

Annual Report — 2021



Photo: Levi Strauss & Co

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This is an in-house translation of the original Swedish language Annual Report. In the case of any discrepancy between the English translation and the Swedish original, the Swedish original takes precedence.

WE MAKE FASHION CIRCULAR.
RECYCLING CLOTHES FINALLY WORKS.

RENEWCELL



CEO's comments

2021 will be remembered as a truly extraordinary year in Renewcells history! We started the year with a completely empty facility at Ortviken and only 2 employees at site. Since then, we negotiated all supplier and consultant contracts, refurbished the buildings, hired approximately 90 highly skilled operators and have, when writing this, installed ALL unit operations which are currently being connected with piping, cabling among others, with a planned start during summer. At the same time, we have signed new agreements with viscose partners Kelheim, Birla and Daiwabo as well as made several brand launches in industrial scale with Tangshan Sanyou together with H&M, Levis, Bestseller, Gina Tricot, and initiated projects with Inditex, PVH, Kering and Ganni among others.

An unexpected effect of pandemics, war and accelerating climate change is that the transition to a sustainable society has sped up. The transition will be one of the most significant industrial revolutions/evolutions that humanity has experienced. The shift to sustainability is by far the strongest current macro trend. It creates tremendous opportunities for companies and societies to successfully grow as well as to create jobs and prosperity, and not least value for shareholders. As this progresses, we will see those who manage to change but also some who fail to keep up and in some cases even perish. I am optimistic, humanity is fantastic at solving difficult challenges and the shift to sustainability with companies within Sustaintech faces a bright future.

In the autumn we conducted a strategic deep dive. Our conversations with fashion brands have strengthened our understanding of their demand both now and in the future. For the world's leading brands to reach their commitments of achieving a sustainable material mix by 2030, the production of Circulose® and equivalent materials will need to be approximately 7 million metric tons. As Renewcell is at the forefront of this transformation, our mission becomes even clearer – to scale up as fast to bridge the gap between supply and demand for circular materials in the fashion industry. As a consequence, the Board, together with the management team, has decided to accelerate Renewcell's upscaling and bring forward the expansion of our annual capacity from 60,000 metric tons to 120,000 metric tons by two years. We will also review the financial and operational goal.

Renewcell is currently the only company that has a technology capable of making the fashion industry 100% circular in an industrial scale and it is worth noting that the market for fiber is growing by between three and five million metric tons of fiber per year, which is 80 times more than what we will produce in Renewcell 1. When the Renewcell 1 plant is up and running, the company will enter a new phase where it will be a matter of multiplying plants to meet the textile industry's demand for circular fibers. In our expansions. In our expansion, we will be careful in our capitalization and work with an as

efficient balance between equity and debt as possible. As an example, Renewcell 1 in Ortviken, will tie up less than half the capital per metric ton of production compared with a conventional greenfield dissolving pulp mill.

In 2021, we passed a year since the start of establishing Renewcell 1 in Ortviken, and I can happily conclude that despite a tight schedule, we are on time to start the plant during the summer. The key to this has been a world-class team that, with professionalism and innovation, has achieved great things. We are entrepreneurs at heart and turn every penny and problem until we maximize value or identify solutions to problems that arise. Now, when all unit operations are at site in Ortviken we have considerably reduced the project risk and intense work is currently ongoing to connect these with piping and cabling.

Like most businesses during the turbulent past year, we have experienced challenges in terms of deliveries of building materials and key components as well increased costs for, among other things, concrete, alloy surcharges, currency and not least freight and delays at suppliers. I am grateful that our careful pre-work to minimize risk in the beginning of the project has enabled us to hold back cost increases to a large extent. Nonetheless, we must face the fact that cost increases have also affected us to some degree, and we are currently estimating a total CAPEX of the 120,000 MT/y plant to SEK 1.2-1.3 billion.

In Kristinehamn, our team has successfully balanced commercial production with process development in an exemplary manner. Through systematic optimization based on Six Sigma, we sharpened our operating methods during the second quarter, locked process windows and validated raw materials and routines that will support the start-up of Renewcell 1. Since then, production, quality and customer delivery goals have been exceeded during all subsequent quarters. Renewcell has never delivered as much recycled high-quality dissolving pulp from 100% recycled textiles as in 2021. In fact, no one else in the world has achieved that either and our assessment that our first mover advantage of 5–7 years still applies. At the same time, our continuous research and development work has produced new know-how and patent applications. Renewcell continues to drive innovation in textile circularity.

Our collaboration with raw material suppliers has developed rapidly during the year. Renewcell has invested in an expanded sourcing organization and signed a number of new long-term agreements that ensure access to the input materials we need on terms that suit us.

The company has grown with about a hundred new employees in 2021 and at the time of writing we are 123 employees with a goal of reaching 130 by the summer. Most of our new staff is recruited from the discontinued production of graphic paper at SCA Ortviken PM5. Our excellent collaboration with SCA has allowed us to harness the high competence that exists in Sundsvall and create new jobs in an emerging green industry. Collaboration has also been very good with local and regional decision-makers and authorities, where careful preparations led to an approved environmental permit in record time with an approval after consultation of only four months. Sundsvall has opened its doors to us, and every day my conviction is strengthened that Sundsvall is the right choice for Renewcell's, and the world's, first facility for large-scale chemical recycling of textiles.

In 2022, Renewcell will lead the global textile industry into a new era of large-scale circularity. I am proud that in 2021 we also delivered point by point in line with an ambitious, and occasionally pressured, plan and I want to thank our fantastic 123 dedicated, knowledgeable and flexible employees who on a daily basis support our customers being able to offer Circulose®-based apparel and find ways to solve supplier problems in line with our culture "Care and Progress."



Stockholm, April 2022
Patrik Lundström – CEO

The fashion industry needs to change

Humanity consumes around 110 million metric tons of textile fiber each year. Hundreds of billions of garments are produced from cotton, oil, forest and animal fibers that are cultivated, pumped from the earth, harvested or raised. The manufacturing processes for all these garments have an enormous impact on the climate and the environment. Many have surmised that the fashion industry is one of the most polluting and climate impacting sectors in the world. Fashion currently accounts for between 5 percent and 10 percent of global GHG emissions, the sector has an annual freshwater consumption that would provide fresh drinking water for five million people, and it accounts for 35 percent of the emissions of all microplastics found in the oceans.

Even though an incredible amount of energy and large amounts of invaluable natural resources are consumed in the manufacture of all of the clothes we wear, barely any of them are recycled to make new clothes. Around 95 million metric tons of textile fibers end up in landfills, in the ocean or are incinerated each year.

If nothing is done, this impact will worsen as a result of what, in essence, is a positive development toward a reduction of global

poverty. An estimated 1.7 billion people are expected to enter the global middle class by 2030. Consumption patterns as an effect of improved welfare will lead to an annual increase in demand for textile fibers by up to 50 million metric tons by 2030.

Time is running out. Global emissions must be essentially halved by 2030 if we are to stand a chance of reaching the Paris Agreement's goal of limiting global warming to within 1.5°C. If nothing is done, the textile industry is set to consume a quarter of the global carbon budget by 2050.

A growing group of activists, consumers, fashion designers, politicians and entrepreneurs are realizing that the fashion industry must change its ways in order to significantly reduce its carbon footprint.

Many of the world's leading fashion brands are now looking for business models, materials and production processes that can reduce their climate impact and waste to thereby secure a future for the industry and for humanity.

The foremost challenge for the industry is now to find and scale up technologies that can contribute to the transition.



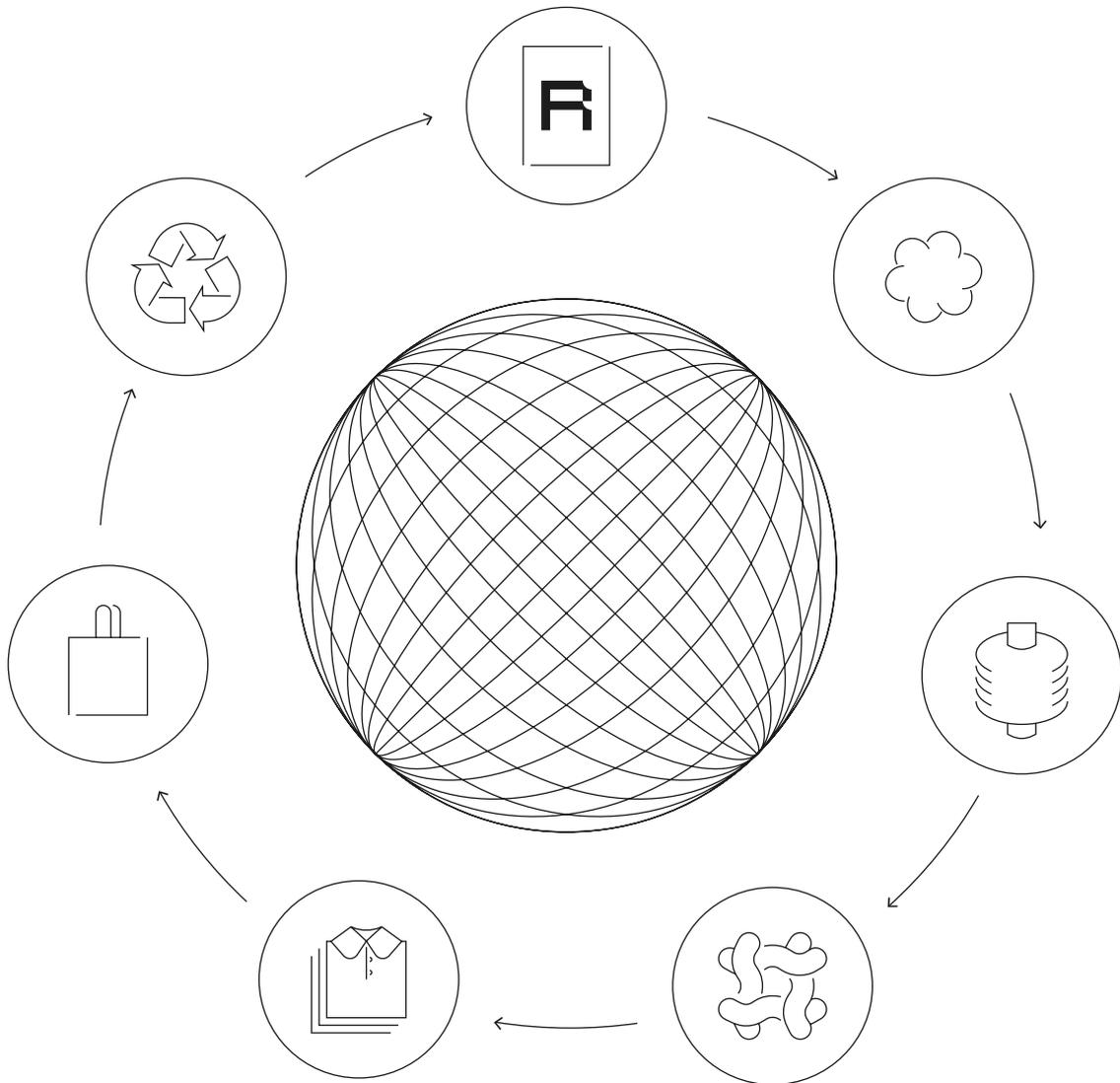
Photo: Levi Strauss & Co

This is Renewcell

We close the loop

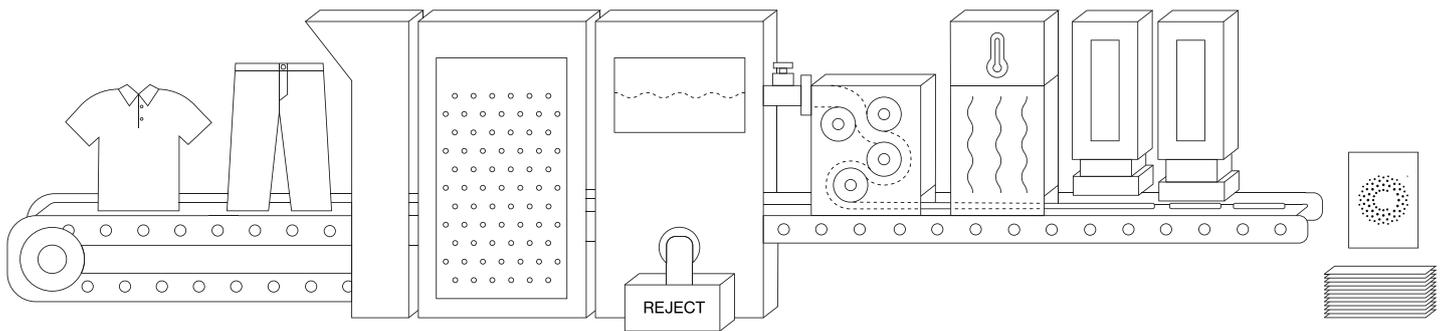
Before a garment can be worn for the first time, it goes through many stages of a value chain that often stretches across much of the world. From raw materials such as cotton, fiber is extracted that is twisted into filaments to form a yarn. The yarn is weaved or knitted into a fabric that is colored and treated to then be cut to size and sewn into a garment. The garment is then typically sold to a brand that distributes it to consumers. When the consumer no longer wishes to use the garment, it is hopefully handed in to a collector who assesses whether the garment is in a good enough condition to be sold second hand or recycled in some way. Textile products that are too worn out to be reused eventually end up in landfills or are

incinerated as waste. This typically closes the cycle – the material is lost. Renewcell closes the loop on an otherwise linear value chain by linking together the collection and sorting of textile waste with the new production of textile fibers. We make it possible to recycle textile waste into new high-quality textiles that replace virgin cotton, viscose or polyester. Because our innovation functions as a “plug-in” to the value chain as it exists today, we are able to quickly make a significant difference at scale. In close partnership with the world’s most influential fashion brands and fiber producers, we make fashion circular.



Our technology

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



The process can be broken down into five main steps.

In the first step, bales of textiles with high cellulose content (such as cotton) are placed on the conveyor belt and mechanically shredded, after which they are ground down in a shredder to adjust the length of the fibers. Cotton fibers are considerably longer than the wood fiber used for conventional dissolving pulp made from wood. Large contaminants such as buttons and zippers are also mechanically separated in this step.

The ground-up textiles are then run through a wet stage where the fibers are further separated and certain dyes are removed with chemicals that are recycled and ultimately consumed in a closed loop. The material is also processed in a number of steps to adjust the properties of the cellulose such as viscosity and reactivity. The heart of Renewcell's technology is the ability to separate closely tangled cotton fibers from each other in this step and, thereby, to make them available for regenerated fiber production.

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

Renewcell's innovative technology manages non-cellulosic contaminants through several steps that clean the pulp of these contaminants. The result is natural cellulose. The contaminants are diverted to a reject stream and then handled as waste. The volume of rejects generated depends on the amount of cellulose in the input material.

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

About Circulose®

Circulose® is a trademark owned by Renewcell. The name is used for the dissolving pulp product that is produced using the company's patented process. Renewcell licenses the brand for use in the marketing of products that contain Circulose®.

Textiles produced from Circulose® have significant climate and environmental advantages compared with virgin alternatives such as cotton or polyester:

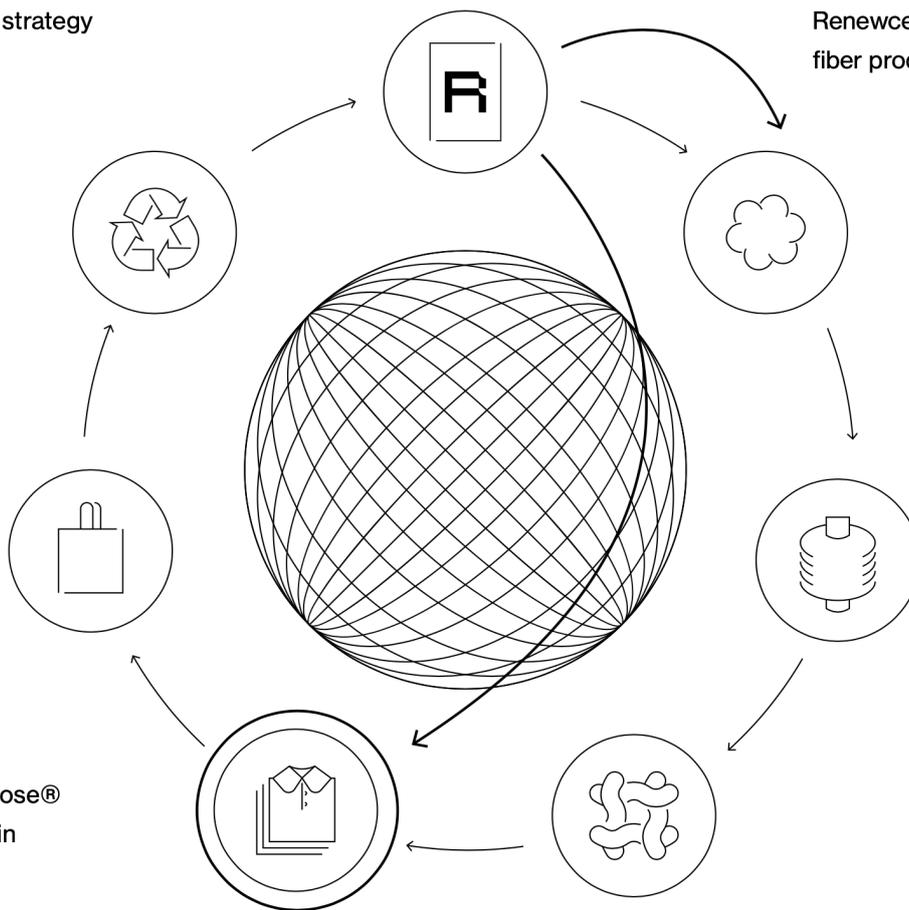
Benefits of Circulose®

- -2 kg CO₂e per kg of produced fiber in net climate impact (SCS Global Services 2017)
- No chemical pesticides or chemical fertilizers
- Minimized water consumption
- No land use for agriculture or forestry
- Minimal impact on biodiversity
- 100 percent recycled raw materials
- Recyclable using the same process up to seven times

Renewcell's push-pull strategy

Renewcell pushes Circulose® fiber producers

The brand pulls Circulose® through the value chain



Business model

Renewcell sells dissolving pulp per metric ton globally to producers of regenerated fiber (such as the fiber types viscose, lyocell, modal, acetate and cupro) and indirectly to fashion brands under the brand Circulose®. Renewcell sells the product through its trading partner Ekman, which acts as the company's global sales representative. The company collaborates closely with Ekman, which in addition to sales adds value in the form of credit and insurance, as well as logistics and administration.

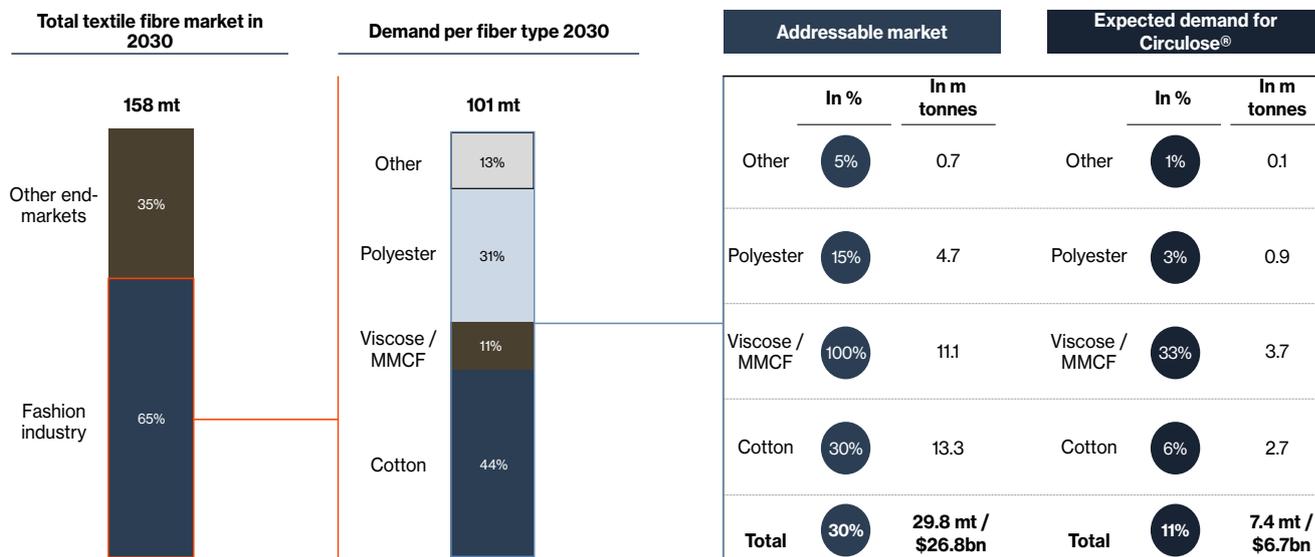
Renewcell has established, and intends to establish, business relationships in several steps in the fashion value chain through partnerships with global clothing brands (indirect customers) and fiber producers (direct customers). Renewcell works with a "push-pull" strategy that involves marketing toward and collaborating with fashion brands, which are the most influential players in the value chain, to create demand for Circulose® at Renewcell's direct customers.

Financial and operational goals (currently under review)

	2026	2030
Installed capacity	250,000 MT per year	360,000 MT per year
EBITDA	30 percent	Over 30 percent
Equity/debt ratio	50 percent	Over 50 percent

Our market until 2030

Following a decline from 2019 due to the pandemic, the global textile fiber market in 2020 amounted to around 109 million metric tons. (Textile Exchange 2021). It is estimated that 65 percent of this production is used for products in the fashion industry, which means a market size of approximately 71 million metric tons by 2020, or



Source: Company calculations, Textile Exchange Preferred Fiber and Materials Market report 2020, expert interviews, Changing Markets Foundation Dirty Fashion Report 2020

USD (calculated at an average value of USD 900 per metric ton). The remaining 35 percent of the market refers to various areas such as the home textile or healthcare market.

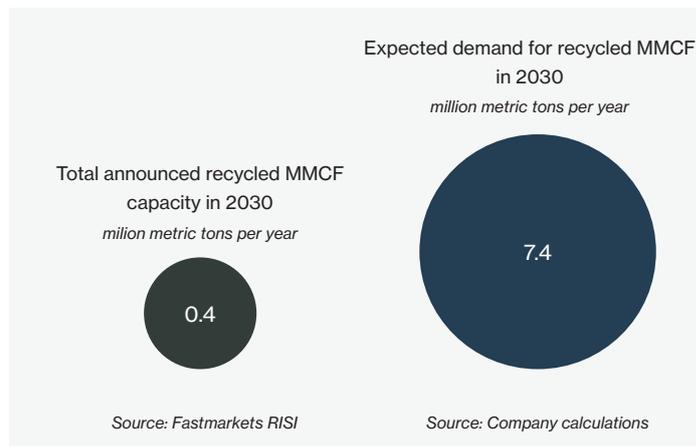
The market for textile fibers in the clothing industry is expected to grow four percent per year until 2030 and is expected to amount to 101 million metric tons of fiber, which corresponds to a market value of USD 91 billion.

Renewcell's product, Circulose®, can be used in several industrial applications, but is today well suited for textile production in the fashion industry where the demand for high quality sustainable materials is greatest. Renewcell calculates demand for Circulose® by 2030 based on market research on the fashion industry's desired fiber portfolio ("Demand per fiber type"). Subsequently, the company has made conservative assumptions about the maximum theoretical substitutability within the largest fiber types ("Addressable market") and the actual demand for Circulose® as a substitute within each fiber type ("Expected demand for Circulose®").

The company estimates that regenerated fibers from recycled textiles can replace about 30 percent of fibers from non-recycled sources in the clothing industry, which means an addressable market

for Renewcell of close to 30 million metric tons by 2030 in a total textile fiber market of 158 million metric tons per year. The company estimates that the expected demand for Circulose® is more than seven million metric tons per year by 2030, corresponding to a market of close to USD seven billion.

The expected demand for Circulose® can be compared with the total announced growth in production capacity for recycled cellulose fiber by 2030 of 400,000 metric tons per year, which includes Renewcell's target of 360,000 metric tons in capacity. This creates a gap between demand and supply of around seven million metric tons per year.



Industrial evolution

Risk and opportunity

Mechanization, electrification, computerization and digitization are often mentioned as the megatrends that have driven the transformation of social structures and living conditions for people all over the world. The ongoing transition to a long-term sustainable and circular global economy is probably the most important and pervasive megatrend the world has undergone to date. People's quest to eat, live, travel, shop and dress without spoiling the climate and environment to the breaking point drives innovation and change in all sectors of society. There is good reason that almost all leaders in politics, business and civil society now put sustainable development at the top of the agenda. If we go wrong, we risk losing almost everything – if we succeed, we unlock unimaginable value.

Innovation, speed and scale

At Renewcell, we are convinced that the biggest difference can be made in the fastest time by preserving what is good - as an effective large-scale global value chain for textiles, and removing what is bad – such as waste of resources, unsustainable raw materials and fossil energy.

The industrial revolution changed the world and made Sweden a rich country based on forest, steel and manufacturing. When the world now faces the challenge of simultaneously developing prosperity and significantly reducing the negative footprint, it is an evolution rather than a revolution that must take place.

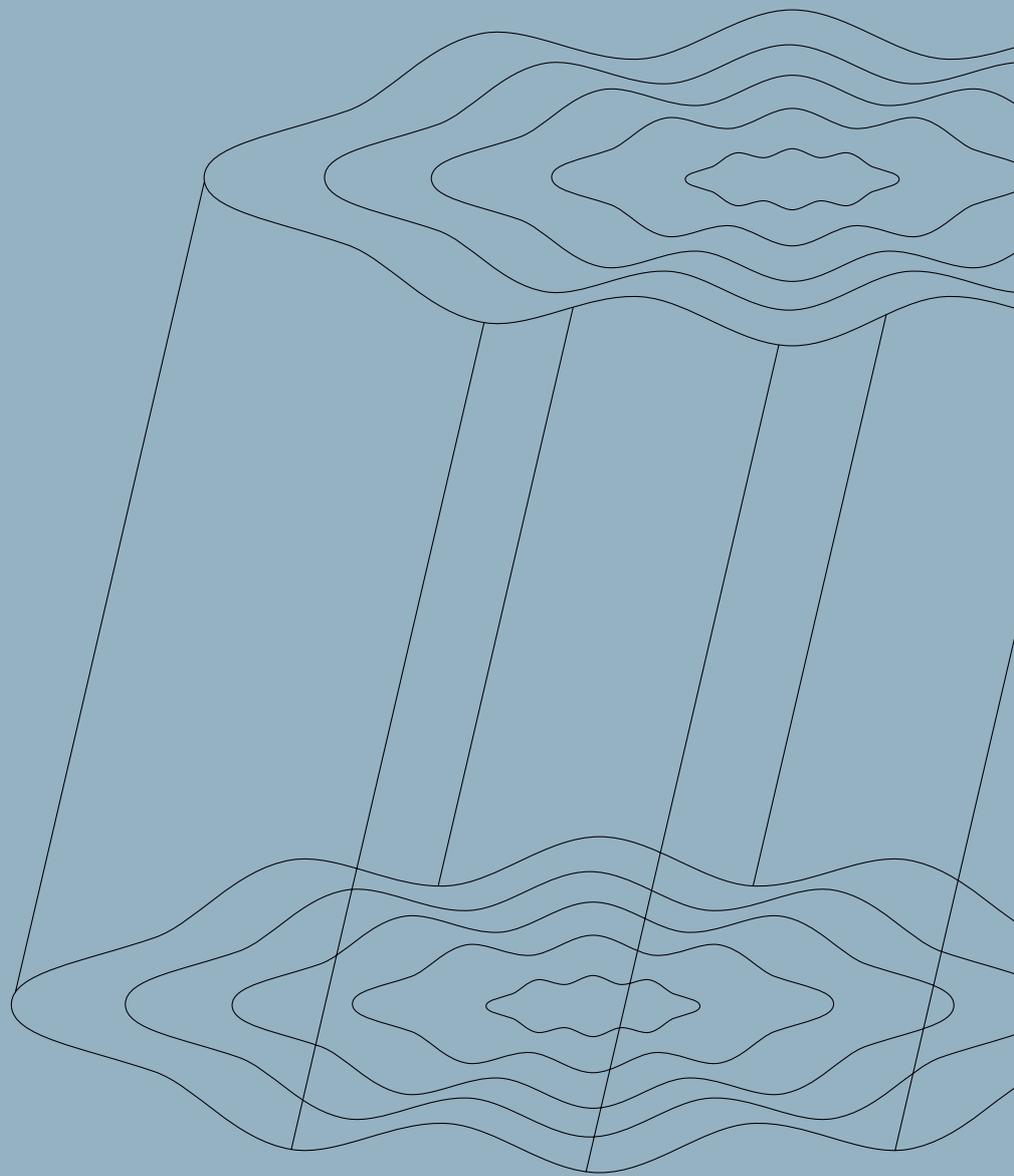
By building on the ingenuity and hard work that characterized the Swedish paper and pulp industry, and adding circular innovation, we contribute to an industrial evolution for global industry.

This means that we think new, refine and reuse as much as possible rather than tear it out, throw it away and replace it. With small but important changes in the way we use materials, we help society develop to better suit its environment and survive. In this way, we can create new green jobs while reducing the impact of the fashion industry as quickly and as much as possible.

At our existing production facility in Kristinehamn and in the operations that are under establishment in Sundsvall, we take advantage of infrastructure and machines that are already in place. Above all, we benefit from the deep knowledge that exists with all the colleagues who have run world-leading large-scale manufacturing processes in the same places for many years. This gives Renewcell fantastic opportunities to quickly scale up and make a difference in one of the world's most polluting industries.

	Demonstration Plant Kristinehamn	Renewcell 1, Sundsvall
	The world's first plant for industrial-scale chemical recycling of cellulose textiles	The world's first plant for commercial-scale chemical recycling of cellulose textiles.
Previous operations at the site	Casco Adhesives	SCA graphic paper
Commissioning	2018	2022
Production capacity per year	4,500 metric tons	60 000 metric tons

Our journey



2012	2014	2017-18	2019-20	2021
Foundations A couple of scientists begin work to make one of the world's dirtiest industries sustainable.	Proof In partnership with designers, fabric manufacturers and fiber spinners, Renewcell creates the world's first 100% chemically recycled garment. The yellow dress astonished the world.	The leap Process operators and professors work side by side to establish the world's first industrial textile recycling plant of its kind. Casco's old premises in Kristinehamn gets a breath of new life.	The breakthrough Renewcell's first sales of Circulose® pulp are shipped to China to become garments for H&M and Levi's. Fashion becomes circular at an industrial scale for the first time ever.	Industrial evolution Following a successful listing on the stock market, Renewcell prepares for the next big step – commercial scale. With a billion-krona investment in Ortviken, a new circular industry is built on the legacy of the Swedish pulp and paper industry.

Sustainability report 2021

Care and progress

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

We have laid the foundation

Renewcell grew strongly in 2021, from less than thirty to 125 employees, and the goal is to continue to grow. With this rapid transition from demonstration to large-scale commercialization, the scope and complexity of our impact on the environment increases. Correspondingly, the responsibility we feel for reducing our impact is also increasing. Therefore, in 2021, Renewcell laid the foundation for strategic and systematic work for an ever-decreasing footprint. The company's sustainability strategy includes a large number of measurement points linked to the UN's sustainable development goals (SDGs) that enable management, measurement, reporting and follow-up of impacts not only within our operations but also within those of our stakeholders and that span scopes 1, 2 and 3. In 2022, Renewcell will carry out a zero measurement of these measuring points, which will then form the basis for quantified and timed targets for continuous reduction. Renewcell's intention is to be at the forefront of global, value-creating sustainability work.

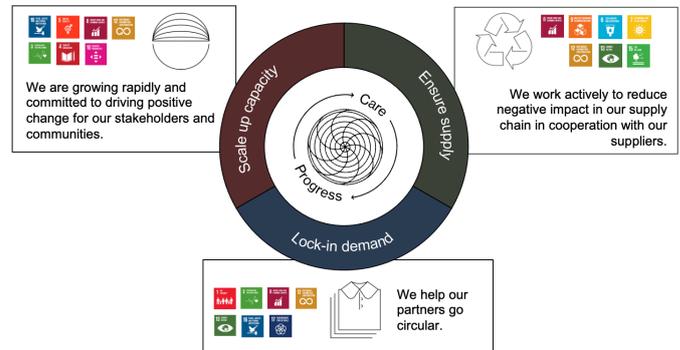
Renewcell's value creation strategy

Our sustainability strategy is integrated into the company's overall value creation strategy, where the starting point is the commitment from our employees, a commitment that is summed up by our culture. The "Renewcell style": Care and progress.

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

The Renewcell style is translated into value creation through the three strategic priorities that constitute the company's business strategy: Scale up capacity; Secure raw material; and Secure demand. Within each prioritization, we work actively to map, prevent and reduce our

negative impact and concurrently increase our positive impact. In these efforts, we are guided by the 2030 Agenda and the Sustainable Development Goals based on a materiality analysis and the ten principles that form the basis of the UN Global Compact.



The Sustainability Report for 2021 comprises an annual "Communication on Progress" in accordance with the criteria set by the UN Global Compact, of which Renewcell has been a member since the end of 2021. Sustainability work in 2022 will be characterized by the implementation and follow-up of the comprehensive sustainability strategy with KPIs formulated at the end of 2021. This implementation will be reflected in an expanded and in-depth sustainability report for 2022 and the years that follow.

UN Global Compact Communication on Progress

To our stakeholders:

I am pleased to be able to confirm Re:NewCell AB (publ)'s support for the ten principles of the UN Global Compact in the areas of human rights, work, the environment and anti-corruption. In this annual progress report, we describe our efforts to continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also undertake to share this information with our stakeholders by using our primary communication channels.

With kind regards,
Patrik Lundström, CEO

Human rights

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

minimized. The safety and health of our employees is always our main priority.

Implementation

- Recruitment of work environment specialists
- Supplier policy and audit program
- Code of conduct for employees
- Systematic work environment work
- Collaboration with union representatives
- Mandatory safety training for employees and contractors at our facilities
- Internal training in our desired corporate culture – The Renewcell style
- Development of measuring points for social sustainability

Result

Renewcell has not been reached by any report on human rights abuses within the business or among the company's partners in 2021. In 2022, Renewcell will continue to work to develop and implement routines and processes for prevention, reporting and compliance. During the year, Renewcell documented a total of 45 risk observations, 56 incidents and six accidents at the facilities in Kristinehamn and Sundsvall. The company has carefully complied with routines for a safe working environment and has consistently and without exception applied a strict alcohol and drug policy supported by random sobriety checks. In 2021, 153 sobriety checks were carried out, which resulted in two cases where positive tests led to immediate dismissal from the premises.

Working conditions

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

Implementation

- Collective agreement for all employees through IF Metall, Sveriges ingenjörer and TEKO since 2019
- Supplier policy and audit program
- Code of conduct for employees
- Systematic work environment work
- Internal training in our desired workplace culture – The Renewcell style
- Development of measuring points for working conditions

Result

Renewcell has not seen any indications of breaches of the company's codes of conduct among employees or among suppliers in 2021. All suppliers of raw materials to Renewcell have committed themselves to follow Renewcell's supplier policy, which includes on-site audits

performed by a third party appointed by Renewcell. In 2022, these audits will be performed by TÜV Rheinland for all suppliers.

Environment and climate

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

Implementation

- Follow-up and reporting in accordance with environmental permits for the operations in Kristinehamn
- Detailed environmental impact assessment and application for an environmental permit for operations in Sundsvall (Renewcell 1)
- Internal product life cycle analysis in accordance with the EPD performed by IVL Swedish Environmental Institute
- Third-party inspection and certification of the factory in Kristinehamn in accordance with the Recycled Claims Standard
- Development of a sustainability strategy based on Agenda 2030
- Recruitment of an environmental engineer with special responsibility for compliance with environmental permits
- Supplier policy and audit program that includes a ban on the presence of environmental toxins and pollutants in raw materials
- Code of conduct for employees that includes policies with the aim of reducing environmental and climate impact in the business
- Internal training in our desired workplace culture – The Renewcell style
- Development of measuring points for continuous environmental and climate work
- In-house training for employees on the fashion industry's climate and environmental impact
- Active participation in the Swedish delegation at the COP26 climate summit in Glasgow
- Compilation and reporting of total emissions to the CDP in accordance with our commitments in the UN Fashion Charter for Climate Action
- Knowledge sharing within the framework of industry collaborations such as the UN Fashion Charter for Climate Action, Stica, CanopyStyle, Textile Exchange and Fashion for Good
- Membership in the SIS working group for the development of

industry standards concerning environmental aspects in textiles

- Close partnership with the advocacy group Canopy to counter deforestation of ancient and endangered forests for the production of man-made cellulosic fibers

Result

The company has no ongoing disputes or other legal processes linked to environmental and climate impact. Renewcell and the factory in Kristinehamn have been certified according to the Recycled Claims Standard since 2021 and undertake to undergo regular third-party audits of compliance. Renewcell has, in accordance with the environmental permits for the operations in Kristinehamn and Sundsvall, developed and implemented a control program and routines for regular reporting of compliance to relevant local authorities. During the year, the company documented and reported five cases of unwanted emissions at the factory in Kristinehamn. At the operations in Sundsvall, no emissions were reported in 2021.

Anti-corruption

Renewcell is part of a global value chain for the collection and sorting of textile waste, and the production of textile fibers. As the company's ambition is to conduct textile recycling on a large scale, Renewcell needs to procure raw materials in markets where there is a large supply of waste both from production and from consumption. Many of these markets have an increased risk of corruption that Renewcell must work actively to address. The company's starting point is zero

tolerance for corruption and that Renewcell's code of conduct always takes precedence over any local legislation or practice that could conflict with it. The Renewcell Code of Conduct for All Employees contains the following provision:

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

Implementation

- Supplier policy and audit program
- Code of conduct for employees
- Internal training in our desired workplace culture – The Renewcell style

Result

In 2021, Renewcell has not been reached by any report on breaches of the Code of Conduct regarding corruption among employees. The company is not subject to any dispute or legal process relating to corruption.



Administration report

The Board of Directors and CEO of Re:NewCell AB, Corp. Reg. No. 556885-6206 hereby submit the annual report for the 2021 fiscal year. The annual report is prepared in Swedish kronor (SEK) and rounded up to the nearest thousand, unless otherwise stated. Figures in parentheses refer to the year-earlier period.

Operations

Information concerning operations

Re:NewCell AB is a company with operations in recycling of textiles. The business is located in Kristinehamn, Sundsvall and Stockholm. Renewcell's first production facility is located in Kristinehamn. The plant in Kristinehamn produces commercial material in small volumes and is mainly used as a demonstration and R&D facility. Another production facility is under construction in Sundsvall (Renewcell 1, Ortviken). Work with establishing Renewcell 1 began during the second half of 2021 and made excellent progress, despite a turbulent external circumstances, including Covid-19, among others. The company has managed to avoid major delays or cost increases. In February 2022, the war began in Ukraine, a very tragic event that causes, and will cause, much human suffering. The company has currently not been affected by the consequences in the form of, for example, increased energy prices, but developments are being closely monitored to maintain preparedness. Construction is nearing completion and Renewcell 1 is expected to be commissioned in summer 2022. The company's head office is located in Stockholm. The company's vision is to lead the transition to a sustainable world by manufacturing high-quality products from recycled textile waste. Renewcell's operations are based on a new, in-house developed process protected as intellectual property in the form of strategic patents and trade secrets. The company's technology is based on experience from conventional large-scale cellulose pulp production from wood. Through a patented process, Renewcell can extract cellulose from textile waste, adapt its properties and bring it back into the regular textile value chain in the form of a patented pulp product, Circulose®

Due to technical limitations, the recycled alternatives that have existed so far in the textile market have required the admixture of virgin raw material in order to obtain a quality that meets the requirements of broad consumer groups. By replacing conventional materials with Renewcell's alternatives, the company's customers can achieve major environmental and climate benefits without compromising on product quality. In 2019, Renewcell became the first in the world with a commercially proven product of this kind and has since made several launches both with Swedish and with international brands

The company's products

Renewcell's business concept is to refine raw materials in the form of textile waste, into a so-called dissolving pulp. Renewcell sells its dissolving pulp product per metric ton to producers of regenerated

fibers, mainly of the viscose, modal and lyocell types. Usually dissolving pulp is made from forest raw material, but with Renewcell's patented process, it is now possible to make regenerated fiber of virgin quality from 100 percent recycled textile raw material.

Renewcell sells its product under the Circulose® product trademark. The trademark is protected by registration in all relevant product classes and in all main markets where the company and its customers are active. Use of the Circulose® trademark is offered as an added value to the company's downstream partners under a conditional royalty-free license. The company operates in an international market and exports its entire production to customers abroad. Renewcell's direct customer target group is mainly found in China, India, Indonesia, Germany, Japan, the USA and Austria.

Significant events during the year

- On January 28, Renewcell signed an agreement with Valmet for the delivery and installation of production equipment for the company's facility in Sundsvall. The contract value amounts to SEK 232 million.
- On May 19, the company's Annual General Meeting was held.
- On June 30, the loan agreement of up to SEK 311 million was signed with the European Investment Bank (EIB).
- On July 2, Renewcell received an environmental permit for the planned operations in Ortviken in Sundsvall. The permit was valid with immediate effect.
- At the Extraordinary General Meeting on September 3, it was decided to approve the Board's proposal to establish a warrant-based incentive program for key personnel and to enter into a loan agreement with the European Investment Bank (EIB).

Other events during the year

- In June, the company signed an agreement with the Spanish fashion house Inditex, which is one of the world's largest fashion houses and owns brands such as Zara, Massimo Dutti, Bershka and Pull and Bear, for a pilot project for circular textile production.
- In April, the Danish fashion house BESTSELLER launched its first garments made with Circulose® through the Vero Moda and Selected brands.
- On October 19, a letter of intent was signed with Kelheim Fibers GmbH regarding an annual production of up to 10,000 metric tons of Circulose®-based fibers.
- During October, the company received the first loan disbursements corresponding to approximately SEK 320 million.
- At the beginning of December, all production of Circulose® dissolving pulp at Renewcell's plant in Kristinehamn was certified as 100% recycled according to the Recycled Claim Standard (RCS).
- During December, Renewcell signed multi-year purchasing agreements with three different European textile sorters - SOEX in Germany, Texaid in Switzerland and Sysav in Sweden

Significant events after the end of the financial year

- Due to increased customer interest, the company has decided to initiate an expansion of production capacity in Renewcell 1 (Ortviken) from 60,000 to 120,000 metric tons ahead of plan. The company is also initiating an evaluation of the opportunity to raise its operational goals. BNP Paribas and Carnegie have been retained by the company to explore the financing for raising the operational goals.

Other events after the end of the financial year

- In January 2022, Levi's released its new version of the classic 501 with the name "Levi's 501® Original Designed for Circularity" where they mixed Circulose® into the jeans.
- In cooperation with the leading Chinese manufacturer of viscose filament yarn Yibin Hiest Fiber, Renewcell has successfully used 100 percent Circulose® pulp for the production of viscose filament yarn on an industrial scale, which opens up additional product segments for 100 percent Circulose® fibers among sportswear, as a substitute 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 fiber production unit within Grasim Industries Ltd. a flagship company within the Indian Aditya Birla Group and one of the world's largest cellulose fiber producers, for a long-term commercial collaboration for manufacturing of cellulose fibers. The agreement confirms the intention of the two companies to work together to deliver high-quality Liva Reviva textile fibers made with Circulose®, Renewcell's 100% recycled textile raw material, to global fashion brands and the textile industry in the coming years. The common ambition is to use 30,000 tonnes of Circulose® per year. The agreement has been facilitated by Ekman Group, Renewcell's exclusive global trading partner.
- In March 2022, the company also signed a letter of intent with Daiwabo Rayon Co. Ltd., a leading Japanese cellulose fiber producer, regarding a long-term commercial collaboration on fiber production. The agreement confirms the two companies' intention to work together to supply textile fibers made with Circulose®, Renewcell's 100% recycled textile raw material, to global fashion brands in the coming years.

Revenue and earnings

During the year, net sales amounted to SEK 2,778 thousand (1,435). Sales consisted largely of sales of Circulose® pulp, which amounted to a total of 194 (142) metric tons.

Operating profit

Profit after tax for the year amounted to SEK -133,430 thousand (-68,722). The change was mainly attributable to increased personnel costs due to the company strengthening its organization

in connection with the build-up of commercial production, and that the company is in a development phase where areas such as IT, logistics and other support functions are strengthened. The result was also burdened by the incentive program decided on during Q3. The company subsidized part of the participants' warrant premiums through a cash bonus of a total of SEK 10,174 thousand.

Earnings for the period were impacted by other income corresponding to SEK 3,294 thousand (1,639), which mainly relates to sales of scrap that arose during demolition work in Ortviken. Earnings were also impacted by unrealized exchange-rate effects on cash and cash equivalents of SEK 427 thousand (0). In addition, earnings were also affected by other operating expenses of SEK -3,321 thousand (0) relating to the repayment of EU grants. Depreciation for the year amounted to SEK -7,658 thousand (-6,957) and mainly pertained to facilities in Kristinehamn.

Net financial items

Net financial items for the financial year amounted to SEK -5,541 thousand (-436) and consisted almost solely of the year's interest expenses on loans, corresponding to approximately SEK 320 million

Tax situation

As of December 31, 2021, the company has an accumulated loss carryforward corresponding to SEK 340,922 thousand.

Cash flow and investments

Cash flow from investing activities during the period amounted to SEK -312,174 thousand (30,195). The investments related almost exclusively to investments in Renewcell 1.

The total investment for the production facility including reserves was initially estimated to amount to approximately SEK 870 million and contracted predominantly during the first half of 2021. The forecast for the establishment of the first 60,000 metric tons in Renewcell 1 has recently increased to approximately SEK 1,070 million. The increase is partly due to recent cost increases regarding components and alloy supplements, but also because the company has chosen to make certain investments that entail significant cost savings in connection with the now decided doubling to 120,000 metric tons in total capacity for Renewcell 1. Payments are made on an ongoing basis in connection with suppliers achieving milestones in their respective contracts. At the end of December, the reported value of ongoing new investments in the balance sheet amounted to SEK 420,773 thousand (31,531), up approximately SEK 389 million compared with the previous year.

Cash flow from financing activities amounted to SEK 261,522 thousand (765,165). The change was largely due to the company

carrying out a new share issue during the same period last year. The year's cash flow from financing activities mainly pertained to disbursements of loans that finance the Renewcell 1 facility in Ortvisken, less the associated transaction costs.

Staff

During the year, the focus has been on hiring staff for the new production facility in Ortvisken, Sundsvall. The average number of employees during the year was 47 (19). Renewcell has a work environment policy aimed at ensuring a good work environment for all employees. The company also has a gender equality and discrimination policy.



Environment

Large parts of Renewcell's operations are required to report or obtain a permit in accordance with the Environmental Code. Parts referred to are mass production, emissions to air and water, and storage of chemicals. Renewcell works actively to reduce any negative environmental impact and to be a sustainable company. For more information, see the company's sustainability report on pages 10–12.

Operations and future prospects

The company's strategic business plan includes an expansion of production facilities under its own auspices. The operational objectives of the plan are to achieve a production capacity of 250,000 metric tons in 2026 and 360,000 in 2030. The financial goals in the plan are to achieve an EBITDA of approximately 30% in 2026 and over 30% in 2030. The goal is also to achieve an equity/assets ratio of 50% and over 50% in 2026 and 2030 respectively. Due to increased customer interest, Renewcell is currently reviewing the opportunity to increase the above operational goals. The company's financial goals may also be changed as a consequence of a change in the operational goals.

The capital increase in 2020 was intended to enable the construction of a full-scale plant for recycling textiles with an annual capacity of 60,000 metric tons. The design of this facility was completed at the end of 2019. The work of preparing and building the production facility has been ongoing throughout the year but intensified in July, when the company gained physical access to the production premises in Ortvisken, Sundsvall. The work is progressing according to plan and the company estimates that the cost of achieving a total production

capacity of 120,000 metric tons will increase slightly compared with previous estimates, and amount to approximately SEK 1.2 to 1.3 billion. The increases are, as previously mentioned, largely due to increased costs for alloy supplements and components.

Risks and uncertainties

The company is exposed to various risks, both operational and financial. Renewcell works purposefully to minimize the potential effects of the risks through preventive work or when this is not possible with currency hedges and insurance.

The war in Ukraine that broke out at the end of February 2022 created uncertainties in global economy, risks such as e.g. price increases for inputs and energy, disruptions in supply chains and interest increase. Renewcell has no operations in the immediately affected countries but could be affected by e.g. a general economic downturn. The direct effect on business is currently impossible to determine. For more information, see the risk chapter on pages 27-33.

Sustainability report

During the autumn, Renewcell worked on strategy regarding the company's sustainability work. As part of this, the company has now prepared a sustainability report for 2021 as part of the annual report. The report covers pages 10–12, while the business model is shown on page 6 and the risks on pages 27–33

Dividend

The Board of Directors proposes that no dividend be distributed for the financial year 2021.

Proposed appropriation of the company's profit or loss

The Board of Directors proposes that available funds: are appropriated as follows:

SEK thousand	
Loss brought forward	-146 588
Share premium reserve	953 466
Profit/loss for the year	-133 430
	673 449

The Board of Directors and the Chief Executive Officer propose that retained earnings are appropriated so that:

SEK thousand	
is carried forward	673,449
	673,449

Five-year overview

Thousand SEK	2021	2020	2019	2018*	2017*
Operation's net sales	2,778	1,453	750	-	-
Operating profit before depreciation and amortization (EBITDA)	-120,658	-61,329	-30,073	-17,849	-18,661
Profit after tax	-133,430	-68,722	-37,657	-18,418	-23,211
Cash flow from operating activities	-117,695	-54,897	-31,109	-18,980	-21,576
Cash flow from investing activities	-312,174	-30,195	-973	-10,961	-35,086
Balance sheet total	1,115,133	827,287	104,456	88,934	79,904
Equity	674,235	800,369	89,570	73,993	63,611
Net cash / Net debt**	-254,867	-711,996	-30,673	-9,623	-10,765
Equity ratio, %	60.5	96.7	86.2	83.2	79.6
Average number of employees	47	19	8	6	6

* Not recalculated in accordance with RFR2

** A negative amount is reported in the event that cash and cash equivalents exceed the interest-bearing liabilities.

Corporate governance report

Introduction

Renewcell AB (the "Company") is a Swedish public limited company that has been listed on First North Premier in Stockholm since 26 November 2020. Renewcell's governance takes place via the Annual General Meeting, the Board and the CEO and the Company's management in Renewcell in accordance with the Swedish Companies Act, First North Premier's regulations for issuers, Swedish Code of Corporate Governance, Articles of Association, Renewcell's Code of Conduct (and the Board's and CEO's rules of procedure. The Swedish Code for Corporate Governance ("the Code") as of November 26, 2020 and hereby submits this corporate governance report.

Application of the Swedish Corporate Governance Code

In 2021, Renewcell has followed the code without any deviation.

Articles of association

The current Articles of Association were adopted at the Extraordinary General Meeting on November 13, 2020. It states, among other things, that the seat of the Board shall be in Stockholm, that the members of the Board are elected annually by the Annual General Meeting until the next Annual General Meeting, and that the Board consists of at least three members and a maximum of seven. members with a maximum of seven deputies. The complete Articles of Association are available on Renewcell's website, www.Renewcell.com.

Annual General Meeting

The Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the shareholders make decisions on key issues. Among other things, the AGM approves income statements and balance sheets, disposition of the Company's

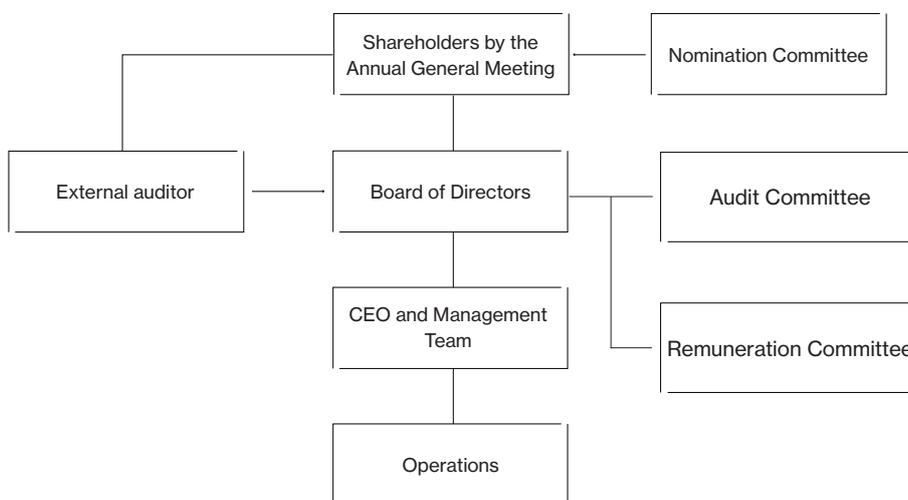
results, discharge from liability for the board members and the CEO, election of the board and auditors and remuneration to the board and auditors. The company's total number of shares consists of 30,799,426 ordinary shares where each share holds one vote. For information on the Company's largest shareholders, see page 61.

Notice of the Annual General Meeting of Renewcell shall, in accordance with the Swedish Companies Act, be issued no earlier than six weeks and no later than four weeks before the meeting. Notice of another general meeting shall be issued no earlier than six and no later than three weeks before the general meeting. Notice of a general meeting shall be given by advertising in Post- och Inrikes tidningar and on Renewcell's website. That a summons has been issued shall be announced in Dagens Industri.

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

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

Corporate governance structure



Annual General Meeting 2021

The most recent Annual General Meeting was held on May 19, 2021 in Stockholm. To prevent the spread of covid-19, the attendance was reduced to only 3 people and shareholders were represented only by proxy and postal voting. The number of shares / votes represented amounted to 9,447,766, which refers to a presence of 30.7% of all shares. The Chairman of the Board, the Company's CFO and Sandra Bonéus were present at the meeting as the Company's legal representative.

The Annual General Meeting resolved as follows:

- Establishment of balance sheet and income statement;
- The disposition of the company's earnings would be balanced in a new account;
- Discharge of liability for board members and the CEO;
- Determination of the number of board members elected by the AGM to 5;
- Re-election of Om Bhatia and Mia Hemmingson and new election of Anna Attemark, Helene Willberg and Henrik Ager as board members. Mia Hemmingson was re-elected Chairman of the Board in accordance with the Nomination Committee's proposal;
- Determination of board fees to the Chairman of the Board of SEK 220,000 and SEK 120,000 to each of the other members elected by the Annual General Meeting. Fees for committee work are paid in the amount of SEK 125,000 to the chairman of the audit committee and SEK 60,000 to each of the other members of the audit committee, as well as SEK 20,000 to the chairman of the remuneration committee and SEK 15,000 to each of the other members of the remuneration committee. Fees are not paid for those members who are not independent of the company's major shareholders;
- Fees to the auditor shall be paid in amounts according to the approved invoice;
- The Annual General Meeting resolved to re-elect the registered auditing company Mazars AB as the company's auditor for the period until the end of the next Annual General Meeting.
- The Annual General Meeting resolved in accordance with the Board's proposal for a resolution authorizing the Board to decide on the issue of shares, warrants and / or convertibles.

Extraordinary General Meeting

Renewcell held an Extraordinary General Meeting on September 3, 2021, where it was decided to approve the Board's proposal to establish a warrant-based incentive program for key personnel, and to enter into a loan agreement with the European Investment Bank (EIB). In order to counteract the spread of covid-19, the Extraordinary General Meeting was conducted only by postal voting procedure and thus without the physical presence of shareholders, agents or outsiders in line with the law (2020: 198) on temporary exemptions to facilitate the conduct of general meetings.

Annual General Meeting 2022

The next Annual General Meeting of the shareholders of Renewcell will be held on May 17, 2022 in Stockholm. More information about the

Annual General Meeting can be found on Renewcell's website.

Nomination Committee

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

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

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

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

The Nomination Committee for the 2022 Annual General Meeting consists of Per Olofsson (appointed by Girincubator AB), Nanna Andersen (appointed by H&M Fashion AB), Suzanne Sandler (appointed by Handelsbanken Fonder) and Mia Hemmingson (Chairman of the Board).

The board and its work

The Board's work is conducted in the manner prescribed by the Swedish Companies Act, the Swedish Code of Corporate Governance and other rules and regulations applicable to Renewcell. The Board's overall task is to manage Renewcell's affairs and organization, as well as prepare its strategy and issue overall guidelines. The Board has in 2021 consisted of five members. For a more detailed account of the Board members, including information on background and other significant assignments, see pages 22-23.

The Swedish Code of Corporate Governance contains rules regarding the independence of the Board members and sets requirements that the majority of the Board members must be independent in relation to the Company, the company management and the Company's largest shareholders. All current members are independent in relation to the Company and the Company's management, three of the members of Renewcell are also independent in relation to the Company's major shareholders, see also p. 22-23. Information on remuneration to the Board members can be found in the annual report, Note 7.

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

The Board is called to at least four ordinary meetings in addition to the statutory meeting. The meetings are coordinated as far as possible at the times for financial reporting and the Annual General Meeting. In 2021, the Board held a total of 20 minuted Board meetings. See table below for the members' attendance.

In addition to the Board meetings, the Chairman of the Board and the President have an ongoing dialogue regarding the management of the Company. The CEO, Patrik Lundström, is responsible for the

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

Board committees

Audit Committee

Renewcell's Audit Committee was formed after the 2021 Annual General Meeting and consists of two members: Helene Willberg (Chairman) and Mia Hemmingsson. The role of the Audit Committee is mainly preparatory and advisory and is regulated by a special instruction as part of the Board's rules of procedure. The committee shall, without affecting the Board's responsibilities and tasks in general, monitor the company's financial reporting and the effectiveness of the company's internal control and risk management. Furthermore, the committee shall stay informed about the audit of the annual report and, if applicable, the consolidated accounts, review and monitor the auditor's impartiality and independence, paying special attention to whether the auditor provides the company with services other than audit services, and assist in preparing proposals for the AGM's election.

Since the Audit Committee's start in May 2021, the committee has had five meetings during the year.

Remuneration Committee

Renewcell's Remuneration Committee was formed after the Annual General Meeting in 2021. The Board's Remuneration Committee consists of members Mia Hemmingson (Chairman) and Henrik Ager. The majority of the committee members shall be independent in relation to the company and the company management. Of the members of the Remuneration Committee, all members are independent in relation to the company and the company management. The work of the Remuneration Committee is regulated by special rules of procedure adopted by the Board. The main tasks of the Remuneration Committee are:

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

evaluates all programs for variable remuneration to company management. The Board also monitors and evaluates the application of the guidelines for remuneration to senior executives decided on by the 2020 Annual General Meeting, as well as current remuneration structures and remuneration levels in the Company

Table regarding members' attendance

Member	Board meetings	Audit committee	Remuneration committee
Mia Hemmingson*	20/20	5/5	2/2
Mikael Lindström	7/7	-	-
Henrik Norlin	7/7	-	-
Erik Karlsson	7/7	-	-
Henrik Ager**	13/13	-	2/2
Helene Willberg**	13/13	5/5	-
Om Bhatia*	19/20	-	-
Anna Attemark**	13/13	-	-

* Elected at the 2020 Annual General Meeting

** Elected at the 2021 Annual General Meeting

Evaluation of the board's work

The Board conducts an annual evaluation of the Board's work. The evaluation gives members the opportunity to give their views on working methods, board material, their own and other members' efforts and the scope of the assignment. The evaluation is carried out annually internally. The board members may answer a number of questions in writing. The Chairman of the Board compiles, analyzes and makes proposals for possible measures. Where desired, the proposals are discussed within the board. The Chairman of the Board has notified the Nomination Committee of the Board's internal evaluation.

Management team

The company's management team consists of nine people, including the CEO. See pages 24-26 for further information about each person in the management team. The management team meets regularly to manage the Company's financial development, establishment of Renewcell 1 in Ortviken and other strategic issues.

Remuneration during the 2021 financial year

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

Auditors

The auditor of Renewcell is appointed annually by the Annual General Meeting. The auditor's task is to examine the Company's annual report and any consolidated accounts, the Board of Directors' and the President's administration on behalf of the shareholders. During the year, the auditor also reviews the interim report as of the end of September. The review work and the auditor's report are presented at the Annual General Meeting. At the 2021 Annual General Meeting, Mazars AB was re-elected as Renewcell's auditor until the 2022 Annual General Meeting. From the Company's formation in 2012 until the 2020 Annual General Meeting, Michael Olsson was the company's auditor. As of the 2020 Annual General Meeting, Mazars AB has been the Company's auditor with Michael Olsson as the principal auditor.

The Board's description of internal control regarding the financial reporting for the financial year 2021

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

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

Governance environment

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

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

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

Risk assessment

The work with risk assessment pertains to financial reporting aims to identify and evaluate the risks that may result in the Group's goals for

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

The results from the risk analysis 2021 of risks of errors in the financial reporting have been reported to and discussed with the Audit Committee.

For a more detailed description of risks and other risk management, see pages 27-33, Risks and risk management.

Governance activities

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

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

In 2022, Renewcell will further strengthen its work with internal control over financial reporting by detailing and documenting controls in the financial processes in step with the Company's expansion.

Information and communication

To ensure that the external information is correct, complete and in a timely manner, Renewcell has, among other things, adopted an information and communication policy by the Board. Information, both external and internal, is governed by the Company's information and communication policy. A special section deals with responsibilities, routines and rules. The policy is continuously evaluated to ensure that information to the stock market is of high quality and is in accordance with the rules at First North Premier. Financial information such as quarterly reports, annual reports and significant events are published through press releases and on Renewcell's website. As far as possible, management reporting is directly linked to financial reporting. Renewcell has a predefined reporting package, which

also includes financial reporting. The report package is distributed monthly to the executive management and to the board at each board meeting. The most important governing documents regarding financial reporting are updated regularly and are communicated to relevant persons through regular meetings.

Review

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

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

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

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

The Board and the Audit Committee annually examine the issue of establishing an internal audit function, and based on this year's reporting of internal control, make the assessment for the time being that a special internal audit function is not necessary.

Internal audit

The Board has assessed that there are no special circumstances in the business or other circumstances that justify a so-called special review function (internal audit). The company's work with internal control is judged to be sufficient.

Board of directors

Re: NewCell AB's board of directors consists of five people. The company is headquartered in Stockholm. The elected Board members with information about their ownership interests in the Company at the time of submission of this annual report are:



Mia Hemmingson

Chairman *since 2020*

Born: 1977

Education: in Business and Economics from Lund University.

Other current assignments: Board member in Röhnisch Sportswear AB, Röhnisch SE Holding AB, Estrid Sweden AB and MiaHem AB. Independent advisor at Estrid Sweden AB.

Previous assignments (selection): CEO of Rodebjer Form AB and CAO of Lexington Company AB.

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

Independent of the Company and executive management: Yes

Independent of the major shareholders: Yes



Om Bhatia

Board member *sedan 2020*

Born: 1956

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

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

Previous assignments (selection): CFO of Catalyst Paper Inc. and Senior Managing Director of Macquarie Bank.

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

Independent of the Company and executive management: Yes

Independent of the major shareholders: Yes



Helene Willberg

Board member *since 2021*

Born: 1967

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

Other current assignments: Board member and chairman of the audit committee of Thule Group AB, Enzymatica AB, APAC AB, Nordic Paper Holding AB, Profoto Holding AB and Infrea AB

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

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

Independent of the Company and executive management: Yes

Independent of the major shareholders: Yes



Henrik Ager

Board member since 2021

Born: 1969

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

Other current assignments: President Sandvik Mining and Rock Technology. Senior Advisor at Girindus Investments AB.

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

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

Independent of the Company and executive management: Yes

Independent of the major shareholders: No



Anna Attemark

Board member since 2021.

Born: 1968

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

Other current assignments: Head of Portfolio Brands (which includes the brands COS, ARKET, & Other Stories, Weekday and Monki) at H&M Group.

Previous assignments: CEO of Odd Molly International AB, Member of the Board of XXL ASA, Member of the Board of AB Karl Hedin Bygghandel, Multiple leading roles at H&M.

Shareholding in the Company: 0

Independent of the Company and executive management: Yes

Independent of the major shareholders: No

Senior executives



Patrik Lundström

CEO since 2019

(Board member 2018-2020 and Chairman of the board 2018-2019)

Born: 1967

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

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

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

Shareholding in the Company: Patrik Lundström holds, personally and through company, 49,029 shares and 22,236 warrants that entitle to the subscription of 1,445,340 shares as well as 49,895 warrants from the latest incentive program that entitle to the subscription of 49,895 shares in the Company.



Dr. Kristina Elg Christoffersson

Chief Technology Officer since 2021

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

Other current assignments: None

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

Shareholding in the Company: Kristina Elg Christoffersson holds 11,700 warrants that entitle to the subscription of 11,700 shares in the Company.



Hugo Petit

Chief Financial Officer since 2021

Born: 1970

Education: MBA from Uppsala University, Master's Degree in Organizational Leadership and Social Science from Koninklijke Militaire Academie, the Netherlands.

Other current assignments: Board member at Theduction AB, Board member at Petit Consulting AB.

Previous assignments (last five years): CFO at Fyndiq AB, CFO at OxThera Group, CFO at MedCap AB.

Shareholding in the Company: Hugo Petit holds 4,025 shares and 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



Christer Johansson

Project Director since 2020

Education: M.Sc. in Mechanical Engineering from Chalmers University of Technology.

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

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

Shareholding in the Company: Christer Johansson holds, through company, 184,534 shares and 49,895 warrants that entitle to the subscription of 49,895 shares in the Company.



Martin Stenfors

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

Born: 1973

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

Other current assignments: None

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

Shareholding in the Company: Martin Stenfors holds 65,000 shares and 500 employee stock options that entitle to the subscription of 32,500 shares as well as 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



Jenny Fredricsdotter

Circular Business Manager since 2017

Born: 1974

Education: Textile economics from University of Borås.

Other current assignments: None

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

Shareholding in the Company: Jenny Fredricsdotter holds 2,275 shares and 300 employee stock options that entitle to subscription of 19,500 shares as well as and 20,000 warrants that entitle to the subscription of 20,000 shares in the Company.



Harald Cavalli-Björkman

Head of Communications since 2017, Chief Growth Officer since 2021

Born: 1987

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

Other current assignments: Board member in Take No Heroes AB, Deputy board member in Cavalli-Björkman & Partners AB.

Previous assignments (last five years): Project Manager at Prime Weber Shandwick.

Shareholding in the Company: Harald Cavalli-Björkman holds 12,094 ordinary shares privately and through company and 300 employee stock options that entitle to subscription of 19,500 shares as well as 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



Henrik Dahlbom

Plant Manager Renewcell 1, Ortviken since 2021

Born: 1973

Education: M.Sc. in Mechanical Engineering, paper technology at KTH Royal Institute of Technology.

Other current assignments: None

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

Shareholding in the Company: Henrik Dahlbom holds 750 shares and 41,025 warrants that entitle to the subscription of 41,025 shares in the Company.



Viktoria Flygare

Chief Human Resources Officer since 2020

Born: 1971

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

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

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

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

Risks and risk management

Industry and market risks

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

Financial risks

Risk	Description	Risk management
Interest rate risk	Interest rate risk is the risk that fair value or future cash flows from a financial instrument will vary due to market interest rates. The effective interest rate that the Company has calculated on existing loans linked to the production facility in Ortviken includes an assessed royalty fee. The royalty fee is calculated on the company's annual gross income from direct or indirect sales of textile pulp up to a ceiling of 120 ktonnes per financial year.	The company has fixed interest rates on all its loans, which makes this risk almost non-existent. The estimated royalty fee can affect net financial items, but Renewcell does not see this as a significant risk as there is a ceiling on how much royalty will be paid.
Currency risk - transaction exposure	The risk of changes in exchange rates for export earnings and import costs may have a negative impact on the company's accounts. Currency risk arises from payment flows in foreign currency, so-called transaction exposure and from translation of balance sheet items in foreign currency. Currencies in which the company has foreign transactions are mainly EUR but also a small part in USD.	In the company's build-up phase, it has chosen to hedge the budgeted spending in EUR by exchanging existing cash in SEK for EUR. For future sales and direct purchases, a hedging strategy will be developed in 2022.
Liquidity and refinancing risk	The loan financing that the company has is based on set covenants being met. If Renewcell should not achieve current covenants, the loans may be withdrawn prematurely, which may lead to the Company not being able to meet its payment obligations due to insufficient liquidity or having difficulty raising new loans.	Renewcell has good relations with the lenders and keeps them continuously informed about ongoing projects and monitors all agreements systematically, so-called covenants.

Operational risks

Risk	Description	Risk management
Establishment of production facility	<p>Renewcell's plant in Kristinehamn is a demonstration scale production plant. The company is establishing a new production facility Renewcell 1 in Ortviken with an initial planned annual production capacity of approximately 60,000 tonnes of dissolving pulp. Full capacity for the plant is 120,000 tons. The production volume is planned to gradually increase starting in the summer of 2022 and reach full production volume in the beginning of 2024. Establishing a new production facility is a time consuming and capital intensive process which, in addition to access to the necessary financing, will require the granting of any relevant municipal zoning changes, of building permits and that technical solutions work according to plan. There is a risk that the establishment of the new production facility will be more protracted and costly than expected, which in turn could lead to the Company's ongoing commercialization of Circulose® being delayed or completely stopped.</p>	<p>The establishment of the Renewcell 1 production facility in Ortviken is going according to plan. The company has received the necessary permits and the banks' requirements for covenants for financing have been met for disbursement of the loans.</p>
Suppliers	<p>The company is highly dependent on suppliers and other partners, for example for the delivery of raw materials to Renewcell's pulp production. Renewcell may therefore be adversely affected by suppliers and partners suffering from financial, legal or operational problems, raising prices, not being able to deliver by agreement or delivering products of inferior quality than expected. Such factors may affect the Company's ability to purchase raw materials on time at a reasonable price and to deliver its product to its customers, which may lead to general dissatisfaction with customers, that the Company is forced to compensate customers for missed or incorrect deliveries, damaged customer relationships and lower sales for the Company.</p>	<p>The company carries out a thorough inspection of the suppliers who supply Renewcell with raw material. The raw material undergoes a quality check before purchase. Renewcell has ensured in the agreement that all suppliers comply with a special code of conduct. Renewcell works systematically to monitor compliance with the Code of Conduct with the support of a reputable third-party auditor. Prices and delivery terms are set in multi-year contracts.</p>
Environmental permit	<p>The company's operations are regulated by and must meet the requirements of most laws and regulations, including the Environmental Code (1998: 808). If Renewcell's interpretation of applicable regulations proves incorrect, or if the Company violates applicable regulations due to changes in the regulations or business-related deficiencies, there is a risk that Renewcell will be fined and other administrative sanctions.</p>	<p>Renewcell has close contact with the authorities that make the decisions, and ensures compliance with the requirements placed on the company. The company has invested in establishing up procedures, competencies and organization that correspond to the requirements set in the environmental permit.</p>

Costs of inputs and services	<p>The market price varies over time for many inputs and services that are used and will be used in Renewcell's production. Raw materials and their transport as well as electricity are the major components of the Company's total costs.</p>	<p>Renewcell exposes procurement of raw materials to competition and spreads the risks of not being dependent on individual suppliers. The company's large production facility has been established in an area with very good access to relatively cheap fossil-free electricity. Through close cooperation with SCA, the company achieves synergies in purchasing for inputs and chemicals. In addition, the proximity to SCA Logistics' port in Tunadal and the access to their global network of transport services means a great efficiency advantage compared with alternative locations. Overall, and in a global perspective, the company has very little exposure to any price increases that other dissolving pulp producers do not share. Increased costs will therefore probably not worsen the company's competitive position.</p> <p>The company has established and continues to establish long-term relations to multiple partners to provide stability in the price picture and secure the supply of input goods.</p>
Loss of production at production facilities	<p>The Company's operations depend on reliable and efficient production to ensure that Renewcell's products are delivered on time and correspond to the expected quality of the Company's customers. There is a risk that the Company's operations will be affected by interruptions and disruptions in production, for example as a result of machine breakdowns, delayed, incorrect or contaminated deliveries of input materials, technical errors, labor law measures, accidents, suppliers that violate Renewcell's supplier code of conduct or other disruptions.</p>	<p>Renewcell has permanently employed laboratory staff in connection with manufacturing who perform regular sampling for quality assurance of the finished product before sale. The company also works with strict processes to follow the working methods required in the production environment.</p>
IT systems and cyber threats	<p>The IT attacks on companies are increasing and it is important for the Company to have secured its IT environment in order to be able to withstand any cyber attacks that may cause financial losses. IT systems and interruptions or errors in production-related systems can lead to disruptions in production and in important business processes. Improper handling of financial systems can also affect Renewcell's accounts.</p>	<p>The company has introduced a head of IT and its processes. Everyone in the company has undergone training in IT security and systems for continuous monitoring and risk management have been implemented.</p>

Key people

The Company's organization and operations are limited and dependent on a few key persons, which makes the Company dependent on its respective and collective efforts for the continued development of Renewcell's operations, especially since several of the Company's employees are considered to possess valuable know-how about the Company's operations that are not protected through patents or other registrations. Should one or more of these persons choose to leave the Company, it could delay or cause interruptions in Renewcell's operations. Renewcell's ability to employ and retain such key personnel depends on a number of factors, including competition in the labor market. Furthermore, since the Company's existing organization is limited, an important factor for the Company to be able to successfully expand its operations and commercialize its product is also that Renewcell succeeds in attracting and recruiting additional key people in the future. Thus, there is an overall risk that a loss of or inability to recruit key personnel will lead to the loss of important knowledge, the set goals not being met or the implementation of Renewcell's business strategy and commercialization and expansion phase being significantly adversely affected. Furthermore, there is a risk that Renewcell's key personnel will start working for or found companies whose operations compete with Renewcell, or recruit other employees to also start working at competing companies.

The company has introduced incentive programs for key personnel that currently comprise 100% of the company's management team. The company has also worked a lot with the culture in the workplace to make it attractive. The company has a demonstrated ability to attract competent staff from nearby competitors and retain them.

The company protects its intellectual property through loyalty commitments and confidentiality provisions in all employment contracts. All key patents that have been approved and that are under application are owned by the company directly.

Health and safety

The company's operations involve a workplace with a risk of accidents. In addition to the fact that there is a risk to people's lives and health, there is also a risk of disruption in production that may result in increased costs or an impossibility to continue operating their business.

Renewcell works actively to reduce the number of accidents and increase the employees' health presence. Staff training and routine reporting and follow-up for incidents and accidents.

Legal risks

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

Disputes

The company's operations are associated with a risk of disputes and other legal claims with external parties, for example as a result of dissatisfaction among customers with Renewcell's products. The company may be adversely affected by ongoing and future disputes and other legal proceedings regarding, for example, negligence, contract disputes, government investigations, audits or other legal claims that may entail both potential liability and defense costs. There is a risk that Renewcell may in the future be involved in such disputes, for example concerning alleged intellectual property infringements, environmental disputes related to the Company's production facilities, cooperation agreements, customer and supplier disputes and other commercial disputes.

Renewcell constantly works with quality assurance of its processes to counteract risks of disputes and legal claims. The company has ongoing support from legal expertise to minimize legal risks in all areas of the business.

Income statement

SEK thousand	Note	2021	2020
Operating income			
Net sales		2,778	1,453
Other operating income		3,294	1,639
Total operating income	6	6,072	3,092
Operating expenses			
Raw materials and consumables		-15,850	-7,610
Other external expenses	10,11	-52,765	-36,719
Personnel costs	7	-54,793	-20,092
Other operating expenses		-3,321	-
Total operating costs		-126,729	-64,421
Operating profit before depreciation and amortization		-120,658	-61,329
Depreciation and amortization	14,15	-7,658	-6,957
Operating profit (EBIT)		-128,315	-68,286
Other interest income and similar income		427	-
Interest expenses and similar expenses		-5,541	-436
Total financial items	12	-5,114	-436
Result after financial items		-133 430	-68 722
The result and total comprehensive income for the period*	13	-133,430	-68,722
* As there are no other total results, the result for the period corresponds to the year's total result.			
Earnings per share before dilution		-4.3	-3.3
Earnings per share after dilution		-4.3	-3.3
The number of shares		30,799,426	30,799,426
Average number of shares before dilution		30,799,426	20,572,480
Average number of shares after dilution		32,335,766	20,700,489

Balance sheet — Assets

SEK thousand	Note	2021	2020
ASSETS			
Fixed assets			
Intangible assets			
Other intangible assets	14	4,359	-
Total intangible assets		4,359	-
Tangible fixed assets			
Machinery and other technical facilities		49,675	54,862
Equipment, tools and installations		3,145	1,218
Construction in progress		420,773	31,531
Total tangible fixed assets	15	473,593	87,611
Total fixed assets		477,952	87,611
Current assets			
Inventory	16	7,088	886
Accounts receivable		1,611	386
Other current receivables		28,858	5,142
Prepayments and accrued income	17	48,256	13,975
Total current assets		85,813	20,389
Cash and bank balances	18	551,368	719,288
Total current assets		637,181	739,677
TOTAL ASSETS		1,115,133	827,287

Balance sheet – Equity and liabilities

SEK thousand	Note	2021	2020
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	8, 19	786	786
Total restricted equity		786	786
Unrestricted equity			
Share premium reserve		953,466	953,466
Profit and loss brought forward		-146,588	-85,161
Results for the year		-133,430	-68,722
Total unrestricted equity		673,448	799,583
Total equity		674,235	800,369
Long-term liabilities			
Liabilities to credit institutions	20	291,672	4,792
Total long-term liabilities		291,762	4,792
Current liabilities			
Liabilities to credit institutions	20	4,740	2,500
Accounts payable		125,648	12,395
Tax liability		737	298
Other current liabilities		2,044	841
Accrued expenses and prepaid income	21	15,967	6,092
Total short-term liabilities		149,136	22,126
TOTAL EQUITY AND LIABILITIES		1,115,133	827,287

Change in equity

SEK thousand	Share capital	Share premium reserve	Profit or loss brought forward	Comprehensive income for the year	Total equity
Equity 2020-01-01	322	174,317	-47,412	-37,657	89,570
Transfer of last year's results	-	-	-37,657	37,657	-
Repurchase of shares	-48	-25,680	-	-	-25,728
Bonus issue	194	-	-194	-	-
Rights issue	318	851,908	-	-	852,277
Issue costs	-	-47,080	-	-	-47,080
Employee options	-	-	102	-	102
Total comprehensive income for the year	-	-	-	-68,722	-68,722
Equity 2020-12-31	786	953,466	-85,161	-68,722	800,369
SEK thousand	Share capital	Share premium reserve	Profit or loss brought forward	Comprehensive income for the year	Total equity
Equity 2021-01-01	786	953,466	-85,161	-68,722	800,369
Transfer of last year's results	-	-	-68,722	68,722	-
Warrants	-	-	7,194	-	7,194
Employee options	-	-	102	-	102
Total comprehensive income for the year	-	-	-	-133,430	-133,430
Equity 2021-12-31	786	953,466	-146,587	-133,430	674,235

Cash flow statement

SEK thousand	Note	2021	2020
Operating activities			
Operating profit before financial items		-128,315	-68,286
Interest paid *		-298	-436
Adjustments for items not included in cash flow:			
Depreciation and write-downs		7,658	6,957
Employee options		102	102
Cash flow from operating activities before changes in working capital		-120,854	-61,663
Change in working capital			
Change in inventory		-6,202	-186
Change in accounts receivable		-1,225	-359
Change in other receivables		-28,358	-3,557
Change in accounts payable		27,429	8,295
Change in other current operating liabilities		11,516	5,480
Cash flow from operating activities		-117,695	-51,990
Investment activities			
Investments in intangible fixed assets		-3,451	-
Investments in tangible fixed assets		-308,723	-33,103
Cash flow from investing activities		-312,174	-33,103
Financing activities			
New issue of shares		-	852,227
Issue costs		-	-47,080
Issue of warrants		7,194	-
Repurchase of shares		-	-25,728
New loans	24	319,976	-
Transaction costs for financing		-63,148	-13,004
Amortization of interest-bearing liabilities	24	-2,500	-1,250
Cash flow from financing activities		261,522	765,165
The year's cash flow		-168,347	680,073
Exchange rate differences on cash and cash equivalents		427	-
Cash and cash equivalents at the beginning of the year		719,288	39,215
Cash and cash equivalents at the end of the year		551,368	719,288

*The company applies the effective interest method, which means that the interest expense reported in the income statement

Notes

Note 1 – General information

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

This English in-house translation of the Annual Report has been prepared by the company as a courtesy to its non-Swedish stakeholders. In the case of any discrepancy between the English translation and the Swedish original, the Swedish original takes precedence.

This annual report has been approved for publication by the Board of Directors on April 25, 2022. The annual report may be amended by the company's owner after the Board has approved it.

Note 2 – Accounting principles

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

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

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

No new standards and interpretations that may affect the Group's financial reports will enter into force for financial years beginning after 1 January 2022.

No other IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant impact on the Group. The annual report has been prepared in accordance with the acquisition value method.

Foreign currency translation

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

Segment reporting

Renewcell AB's CEO, as the highest executive decision-maker, monitors and analyzes the results and financial position of the company as a whole. The CEO does not follow up the result at a disaggregated level lower than the Company's. Thus, the CEO also decides on the distribution of resources and makes strategic decisions based on the Company as a whole. Based on the above analysis based on IFRS 8, it is stated that the Company consists of only one reporting segment

Revenue from agreements with customers

Revenue consists of compensation for delivered dissolving pulp, and is reported when a performance commitment is considered fulfilled at a certain time or over time. Virtually all income in the Company refers to goods where the performance commitment is considered to be fulfilled at a certain time.

Revenue is reported on the basis of the transaction price determined in accordance with IFRS 15, after taking into account variable remuneration, any discounts and returns. Standard guarantees do not fall within the framework of IFRS 15 but are reported in accordance with IAS 37. Gathered experience is used to assess and reserve for discounts and returns. The assessment of the quantity discounts is based on expected annual purchases. No financing component is deemed to exist as the sale takes place with a credit period of 30-60 days, which is in line with market practice.

Other income - Reporting of public grants

Government grants are reported at fair value. Grants received to cover costs are reported in the item Other operating income in the same period as the eligible costs arise. Grants received for investment in depreciable assets are reported as a reduction of the acquisition value.

Raw materials and consumables

The company does not report separately the item change in inventories, but it is included under the heading raw materials and necessities as it has not been relevant.

Interest expenses and similar items

Interest expenses and similar items are reported in the period in which they arise and are reported in the item interest expenses and similar items and mainly consist of interest expenses on loans.

Remuneration to employees

Liabilities for salaries and benefits, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled. The cost is reported as the services are performed by the employees. The liability is reported as a liability regarding remuneration to employees in the balance sheet. The company has no obligations regarding remuneration after termination of employment.

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

Pension obligations

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

Share-based payment to employees

The company applies IFRS 2 for share-based payment programs and reports share-based payments that are settled with equity instruments in accordance with IFRS 2.

Warrants

Warrant programs are issued at assessed market values and are thus not of such a nature that they entail any requirement for disclosure of theoretical cost for the Company in accordance with IFRS 2 accounting. The option programs' impact on the accounts takes place only for cash payment for the option right, and upon conversion to share capital.

Employee options

The employee stock option program is considered to be so-called "qualified employee stock options". The options have been offered free of charge and the value of this benefit is reported as a personnel cost in the income statement as the options are earned.

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

Compensation in the event of termination

Termination benefits are paid when an employee's employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary resignation in exchange for such benefits. The company reports compensation in the event of termination when a decision has been made on termination.

Taxes

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

Current tax

Current tax is calculated on the taxable profit for the period and adjustment of current tax for previous periods. Taxable profit differs from the reported profit in the income statement as it has been adjusted for non-taxable income and non-deductible expenses and for income and

expenses that are taxable or deductible in other periods. The company's current tax liability is calculated according to the tax rates that have been decided or announced as of the balance sheet date.

Deferred tax

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

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

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

Current and deferred tax for the period

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

Financial instruments

Financial instruments reported in the balance sheet include on the asset side cash and bank and accounts receivable as well as on the liability side in mainly long-term and short-term liabilities to credit institutions and accounts payable.

Accounting and removal from the balance sheet

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

Financial assets and liabilities - Classification and valuation

The company has chosen to apply the exemption in RFR 2 regarding IFRS 9 regarding financial instruments and reports these according to the acquisition value method. This means that all financial instruments are reported at accrued acquisition value through the effective interest method.

The effective interest method is the method used to calculate the accrued acquisition value of a financial asset or financial liability for the distribution and recognition of interest income and interest expenses in the result during the relevant period. The effective interest rate is the interest rate that exactly discounts the estimated future inflows and outflows during the expected maturity of the expected maturity of the financial asset or financial liability at the reported accrued acquisition value of the financial asset or liability. When calculating the effective interest rate, all expected cash flows are estimated by considering all contract terms.

The effective interest rate on the loans taken out to finance the factory in Ortviken includes interest and other fees as well as an estimated royalty fee on the EIB loan. The royalty fee is paid during the term of the loan and will be calculated based on the company's annual gross income from direct or indirect sales of textile pulp up to a ceiling of 120 ktonnes for each financial year.

The royalty fee is paid only if the Company's sales are positive and if certain additional provisions related to the Company's production results are met.

The repayment rate on the loans is lower for the first 2 years and then increases during the remaining term. The loans also run with requirements to meet certain covenants linked to equity and EBITDA. All covenants have been met by 2021.

Intangible assets

Acquired intangible fixed assets

Acquired such assets are reported at acquisition value. Depreciation, based on the net acquisition value, is reported in the income statement, on a straight-line basis over the estimated useful life of each intangible fixed asset. The estimated useful life is:

- IT system for finance and production 5 years

Research and Development

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

Tangible fixed assets

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

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

- Machines and other technical facilities 5-10 years
- Equipment, tools and installations 5-10 years
- Computers 3 years

When there is an indication at the balance sheet date that a tangible fixed asset has decreased in value, this is tested for possible impairment.

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

Depreciation of tangible fixed assets and intangible assets

Assets that have an indefinite useful life and intangible assets where depreciation has not yet begun, are tested at least annually with regard to any need for impairment and when there is an indication of impairment. Assets that are depreciated are assessed with respect to impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

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

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

Previously reported write-downs are reversed if the recoverable amount is judged to exceed the carrying amount. However, reversals do not take place with an amount that is greater than the reported value amounts to what it would have been if the write-down had not been reported in previous periods.

Leasing

The company has currently chosen the exemption not to apply IFRS 16, which means that the rental costs are reported directly in the income statement.

Inventory

Raw materials, work in progress and finished goods

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

Accounts receivable

Accounts receivable are initially valued at acquisition value and are then tested in accordance with the rules in IFRS 9 regarding a simplified method for impairment testing of accounts receivable. The simplification means that the Company when reporting trade receivables and reports expected credit losses for the remaining term. This is where the expected shortcomings in contractual cash flows exist in view of the risk of non-payment at some point during the life of the financial instrument. In the calculation, the Company uses its historical experience, external indications and forward-looking information to calculate the expected credit losses. The company assesses write-downs of accounts receivable where the receivables are grouped based on the number of days due because they have common credit characteristics.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash, bank balances and other short-term investments. Other short-term investments are classified as cash and cash equivalents when they mature within three months from the date of acquisition, can easily be converted into cash at a known amount and are exposed to an insignificant risk of value fluctuations.

Equity

The company's equity consists of the following items:

- Share capital represented by the value of ordinary and preference shares.
- Share premium fund that includes premiums received on a new issue of share capital. Any transaction costs associated with the new issue of shares are deducted from the share premium, taking into account any income tax effects.
- Balanced profit or loss, i.e. all retained earnings / losses for current and previous periods.

Earnings per share

When calculating earnings per share after dilution, the average number of shares used in calculating earnings per share before dilution shall be increased by the weighted average number of shares added if all potential shares that give rise to dilution effect are assumed to have been converted into shares. Options and warrants only give rise to a dilution effect when the average price of shares during the period exceeds the exercise price of the options or warrants. Potential shares also give rise to dilution only in the event that a conversion of them into shares entails a lower profit or a higher loss per share. As the Company reports a loss for the presented financial years, there is thus no dilution effect.

Accounts payable

Accounts payable is reported in the balance sheet when it is probable that an outflow of resources that includes economic benefits will arise if the monetary value of the accounts payable can be measured reliably. The amounts are unsecured and are usually paid within 30 days. The fair value of accounts payable is considered to correspond to their carrying amount, as they are short-term in nature.

Provisions

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

Contingent liabilities

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

Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in deposits or withdrawals. The company classifies outstanding bank funds as cash and cash equivalents.

Note 3 – Assessments and estimates

When preparing financial reports, it is required that some important estimates are made for accounting purposes, and that management make certain assessments when applying the Company's accounting principles. Estimates and assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

The company makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The area that for Renewcell's part includes a mound degree of assessment and where assumptions and estimates are of significant importance for the accounts, the Company's ability to obtain financing for the Company's existence and continued expansion. The company manages this risk by preparing in good time new issues and ensure good financing. Assumptions regarding the fixed assets' useful lives, residual value and any need for impairment is subject to annual assessments

Note 4 - Financial risk management

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

Currency risk

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

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

	2021	2020
Debt in EUR	86	179
Debt in USD	30	334
Debt in CNY	-	75
Receivables in EUR	1	-
Receivables in USD	18	374

Had the exchange rates for EUR and USD differed by 1% from the closing prices on 31 December 2021, the result would have been affected by SEK 13 (2) thousand.

Interest rate risk

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

Total borrowing with variable interest as of 31 December 2021 amounted to SEK 4,792 (7,292) thousand. If the interest rates on borrowing in Swedish kronor as of December 31, 2021 had been 1% higher with all other variables constant, the profit after tax for the financial year would have been SEK 0.1 (0.1) thousand lower, mainly as an effect of higher interest costs for borrowing with variable interest rate.

Credit risk

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

Liquidity risk

The company currently has very limited sales, which means that the Company's current operations are to a very large extent dependent 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 loan agreements with Nordea, Svenska Export Kredit AB and the European Investment Bank (EIB) corresponding to up to SEK 700 million.

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

It is the Company's assessment that the above - mentioned financing secures the company's current operations during the financial year 2022.

Renewcell AB meets all loan terms during the 2021 and 2020 reporting periods.

Asset management

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

Note 5 – Financial assets and financial liabilities

Financial instruments by category

SEK thousand	Reported value		Fair value	
	2021	2021	2020	2020
ASSETS				
Accounts receivable	1,611	1,611	386	386
Other receivables	5	5	13	13
Cash and bank balances	551,368	551,368	719,288	719,288
Total	552,984	552,984	719,686	719,686
LIABILITIES				
Accounts payable	125,648	125,648	12,395	12,395
Liabilities to credit institutions	296,502	330,010	7,292	7,292
Other debts	2,044	2,044	841	841
Accrued liabilities	8,298	8,298	2,995	2,995
Total	432,492	466,000	23,522	23,522

The fair value of borrowing (liabilities to credit institutions) is provided for information purposes and is calculated by discounting future cash flows of principal amounts and interest discounted at the current market interest rate. Valuation at fair value has been made in accordance with level 3. Fair value amounts to SEK 330,010 thousand.

Note 6 – Revenue

Other operating income

SEK thousand	2021	2020
Public grants received	-	902
Sales of scrap	2,060	-
Excise tax refund	795	390
Exchange rate gains	401	111
Other	38	237
Total	3,294	1,639

Other information

The turnover essentially refers to a customer in the Asian market.

Note 7 – Remuneration to employees etc

Remuneration to the Board and CEO, senior executives

SEK thousand	2021			2020		
	Board and CEO	Senior executives	Other employees	Board and CEO	Senior executives	Other employees
Salaries and other remuneration	3,741	13,619	20,460	1,903	6,927	4,987
Social fees	1,372	4,496	6,508	644	2,428	1,243
Pension costs	398	880	1,455	360	1,026	247
The value of the allotted employee stock option program (Note 8)	-	102	-	-	102	-
Other staff costs	22	202	537	19	38	67
Total	5,533	19,300	28,961	2,926	10,521	6,543

Principles for remuneration

Remuneration is paid to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting.

The guidelines for remuneration and other terms of employment for company management mainly mean that the Company must offer its senior executives market-based remuneration. Remuneration to the CEO and other senior executives consists of a fixed remuneration per month. The notice period from Renewcell AB shall be a maximum of six months for the CEO and a maximum of six months for other senior executives. Some other benefits e.g. in the form of severance pay, is not paid. The notice period on the part of the CEO shall be a minimum of six months and for other senior executives it shall be a minimum of three months.

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

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

Salaries and fees to the Board and CEO

Remuneration totaling SEK 3,911 (1,903) thousand was expended for the CEO and Board of Directors in 2021. The remuneration has primarily been for basic salary or board fees. The variable remuneration to the CEO refers to a subsidy of option premiums through a cash bonus in accordance with a decision at the Extraordinary General Meeting in September

2021	Base salary / Board fee	Variable remuneration	Pension cost	Share-based remuneration	Other remuneration
CEO	2,371	927	398	-	22
Mia Hemmingson	200	-	-	-	-
Om Bhatia	80	-	-	-	-
Helene Willberg	163	-	-	-	-
Anna Attemark	-	-	-	-	-
Henrik Ager	-	-	-	-	-
Total	2,814	927	398	-	22

2020	Base salary / Board fee	Variable remuneration	Pension cost	Share-based remuneration	Other remuneration
CEO	1,678	-	360	-	19
Mia Hemmingson	150	-	-	-	-
Om Bhatia	75	-	-	-	-
Mikael Lindström	-	-	-	-	-
Henrik Norlin	-	-	-	-	-
Erik Karlsson	-	-	-	-	-
Total	1,903	-	360	-	19

Number of employees

	2021			2020		
	Male	Female	Sum	Male	Female	Sum
Full time employees	54	25	79	11	10	21
of which is CEO	1	-	1	1	-	1
of which is other management	5	3	8	3	4	7

Note 8 – Share-based remuneration

Below is a summary of the Company's option program as of December 31, 2021. Upon full exercise of all warrants and employee stock options, the number of shares would increase by 6% in relation to outstanding shares as of December 31, 2021, based on the ownership of the issuance of this annual report.

Subscription and employee stock option program as of December 31, 2021

Program	Type	Time of allocation	Subscription period	Price	Number of options	Strike price	Number of ordinary shares	Purchase price	Total strike price
2018/2022	Share warrant	2019-06-18	2021-12-20-2022-12-31	0,37	11,772	32,68	765,180	283,706.20	25,003,728
2019/2023	Share warrant	2019-11-19	2022-09-03-2023-09-03	0,20	10,464	48,43	680,160	134,989.60	32,940,672
2021/2024	Share warrant	2021-11-22	2024-11-08-2024-12-08	17,08	416,531	287,53	416,531	7,114,349.48	119,765,158
2018/2021	Share warrant	2018-12-19	2021-12-31-2025-12-31	-	1,400	13,54	91,000	-	1,232,000
Total					440,167		1,952,871		178,941,558

Warrant program

Programs 2018/2022 and 2019/2023

The Board has, with the support of a power of attorney, decided on private placements with the right to subscribe for new ordinary shares in Renewcell AB. The issues were carried out with deviation from the shareholders' preferential rights and comprise a total of a maximum of 1,445,340 new shares in the Company. The issue prices are shown in the table, and have been calculated using the Black & Scholes model at the current time.

The calculation of the subscription price has been performed by an independent valuation expert.

Warrant program

Program 2021/2024

On November 22, Renewcell's senior executives and key personnel in the Company acquired a total of 416,531 call options in Renewcell. The acquisitions are related to the incentive program decided by the Extraordinary General Meeting on September 3, 2021. The warrants have a term of approximately 3 years and each entitles to subscribe for one Renewcell share for a subscription price which, in accordance with the terms decided by the AGM, is set at 287.53 SEK per share. The price per acquired option amounted to SEK 17.08. The price per option has been determined using Black-Scholes' valuation method and is based on a volume-weighted average price of SEK 216 and a subscription price of SEK 287.53 per share when exercising the warrant, as well as assuming a volatility of 25 percent and a risk-free interest rate of -0.3 percent. As stated above, the price of the warrants is market-based. As part of the incentive program, participants have received a bonus to cover parts of the option premium. The cost of this is estimated to amount to a maximum of SEK 11 million excluding social security contributions. The cost is based on 554,391 warrants being acquired by the employees who can receive the bonus as above, at an assumed price per warrant of SEK 17.08. The warrants will also not have any accounting consequences other than the just mentioned bonus.

Employee stock option program

Program 2018/2021

In November 2018, the Board decided, with the support of a power of attorney, to offer employees the opportunity to acquire a total of 1,700 employee stock options in accordance with the regulations for unpaid employee stock options. Six employees participated in the issue. The options entail, after the share split 1:65 in November 2020, a right to subscribe for a total of 91,000 ordinary shares in the Company. The issue prices are shown in the table. The options can only be settled with newly issued shares. A condition for the right to subscribe for shares is that the employee remains in his employment for three years from the time of subscription.

All 1,700 employee stock options were subscribed for in December 2018 without remuneration. In 2020, 300 of 1,700 options were canceled. The number of remaining options as of December 31, 2021 amounted to 1,400. Based on the Black-Scholes valuation model, the fair value of the options has been estimated at SEK 180 per option at the time of allotment. Expected volatility based on data from the relevant comparison group was 30% and the risk-free interest rate 0%.

According to the option agreements, the options cannot be subject to early redemption.

The total value of the options has thus been estimated to amount to SEK 306 thousand, which is to be considered to be the value of the services that the subscribers of the options provide to the company in return.

For each of the years 2019-2021, the Company has reported a personnel cost of SEK 102 thousand per year.

Note 9 – Fees to auditors

SEK thousand	2021	2020
Auditing assignments	493	164
Auditing services in addition to the auditing assignments	67	950
Total	560	1 114

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

Note 10 – Leasing

Leasing costs for assets, leased premises, which are held via leasing are reported among other external costs. Leasing costs committed are described below.

SEK thousand	2021	2020
Leasing expensed during the financial year	6,029	2,735
Nominal value of future leasing fees, regarding non-cancellable leasing agreements: <i>Due for payment within one year</i>		
Rental of premises	13,164	4,564
Leasing of fixed assets	1,020	671
Due for payment later than one but within five years	79,100	69,100
Due for payment after five years	90,000	110,000

Note 11 – Other external costs

SEK thousand	2021	2020
IT costs	2,158	301
Consulting services	18,269	15,397
Consulting costs stock exchange listing	-	4,620
Lawyer costs	5,440	2,512
Hired staff	5,435	2,225
Audit	560,	149
Rents and other premises costs	5,875	2,612
Others	15,029	8,903
Total	52,765	36,719

Note 12 – Financial items

SEK thousand	2021	2020
Interest income	427	22
Interest costs		
Interest costs or liabilities to credit institutions	-5,519	-455
Others	-22	-4
Total	-5,541	-459
Net interest income	-5,114	-436

Note 13 – Income tax

SEK thousand	2021	2020
Reported profit before tax	-133,430	-68,722
Tax according to the current tax rate	27,487	14,707
Tax effect of non-deductible expenses	-157	-20
Tax effect of costs booked against equity	-	10,075
Not reported deferred tax asset	-27,329	-24,761
Reported tax expense	-	-
SEK thousand	2021	2020
Accumulated loss carryforwards at the end of the year	340,922	208,257
Nominal value of deferred tax assets	70,230	44,567
Changed tax rate	-	-1,666
Nominal value of unreported deferred tax assets	70,230	42,901

The loss carryforwards run without any due dates.

Note 14 – Intangible fixed assets

SEK thousand	2021-12-31	2020-12-31
Cost, opening balance	141	141
Purchase	4,452	-
Disposals	-141	-
Carrying amount at the end of the year	4,452	141
Depreciation, opening balance	-141	-141
Disposals	141	-
This year's depreciations	-93	-
Accumulated cost, closing balance	-93	-141
Recognized amount, Balance sheet	4,359	-

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

Note 15 – Tangible fixed assets

Machinery and other technical facilities

SEK thousand	2021-12-31	2020-12-31
Cost, opening balance	68,476	67,951
Purchase	1,824	525
Adjustment	443	-
Carrying amount at the end of the year	70,743	68,476
Depreciation, opening balance	-13,614	-6,823
Adjustment	-443	-
This year's depreciations	-7,011	-6,791
Accumulated cost, closing balance	-21,068	-13,614
Recognized amount, Balance sheet	49 675	54 862

Equipment, tools and installations

SEK thousand	2021-12-31	2020-12-31
Cost, opening balance	1,491	445
Purchase	2,481	1,046
Carrying amount at the end of the year	3,973	1,491
Depreciation, opening balance	-274	-108
This year's depreciations	-554	-166
Accumulated cost, closing balance	-828	-274
Recognized amount, Balance sheet	3,145	1,218

Construction in progress and advances regarding tangible fixed assets

SEK thousand	2021-12-31	2020-12-31
Cost, opening balance	31,531	-
Purchases	395,466	31,531
Reclassifications	-6,225	-
Recognized amount, Balance sheet	420,773	31,531

Construction in progress and advances regarding tangible fixed assets refer to the company's establishment in Ortviken, Renewcell 1.

Note 16 – Inventory

SEK thousand	2021-12-31	2020-12-31
Carrying amount	7,088	886

The inventory had the following composition:

SEK thousand	2021-12-31	2020-12-31
Finished goods	980	268
Raw material	4,085	618
Goods in transit	2,023	-
Total	7,088	886

Note 17 – Prepayments and accrued income

SEK thousand	2021	2020
Prepaid rental costs	2,817	148
Prepaid insurance costs	1,627	689
Prepaid financing costs	42,616	13,138
Prepaid other costs	1,195	-
Total	48,256	13,975

Note 18 – Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include the following:

SEK thousand	2021-12-31	2020-12-31
Bank balances	551,368	719,288
Total	551,368	719,288

Parts of the above cash and cash equivalents are pledged as collateral. See more information under note 23 for pledged collateral.

Note 19 – Transactions with related parties

Transactions with related parties

SEK thousand	Description	2021	2020
CEO (until and including september 2019)			
Trudvang & Partners AB (Mattias Jonsson)	Consultancy services	-	149
Board members			
Hassi Consulting Oy (Heikki Hassi)	Consultancy services	-	60

Note 20 – Contractual maturities for financial liabilities

The table below shows undiscounted and contractual payments regarding financial liabilities

2021-12-31

Financial liabilities	<3 months	3-12 months	1-2 years	3-5 years	>5 years	Nominal amount
Liabilities to credit institutions	3,124	9,372	26,514	149,947	238,407	427,365
Accounts payable	125,648	-	-	-	-	125,648
Total financial liabilities	128,772	9,372	26,514	149,947	238,407	553,013

2020-12-31

Financial liabilities	<3 months	3-12 months	1-2 years	3-5 years	>5 years	Nominal amount
Liabilities to credit institutions	709	2,126	2,693	2,345	-	7,873
Accounts payable	12,395	-	-	-	-	12,395
Total financial liabilities	13,104	2,126	2,693	2,345	-	20,268

Of the reported value of long-term liabilities, SEK 291,672 thousand, SEK 176,291 thousand are due later than 5 years after the balance sheet date.

Note 21 – Accrued expenses and prepaid income

SEK thousand	2021	2020
Accrued holiday pay	2,275	1,390
Accrued social costs	1,621	739
Accrued other personnel-related costs	3,773	969
Accrued repayment of EU grants*	3,321	-
Other accrued expenses	4,977	2,995
Total	15,967	6,092

*During the fourth quarter, Renewcell repaid part of a grant for investments in Renewcell's Kristinehamn Demonstration Plant. The grant was received in 2018 and 2019 from the EU's LIFE program. Due to a faster-than-expected breakthrough in market acceptance and the decision to invest in scaling up production capacity at Renewcell 1, the original project was terminated prematurely on Renewcell's initiative. Unused funds have now been returned to the LIFE program in accordance with the original grant agreement. The repayment is reported as an other operating expense.

Note 22 – Contingent liabilities

SEK thousand	2021	2020
Conditional repayment obligation for received state aid. Royalty in the form of 3% of the income shall be paid to the Swedish Energy Agency starting in 2021, and is maximized at 120% of the financing received, which corresponds to a maximum of the following undiscounted amounts	5,914	5,914
Total	5,914	5,914

Note 23 – Pledged collateral

SEK thousand	2021	2020
Corporate mortgages	10,000	10,000
Pledged cash	544,023	-
Fixed assets linked to the construction of Renewcell 1, Ortviken and a plant in Kristinehamn	437,975	-
Total	991,998	10,000

As collateral 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 pledge collateral in certain movable property related to the Company's production facilities. SEK 423 million of pledged cash and cash equivalents are blocked as reserves for the completion of the establishment of the first 60k metric tonnes in Renewcell 1, Ortviken and for payment of interest and amortization. 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 tonnes.

Note 24 – Cash flow statement

Financing activities, changes in liabilities	2021	2020
Opening value as of 1 January	7,292	8,542
Newly raised loans	319,976	-
Repayment of loans	-2,500	-1,250
Other non-cash flow changes	-28,266	-
Total	296,502	7,292

Note 25 – Significant events after the end of the 2021 financial year

As a result of increased customer interest, the Company has decided to initiate an expansion of the production capacity in Renewcell 1 (Ortviken) from 60,000 to 120,000 metric tons earlier than planned. The company is also launching a review of the possibility of raising its operational targets. BNP Paribas and Carnegie have been retained by the company to explore the financing for raising the operational goals.

Note 26 – Appropriation of the company's profit or loss

The following amounts are at the general meetings disposal:

SEK thousand

Retained earnings	-146,588
Share premium reserve	953,466
Profit for the year	-133,430
	673,449

The board and the Chief Executive Officer propose that the company's profit or loss is appropriated as follows:

SEK thousand

To be carried forward to new account	673,449
	673,449

Definitions of key figures

Solidity

Defined as Equity in relation to Total assets.

Earnings per share before dilution

Profit for the period divided by the weighted average of the number of outstanding shares during 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 as the company's result is negative, no dilution effect occurs.

Equity per share

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

Net cash / net debt

Cash and cash equivalents minus interest-bearing liabilities. In the event that cash and cash equivalents exceed interest-bearing liabilities, the term net cash is used, in other cases the concept of net debt.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

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

Annual report's signatures

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

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

The annual report has been approved for issuance by the Board of Directors on April 25, 2022. The company's report on the income statement and balance sheet will be subject to approval by the Annual General Meeting on May 17, 2022.

Stockholm, April 25, 2022

Mia Hemmingson
Chairman

Om Bhatia

Henrik Ager

Anna Attemark

Helene Willberg

Patrik Lundström
CEO

Our auditor's report was submitted on April 25, 2022

Mazars AB

Michael Olsson
Authorized Public Accountant

Auditor's report

This is an in-house English language translation of the Swedish original. In the case of any discrepancy between this translation and the Swedish original, the Swedish original takes precedence.

To the Annual General Meeting of Re:NewCell AB
Org. No. 556885-6206

Report on the annual report

Opinions

We have audited the annual accounts of Re:Newcell AB for the year 2021 with exception of the corporate governance report on pages 17-21. The annual accounts of the company are included on pages 13-56 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Re:Newcell AB as of 31 December 2021 and its financial performance [and cash flow] for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-12 and 60-61. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If We conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of The Board of Directors and the Managing Director of Re:Newcell AB for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, We exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that We focus the examination on such actions, areas and

relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss We examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 17-21 has been prepared in accordance with the Annual Accounts Act.

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

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

Stockholm, April 25, 2022
Mazars AB

Michael Olsson
Authorized Public Auditor

Share capital development

Time	Event	Change in the number of shares and votes	Number of shares and votes after transaction	Share capital (SEK)	
			Shares	Change	Total
2012-02-29	New formation	500	500	50,000	50,000
2016-01-26	Rights issue	388	888	38,800	88,800
2016-10-07	Rights issue	960	1,848	96,000	184,800
2016-11-26	Rights issue	190	2,038	19,000	203,800
2017-10-23	New issue1)	230	2,268	23,000	226,800
2017-10-26	Split	224,532	226,800	–	226,800
2017-12-18	Rights issue	8,648	235,448	8,648	235,448
2018-09-03	Rights issue	34,090	269,538	34,090	269,538
2019-09-03	Rights issue	48,123	317,661	48,123	317,661
2019-12-13	Rights issue	4,591	322,252	4,591	322,252
2020-01-16	Reduction	-48,000	274,252	-48,000	274,252
2020-01-16	Bonus issue			48,000	322,252
2020-05-18	Rights issue	26,960	301,212	31,679	353,931
2020-07-02	Rights issue	182	301,394	214	354,144
2020-08-03	Bonus issue			145,856	500,000
2020-08-03	Split	19,289,216	19,590,610		500,000
2020-11-03	Exercising warrants	682,500	20,273,110	17,419	517,419
2020-11-26	Rights issue	10,526,316	30,799,426	268,657	786,076

The Share

Shareholders at December 31, 2021

The Company's shareholders at December 31, 2021, before dilution.

Owner	Number of shares and votes	Share of capital and votes
Girincubator AB	3,933,290	12.77
H&M AB	3,544,440	11.51
Capital Group	2,462,272	7.99
Handelsbanken Fonder	2,210,685	7.18
AMF Pension & Fonder	1,349,169	4.38
Swedbank Robur Fonder	1,239,277	4.02
Cliens Fonder	800,000	2.6
Fidelity International (FIL)	749,686	2.43
Swedoccean AB	722,215	2.34
ALMI	688,878	2.24
Goldman Sachs Asset Management	504,182	1.64
Öhman Fonder	473,584	1.54
Gripen Industri & Invest AB	467,870	1.52
BlackRock	448,895	1.46
Mikael Lindström	400,000	1.30
Norron Fonder	380,971	1.24
Tomas Gahn	356,000	1.16
Gunnar Haglund	348,140	1.13
Livförsäkringsbolaget Skandia	338,811	1.1
Göran Näsholm	330,000	1.07
The twenty largest shareholders	21,748,365	70.61
Others	9,051,061	29.39
Sum	30,799,426	100.00