

# Year-end Report

## Q4 – 2022



RENEWCELL

### Q4 — 2022 in brief

#### October – December

(Compared to the same period last year)

##### Financial information

- Net sales during the period amounted to SEK 5,037k (1,313)
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -93,097k (-58,815)
- Profit/loss for the period amounted to SEK -88,333k (-66,224)
- Cash flow from operating activities amounted to SEK -121,789k (-52,711)
- Cash flow from investing activities amounted to SEK -162,740k (-93,240)
- Earnings per share, before dilution, amounted to SEK -2.1 (-2.2)
- The company's net debt at the end of the period amounted to SEK 516,773k (-254,867)

#### January – December

(Compared to the same period last year)

##### Financial information

- Net sales during the period amounted to SEK 12,559k (2,778)
- Operating profit before depreciation and amortization (EBITDA) during the period amounted to SEK -252,037k (-120,658)
- Profit/loss for the period amounted to SEK -299,936k (-117,695)
- Cash flow from operating activities amounted to SEK -397,919k (-117,695)
- Cash flow from investing activities amounted to SEK -880,285k (-312,174)
- Earnings per share, before dilution, amounted to SEK -9.0 (-4.3).
- The Board of Directors proposes that no dividend be paid for the financial year 2022.

### **Significant events during the quarter**

- On October 27, Renewcell carried out a directed share issue of approximately SEK 158 million to Swedish and international institutional investors. The share issue has been used to finance the negative profit effect (operational expenses) and increased capital expenditures due to the delayed ramp-up of production operations at Renewcell 1. As a result of the directed share issue, the ramp-up of the production of Renewcell 1 to 60,000 tons in the first stage and then to 120,000 tons at a later stage can be completed without the need for additional financing.
- On October 31, Renewcell 1 achieved "Commercial Operations Date", a defined date in the Company's loan agreements that relates to the point in time when the production line achieves functionality for commercial production
- On November 15, Renewcell and the American company Eastman signed a letter of intent for development of yarn from recycled textiles
- On December 6, the Austrian company Lenzing and Renewcell signed a large-scale and multi-year supply agreement. Lenzing Group is the world's leading supplier of sustainably produced cellulose fibers.
- On December 29, Renewcell sent the first delivery of Circulose® dissolving pulp produced at Renewcell 1 in Ortviken, Sundsvall to customers
- The company decided to reorganize operations at the demo plant in Kristinehamn to solely focus on product and process development. As a consequence the company is reducing the number of employees in Kristinehamn by 20.

- During the month of December, Renewcell 1 produced approximately 650 tons of dissolving pulp, of which about 300 tons were of prime quality (within specification for Circulose®). About 55 tons were delivered to the customer already in December, the remaining volume is in stock for later delivery.
- A number of warrants were exercised during the quarter to purchase newly issued shares in the company by CEO Patrik Lundström and two other employees. The purchase price was approximately SEK 25 million (see Note 4).

### **Significant events after the quarter**

- The ramp-up of Renewcell 1 towards 60,000 tonnes in capacity continues. During the month of January Renewcell 1 produced over 1,000 tons of dissolving pulp, of which about half was of prime quality (within specification for Circulose®). About 190 tons were delivered to the customer, the rest is in stock for later delivery.

# Financial overview

SEK k	Oct – Dec		Jan – Dec	
	2022	2021	2022	2021
Operation's net sales	5,037	1,313	12,559	2,778
Result before depreciation and amortization (EBITDA)	-93,097	-58,815	-252,037	-120,658
Result after tax	-76,047	-66,224	-299,936	-133,430
Cash flow from operating activities	-121,789	-52,711	-397,919	-117,695
Cash flow from investing activities	-162,740	-93,240	-880,285	-312,174
Equity	863,903	674,235	863,903	674,235
Net debt	516,773	-254,867	516,773	-254,867
Equity ratio (%)	47,1	60,5	47,1	60,5
Average number of employees	139	68	130	47

# CEO's comments

*Renewcell 1 is up and running and the first customer deliveries have been made*

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

On the political level we see a continuing strong support for the transformation in general but particularly regarding circularity, with the EUs "Green Deal" and USAs "Inflation Reduction Act" as two examples. Regulations continue to be tightened, especially in the textile and fashion sectors, focussed on developing recycling, minimising waste and counteracting so called "greenwashing". The fashion industry represents a large part of the global CO2 emissions which will continue to increase as a result of growth in the global middle classes. Renewcell's technology enables the fashion industry to move from a linear to a circular value chain and we operate the only large-scale textile recycling plant of its type, a plant that makes it possible to manufacture new textiles from 100% recycled material.

The fourth quarter was a good finish to a hectic year for Renewcell, where we built and started up the new factory in Ortvisen in a little over 12 months. This was despite the fact that there has seldom been so many major challenges to handle at the same time: covid, inflation, problems in supply chains and war in Ukraine. Even given this backdrop we have built and started the new line and manufactured our first tonnes and delivered them to customers. This demonstrates that our innovative production technology works well and delivers 100% recycled dissolving pulp within specification. Now, we have full focus on ramping up production first to 60,000 tonnes in annual capacity and thereafter to 120,000 tonnes in the next step during 2024.

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

We have also taken important commercial steps forward during the year where we have, among other things, signed a long-term supply agreement with Lenzing and made product launches with new brand partners such as ZARA, Tommy Hilfiger, GANNI, Pangaia, Filippa K and Jade Cropper. Renewcell and Circulose® have been mentioned in thousands of articles. Among these, the following can be named: CNBC, BBC, New York Times, Forbes, Fast Company, Financial Times, El Pais and Vogue – all of which means that the brand is beginning to get known.

During the year we made two new share issues. With these we have financed increased capital investments, the negative result effect from the delayed start-up, a more cautious ramp up to 60,000 tonnes of annual capacity and in the next step the investment to reach 120,000 tonnes of annual capacity.

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



Stockholm, February 2023  
Patrik Lundström, CEO

# Renewcell's operations

Renewcell was founded in 2012 with the goal of making the fashion industry sustainable, an industry characterized by increasing resource use and growth 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 circular solution

Renewcell's vision is to make fashion circular. 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®. 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 one plant in Sundsvall (Renewcell 1, Ortvikén) that is under start-up and a smaller development plant in Kristinehamn. Renewcell 1 has an initial capacity of 60,000 metric tonnes with a planned future capacity of 120,000 metric tonnes. The facility in Kristinehamn produces commercial material in small volumes and is mainly used as a demonstration and R&D plant. 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 more than 100 million metric tonnes per year. The demand for textile fiber is also expected to increase by 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. An addressable demand of 30 million tonnes per year corresponds to a market value of about SEK 375 – 450 billion annually, depending on Forex rates and market conditions.

## Estimated addressable market 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>~30</b>

\*The textile industry equals 160 MT by 2023 of which 86 million metric tonnes will be used for garments.

# Comments on the report

## Financial overview

October – December (compared to the same period last year)

### Net sales

During the period October-December, net sales amounted to SEK 5,037k (1,313). Sales during the quarter consisted mainly of sales of Circulose® pulp to fiber producers, which during the period amounted to a total of approximately 319 (89) tons. In December, the first delivery of Circulose® dissolving pulp produced at Renewcell 1 in Ortviken, Sundsvall took place to a customer. Net sales from Renewcell 1 amounted to SEK 0.8 million, which amounted to approximately 55 tons out of 319 tons in total, with the remaining volume sold from the demo plant in Kristinehamn.

### Operating expenses

Costs for the period for raw materials and consumables amounted to SEK -39,620k (-9,972). The increase is mainly due to Renewcell 1. Due to the ramp-up of Renewcell 1, consumption of energy and inputs has been high despite limited production of finished goods.

Other costs for the period amounted to SEK -27,727k (-21,744), the change is largely due to the ramp-up of operations in connection with Renewcell 1.

Personnel costs for the period amounted to -37,059k (-26,228). The average number of employees has increased from 68 people to 139 people compared to the same quarter in 2021. In December, approximately SEK 3 million was reserved for the decided restructuring in Kristinehamn (see page 2).

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

Operating profit before depreciation and amortization amounted to SEK -93,097k (-58,815). The change is mainly explained by the fact that the Company continues to build up its operations, primarily in connection with the establishment of Renewcell 1 in Ortviken, Sundsvall and has consumed energy and inputs in connection with the ramp-up. Profit for the period was also affected by other income corresponding to SEK 2,172k (1,137), which primarily relates to exchange rate gains, but also to the sale of scrap metal arising from the demolition work of Renewcell 1 and other operating expenses for the period, which amounted to SEK -326k (-3,321) and relate to exchange losses.

### Depreciation

Depreciation for the period amounted to SEK -3,140k (-

2,077) and relates primarily to fixed assets in Kristinehamn. Depreciation of Renewcell 1 in Ortviken in Sundsvall has not begun.

### Net financial items and taxes

Net financial items for the period were positive and amounted to SEK 20,190k (-5,332) and are mainly explained by income of SEK 36,073k relating to the calculation of net debt (calculated with an effective interest rate and linked to an expected future royalty attributable to the EIB loan). This income has not affected cash flow for the period. Excluding this item, net financial items for the period were SEK -15,090k and relate primarily to interest expenses.

### Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -121,789k (-52,711). The change compared to the previous period is mainly explained by the operating result but also inventory build-up with raw materials prior to the start of production of Renewcell 1.

Cash flow from investing activities during the period amounted to SEK -162,740k (-93,240). The investments are mostly related to Renewcell 1. At present, it is the company's assessment that the total investment to achieve 120,000 tons will amount to approximately SEK 1.45 billion. The carrying value in the balance sheet of Renewcell 1 amounted to SEK 1,258,644k (420,773), which is an increase of SEK 837,871k compared to the same period last year.

Cash flow from financing activities amounted to SEK 313,897k (271,489). The change is partly due to the directed share issue carried out in October of SEK 150 million (net of transaction costs), partly to a subscription of shares of SEK 25 million, and to payments of loans financing the facility in Ortviken. The company's cash and cash equivalents at the end of the period amounted to SEK 292,864k (551,368), see Note 5. The company has an unutilized loan of SEK 10.5 million in accordance with the financing agreement with Nordea and SEK and an unutilised credit of SEK 50 million in accordance with the credit facility signed during the second half of the year.



# Financial Overview

January – December (compared to the same period last year)

## Net sales

During the period January-December, net sales amounted to SEK 12,559k (2,778). Sales during the period consisted mainly of sales of Circulose® pulp to fiber producers, which amounted to a total of approximately 801 (200) tons. In December, the first delivery of Circulose® dissolving pulp produced at Renewcell 1 in Sundsvall took place to a customer. Net sales from Renewcell 1 amounted to SEK 0.8 million, which amounted to approximately 55 tonnes.

## Operating expenses

Costs for the period for raw materials and consumables amounted to SEK -69,616k (-15,850). The increase is mainly due to the newly established operations in Ortviken, which began test runs and then ramp-up in the second half of the year.

Other costs for the period amounted to SEK -86,999k (-52,765), the change from the previous year is planned and is largely due to the upscaling of operations in connection with Renewcell 1 in Ortviken, Sundsvall.

Personnel costs for the period amounted to SEK -116,203k (-54,793). During the year, the average number of employees increased from 47 people to 130 people.

## Operating profit before depreciation and amortization (EBITDA)

Operating profit before depreciation and amortization amounted to SEK -252,037k (-120,658). The change is mainly explained by the fact that the Company continues to build up its operations in connection with the establishment of Renewcell 1 in Ortviken, Sundsvall. Profit for the period was also affected by other income corresponding to SEK 6,251k (3,294), which primarily relates to exchange rate gains but also to the sale of scrap metal arising from the demolition work of Renewcell 1 and other operating expenses for the period, which amounted to SEK -3,522k (-3,321) and relate to exchange losses.

## Depreciation

Depreciation for the period amounted to SEK -10,954k (-7,658) and relates primarily to fixed assets in Kristinehamn.

## Net financial items and taxes

Net financial items for the period amounted to SEK -36,945k

(-5,114) and consist of interest expenses related to borrowings, exchange rate gains and income interest. During the year, the effective interest rate was applied in connection with a recalculation of net debt (calculated using the annual percentage rate of charge and linked to expected future royalties attributable to the EIB loan). The net effect of the recalculation amounted to SEK 11 million and has not affected cash flow.

## Cash flow, investments and liquidity

Cash flow from operating activities for the period amounted to SEK -397,919k (-117,695). The change compared with the previous period is explained by the scale-up of operations that the Company is carrying out and the inventory build-up that has been underway before the start of production.

Cash flow from investing activities during the period amounted to SEK -880,285k (-312,174). The investments relate to investments in Renewcell 1. The carrying value in the balance sheet of Renewcell 1 amounted to SEK 1,258,644k (420,773), which is an increase of SEK 837,871k compared to the same period last year.

Cash flow from financing activities amounted to SEK 1,019,655k (261,522). The change is due to the directed share issues that took place during the year totaling SEK 508 million and new borrowings corresponding to SEK 541 million.

The company's cash and cash equivalents at the end of the period amounted to SEK 292,864k (551,368), see Note 5. The company has an unutilized loan of SEK 10.5 million in accordance with the financing agreement with Nordea and SEK, and an unutilized credit of SEK 50 million in accordance with the credit facility signed during the second half of the year.

## Dividend

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

# 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, February 15, 2023

Henrik Ager

Anna Attemark

Michael Berg  
Chairman

Om Bhatia

Mia Hemmingson

Helene Willberg

Patrik Lundström  
CEO

The report has not been subject to audit by auditors.

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 15 February 2023 at 08:00 CET.



# Contact details

For questions regarding this report, please contact

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Toby Lawton, CFO, +46 70 242 29 47

# Financial calendar

- The Annual Report will be published on 25 April
- Interim report for the first quarter 2023 will be published on May 3, 2023
- The company plans to hold a Capital Markets Day on May 11, 2023
- The company will hold its Annual General Meeting on May 16, 2023
- Interim report for the second quarter 2023 will be published on August 29, 2023
- Interim report for the third quarter 2023 will be published on 7 November 2023

# Financial reports in brief

## Income statement

SEK k	Oct – Dec		Jan - Dec	
	2022	2021	2022	2021
Net sales	5,037	1,313	12,559	2,778
Other operating income	2,172	1,137	6,251	3,294
Change in inventories	4,427	-	5,495	-
Raw materials and consumables	-39,620	-9,972	-69,616	-15,850
Other external costs	-27,727	-21,744	-86,999	-52,765
Personnel costs	-37,059	-26,228	-116,203	-54,793
Other operating expenses	-326	-3,321	-3,522	-3,321
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>	<b>-93,097</b>	<b>-58,815</b>	<b>-252,037</b>	<b>-120,658</b>
Depreciation and write-downs	-3,140	-2,077	-10,954	-7,658
<b>Operating profit (EBIT)</b>	<b>-96,237</b>	<b>-60,892</b>	<b>-262,991</b>	<b>-128,315</b>
Other interest income and similar income items	949	-12	881	427
Interest expenses and similar expense items	19,241	-5,320	-37,826	-5,541
<b>Total financial items</b>	<b>20,190</b>	<b>-5,332</b>	<b>-36,945</b>	<b>-5,114</b>
<b>Profit/loss after financial items (EBT)</b>	<b>-76,047</b>	<b>-66,224</b>	<b>-299,936</b>	<b>-133,430</b>
<b>Result*</b>	<b>-76,047</b>	<b>-66,224</b>	<b>-299,936</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 dilution	-2,1	-2,2	-9,0	-4,3
Earnings per share, after dilution	-2,0	-2,2	-8,5	-4,1
No. of shares	37,358,417	30,799,426	37,358,417	30,799,426
Average No. of shares before dilution	36,124,111	30,799,426	33,369,330	30,799,426
Average No. of shares after dilution	37,452,491	32,335,766	35,479,790	32,335,766

# Condensed balance sheet

SEK k	Note	Dec 31 2022	Dec 31 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Other intangible assets	3	10,922	4,359
<b>Total intangible assets</b>		<b>10,922</b>	<b>4,359</b>
<b>Property, plant and equipment</b>			
Building and lands		185 249	-
Machinery and other technical plant		1 123 661	49 675
Inventory – tools and installations		3 071	3 145
Assets under construction and advances regarding tangible assets		6 236	420 773
<b>Total tangible assets</b>	<b>3</b>	<b>1 318 216</b>	<b>473 593</b>
Other long-term receivables		512	-
<b>Total financial assets</b>		<b>512</b>	<b>-</b>
<b>Total fixed assets</b>		<b>1,329,650</b>	<b>477,952</b>
<b>Current assets</b>			
Inventory		177,526	7,088
Accounts receivable		3,529	1,611
Other current receivables		22,336	28,858
Cash held in reserved accounts	5,6	175,472	423,000
Prepaid expenses and accrued income		9,339	48,256
<b>Total current receivables</b>		<b>388,202</b>	<b>508,813</b>
<b>Cash and bank balances</b>			
Cash and bank balances	5,6	117,393	128,368
<b>Total current assets</b>		<b>505,595</b>	<b>637,181</b>
<b>TOTAL ASSETS</b>		<b>1,835,245</b>	<b>1,115,133</b>

<b>EQUITY AND LIABILITIES</b>			
Share capital		953	786
Share premium reserve		1,441,680	953,466
Profit or loss brought forward		-278,794	-146,588
Result for the period and the year		-299,936	-133,430
<b>Total equity</b>		<b>863,903</b>	<b>674,235</b>
Long-term liabilities to credit institutions	5	676,590	291,762
<b>Total long-term liabilities</b>		<b>676,590</b>	<b>291,762</b>
Other liabilities to credit institutions	5	133,047	4,740
Accounts payable		118,817	125,648
Tax liabilities		1,436	737
Other current liabilities		3,998	2,044
Accrued expenses and prepaid income		37,455	15,967
<b>Summa current liabilities</b>		<b>294,752</b>	<b>149,136</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,835,245</b>	<b>1,115,133</b>

# Condensed change in equity

SEK k	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	-
Share warrants	-	-	7,194	-	7,194
Employee options	-	-	102	-	102
Total income for the period	-	-	-	-133,430	-133,430
<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	-
New share issue	167	507,773	-	-	507,941
New share issue costs	-	-19,560	-	-	-19,560
Share warrants	-	-	1,223	-	1,223
Total income for the period	-	-	-	-299,936	-299,936
<b>Closing balance, Dec 31, 2022</b>	<b>953</b>	<b>1,441,679</b>	<b>-278,794</b>	<b>-299,936</b>	<b>863,903</b>

# Condensed statement of cash flows

SEK k	Note	Oct – Dec		Jan - Dec	
		2022	2021	2022	2021
Operating activities					
Operating profit/loss before financial items		-96,237	-60,892	-262,991	-128,315
Interest received		837	-	837	-
Interest paid*		-2,776	-78	-3,155	-299
Adjustments for items not included in cash flow:					
Depreciation and write-downs		3,140	2,077	10,954	7,658
Employee options		-	26	-	102
<b>Cash flow from operating activities before changes in working capital</b>		<b>-95,035</b>	<b>-58,867</b>	<b>-254,354</b>	<b>-120,854</b>
<b>Change in working capital</b>					
Change in inventory		-41,243	-1,651	-170,438	-6,202
Change in accounts receivable		79	-516	-1,919	-1,225
Change in other receivables		-11,926	-25,685	2,823	-28,358
Change in accounts payable		15,237	33,628	7,443	27,429
Change in other current operating liabilities		11,099	380	18,526	11,516
<b>Cash flow from operating activities</b>		<b>-121,789</b>	<b>-52,711</b>	<b>-397,918</b>	<b>-117,695</b>
<b>Investment activities</b>					
Investments in intangible fixed assets		-922	-2,676	-7,583	-3,451
Investments in tangible fixed assets		-161,818	-90,564	-872,190	-308,723
Investments in financial fixed assets		-	-	-512	-
<b>Cash flow from investing activities</b>		<b>-162,740</b>	<b>-93,240</b>	<b>-880,285</b>	<b>-312,174</b>
<b>Financing activities</b>					
New share issue		183,235	-	507,941	-
New share issue costs		-8,539	-	-19,560	-
Issue of warrants		821	7,194	1,223	7,194
New loans		142,553	319,976	541,322	319,976
Transaction costs for financing		-238	-55,055	-5,461	-63,147
Repayment of liabilities		-3,934	-625	-5,809	-2,500
<b>Cash flow from financing activities</b>		<b>313,897</b>	<b>271,489</b>	<b>1,019,655</b>	<b>261,522</b>
<b>Cash flow for the period</b>		<b>29,368</b>	<b>125,538</b>	<b>-258,547</b>	<b>-168,346</b>
Cash and cash equivalents at the beginning of the period		263,384	425,841	551,368	719,288
Exchange differences in cash and cash equivalents	5	111	-12	44	427
<b>Cash and cash equivalents at the end of the period</b>		<b>292,864</b>	<b>551,368</b>	<b>292,864</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. See Note 5 for the definition of cash and cash equivalents.

# 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, operational and financial. Financial risks primarily include liquidity and refinancing risk, interest rate risk and currency exposure. Operational risks primarily refer to risks of:

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

For more information about the above-mentioned risks and uncertainties, please refer to the Company's Annual Report for 2021.

## Note 3 — Fixed assets

### Intangible fixed assets

SEK k	Dec 31 2022	Dec 31 2021
<b>Cost, opening balance</b>	<b>4,452</b>	<b>141</b>
Acquisitions during the year and period	631	4,452
Reclassifications	7,308	-141
<b>Carrying amount at the end of the year</b>	<b>12,391</b>	<b>4,452</b>
<b>Depreciation, opening balance</b>	<b>-93</b>	<b>-141</b>
Disposals	-	141
This year's depreciations	-1,376	-93
<b>Accumulated cost, closing balance</b>	<b>-1,469</b>	<b>-93</b>
<b>Recognized amount, Balance sheet</b>	<b>10,922</b>	<b>4,359</b>



**Buildings and land**

<b>SEK k</b>	<b>Dec 31 2022</b>	<b>Dec 31 2021</b>
<b>Cost, opening balance</b>	-	-
Reclassifications	185,249	-
<b>Recognized amount, Balance sheet</b>	<b>185,249</b>	<b>-</b>

Buildings and land refer to the costs incurred on someone else's property.

**Machinery and other technical plant**

<b>SEK k</b>	<b>Dec 31 2022</b>	<b>Dec 31 2021</b>
<b>Cost, opening balance</b>	<b>70,743</b>	<b>68,476</b>
Acquisitions during the year and period	650	1,824
Reclassifications	1,081,986	-
Adjustment	-	443
<b>Carrying amount at the end of the year</b>	<b>1,153,379</b>	<b>70,743</b>
<b>Depreciation, opening balance</b>	<b>-21,068</b>	<b>-13,614</b>
Adjustment	-	-443
This year's depreciations	-8,651	-7,011
<b>Accumulated cost, closing balance</b>	<b>-29,719</b>	<b>-21,068</b>
<b>Recognized amount, Balance sheet</b>	<b>1,123,661</b>	<b>49,675</b>

**Inventory – tools and installations**

<b>SEK k</b>	<b>Dec 31 2022</b>	<b>Dec 31 2021</b>
<b>Cost, opening balance</b>	<b>3,973</b>	<b>1,491</b>
Acquisitions during the year and period	192	2,481
Reclassifications	662	-
<b>Carrying amount at the end of the year</b>	<b>4,827</b>	<b>3,973</b>
<b>Depreciation, opening balance</b>	<b>-828</b>	<b>-274</b>
This year's depreciations	-928	-554
<b>Accumulated cost, closing balance</b>	<b>-1,755</b>	<b>-828</b>
<b>Recognized amount, Balance sheet</b>	<b>3,071</b>	<b>3,145</b>

<b>Assets under construction and advances regarding tangible assets</b>		
<b>SEK k</b>	<b>Dec 31 2022</b>	<b>Dec 31 2021</b>
<b>Cost, opening balance</b>	<b>420,773</b>	<b>31,531</b>
Acquisitions during the year and period	860,667	395,466
Reclassifications	-1,275,205	-6,225
<b>Recognized amount, Balance sheet</b>	<b>6,236</b>	<b>420,773</b>

At the end of December, asset under construction for Renewcell 1 were reclassified as property, plant and equipment. Depreciation of the facilities in Renewcell 1 will start from January 1, 2023.

## Note 4 — Share-based remuneration and option programs

During the year, 839,930 shares were issued through the exercise of options through warrants and employee stock option programs.

765,180 shares were issued during the fourth quarter through the warrant program 2018/2022 and 74,750 shares (of which 16,900 shares during the fourth quarter) through the employee stock option program 2018/2021. 809,380 of these shares were acquired by senior management.

Total outstanding options from all programs 2022-12-31 allow for the subscription of a maximum of 1,328,380 new shares.

During the year, warrants were acquired by employees under the employee stock option program 2021/2024 and by senior management under the program 2022/2025.

For more information about the Company's incentive program, please refer to the Company's website and the latest annual report.

## Note 5 — Cash and cash equivalents and financing

SEK k	Dec 31 2022	Dec 31 2021
Cash held in reserved accounts	175,472	423,000
<b>Cash and bank</b>	<b>117,393</b>	<b>128,368</b>
<b>Total cash and cash equivalents</b>	<b>292,864</b>	<b>551,368</b>

SEK k	Dec 31 2022	Dec 31 2021
Long-term liabilities to credit institutions	676,590	291,762
Short-term liabilities to credit institutions	133,047	4,740
<b>Total amounts owed to credit institutions</b>	<b>809,637</b>	<b>296,502</b>

Terms and repayment obligations	Due date	Carrying amount	Carrying amount
Almi	2023	2,004	4,792
Credit facility	2023	100,000	-
ECA/EIB	2023-2030	707,633	291,710
<b>Total amounts owed to credit institutions</b>		<b>809,637</b>	<b>296,502</b>

Cash held in reserved accounts consists of approximately SEK 100 million in the "Debt Service Reserve" account and approximately SEK 75 million in the "Completion Reserve" account. After the end of the quarter, SEK 50 million has been released and transferred from the "Completion Reserve" account to cash and bank.

The company has an unutilized loan of SEK 10.5 million in accordance with the financing agreement with Nordea and SEK, and SEK 50 million in accordance with the credit facility signed during the second half of the year.

## Note 6 — Pledged assets

SEK k	Dec 31 2022	Dec 31 2021
Floating charges	10,000	10,000
Pledge cash	292,709	544,023
Pledged fixed assets	1,280,020	437,975
<b>Total Pledged assets</b>	<b>1,582,729</b>	<b>991,998</b>

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.

## Note 7 — Transactions with related parties

Remuneration to senior executives has been paid in accordance with the guidelines described in the latest Annual Report.

For information on share-based remuneration and option programs, see Note 4.

In addition, there are no transactions with related parties.

# 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.

## *Cash and cash equivalents*

Cash and bank plus Cash held in reserved accounts that are recognized as short-term financial assets. See Note 5.

## *Net debt*

Interest-bearing liabilities less cash and cash equivalents.

## *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 of December 31, 2022

Shareholder	No. of shares and votes	Share of capital and votes (%)
H&M	3,934,440	10.53
Girincubator AB	3,933,290	10.53
Handelsbanken Fonder	3,488,914	9.34
Capital Group	2,702,272	7.96
AMF Pension & Fonder	1,530,169	4.10
Swedoccean AB	1,008,689	2.76
Norron Fonder	976,988	2.62
Fidelity International (FIL)	896,622	2.44
Cliens Fonder	880,000	2.36
Patrik Lundström	814,209	2.18
ALMI	688,878	1.84
Deka Investments	453,290	1.34
Goldman Sachs Asset Management	486,284	1.30
Handelsbanken Liv Försäkring AB	480,794	1.29
Nordea Liv & Pension	470,114	1.26
Michael Berg	400,000	1.09
Tomas Gahn	400,000	1.07
Aktia Asset Management	355,789	0.95
Premier Miton Investors	322,579	0.95
BNP Paribas Asset Management	353,261	0.95
<b>Twenty largest shareholders</b>	<b>24,576,582</b>	<b>66.9</b>
Others	12,781,834	33.2
<b>Sum</b>	<b>37,358,416</b>	<b>100</b>

Source: Monitor/Modular Finance