

Interim Report January-March — 2022

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Q1 — 2022 in brief

Figures in parentheses refer to the year-earlier period.

Strong customer interest - Letters of intent and customer agreements amount to 143% of the 60,000 metric tons planned to be established in Renewcell 1.

January – March

Financial information

- Net sales during the period amounted to SEK 2,033 (601) thousand.
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -46,301 (-17,827) thousand.
- Profit after tax amounted to SEK -54,014 (-19,250) thousand.
- Cash flow from operating activities SEK -101,504 (-23,147) thousand.
- Cash flow from investing activities SEK -183,488 (-46,974) thousand.
- Earnings per share, before and after dilution, amounted to SEK -1.8 (-0.8).
- Net debt* at the end of the period amounted to SEK 22,632 (-641,607) thousand. The company's cash totaled SEK 415,712 (648,274) thousand.

Significant events during the interim period

- Based on increased customer interest, the Board decided the 16th February to initiate an expansion of Renewcell 1 production capacity from 60,000 to 120,000 metric tons about two years ahead of original plan. The company has also initiated an evaluation of the possibility of further raising its operational objectives. The company has hired BNP Paribas and Carnegie to investigate the possibility of financing an increase of the operational objectives.

Other events

- In January 2022, Levi's released its new version of the classic 501 with the name "Levi's 501® Original Designed for Circularity".
- In collaboration with the leading Chinese manufacturer of viscose filament yarns Yibin Hiest Fiber, Renewcell has successfully used 100 percent Circulose® pulp for the production of viscose filament yarns on an industrial scale, which opens up additional product segments for 100 percent Circulose® fibers among sportswear, as a replacement for polyester filaments and among luxury goods as a substitute for silk.

- In March 2022, Renewcell signed a Letter of Intent with Birla Cellulose, the pulp and fibre business of Grasim Industries Ltd. a flagship company of the Aditya Birla Group and one of the world's largest man-made cellulosic fibre producers, concerning a long-term commercial collaboration for man-made cellulosic fiber production. The agreement affirms the two companies' intent to work together to supply high quality Liva Reviva textile fibers made using Circulose®, Renewcell's 100% recycled textile raw material, to global fashion brands and textile industry in the coming years. The shared ambition is to use 30,000 metric tons of Circulose® per year.
- The company has also in March 2022 signed a Letter of Intent with Daiwabo Rayon Co. Ltd., a leading Japanese cellulosic fiber producer, concerning a long-term commercial collaboration around man-made cellulosic fiber production. The agreement affirms the two companies' intent to work together to supply textile fibers made using Circulose®, Renewcell's 100% recycled textile raw material, to global fashion brands in the coming years.

Other events after the end of the interim period

- On April 21, Renewcell was elected as the winner of the category Sustainable Textile Innovation in the annual Drapers Sustainable Fashion Awards. Drapers stressed that Circulose® is already in use of fashion brands and that the potential for positive impact on the industry is huge.

Financial Overview

| | Jan – Mar | | Jan – Dec |
|--|-------------|-------------|-------------|
| SEK thousand | 2022 | 2021 | 2021 |
| Operation's net sales | 2,033 | 601 | 2,778 |
| Profit/loss after financial items (EBT) | -46,301 | -17,827 | -120,658 |
| Result and total comprehensive income for the period | -54,014 | -19,250 | -133,430 |
| Cash flow from operating activities | -101,504 | -23,147 | -117,695 |
| Cash flow from investing activities | -183,488 | -46,974 | -312,174 |
| Total assets | 1,237,507 | 810,316 | 1,115,133 |
| Equity | 620,925 | 781,145 | 674,235 |
| Net cash / Net debt* | 22,632 | -641,607 | -254,867 |
| Equity ratio (%) | 50,2 | 96,4 | 60,5 |
| Average number of employees | 123 | 24 | 47 |

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



CEO's comments

Strong customer interest - Letters of intent and customer agreements amount to 143% of the 60,000 metric tons planned to be established in Renewcell 1.

The fashion industry is changing rapidly to meet consumers' demands for long-term sustainability, and a large part of that change is about introducing circular materials into clothing and other textile products. Developments during the first quarter have continued to strengthen that conviction, despite growing concerns in the outside world. As Renewcell is currently the only industrially scaled technology that can lead the fashion industry into a circular future, the company needs to scale up as the market grows by 3-5 million metric tons per year. This is about 80 times the 60,000 metric tons per year we are currently building. Therefore, during Q1, the company's board decided to accelerate the upscaling and bring forward the planned expansion from 60,000 to 120,000 annual metric tons by two years at Renewcell 1, our facility in Sundsvall.

Shortly after the decision on accelerated capacity increase, the Company was able to present new declarations of intent for long-term commercial collaborations with the fiber manufacturers Daiwabo Rayon in Japan and Birla Cellulose in India. These letter of intents and agreements imply a total amount of production of 86,000 metric tons of Circulose® - ie already significantly more than the capacity we put into operation this year. In addition, we have made brand launches with H&M, Levis, Bestseller, Gina Tricot, and started new collaborations with, among others, Inditex, PVH, Kering and Ganni.

That we are in this situation is a result of Renewcell's commercial expertise in textiles and fiber as well as the ability to adapt the process and product to match our customers' high demands. At the same time, we have made great progress on the raw materials side and by the end of the quarter had secured framework agreements for just over 100,000 metric tons of textile waste per year.

In financing our expansion, we will be very careful in capitalizing the company and try to find an efficient balance between Equity and debt as possible. We see there is significant interest from both investors and banks to support the company despite the current volatility on the market.

The establishment of Renewcell 1 is progressing according to plan. All unit operations are in place and all machine installations have been completed. The detailed schedule for commissioning and production start was decided during the quarter and production start is approaching. Commissioning of all process steps was established during summer. During the quarter, the availability of our demo facility in Kristinehamn remained stable and with high quality, where we beat record after record.

We, like the business community in general, have recently experienced

challenges in deliveries of building materials and key components. In addition, costs have increased for, among other things, concrete, alloy surcharges, exchange rate changes and not least freight and delays at subcontractors. I am grateful that our careful work to minimize risk at the beginning of the project has given us the conditions to be able to hold back these cost increases to a large extent. But we must state that cost increases have also had an effect on us to some extent, where we estimate a total CAPEX for the entire plant of 120,000 metric tons per year at SEK 1.2-1.3 billion.

At Renewcell, we are convinced that it is through innovation and entrepreneurship that many of the world's most difficult sustainability challenges will be solved. This presupposes a business policy game plan where the direction is clear, and the regulatory conditions are clear. That is why I was very pleased to take part in the European Commission's strategy for sustainable and circular textiles, which was published at the end of the quarter. Proposals for measures such as mandatory blending of recycled fibers in clothing, bans on the export of textile waste, increased producer responsibility and policy instruments for recycling make it clear that Renewcell has regulatory wind in its back in our quest to make the fashion industry circular.

Milestones for Renewcell 1

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

*Trial commissioning of certain process steps was completed in April.



Stockholm, May 2022

Patrik Lundström

Renewcell's operations

Large market with high growth

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

A sustainable solution

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

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

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

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

The company's products

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

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

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

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

Operational and financial targets*

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

| | |
|-------|---------------------|
| 2022: | 60,000 metric tons |
| 2026: | 250,000 metric tons |
| 2030: | 360,000 metric tons |

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

Based on increased customer interest, Renewcell has decided to add the target to achieve a production capacity of 120,000 tonnes by the by the end of 2023 early 2024. The decision will have a positive impact on the Company's current operational and financial targets and, as a result, these targets are currently under review.

Comments on the report

January – March

Net sales and order intake

During the period January-March, net sales amounted to SEK 2,033 (601) thousand. Sales during the quarter consisted for the most part of sales of Circulose® pulp to fiber producers, which during the period amounted to a total of approximately 171 (36) metric tons. The sales volume is still limited by the production rate at the plant in Kristinehamn, where qualification of customized raw material and production specifications was prioritized over volume production.

Operating expenses

Costs for the period of raw materials and consumables amounted to SEK -10,008 (-1,979) thousand. The large increase is partly due to the fact that operations in Kristinehamn have been expanded but also by fixed electricity costs linked to future production at Renewcell 1 in Ortviken, Sundsvall, which amounted to approximately SEK 3 million during the quarter.

Other expenses for the period amounted to SEK -17,179 (-9,456) thousand, the change from the previous year is solely because that the business is undergoing major growth and the cost increase is according to plan.

Personnel costs for the period amounted to SEK -21,947 (-7,396) thousand. During the first quarter, the average number of employees increased from 24 people to 123 people. In January 2022 alone, about 60 people were employed.

Other operating expenses for the period amounted to SEK -480 (-) thousand and refer only to exchange rate losses on operating expenses.

Operating profit before depreciation and amortization (EBITDA)

Operating profit for the period after tax amounted to SEK -54,014 (-19,250) thousand. The change is mainly explained by the fact that the Company has built up its operations primarily in connection with the planned establishment of Renewcell 1 in Ortviken, Sundsvall.

The result for the period was affected by other income corresponding to SEK 1,279 (403) thousand, which mainly relates to exchange rate changes but also sales of scrap that arose during the demolition work of Renewcell 1.

Depreciation

Depreciation for the period amounted to SEK -2,467 (-1,803) thousand and mainly pertains to the facilities in Kristinehamn.

Net financial items and tax

Net financial items for the period amounted to SEK -5,246 (381) thousand and consist of interest expenses related to the borrowings corresponding to approximately SEK 470 million and exchange gain.

Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -101,504 (-23,147) thousand. The change compared with the previous period is explained by the upscaling of operations that the Company is implementing.

Cash flow from investing activities during the period amounted to SEK -183,488 (-46,974) thousand. The investments refer in principle only to investments in Renewcell 1. The total investment for the production facility including reserves was initially estimated to amount to approximately SEK 870 million. The establishment is approaching the final phase when all equipment is in place and the final preparations for check-out have begun. The forecast for the establishment of the first 60k metric tons in Renewcell 1 has recently been raised to approximately SEK 1,070 million. The increase is partly due to recent cost increases linked to component shortages and alloy surcharges, but also to the company choosing to make certain investments that entail significant cost savings in connection with the now decided doubling to 120 kmetric tons in total capacity for Renewcell 1. The estimated total CAPEX for the facility of 120,000 metric tons / year is SEK 1.2-1.3 million. As of last March, the reported the value of ongoing new construction in the balance sheet to 647,639 (83,930) SEK thousand, which is an increase of approximately SEK 563,710 million compared with the previous year.

Cash flow from financing activities amounted to SEK 147,347 (-1,359) thousand. The change is mainly due to disbursements of loans that finance the facility in Ortviken with deductions for the transaction costs that are linked to the financing.

The company's cash and cash equivalents at the end of the period amounted to SEK 418,742 (648,274) thousand. The company has an unutilized loan facility of SEK 302.7 million in accordance with the financing agreement with ECA and the EIB.

Assurance

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

Stockholm, May 4, 2022

Henrik Ager

Mia Hemmingson

Helene Willberg

Chairman

Anna Attemark

Om Bhatia

Patrik Lundström

CEO

Note: This information is such information that Renewcell is obliged to make public pursuant to the EU's Market Abuse Regulation. This report has been prepared with a Swedish and an English version. In the event of any discrepancies between the two, the Swedish version applies. This information was published, through the agency of the contact persons below, on May 4, 2022 at 8:00 a.m. CEST. .

Contact details

For questions concerning this report, please contact:

Patrik Lundström, CEO, +46 76 183 47 17

Hugo Petit, Chief Financial Officer, +46 70 778 71 96

Financial calendar

- The Annual General Meeting will be held on May 17, 2022*
- The interim report for the second quarter of 2022 will be published on August 26, 2022
- The interim report for the third quarter of 2022 will be published on October 28, 2022
- The interim report for the fourth quarter of 2022 will be published on February 15, 2023
- The interim report for the first quarter of 2023 will be published on May 3, 2023

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

Financial reports in brief

Condensed Income statement and Statement of comprehensive income

| | Jan-Mar | Jan-Mar | Jan-Dec |
|---|----------------|----------------|-----------------|
| SEK thousand | 2021 | 2020 | 2021 |
| Operating income | | | |
| Net sales | 2,033 | 601 | 2,778 |
| Other operating income | 1,279 | 403 | 3,294 |
| Total operating income | 3,313 | 1,004 | 6,072 |
| Operating expenses | | | |
| Raw materials and consumables | -10,008 | -1,979 | -15,850 |
| Other external expenses | -17,179 | -9,456 | -52,765 |
| Personnel costs | -21,947 | -7,396 | -54,793 |
| Other external costs | -480 | - | -3,321 |
| Total operating expenses | -49,614 | -18,831 | -126,729 |
| Operating profit before depreciation, amortization and impairment (EBITDA) | -46,301 | -17,827 | -120,658 |
| Depreciation and write-downs | -2,467 | -1,803 | -7,658 |
| Operating profit (EBIT) | -48,767 | -19,630 | -128,315 |
| Other interest income and similar income items | 2,019 | 467 | 427 |
| Interest expenses and similar expense items | -7,265 | -86 | -5,541 |
| Total financial items | -5,246 | 381 | -5114 |
| Profit/loss after financial items (EBT) | -54,014 | -19,250 | -133,430 |
| Result* | -54,014 | -19,250 | -133,430 |
| * As there are no other total results, the result for the period corresponds to the total result. | | | |
| Earnings per share, before and after dilution | -1,8 | -0,8 | -4,3 |
| No. of shares | 30,857,276** | 30,799,426 | 30,799,426 |
| Average No. of shares before dilution | 30,837,993 | 30,799,426 | 30,799,426 |
| Average No. of shares after dilution | 32,374,333 | 32,335,766 | 32,335,766 |

** In January 2022, 57,850 shares were newly subscribed for in the Company through the exercise of options.

Condensed balance sheet

| SEK thousand | Note | Mar 31, 2022 | Mar 31, 2021 | Dec 31, 2021 |
|--|------|------------------|----------------|------------------|
| ASSETS | | | | |
| Intangible fixed assets | | 4,235 | - | 4,359 |
| Total intangible fixed assets | | 4,235 | - | 4,359 |
| Assets under construction and advances regarding tangible assets | 3 | 647,639 | 83,930 | 420,773 |
| Other tangible fixed assets | | 57,166 | 54,423 | 52,820 |
| Total tangible fixed assets | | 704,806 | 138,352 | 473,593 |
| Total fixed assets | | 709,041 | 138,352 | 477,952 |
| Current assets | | | | |
| Inventory | | 26,920 | 1,308 | 7,088 |
| Accounts receivables | | 1,704 | 1,250 | 1,611 |
| Other current receivables | | 38,883 | 6,152 | 28,858 |
| Prepaid expenses and accrued income | | 45,218 | 14,980 | 48,256 |
| Total current receivables | | 112,725 | 23,689 | 85,813 |
| Cash and bank balances | | | | |
| Cash and bank balances | | 415,742 | 648,274 | 551,368 |
| Total current assets | | 528,467 | 671,963 | 637,181 |
| TOTAL ASSETS | | 1,237,507 | 810,316 | 1,115,133 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | 4 | 788 | 786 | 786 |
| Share premium reserve | | 954,169 | 953,466 | 953,466 |
| Profit or loss brought forward | | -280,017 | -153,858 | -146,588 |
| Result for the period and the year | | -54,014 | -19,250 | -133,430 |
| Total equity | | 620,925 | 781,145 | 674,235 |
| Long-term liabilities to credit institutions | 5 | 433,634 | 4,167 | 291,762 |
| Total long-term liabilities | | 433,634 | 4,167 | 291,762 |
| Other liabilities to credit institutions | 5 | 4,740 | 2,500 | 4,740 |
| Accounts payable | | 160,848 | 14,707 | 125,648 |
| Tax liabilities | | 648 | 349 | 737 |
| Other current liabilities | | 2,993 | 865 | 2,044 |
| Accrued expenses and prepaid income | | 13,720 | 6,583 | 15,967 |
| Total current liabilities | | 182,948 | 25,004 | 149,136 |
| TOTAL EQUITY AND LIABILITIES | | 1,237,507 | 810,316 | 1,115,133 |

Condensed change in equity

| SEK thousand | Share capital | Share premium Reserve | Profit or loss brought forward | Comprehensive income for the period | Total equity |
|--------------------------------------|---------------|-----------------------|--------------------------------|-------------------------------------|----------------|
| Opening balance, Jan 1, 2021 | 786 | 953,466 | -85,161 | -68,722 | 800,369 |
| Transfer of last year's result | - | - | -68,722 | 68,722 | - |
| Employee options | - | - | 26 | - | 26 |
| Total income for the period | - | - | - | -19,250 | -19,250 |
| Closing balance, Mar 31, 2021 | 786 | 953,466 | -153,857 | -19,250 | 781,145 |
| Opening balance, Apr 1, 2021 | 786 | 953,466 | -153,857 | -19,250 | 781,145 |
| Share warrants | - | - | 7,194 | - | 7,194 |
| Employee options | - | - | 76 | - | 76 |
| Total income for the period | - | - | - | -114,180 | -114,180 |
| Closing balance, Dec 31, 2021 | 786 | 953,466 | -146,587 | -133,430 | 674,235 |
| Opening balance, Jan 1, 2022 | 786 | 953,466 | 146,587 | -133,430 | 674,235 |
| Transfer of last year's result | - | - | -133,430 | 133,430 | - |
| Redemption share warrant | 1 | 703 | - | - | 704 |
| Total income for the period | - | - | - | -54,014 | -54,014 |
| Closing balance, Mar 31, 2022 | 788 | 954,169 | -280,018 | -54,014 | 620,925 |

Condensed statement of cash flows

| | Jan-Mar | Jan-Mar | Jan-Dec |
|--|-----------------|----------------|-----------------|
| SEK thousand | 2022 | 2021 | 2021 |
| Operating activities | | | |
| Operating profit/loss before financial items | -48,767 | -19,630 | -128,315 |
| Interest paid* | -51 | -86 | -299 |
| Adjustments for items not included in cash flow: | | | |
| Depreciation and write-downs | 2,467 | 1,803 | 7,658 |
| Employee options | - | 26 | 102 |
| Cash flow from operating activities before changes in working capital | -46,352 | -17,888 | -120,854 |
| Change in working capital | | | |
| Change in inventory | -19,832 | -422 | -6,202 |
| Change in accounts receivable | -93 | -854 | -1,225 |
| Change in other receivables | -18,971 | -1,280 | -28,358 |
| Change in accounts payable | -14,867 | -3,258 | 27,429 |
| Change in other current operating liabilities | -1,388 | 565 | 11,516 |
| Cash flow from operating activities | -101,504 | -23,147 | -117,695 |
| Investing activities | | | |
| Investments in intangible fixed assets | -2,135 | - | -3,451 |
| Investments in tangible fixed assets | -181,353 | -46,974 | -308,726 |
| Cash flow from investing activities | -183,488 | -46,974 | -312,174 |
| Redemption share warrants | 704 | - | - |
| New issue of shares | - | - | 7,194 |
| New loans | 150,252 | - | 319,976 |
| Transaction costs for financing | -2,984 | -734 | -63,147 |
| Repayment of interest-bearing liabilities | -625 | -625 | -2,500 |
| Cash flow from financing activities | 147,347 | -1,359 | 261,522 |
| Cash flow for the period | -137,644 | -71,481 | -168,346 |
| Cash and cash equivalents at the beginning of the period | 551,368 | 719,288 | 719,288 |
| Exchange differences in cash and cash equivalents | 2,019 | 467 | 427 |
| Cash and cash equivalents at the end of the period | 415,742 | 648,274 | 551,368 |

Notes

Note 1 — Accounting and measurement policies

General information and compliance with IAS 34

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting. The company was founded on October 30, 2012 and has its registered office in Stockholm, Sweden. The company does not comprise a group and the company therefore applies IFRS with the adjustments required pursuant to RFR2 Accounting for Legal Entities. The accounting principles and measurement methods applied are in accordance with those stated in the 2021 Annual Report.

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

Note 2 — Risks and uncertainties

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

- Establishment of production facility
- Suppliers
- Environmental permit.
- Costs of inputs and services
- Loss of production at production facilities
- IT systems and cyber threats
- Key employees
- Health and safety



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

For more information on the above risks and uncertainties, please refer to the Company's annual report for 2021.

Note 3 Assets under construction and advances regarding tangible assets

| KSEK | 2022-03-31 | 2021-03-31 | 2021-12-31 |
|---|----------------|---------------|----------------|
| Cost, opening balance | 420,773 | 31,531 | 31,531 |
| Acquisitions during the year and period | 232,804 | 52,399 | 395,466 |
| Reclassifications | -5,938 | - | -6,225 |
| Recognised amount, Balance sheet | 647,639 | 83,930 | 420,773 |

Note 4 Share-based remuneration

During the period, 57,850 shares were issued through the exercise of 890 options in the 2018/2021 employee share warrant program. As of March 31, 2022, there are in total 510 outstanding options that entitle to subscribe for a total of 33,150 shares. As of March 2022, the total number outstanding options comprising all programs amount to 439,277 which potentially entitle to subscription for a maximum of 1,895,021 shares. For more information, please refer to the annual report for 2021.

Note 5 Financing

| KSEK | | 2022-03-31 | 2021-03-31 | 2021-12-31 |
|--|-----------------|------------------------|------------------------|------------------------|
| Long-term debit to credit institutions | | 433,634 | 4,167 | 291,762 |
| Short-term debit institutions | | 4,740 | 2,500 | 4,740 |
| Terms and repayment obligations | Due date | Carrying amount | Carrying amount | Carrying amount |
| Almi | 2023 | 4,167 | 6,667 | 4,791 |
| ECA/EIB | 2023-2030 | 434,207 | - | 291,710 |
| | | 438,374 | 6,667 | 296,501 |

As security for the Company's commitments and obligations under the Loan Agreements, the Company has, among other things, pledged cash, insurances, guarantees and contracts. Furthermore, the Company will issue security in certain movable property related to the Company production facilities. See Note 6 for more information.

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

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

Note 6 – Pledged assets

| | Jan-Mar | | Jan – Dec |
|----------------------|------------------|---------------|-------------|
| SEK thousand | 2022 | 2021 | 2021 |
| Floating charges | 10,000 | 10,000 | 10,000 |
| Pledge cash | 414,797 | - | 544,023 |
| Pledged fixed assets | 666,241 | - | 437,975 |
| Total Pledged assets | 1,091,038 | 10,000 | 991,998 |

As security for the Company's commitments and obligations under the Loan Agreements, the Company has, among other things, pledged cash, insurance, guarantees and agreements. Furthermore, the Company will issue security in certain movable property related to the Company's production facilities. SEK 350 million of pledged cash is blocked as reserves for the completion of the establishment and commissioning of the first 60k metric tons in Renewcell 1, Ortviken and for payment of interest and amortization. The pledged cash are released in connection with the achievement of certain operational milestones. It is the Company's assessment that these funds can be released when needed in order to complete the project regarding the initial 60k metric tons.

Note 7 — Transactions with related parties

In addition to remuneration to senior executives, no related party transactions took place during the period.

Note 8 — Significant events during the interim period

Based on a strong customer interest in Renewcell's unique 100% recycled product Circulose®, the Board decided on 16 February to initiate an expansion of the company's facility Renewcell 1 (Ortviken, Sundsvall) from 60,000 to 120,000 metric tons total annual capacity, about two years earlier than planned. The decision does not affect the production start planned this summer for the initial 60,000 metric tons. The Board also decided to review the company's operational and financial targets and evaluate the possibility of bringing forward the operational target of reaching 360,000 metric tons annual capacity by 2025 from the previously planned 2030. The Board is also considering to what extent the long-term operational target should be increased to strengthen Renewcells market leading position. BNP Paribas and Carnegie have been contracted by the company to examine the financing to raise the operational goals.

Definitions of KPIs

Equity ratio

Equity as a percentage of total assets.

Earnings per share, before dilution

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

Earnings per share, after dilution

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

Equity per share

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

Net cash/ net debt

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

EBITDA

Earnings before interest, tax, depreciation and amortization.

Share information

Largest shareholders as per December 31, 2022

| Shareholder | No. of shares and votes | Share of capital and votes |
|------------------------------------|-------------------------|----------------------------|
| Girincubator AB | 3,933,290 | 12,75% |
| H&M | 3,544,440 | 11,49% |
| Capital Group | 2,462,272 | 7,98% |
| Handelsbanken Fonder | 2,210,685 | 7,16% |
| AMF Pension & Fonder | 1,349,169 | 4,37% |
| Swedbank Robur Fonder | 1,239,277 | 4,02% |
| Cliens Fonder | 800,000 | 2,59% |
| Fidelity International (FIL) | 749,686 | 2,43% |
| Swedoccean AB | 722,215 | 2,34% |
| ALMI | 688,878 | 2,23% |
| Goldman Sachs Asset Management | 504,182 | 1,63% |
| Öhman Fonder | 473,584 | 1,53% |
| Gripen Industri & Invest AB | 467,870 | 1,52% |
| BlackRock | 448,895 | 1,45% |
| Mikael Lindström | 400,000 | 1,30% |
| Norron Fonder | 380,971 | 1,23% |
| Tomas Gahn | 356,000 | 1,15% |
| Gunnar Haglund | 348,140 | 1,13% |
| Livförsäkringsbolaget Skandia | 338,811 | 1,10% |
| Göran Näsholm | 330,000 | 1,07% |
| Twenty largest shareholders | 21,748,365 | 70,48% |
| Others | 9,108,911 | 29,52% |
| Sum | 30 857 276* | 100,00% |

Share price development

Share price development since last quarter



Share price development since IPO



Auditors' review report

Re:NewCell AB (publ), Corp. Reg. No. 556885-6206

Introduction

We have reviewed the interim report of Re:NewCell AB (publ) as of 31 March 2022, and the three-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 Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Approach and scope of the review

We 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 has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. 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. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

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

Stockholm, May 4, 2022

Mazars AB

Michael Olsson – Authorized Public Accountant