the financial markets and strives to minimise potential unfavourable effects on the Re:newcell AB's financial results. The Company has not applied hedging or hedge accounting in 2019, since the amounts were not material as no significant sales had been made. A financial policy will be prepared in 2020 by the board of directors.

Currency risk

Re:newcell AB is exposed to currency risk in several currencies, primarily EUR and USD, through purchases, sales and state grants.

Transactions in foreign currencies, expressed in SEK thousand:

	2019	2018	2017
Liabilities in EUR	253	0	0
Liabilities in USD	315	0	0
Liabilities in GBP	13	0	0
Receivables in EUR	5	0	0
Receivables in USD	474	0	0

Interest-rate risk

Re:newcell AB is not exposed to any material interest-rate risk for financial assets, since the majority of Re:newcell AB's investments comprise deposits at banks.

As of 31 December 2019, Re:newcell AB had taken up one loan amounting to SEK 8,542 thousand (10,000). The loan is subject to floating interest. The loan will be repaid in full by 2023.

Credit risk

Credit risk arises at Re:newcell in the form of deposits and investments with banks and financial institutions. All bank deposits are with well-reputed banks.

Liquidity risk

Since starting operations, Re:newcell has reported negative earnings and cash flow is expected to remain primarily negative until such time as Re:newcell AB succeeds in generating revenue from production on a commercial scale, which is planned for the end of 2022.

A prerequisite for the above is that the Company raises the financing required for expansion.

The availability of and terms for further financing are affected by the availability of risk capital. If Re:newcell fails to raise sufficient capital, or only succeeds in so doing on disadvantageous terms, this could have a material negative impact on the Company's operations, financial position and performance.

Re:newcell AB prepares rolling forecasts to maintain an overview of the expected need for liquidity. This follow-up is conducted in the form of reports to the board of directors in which outcomes and forecasts are compared with the budget and other plans that are regularly prepared and addressed by the board of directors.

Note 4 Financial assets and financial liabilities

Classification and valuation

Re:newcell's principles for classification and measurement of financial assets are based on an assessment of both the company's business model on the management of financial assets, and the characteristics within the contractual cash flows from the financial asset. Financial instruments are initially recognised at fair value including transaction costs, with the exemption of derivatives and instruments belonging to the category financial assets which are recognised at fair value through the income statement, which are recognised excluding transaction costs. All financial assets of Re:newcell belong to the category below:

Financial assets measured to amortised cost

Here the assets are recognised that are held within the framework of a business model with the aim to hold financial assets for the purpose of proceed contractual cash flows and that the contractual terms and conditions of the assets give at specified times rise to cash flows that only consist of payments of principal amounts and interest on the outstanding amounts. Financial assets measured at

amortised costs form part of current assets with the exemption for posts with maturity date more than 12 months after the balance sheet date, which are classified as fixed assets. Measurement after the date of acquisition is made to amortised cost minus eventual reservation for credit losses.

Financial instruments by category:

	2019	2018	2017
ASSETS			
Advance payments	611	–	–
Accounts receivables	27	–	14
Cash and cash equivalents	39,215	19,623	20,765
Total	39,853	19,623	20,779
LIABILITIES			
Accounts payable	4,100	2,834	5,316
Financial liabilities	8,684	10,000	10,000
Total	12,784	12,834	15,316

The fair value of current receivables corresponds to their carrying amounts, since the discounting effect is insignificant.

SEK thousand	2019		2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Advance payments	611	611	–	–	–	–
Accounts receivables	27	27	–	–	14	14
Cash and cash equivalents	39,215	39,215	19,623	19,623	20,765	20,765
Total	39,853	39,853	19,623	19,623	20,779	20,779
LIABILITIES						
Accounts payable	4,100	4,100	2,834	2,834	5,316	5,316
Financial liabilities	8,684	8,684	10,000	10,000	10,000	10,000
Total	12,784	12,784	12,834	12,834	15,316	15,316

No liabilities fall due later than within five years. Financial assets are derecognised from the balance sheet when the contractual rights to receive cash flows from the financial asset expire. Financial liabilities are derecognised when the contractual obligation is discharged, annulled or extinguished.

Accounts receivables are amounts attributable to customers relating to goods or services sold in the continuing business. Accounts receivables generally fall due for payment within 30 days and all accounts receivables have therefore been classified as current assets. Accounts receivables are initially recognised at the transaction price.

Accounts payable are normally paid within 30 days. The fair value of accounts payable and other liabilities are assessed as corresponding to their carrying amounts, since they are by short-term by nature.

Re:newcell AB met all of its loan covenants in the 2019, 2018 och 2017 reporting periods.

Liabilities relating to leasing

The Company leases all of its premises. The contracts expire over the next 12–15 months. The Company has chosen the exemption not to apply IFRS, which means that the rental costs are recognised directly in profit or loss.

Note 5 Critical accounting estimates and assessments

The 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 assessments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the existing circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Company, the area that includes a higher degree of judgement and where assumptions and estimates are of material importance for the financial statements is the Company's ability to raise financing for the Company's continued existence and expansion. The Company manages this risk by preparing new issues and securing favourable financing in good time. The assumptions pertaining to the fixed assets' useful lives, residual values and any need for impairment are subject to annual assessments.

Note 6 Other operating income

	2019	2018	2017
State grants received	5,420	3,750	3,776
Other	526	13	32
Other operating income	5,946	3,763	3,808

In 2019, Re:newcell AB was approved an EU grant for the Innovative process for sustainable recycling and reuse of cellulosic textile waste. The total grant available amounts to EUR 1,720 thousand. In 2019, a total of EUR 516 thousand (SEK 5,490 thousand) was disbursed. The remaining amount will be recognised as income in pace with expenses. Of the amount received to date, SEK 5,490 thousand, SEK 443 thousand pertains to the acquisition of tangible fixed assets, the cost of which has been reduced through application of IAS 20 Paragraph 24. The remaining SEK 5,047 thousand is included in Other operating income.

SEK thousand	2019	2018	2017
EU project	5,047	220	0
Swedish Energy Agency	373	3,530	1,571
County Administrative Board (Sw. Länsstyrelsen)	–	–	1,800
Swedish Technical Research Institute (Sw. Sv. Tekniska forskningsinstitutet)	–	–	165
Mista future fashion	–	–	240
State grants received	5,420	3,750	3,776

Note 7 Employee benefits, etc

Remuneration of the board of directors, CEO and senior executives

	2019			2018			2017		
	Board and CEO	Senior executives	Other employees	Board and CEO	Senior executives	Other employees	Board and CEO	Senior executives	Other employees
Salaries and other benefits	560	3,199	2,126	120	2,967	1,123	0	1,022	418
Social security contributions	180	1,005	593	40	932	381	0	291	127
Pension costs	120	379	245	0	481	251	0	284	121
Value of allocation under employee option programme (Note 8)	0	102	58	0	0	0	0	0	0
Other personnel costs	50	200	101	50	100	33	0	10	0
TOTAL	910	4,885	3,123	210	4,480	1,788	0	1,607	666

Decisions pertaining to the remuneration of employees in senior positions are taken by the CEO in consultation with the Chairman of the Board. The CEO is authorised to decide on the remuneration of other employees.

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 remuneration at market rates. A notice period of not more than six months applies in the event Re:newcell AB were to terminate employment of the CEO or 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.

Remuneration and fees to the board of directors and CEO

Total remuneration received by the CEO and board of directors in 2019 was SEK 680 thousand. The CEO receives a fixed monthly remuneration, which he is free to allocate as salary or pension, as long as the allocation is cost-neutral for the Company.

For 2018, the CEO received SEK 120 thousand and comprised fees as chairman of the board. Moreover, in 2017, 2018 and 2019, the Company made contracted payments for services performed by the CEO or members of the board of directors to companies, wholly- or part-owned by the individuals who conducted the services.

Note 7 Employee benefits, etc, cont.**Number of employees**

	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total full-time employees	6	4	10	3	3	6	4	2	6
of which, CEO	1	0	1	0	0	0	0	0	0
of which, other management	3	1	4	3	1	4	3	1	4

Transactions with related parties

In 2017, 2018 and 2019, the Company made contracted payments for services performed to companies, wholly- or part-owned by the individuals, comprising related parties to Re:newcell AB, who conducted the services. Such payments are detailed in the following table:

	2019	2018	2017
CEO (until September 2019)			
Trudvang & Partners AB (Mattias Jonsson)	1,194	1,791	2,770
Board of directors			
Hassi Consulting Oy (Heikki Hassi)	82	0	0
Girindus Investments AB (Henrik Norlin)	47	0	0
Cleanflow AB (Mikael Lindström)	7	8	8
Vasholmen AB (David Schelin)	0	0	834

No other benefits have been received by the board of directors or employees in 2017, 2018 or 2019.

Certain senior executives have acquired warrants to acquire shares in the Company, which are encompassed by the employee option programme described below.

Note 8 Share-based remuneration**Employee options**

In November 2018, the board of directors exercised its power of attorney to offer employees the opportunity to acquire employee options pursuant to the rules covering free employee share options. Six employees participated in the issue. The options carry the right to subscribe for 1,700 common shares in the Company in the period from 31 December 2021 to 31 December 2025 at a subscription price of SEK 880 per share. The options can only be settled with newly issued shares.

The right to subscribe for shares under the employee option programme is subject to the condition that the employee must remain employed with the company for three years from the date of subscription.

All 1,700 employee options were subscribed for in December 2018 free of any consideration. No options were allocated, forfeited, redeemed or expired in 2019. Accordingly, 1,700 options remained outstanding at the end of 2019, non of which were redeemable as of 31 December 2019. The remaining term of the options was 24 months from 31 December 2019.

The fair value of the options has been calculated using the Black-Scholes model and was estimated at SEK 180 per

option at the allotment date. The estimate was based on the following input data.

Share price based on the applied issue prices	SEK 880
Exercise price	SEK 880
Expected volatility based on data from relevant comparative groups:	30%
Term	3 years
Expected dividend	SEK 0
Risk-free interest rate	0%

Under the option agreement, the options cannot be subject to early redemption.

Accordingly, the total value of the options has been assessed at SEK 306 thousand, which is deemed to correspond to the value that the services performed by the option subscribers have added to the Company.

For each of the years from 2019–2021, the Company must recognise personnel costs of SEK 102 thousand per year.

Note 9 Audit fees

For 2019, 2018 and 2017 the Company's auditors received fees of SEK 56 thousand, SEK 35 thousand and SEK 27 thousand, respectively, for the audit assignment. No other remuneration has been paid.

Note 10 Leases

Lease expenses for assets and rented premises held under leases are recognised under other external expenses. Contracted lease expenses from 2019 and forward are detailed below.

	2019	2018	2017
Lease expense recognised during the financial year	1,112	1,645	2,125
Nominal value of future lease payments pertaining to non-cancellable leases:			
Due for payment within one year	1,112	1,327	2,125
Due for payment later than one year but within five years	766	1,828	3,818

Lease expenses pertain primarily to the rental of premises.

Note 11 Other external expenses

	2019	2018	2017
IT expenses	529	172	90
Consultancy services	6,977	6,199	11,936
Temporary personnel	3,095	1,324	415
Audit	56	35	27
Rent and other costs for premises	1,906	3,355	2,032
Other	10,940	4,049	5,472
Total	23,503	15,134	19,972

Note 12 Financial items

	2019	2018	2017
Interest income	0	0	0
Interest expenses			
Interest expenses on liabilities to credit institutions	-528	-518	-400
Other	-3	-32	-7
Total	-531	-550	-407
Net interest income	-531	-550	-407

Note 13 Income tax

SEK thousand	2019	2018	2017
Recognised profit before tax	-37,657	-18,418	-23,211
Tax according to applicable tax rate	8,059	4,052	5,106
Tax effect of non-deductible expenses	-9	-8	-7
Tax effect of costs booked against equity	489	264	0
Carryforwards for which deferred tax assets have not been recognised	-8,539	-4,308	-5,100
Tax expense recognised	0	0	0

SEK thousand	2019	2018	2017
Accumulated loss carryforwards at the end of the year	92,549	52,648	33,066
Nominal value of deferred tax assets	19,805	11,583	7,275

Note 14 Intangible assets

	2019	2018	2017
Opening balance	141	141	81
<i>Changes in balance</i>			
Purchases	0	0	60
Closing balance	0	141	141
<i>Changes in impairment</i>			
Impairment for the year	-141	0	0
Closing balance, impairment	-141	0	0
Carrying amount	0	141	141

Not 15 Tangible fixed assets

Machinery and other technical plant

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Opening balance	67,006	56,462	23,166
<i>Changes in balance</i>			
Purchases	1,388	10,544	34,735
Grants received pertaining to fixed assets	-443	0	-1,439
Closing balance	67,951	67,006	56,462
<i>Changes in depreciation</i>			
Depreciation for the year	-6,823	0	0
Closing depreciation	-6,823	0	0
Carrying amount	61,128	67,006	56,462

Equipment, tools, fixtures and fittings

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Opening cost	417	0	0
<i>Changes in cost</i>			
Purchases	28	417	0
Closing cost	445	417	0
Opening depreciation	-19	0	0
<i>Changes in depreciation</i>			
Depreciation for the year	-89	-19	0
Closing depreciation	-108	-19	0
Carrying amount	337	398	0

Re:newcell AB was awarded an EU grant in 2019. Of the amount granted, SEK 443 thousand (EUR 42 thousand) pertains to the acquisition of tangible fixed assets, the cost of which has been reduced through application of IAS 20 Paragraph 24.

Assets are depreciated on a straight-line basis to allocate their cost over the estimated useful life. The useful lives are as follows:

- Plant for the development of methods and processes to recycle textiles 10 years
- Computers 5 years

Note 16 Inventory

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Carrying amount	700	0	0

Finished goods have been measured at net realisable value, while raw material and consumables have been measured at the lower of cost and replacement value less deductions for obsolescence.

Inventory had the following composition:

	31 Dec 2019
Finished goods	375
Raw materials	225
Chemicals	26
Diverse	74
Total	700

Note 17 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include the following:

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Available bank funds	39,207	19,380	20,765
USD currency account	3	243	0
EUR currency account	5	0	0
	39,215	19,623	20,765

Cash and cash equivalents in the statement of cash flows consist of bank deposits.

Note 18 Option programme

The following summary pertains to the option programme for the management team as of 31 December 2019.

The board of directors exercised its power of attorney encompassing the private placement of warrants conveying the right to subscribe for new common shares in Re:newcell AB. The issues were conducted with a departure from the preferential rights of shareholders and encompassed a total of not more than 32,736 new shares in the Company. The issue prices are presented in the

following table and were calculated using the Black-Scholes model at the time in question.

The calculation of subscription prices was conducted by an independent valuation expert.

In the event that the warrants and employee options are utilised in full, the dilution of current shareholders will amount to 10.69 per cent based on the ownership structure on the release date of the annual report for the 2019 financial year.

Option programme as of 31 December 2019

Allotment date	Subscription period	Price	Exercise price	No. of common shares
4 Feb 2017	1 Oct 2020–30 Dec 2020	97.04	732	10,500
18 Jun 2019	20 Dec 2021–31 Dec 2022	24.10	2,124	11,772
19 Nov 2019	3 Sep 2022–3 Sep 2023	12.90	3,148	10,464
Total				32,736

Note 19 Share capital

Date	Transaction	Change in number of shares and votes	Number of shares and votes after the transaction		Share capital (SEK)	
			Common Shares	Preference shares	Change	Total
29 Feb 2012	New formation	500 (common)	500	–	50,000	50,000
26 Jan 2016	New share issue	388 (common)	888	–	38,800	88,800
7 Oct 2016	New share issue	960 (preference)	888	960	96,000	184,800
26 Nov 2016	New share issue	190 (preference)	888	1,150	19,000	203,800
23 Oct 2017	New share issue ¹⁾	230 (preference)	888	1,380	23,000	226,800
26 Oct 2017	Split	87,912 (common) and 136,620 (preference)	88,800	138,000	–	226,800
18 Dec 2017	New share issue ²⁾	8,648 (preference)	88,800	146,648	8,648	235,448
3 Sep 2018	New share issue ²⁾	34,090 (preference)	88,800	180,738	34,090	269,538
3 Sep 2019	New share issue ³⁾	48,123 (preference)	88,800	228,861	48,123	317,661
13 Dec 2019	New share issue ⁴⁾	4,591 (preference)	88,800	233,452	4,591	322,252

1) The new share issue was carried out at a subscription price of SEK 88,000 per share.

2) The new share issue was carried out at a subscription price of SEK 880 per share.

3) The new share issue was carried out at a subscription price of SEK 1,039 per share.

4) The new share issue was carried out at a subscription price of SEK 1,089 SEK per share.

Note 20 Other liabilities

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Current component of long-term liabilities	2,500	2,500	208
Accounts payable	4,100	2,833	5,316
Employees withholding taxes	236	120	125
Tax debt	59	76	83
Other liabilities	484	181	769
Total	7,379	5,710	6,501

Note 21 Accrued expenses and prepaid income

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Accrued holiday pay	647	359	183
Accrued social security contributions	203	113	57
Other accrued expenses	611	1,183	421
Total	1,461	1,655	661

Note 22 Contingent liabilities

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Conditional liability for customer compensation	1,000	0	0
Conditional repayment undertaking for received state grants A royalty in the form of 3 per cent of revenue is to be paid to the Swedish Energy Agency starting in 2021, subject to an upper limit of 120 per cent of the financing received, which corresponds to not more than the following undiscounted amounts	5,914	5,914	1,855

Note 23 Pledged assets

	31 Dec 2019	31 Dec 2018	31 Dec 2017
Floating charges	10,000	10,000	10,000

Note 24 Significant events after the end of the financial year 2019

In January, the cash settlement of SEK 25,728 thousand was disbursed for the redemption of shares held by Fouriertransform AB. In addition, a SEK 48,000 bonus issue was conducted without issuing any new shares. In March and April, the inflow of the proceeds of SEK 44,241 thousand from the rights issue was completed. The potential long-term economic consequences of the global viral epidemic which occurred in the beginning of 2020 are not possible to envisage at the time of submission of this statement. However, the company continues its operations towards set objectives, thus with caution as a result of the current situation in the market.

A bonus programme, encompassing five employees, was prepared in June. The bonus programme will extend from 1 July 2020 through 31 December 2023. Any bonus will be based on the value of the Company's shares at the end of 2023 and could total a maximum of SEK 6.8 million overall. In July, the Company changed its company category from private to public. In addition, a bonus issue of SEK 146 thousand was conducted to increase the capital to SEK 500 thousand and a share split of 1:65 was also conducted. In September, the Company entered into a sales and marketing cooperation agreement with Tangshan Sanyou relating to acquisitions of a higher amount of dissolving pulp.

In October, the company signed a lease agreement with SCA regarding a new plant in their facility in Ortviken, Sundsvall. The Danish fashion house BESTSELLER informed about its collaboration with Renewcell for the first time in public. In spring 2021, brands such as Selected and Vero Moda will launch several products consisting of up to 50 per cent of Circulose®. Re:newcell has decided to discontinue the RENEWTEXTILE-project which was partly financed by EU and has been continuing since July 2019. The reason is that the company's development has been faster than plan and that the project's overall targets already have been achieved. In October, a bridge loan was signed with the largest shareholders H&M and Girincubator AB until the new financing is in place. The loan has a frame amount on SEK 12 million and an annual interest rate at 0.94 per cent. In October, warrants from series 2016/2020 have been exercised. The exercise has provided the company with SEK 7.7 million and 682,500 new shares have been issued. In November, the company entered a new finance agreement with Nordea and Svensk Exportkredit on up to SEK 520 million.

Definitions of key performance indicators**Equity ratio**

Defined as equity in relation to total assets.

Auditors' report regarding historical financial information

The Auditor's Report on New Historical Financial Statements

Independent Auditor's Report

To the Board of Directors in Re:newcell AB (publ), corporate identity number 556885-6206.

Opinions

We have audited the new financial statements of Re:newcell AB (publ) for the period of three years ending 31 December 2019. The new financial reports of the Re:newcell AB (publ) are included on pages F-16-F-29 in this document.

In our opinion, the new financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Re:newcell AB (publ) as of 31 December 2019, 31 December 2018 and 31 December 2017 and its financial performance and cashflow for each of the three financial years ending 31 December 2019 in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

Basis for opinion

We conducted our audit in accordance with the international Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under those standards are further described in the Auditors Responsibilities section. We are independent of Re:newcell AB (publ) 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 and the Managing Director are responsible for the preparation of the new financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and according to RFR 2 Accounting for Legal Entities. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of new financial reports that are free from material misstatement, whether due to fraud or error.

In preparing the new financial statements, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as 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 and the Managing Director intend to liquidate the company, to cease operations or has a no realistic alternative but to do so.

Auditor's responsibility

Our objects are to obtain reasonable assurance about whether the new financial statements 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 the new financial statements.

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 new financial statements, 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 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 preparing the new financial statements. 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 to in our auditor's report to the related disclosures in the new financial statements or, if such disclosures are inadequate, to modify our opinion about the new financial statements. 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 new financial statements, including the disclosures, and whether the new financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the new financial statements. We are responsible for the direction supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Stockholm 13th of November 2020

Mazars AB

Michael Olsson
Authorised public accountant



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1) The information on the Company's website is not a part of the Prospectus unless such information has been incorporated in the Prospectus by reference.

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