

RENEWCELL

Q2 2023

Quarterly Report Presentation

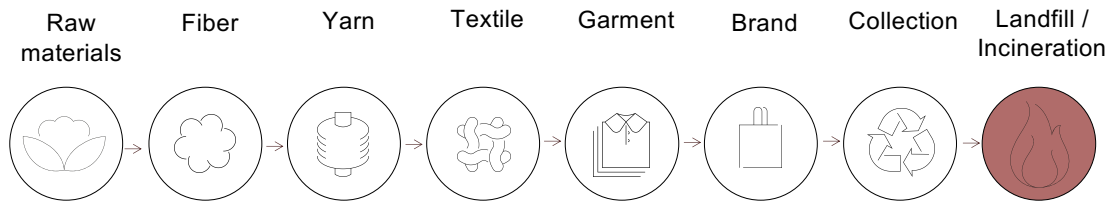
Make
fashion
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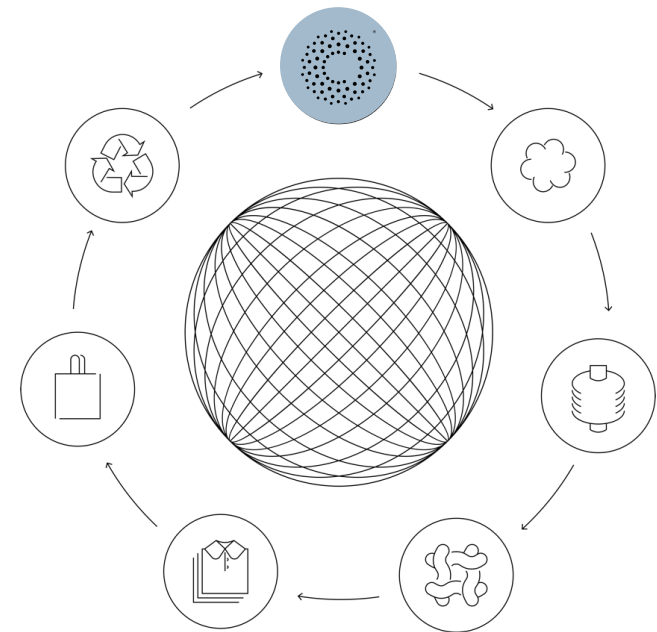


Renewcell is the only industrial scale 100% chemical textile to textile recycling

Conventional value chain in the fashion industry



Renewcell make the value chain circular



Q2 2023 Highlights

- Renewcell 1 ramping up
 - Ramping up to 60,000 tonnes in 2023 in first step (120,000 in 2024 in second step)
 - Production volume increasing month by month towards full capacity
 - Prime quality >90% indicates good control in the process
- Customer feedback
 - Sanyou increasing volumes, increasing share of Circulose 30% → 50% → 100%
 - Increasing interest from viscose, lyocell and filament producers
- Directed share issue on 29 June, gross proceeds 240 MSEK
 - Securing completion of the ramp up to 60,000 tonnes
 - Will initiate second step to 120,000 tonnes once first step is secure
- Capex for 60,000 tonnes largely completed
 - Capex for 60,000 tonnes approximately SEK 1.33 billion
 - Total capex for Renewcell 1 (120,000 tonnes) approximately SEK 1.48 billion
- Capital markets day held on 11th May



Q2 2023 Financial Highlights

(compared to first quarter, IFRS)

Financial Summary

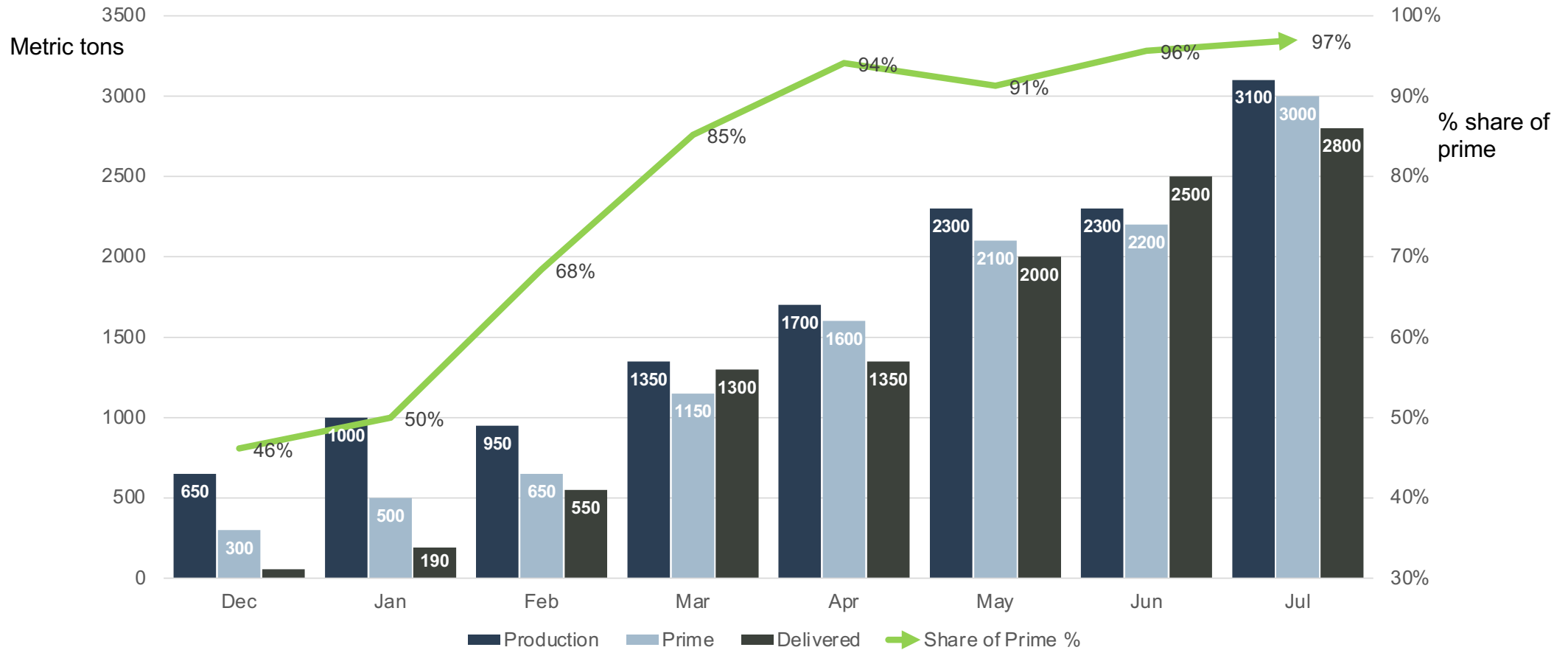
- Net sales increased from SEK 30m to SEK 85m
- EBITDA improved from SEK -80m to SEK -59m
- Cash flow from investing activities SEK -14m (SEK -56m in Q1)
- Earnings per share, after dilution, SEK -2.8 (-3.3 in Q1)

Production ramp up

- Successively increasing volumes towards 5,000 tonnes per month (equivalent to 60,000 tonnes per year)
- Prime production has ramped up to 3,000 tonnes in July (60%)
- Second stage ramp up to 120,000 tonnes annual capacity in 2024 (step still to be initiated)



Status ramp up



Toby Lawton

CFO

Change in accounting principles

- IFRS accounting principles from 1 Jan 2023 (for the consolidated group)
 - In line with most other listed companies, allows benchmarking
- Main differences:
 - Leasing (factory building in Sundsvall)
 - Capitalized interest during construction period
- Parent company continues to report according to RFR2
 - Parent company still contains all the business
 - Comparable figures for 2022 only for parent company (RFR2)

Financial overview

| SEKm, IFRS | Q2 | Q1 |
|-------------------------------------|------|-------|
| | 2023 | 2023 |
| Net sales | 85 | 30 |
| EBITDA | -59 | -86 |
| Net Profit | -105 | -125 |
| Cash flow from operating activities | -35 | -102 |
| Cash flow from investing activities | -14 | -56 |
| Equity (end of period) | 865 | 740 |
| Net debt (end of period) | 834 | 1,007 |
| Equity ratio (%) (end of period) | 39 | 36 |
| Average number of employees | 125 | 121 |

Income statement

| SEKm | Q1 22 <i>RFR2</i> | Q2 22 <i>RFR2</i> | Q3 22 <i>RFR2</i> | Q4 22 <i>RFR2</i> | FY 22 <i>RFR2</i> | Q1 23 <i>IFRS</i> | Q2 23 <i>IFRS</i> |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Sales | 2 | 2 | 3 | 5 | 13 | 30 | 85 |
| Other Op Income | 1 | 1 | 2 | 2 | 6 | 0 | 1 |
| Total Revenue | 3 | 4 | 5 | 7 | 19 | 30 | 86 |
| Change in inventories | - | 2 | -1 | 4 | 5 | 13 | 5 |
| Variable costs | -10 | -11 | -9 | -40 | -70 | -68 | -100 |
| Gross Profit | -7 | -5 | -5 | -29 | -46 | -25 | -8 |
| Fixed costs | -40 | -48 | -53 | -65 | -207 | -55 | -51 |
| EBITDA | -46 | -54 | -58 | -93 | -252 | -80 | -59 |

Note - Variable costs include raw materials and consumables costs, Fixed costs include other external expenses, personnel costs and other external costs. IFRS accounting principles remove leasing costs from fixed costs with a positive impact of approximately SEK 6m. No other significant changes to EBITDA arise from the change to IFRS.

Cash flow

| SEKm | Q1 22 <i>RFR2</i> | Q2 22 <i>RFR2</i> | Q3 22 <i>RFR2</i> | Q4 22 <i>RFR2</i> | FY 22 <i>RFR2</i> | Q1 23 <i>IFRS</i> | Q2 23 <i>IFRS</i> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| EBITDA | -46 | -54 | -58 | -93 | -252 | -80 | -59 |
| Cash flow from operating activities before changes in working capital | -46 | -54 | -58 | -95 | -254 | -92 | -67 |
| Changes in working capital | -55 | -23 | -39 | -27 | -144 | -10 | 32 |
| Cash flow from investing activities | -183 | -335 | -199 | -162 | -880 | -56 | -14 |
| Total cash flow from operating activities and investing activities | -285 | -412 | -296 | -285 | -1278 | -158 | -49 |

Financing

| SEKm |
|----------------------------------|
| Cash held in reserved accounts |
| Cash and bank |
| Subtotal |
| Short Term Financial Receivables |
| Long Term Financial Liabilities |
| Short Term Financial Liabilities |
| Total Financial Liabilities |
| Leasing debt |
| Net Debt |

| 30 Jun 2023 | 31 Mar 2023 |
|-------------|-------------|
| <i>IFRS</i> | <i>IFRS</i> |
| -126 | -126 |
| -37 | -55 |
| -163 | -181 |
| -231 | |
| 691 | 685 |
| 220 | 182 |
| 911 | 868 |
| 317 | 320 |
| 834 | 1007 |

Capex

| Capex | SEKm |
|----------------|--------------|
| 2020 | 30 |
| 2021 | 312 |
| 2022 | 880 |
| 2023 Q1 and Q2 | 70 |
| Total | 1,292 |

- The total capex for the Renewcell 1 plant in Ortviken is expected to be approx. SEK 1.48 billion (for 120,000 tonnes of capacity).
 - Of which approx. SEK 1.33 billion for 60,000 tonnes
 - Capex represents approx. USD 1200 per metric tonne of capacity
- Note – excludes leasing capex

An aerial photograph of a city and a river. A long bridge with multiple piers spans the river. In the foreground, there are residential buildings with red roofs. In the middle ground, there is a large industrial facility with several tall smokestacks emitting white smoke. The background shows a forested area and distant hills under a cloudy sky.

Q&A

We make fashion
circular here