

# Interim Report Q2 — 2022



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WE MAKE FASHION CIRCULAR.  
RECYCLING CLOTHES FINALLY WORKS.

**RENEWCELL**



# Q2 — 2022 in brief

*Start up ongoing - capacity expansion on track – strong demand*

## April – June

### Financial information

- Net sales during the period amounted to SEK 2,457 (228) thousand.
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -54,411 (-20,661) thousand.
- Profit after tax amounted to SEK -68,403 (-23,417) thousand.
- Cash flow from operating activities SEK -77,574 (-10,269) thousand.
- Cash flow from investing activities SEK -334,826 (-40,921) thousand.
- Earnings per share, before and after dilution, amounted to SEK -2,1 (-0.8).
- Net debt\* at the end of the period amounted to SEK 119,524 (-588,958) thousand. The company's cash totaled SEK 447,239 (594,999) thousand.

### Significant events during the interim period

- Renewcell completed a directed issue of 3,085,727 new shares to Swedish and international institutional investors, raising proceeds of SEK 324m. In conjunction with the raise, the company also signed a term sheet regarding a 150 MSEK working capital facility.
- Renewcell's Annual General Meeting was held on May 17 where Michael Berg was elected chairman of the board.

### Other events

- On April 21, Renewcell was selected 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.
- On June 8, the Danish affordable luxury brand GANNI announces their first launch of products made partly with Circulose® within their 'Fabrics of the Future' initiative, an ambitious in-house programme dedicated to researching and developing innovative materials that will help inform the transition towards a more circular and lower impact fashion industry.
- Renewcell has announced its strategic partnership with HeiQ AeonIQ replace Polyester and Nylon with yarn

produced with Circulose® Pulp.

- In June it was announced that Circulose® will be the first official partner to Copenhagen Fashion Week's Talent Support Scheme CPHFW NEWTALENT. The partnership brings together two Nordic fashion industry leaders to accelerate the shift to a global circular economy for fashion. The partnership is long-term, covering five seasons starting from SS23 in Copenhagen on the 9-12 of August.

## January – June

### Financial information

- Net sales during the period amounted to SEK 4,491 (829) thousand.
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -100,712 (-38,488) thousand.
- Profit after tax amounted to SEK -122,417 (-42,667) thousand.
- Cash flow from operating activities amounted to SEK -179,078 (-33,417) thousand.
- Cash flow from investing activities amounted to SEK -518,314 (-87,895) thousand.
- Earnings per share, before and after dilution, amounted to SEK -3,9 (-1,4).
- Net debt\* at the end of the period amounted to SEK 119,524 (-588,958) thousand. The company's cash totaled SEK 447,239 (594,999) thousand.

### Significant events after the end of the interim period

- Toby Lawton will join Renewcell in the role of Chief Financial Officer. He comes from a role as CFO at SCA He will assume his new position at Renewcell on October 1, 2022.
- On the 19th of August, the start up of Renewcell 1 commenced according to plan.

## Financial Overview

	Apr – Jun		Jan – Jun		Jan – Dec
SEK thousand	2022	2021	2022	2021	2021
Operation's net sales	2,457	228	4,4491	829	2,778
Profit before depreciation and amortization (EBITDA)	-54,411	-20,661	-100,712	-38,488	-120,658
Result and total comprehensive income for the period	-68,403	-23,417	-122,417	-42,667	-133,430
Cash flow from operating activities	-77,574	-10,269	-179,078	-33,417	-117,695
Cash flow from investing activities	-334,829	-40,921	-518,314	-87,895	-312,174
Total assets	1,628,929	911,247	1,628,929	911,247	1,115,133
Equity	865,905	757,753	895,905	757,753	674,235
Net cash / Net debt*	119,524	-588,958	119,524	-588,958	-254,867
Equity ratio (%)	53,2	83,2	53,2	83,2	60,5
Average number of employees	139	40	131	32	47

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



Backstage at Jade Cropper x Circulose® SS2023 – Photo: Jade Cropper

# CEO's comments

*Start up ongoing - capacity expansion on track – strong demand*

Our mission, to make fashion circular, remains high on the global agenda. Leaders in politics and business are reinforcing their messages about the necessity of sustainable change. Renewcell was one of the companies showcased at the high-level meeting Stockholm+50 in June, aiming to speed up the implementation of the Sustainable Development Goals. A new report from McKinsey & Co showcased the multi-billion Euro market for textile-to-textile recycling that is forming. While the 1.5° target may feel out of reach, I am convinced that it is in our collective hands to keep global warming well below 2° if entrepreneurs, investors and brands follow words with action and realize the world's greatest business opportunity: circularity and sustainability. In Renewcell 1 in Sundsvall, we are doing just that.

On the 19th of August we started running Renewcell 1 – the world's first commercial scale 100% textile-to-textile recycling plant. After several test runs of the facility using water, textile waste is now run through sections of the process line for quality assurance and adjustments, and the full process line is expected to be operational within the upcoming month. While our production start marks a significant milestone in the global history of textiles, it also causes me to reflect on the massive achievements made by the team that built this plant. A little more than a year ago, 1 July 2021, we had an empty building and an ambitious plan. On October 1, after having adapted the site to our needs, we started erecting the plant. Now after about 10 months of hard work the site is ready for operations. And, at a cost that is about half of the cost of erecting a greenfield viscose plant. Thanks to the dedicated efforts of our experienced team we were able to deliver despite pandemics, supply chain disruptions, cost inflation and geopolitical crises. The next step is a gradual process ramp-up over 3-6 months focused on capacity and product quality. In this phase, we are reassured by the stability of our Kristinehamn Plant where we have a consistent output above 90 percent within specification.

We are now well positioned to accelerate to meet the ever-increasing demand for Circulose® from fiber manufacturers and fashion brands, and can still conclude we are 5-7 years ahead of competition. We are engaged in advanced customer dialogues and see good opportunities to establish higher price levels, as well as to compensate for example for increase in transport and energy costs. The share issue of approximately 324 MSEK completed during Q2 enables us to start the expansion from 60,000 to 120,000 metric tons of capacity at Renewcell 1 two years ahead of our original plan.

Fashion causes somewhere between 8 and 10 per cent of global CO2 emissions, along with immense negative impact on natural and human environments worldwide. That is why Renewcell, as the first and only 100% textile-to-textile recycler to reach scale, is acknowledged as one of the most important initiatives in this industry. Innovations like

our product Circulose® hold the key to turning fashion from a linear model of take-make-dispose to circularity. That is why we have been able to forge strategic partnerships with leaders like H&M, Aditya Birla, Tangshan Sanyou, Levi's, GANNI, Daiwabo Rayon and Kelheim Fibres among others.

Together with our brand partners, we continue to prove the applicability of Circulose® as a substitute not just to viscose but also for significant shares of the cotton and polyester fiber markets. For polyester specifically, we were pleased to recently announce a new partnership with the Swiss innovator HeiQ AeonIQ to develop a commercial Circulose® based yarn as a replacement for the polyester and nylon markets. Due to Circulose®'s quality and versatility we can, in the fashion industry alone, technically address 100% of the viscose demand equating to about 11 mMT/yr 2030, 30% of the 44 mMT cotton demand and an estimated 15% of the 31 mMT polyester demand summarizing to an staggering total addressable demand of 28-30 million metric tons in 2030. This is also reflected in our pipeline consisting of leading viscose mills as well as the world's most prominent fashion brands. As part of our strategy to create demand for Circulose® among brands, we announced new partnerships with GANNI, Jade Cropper and Copenhagen Fashion Week during the quarter.

In July, we strengthened our team with Toby Lawton as new CFO joining in October, bringing extensive experience from leadership in the publicly listed companies SCA (Svenska Cellulosa AB) in Sweden and Vinda International in Hong Kong. I am also pleased that Michael Berg, with many years of international experience in both operational and board positions at listed and private companies, was appointed Chairman of the Board by the Annual General Meeting. With the addition of Mr. Berg and Mr. Lawton, Renewcell's strategic leadership is further strengthened as we enter a new phase of accelerated growth.

To conclude, we are on track and confident in scaling our operations. I am pleased to see our engaged, dedicated and experienced employees working closely together to solve any challenges, and proud of the team's commitment. I look forward to an exciting second half of 2022 and our continued journey towards making fashion circular.



Stockholm, August 2022  
Patrik Lundström



# Renewcell's operations

Renewcell was founded in 2012 with the goal of making the fashion industry sustainable, an industry characterized by being increasingly resource-intensive and growing as a result of a growing middle class. Today, the fashion industry is a big 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 oil-based materials such as polyester accounts for large amounts of energy and is also a major contributor to the increase in microplastics in the oceans. Cotton, and also so-called sustainable cotton, is grown in the form of huge monocultures, which means that large amounts of pesticides and fertilizers are used. These negative consequences are expected to increase in line with the growth of the industry.

### 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 a 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 and make it into a 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 smaller production facility in Kristinehamn and another facility under construction in Sundsvall (Renewcell 1, Ortviken) that was recently completed and that since the middle of August is under developments. The facility in Kristinehamn produces commercial material in small volumes and is mainly used as a demonstration and R&D facility. Renewcell 1 will have an initial capacity of 60 thousand metric tons with an expected acceleration of 120 000 tonnes from 2023/2024.

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.

### 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. Due to Circulose®'s quality and versatility, we are able to technically address the following demand, which amounts to almost 30 million metric tonnes in 2030. That volume can be compared to the global market for conventional dissolving wood pulp of about 8 million metric tonnes today.

### Estimated addressable demand for Circulose® 2030

Type of material	Demand (million tonnes per year)	Addressable demand (%)	Addressable demand (million tonnes per year)
Viscose	11	100	11
Cotton	44	30	13
Polyester	31	15	5
<b>Total</b>	<b>86*</b>		<b>29</b>

\*Total textile industry equals 160 million MT by 2030 of which 86 million MT will be used for garments

# Comments on the report

## Financial overview

April - June

### Net sales and order intake

During the period April-June, net sales amounted to SEK 2,457 (228) 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 182 (19) metric tons. The sales volume is still limited by the production rate at the plant in Kristinehamn.

### Operating expenses

Costs for the period of raw materials and consumables amounted to SEK -11,248 (-2,380) 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 -20,435 (-9,683) thousand, the change from the previous year is according to plan and is due to the scaling of the company operations in connection to Renewcell 1 in Ortviken, Sundsvall.

Personnel costs for the period amounted to SEK -27,283 (-10,078) thousand. During the second quarter, the average number of employees increased from 44 people to 139 people compared to the same quarter of 2021.

Other operating expenses for the period amounted to SEK -1,026 (-) 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 -54,411 (-20,661) 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 also affected by other income corresponding to SEK 1,190 (1,253) 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 -2,604 (-1,855) thousand and mainly pertains to the operating facilities in Kristinehamn.

### Net financial items and tax

Net financial items for the period amounted to SEK -11,388 (901) thousand and consist of interest costs in connection to loans in addition to exchange rate losses.

### Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -77,574 (-10,269) thousand. The change compared with the previous period is explained by the inventory build up of raw materials ahead of the production start of Renewcell 1.

Cash flow from investing activities during the period amounted to SEK -334,826 (-40,921) thousand. The investments refer in principle only to investments in Renewcell 1 which now aim to achieve the capacity of 120,000 tons. The total investment for the production facility was initially estimated to amount to approximately SEK 1.2 to 1.3 billion. At present, the company estimates that investments to achieve a production capacity of 120,000 tonnes has increased to SEK 1.4 billion. The continuing increase is due to rising costs of material in addition to pipe laying and electrification. As of June 30, the reported value of ongoing new construction in the balance sheet to 978,832 (222,512) thousand which is an increase of approximately SEK 756,320 thousand compared with the previous year.

Cash flow from financing activities amounted to SEK 444,753 (-1,254) thousand. The change is mainly due to the directed new share issue that took place in May when the company directed SEK 324 million before issue costs. The issue costs amounted to SEK 11 million. The cash flow is also affected by disbursements of loans of SEK 132 million 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 447,239 (594,999) thousand. The company has an unutilized loan facility of SEK 170.2 million in accordance with the financing agreement with Nordea, SEK and the EIB. The company has during the quarter also signed a term sheet in relation to a working capital facility of SEK 150 million.



# Financial outlook

January - June

## Net sales and order intake

During the period January-June, net sales amounted to SEK 4,4491 (829) thousand. Sales during the period consisted for the most part of sales of Circulose® pulp to fiber producers, which amounted to a total of approximately 337 (70) 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 -21,257 (-4,359) 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 the upcoming production at Renewcell 1 in Ortviken, Sundsvall, which amounted to approximately SEK 6 million during the quarter.

Other expenses for the period amounted to SEK -37,614 (-19,139) thousand, the change from the previous year is according to plan and is due to the scaling of the company operations in connection to Renewcell 1 in Ortviken, Sundsvall.

Personnel costs for the period amounted to SEK -49,230 (-17,475) thousand. During the first half of the year, the average number of employees increased from 47 people to 131 people.

Other operating expenses for the period amounted to SEK -1,505 (-) thousand and refer to exchange rate losses on operating expenses.

## Operating profit before depreciation and amortization (EBITDA)

Operating profit for the period after tax amounted to SEK -100,712 (-38,488) 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 also affected by other income corresponding to SEK 2,469 (1,656) 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 -5,071 (-3,658) thousand and mainly pertains to the operating facilities in Kristinehamn.

## Net financial items and tax

Net financial items for the period amounted to SEK -16,634 (521) thousand and consists of interest rates in connection to loans in addition to exchange rate losses.

## Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -179,0784 (-33,417) thousand. The change compared with the previous period is explained by the upscaling of operations that the company is implementing in addition to the inventory build-up of raw materials ahead of the production start of Renewcell 1.

Cash flow from investing activities during the period amounted to SEK -518,314 (-87,895) thousand. The investments refer in principle only to investments in Renewcell 1. As of June 30, the reported the value of ongoing new construction in the balance sheet to SEK 978,832 (222,512) thousand which is an increase of approximately SEK 756,320 thousand compared with the previous year.

Cash flow from financing activities amounted to SEK 592,100 (-2,613) thousand. The change is mainly due to the directed new share issue that took place in May, but also the disbursements of loans which amounts to SEK 282 million 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 447,239 (594,999) thousand. The company has an unutilized loan facility of SEK 170.2 million in accordance with the financing agreement with Nordea, SEK 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, August 26, 2022

Henrik Ager

Michael Berg

Helene Willberg

Chairman

Anna Attemark

Mia Hemmingson

Om Bhatia

Patrik Lundström

CEO

The report has not been subject to the auditor's review.

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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 August 26, 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, Head of Investor Relations +46 70 778 71 96

## Financial calendar

- 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
- Annual General Meeting will be held on May 16, 2023
- The interim report for the second quarter of 2023 will be published on August 18, 2023

# Financial reports in brief

## Income statement

	Apr-Jun		Jan-Jun		Jan-Dec
SEK thousand	2022	2021	2022	2021	2021
<b>Operating income</b>					
Net sales	2,457	228	4,491	829	2,778
Change in inventories	1,934	-	1,934	-	-
Other operating income	1,190	1,253	2,469	1,656	3,294
<b>Total operating income</b>	<b>5,581</b>	<b>1,481</b>	<b>8,893</b>	<b>2,485</b>	<b>6,072</b>
<b>Operating expenses</b>					
Raw materials and consumables	-11,248	-2,380	-21,257	-4,359	-15,850
Other external expenses	-20,435	-9,683	-37,614	-19,139	-52,765
Personnel costs	-27,283	-10,078	-49,230	-17,475	-54,793
Other external costs	1,026	-	-1,505	-	-3,321
<b>Total operating expenses</b>	<b>-59,992</b>	<b>-22,142</b>	<b>-109,605</b>	<b>-40,976</b>	<b>-126,729</b>
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>	<b>-54,411</b>	<b>-20,661</b>	<b>-100,712</b>	<b>-38,488</b>	<b>-120,658</b>
Depreciation and write-downs	-2,604	-1,855	-5,071	-3,658	-7,658
<b>Operating profit (EBIT)</b>	<b>-57,015</b>	<b>-22,516</b>	<b>-105,783</b>	<b>-42,146</b>	<b>-128,315</b>
Other interest income and similar income items	-	-	1,162	-	427
Interest expenses and similar expense items	-11,388	-901	-17,797	-521	-5,541
<b>Total financial items</b>	<b>-11,388</b>	<b>-901</b>	<b>-16,634</b>	<b>-521</b>	<b>-5114</b>
<b>Profit/loss after financial items (EBT)</b>	<b>-68,403</b>	<b>-23,417</b>	<b>-122,417</b>	<b>-42,667</b>	<b>-133,430</b>
<b>Result*</b>	<b>-68,403</b>	<b>-23,417</b>	<b>-122,417</b>	<b>-42,667</b>	<b>-133,430</b>
* As there are no other total results, the result for the period corresponds to the total result.					
Earnings per share, before and after dilution	-2,1	-0,8	-3,9	-1,4	-4,3
No. of shares	33,943,004**	30,799,426	33,943,004	30,799,426	30,799,426
Average No. of shares before dilution	32,667,986	30,799,426	31,692,600	30,799,426	30,799,426
Average No. of shares after dilution	34,146,476	32,335,766	33,171,090	32,335,766	32,335,766

\*\* In May 2022, 3,085,727 shares were newly subscribed for in the Company through a directed share issue.

# Condensed balance sheet

SEK thousand	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>ASSETS</b>				
Intangible fixed assets		4,049	739	4,359
<b>Total intangible fixed assets</b>		<b>4,049</b>	<b>736</b>	<b>4,359</b>
Assets under construction and advances regarding tangible assets	3	978,832	222,512	420,773
Other tangible fixed assets		54,959	53,369	52,820
<b>Total tangible fixed assets</b>		<b>1,033,791</b>	<b>275,881</b>	<b>473,593</b>
<b>Total fixed assets</b>		<b>1,037,840</b>	<b>276,617</b>	<b>477,952</b>
<b>Current assets</b>				
Inventory		77,982	3,076	7,088
Accounts receivables		2,796	1,476	1,611
Other current receivables		39,315	16,353	28,858
Prepaid expenses and accrued income		23,757	18,726	48,256
<b>Total current receivables</b>		<b>143,849</b>	<b>39,631</b>	<b>85,813</b>
<b>Cash and bank balances</b>				
Cash and bank balances		447,239	594,999	551,368
<b>Total current assets</b>		<b>591,088</b>	<b>634,630</b>	<b>637,181</b>
<b>TOTAL ASSETS</b>		<b>1,628,929</b>	<b>911,247</b>	<b>1,115,133</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	4	866	786	786
Share premium reserve		1,267,071	953,466	953,466
Profit or loss brought forward		-279,615	-153,832	-146,588
Result for the period and the year		-122,417	-42,667	-133,430
<b>Total equity</b>		<b>865,905</b>	<b>757,753</b>	<b>674,235</b>
Long-term liabilities to credit institutions	5	562,023	3,542	291,762
<b>Total long-term liabilities</b>		<b>562,023</b>	<b>3,542</b>	<b>291,762</b>
Other liabilities to credit institutions	5	4,740	2,500	4,740
Accounts payable		175,776	130,712	125,648
Tax liabilities		779	420	737
Other current liabilities		4,554	1,438	2,044
Accrued expenses and prepaid income		15,151	14,883	15,967
<b>Total current liabilities</b>		<b>201,000</b>	<b>149,953</b>	<b>149,136</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,628,929</b>	<b>911,247</b>	<b>1,115,133</b>

# Condensed change in equity

SEK thousand	Share capital	Share premium Reserve	Profit or loss brought forward	Comprehensive income for the period	Total equity
<b>Opening balance, Jan 1, 2021</b>	<b>786</b>	<b>953,466</b>	<b>-85,161</b>	<b>-68,722</b>	<b>800,369</b>
Transfer of last year's result	-	-	-68,722	68,722	-
Employee options	-	-	51	-	51
Total income for the period	-	-	-	-42,667	-42,667
<b>Closing balance, Jun 30, 2021</b>	<b>786</b>	<b>953,466</b>	<b>-153,832</b>	<b>-42,667</b>	<b>757,753</b>
<b>Opening balance, Jul 1, 2021</b>	<b>786</b>	<b>953,466</b>	<b>-153,832</b>	<b>-42,667</b>	<b>757,753</b>
Share warrants	-	-	7,194	-	7,194
Employee options	-	-	51	-	51
Total income for the period	-	-	-	-90,763	-90,763
<b>Closing balance, Dec 31, 2021</b>	<b>786</b>	<b>953,466</b>	<b>-146,588</b>	<b>-133,430</b>	<b>674,235</b>
<b>Opening balance, Jan 1, 2022</b>	<b>786</b>	<b>953,466</b>	<b>-146,588</b>	<b>-133,430</b>	<b>674,235</b>
Transfer of last year's result	-	-	-133,430	133,430	-
Redemption share warrant	1	624	-	-	624
New share issue	79	324,001	-	-	324,080
New share issue costs	-	-11,020	-	-	-11,020
Employee options	-	-	402	-	402
Total income for the period	-	-	-	-122,417	-122,417
<b>Closing balance, Jun 30, 2022</b>	<b>866</b>	<b>1,267,070</b>	<b>-279,615</b>	<b>-122,417</b>	<b>865,904</b>



# Condensed statement of cash flows

	Apr-Jun		Jan-Jun		Jan-Dec
SEK thousand	2022	2021	2022	2021	2021
Operating activities					
Operating profit/loss before financial items	-57,015	-22,516	-105,783	-42,146	-128,315
Interest paid*	-86	-71	-137	-157	-299
Adjustments for items not included in cash flow:					
Depreciation and write-downs	2,604	1,855	5,071	3,658	7,658
Employee options	-	26	-	51	102
<b>Cash flow from operating activities before changes in working capital</b>	<b>-54,497</b>	<b>-20,706</b>	<b>-100,849</b>	<b>-38,594</b>	<b>-120,854</b>
<b>Change in working capital</b>					
Change in inventory	-51,062	-1,768	-70,893	-2,190	-6,202
Change in accounts receivable	-1,091	-227	-1,185	-1,091	-1,225
Change in other receivables	7,601	-13,319	-11,370	-14,599	-28,358
Change in accounts payable	18,351	16,806	3,483	13,548	27,429
Change in other current operating liabilities	3,124	8,944	1,735	9,509	11,516
<b>Cash flow from operating activities</b>	<b>-77,574</b>	<b>-10,269</b>	<b>-179,078</b>	<b>-33,417</b>	<b>-117,695</b>
<b>Investing activities</b>					
Investments in intangible fixed assets	-2,758	-	-4,893	-	-3,451
Investments in tangible fixed assets	-332,069	-40,921	-513,421	-87,895	-308,726
<b>Cash flow from investing activities</b>	<b>-334,826</b>	<b>-40,921</b>	<b>-518,314</b>	<b>-87,895</b>	<b>-312,174</b>
<b>Financing activities</b>					
New share issue	324,001	-	324,001	-	-
New share issue costs	-11,020	-	-11,020	-	-
Issue of warrants	402	-	402	-	7,194
New issue in connection with the use of options	-	-	704	-	-
New loans	132,492	-	282,744	-	319,976
Transaction costs for financing	-497	-629	-3,481	-1,363	-63,147
Repayment of interest-bearing liabilities	-625	-625	-1,250	-1,250	-2,500
<b>Cash flow from financing activities</b>	<b>444,753</b>	<b>-1,254</b>	<b>592,100</b>	<b>-2,613</b>	<b>261,522</b>
<b>Cash flow for the period</b>	<b>33,352</b>	<b>-52,444</b>	<b>-105,292</b>	<b>-123,924</b>	<b>-168,346</b>
Cash and cash equivalents at the beginning of the period	415,742	648,274	551,368	719,288	719,288
Exchange differences in cash and cash equivalents	-856	-831	1,162	-364	427
<b>Cash and cash equivalents at the end of the period</b>	<b>447,239</b>	<b>594,999</b>	<b>447,239</b>	<b>594,999</b>	<b>551,368</b>

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

# 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	2022-06-30	2021-06-30	2021-12-31
<b>Cost, opening balance</b>	420,773	31,531	31,531
Acquisitions during the year and period	563,997	190,981	395,466
Reclassifications	-5,938	-	-6,225
<b>Recognised amount, Balance sheet</b>	<b>978,832</b>	<b>222,512</b>	<b>420,773</b>

## Note 4 — Incentive program

During the first quarter, additional employee warrants were acquired by senior executives in Renewcell in the 2021/2024 program. As previously decided, parts of the warrant premium are covered by a bonus received and will not have any accounting consequences other than the one just mentioned bonus which amounted to SEK 574 thousand. For more information, please refer to the annual report for 2021.

## Note 5 — Financing

<b>KSEK</b>		<b>2022-06-30</b>	<b>2021-06-30</b>	<b>2021-12-31</b>
Long-term debit to credit institutions		562,023	3,542	291,762
Short-term debit institutions		4,740	2,500	4,740
<b>Terms and repayment obligations</b>	<b>Due date</b>	<b>Carrying amount</b>	<b>Carrying amount</b>	<b>Carrying amount</b>
Almi	2023	3,542	6,042	4,791
ECA/EIB	2023-2030	563,222	-	291,710
		<b>566,763</b>	<b>6,042</b>	<b>296,501</b>

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.

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 May 2022 a directed new share issue was carried out of approximately SEK 324 million. 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

	Apr-Jun		Jan-Jun		Jan – Dec
<b>SEK thousand</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
Floating charges	10,000	10,000	10,000	10,000	10,000
Pledge cash	447,081	-	447,081	-	544,023
Pledged fixed assets	990,730	-	990,730	-	437,975
Total Pledged assets	<b>1,447,811</b>	<b>10,000</b>	<b>1,447,811</b>	<b>10,000</b>	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 250 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.

## 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 for the number of outstanding warrants. Option programs are instruments that can lead to dilution, but when the company's results are negative, no dilution effect occurs.

### *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.

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

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



# Share information

## Largest shareholders as per June 30, 2022

Shareholder	No. of shares and votes	Share of capital and votes
Girincubator AB	3,933,290	11.59%
H&M	3,734,440	11.00%
Handelsbanken Fonder	3,001,685	8.84%
Capital Group	2,462,272	7.25%
AMF Pension & Fonder	1,479,169	4.36%
Swedbank Robur Fonder	1,343,803	3.96%
Fidelity International (FIL)	880,560	2.59%
Cliens Fonder	800,000	2.36%
Swedoccean AB	722,215	2.13%
ALMI	688,878	2.03%
Öhman Fonder	669,348	1.97%
Norron Fonder	630,096	1.86%
Goldman Sachs Asset Management	527,354	1.55%
BlackRock	429,238	1.26%
Gripen Industri & Invest AB	410,602	1.21%
Tomas Gahn	400,000	1.18%
Mikael Lindström	390,000	1.15%
Livförsäkringsbolaget Skandia	360,849	1.06%
Gunnar Haglund	348,140	1.03%
Aktia Asset Management	315,789	0.93%
<b>Twenty largest shareholders</b>	<b>23,527,728</b>	<b>69.3%</b>
Others	10,415,275	30.7%
<b>Sum</b>	<b>33,943,003</b>	<b>100.00%</b>

\*In May 2022, 3,085,727 shares were completed through a directed issue.

## Share price development

Share price development since last quarter



Share price development since IPO

