

# RENEWCELL

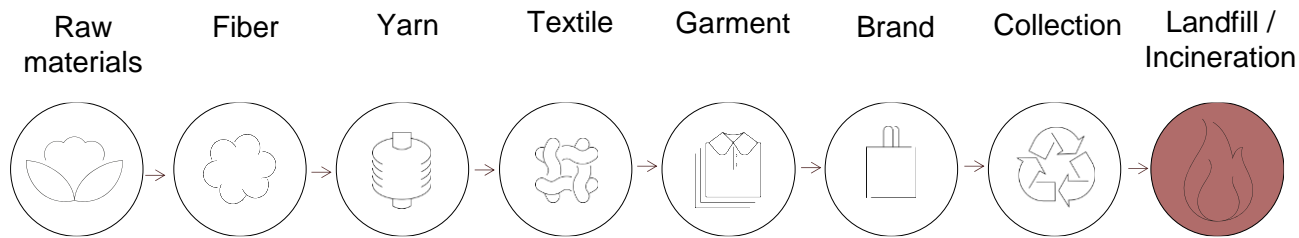
Q3 2023

Quarterly Report Presentation



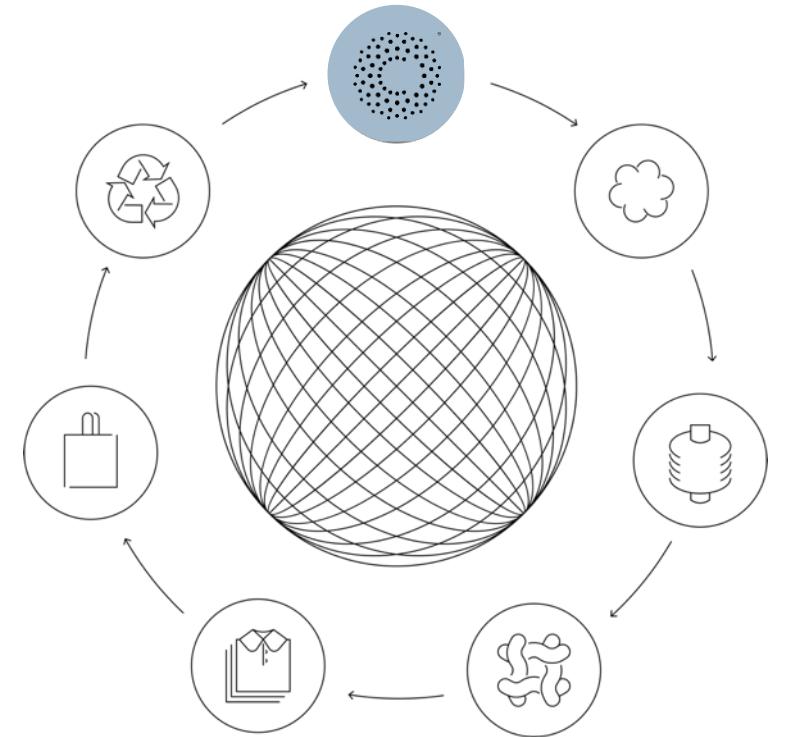
# We make fashion circular

Renewcell, founded by innovators from Stockholm's KTH Royal Institute of Technology in 2012, has developed a patented process that enables the recycling of cellulosic textile waste, such as worn-out cotton clothes and production scraps, transforming it into a pristine new material called **CIRCULOSE®**.



Conventional value chain in the fashion industry

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



Renewcell make the value chain circular

# Production facility in place

- Renewcell 1 ramping up
  - Ramping up to 60,000 tonnes in 2023 in first step
- The production capacity today sufficient for break-even levels
- Capex for 60,000 tonnes largely completed
  - Capex approximately SEK 1.33 billion





# Obvious demand

## **A new business – takes time to integrate in value chain**

- The demand for circularity and Circulose is there
- 250 successful launches of capsule collections with multiple global brands such as H&M, Inditex, Levi's and many others
- The fiber producers show strong interest
  - Two off-take agreements in place







Q3 2023



# Significant events

- The CIRCULOSE® Supplier Network was launched – now more than 100 companies joined
- Oct 12 pre-announcement of Q3 results
  - Gradually slower pace in the value chain in Sep and Oct
- Oct 16 announcement change of CEO
- Action plan initiated

# Brand commitments

## Reformation

"Textile-to-textile solutions are necessary to help drive industry transformation from a linear model to a circular one. We're excited to begin incorporating CIRCULOSE® into our products in 2024, which will help us achieve our ambitious Circular by 2030 commitment.", **Carrie Freiman Parry, Senior Director of Sustainability**

## BIRGER CHRISTENSEN COLLECTIVE

"As part of our Sustainability Agenda for 2025, we are committed to supporting and investing in material innovations that favor circularity in fashion. In 2022, we started a partnership with Renewcell to integrate CIRCULOSE®, a new viscose fiber made from recycled textiles, into our ROTATE collections to achieve our goals of lower environmental impacts."

**BIRGER CHRISTENSEN COLLECTIVE**



"**Fashion for Good** is proud to have played a part in bringing the Inditex and CIRCULOSE® collaboration to life. We will continue to provide our unwavering support to our innovators through their scaling journey, in the ups and downs, because we know only innovative technologies will get us through the finish line. When all stakeholders come together — brands, supply chain partners, innovators, and financiers — we can build a better future." **Katrin Ley, Managing Director**

## INDITEX

**Inditex** is set to integrate the innovative pulp CIRCULOSE®, made by Swedish company Renewcell from textile waste, into its collections. Under an agreement with the fibre producer Tangshan Sanyou, which carries out the industrial process of transforming the pulp into textile fibre, Inditex's suppliers will acquire the first 2,000 tonnes of raw material made from a blend of Circulose® and cellulose sourced from sustainably-managed forests.



# Q3 2023 Financial Highlights

*(compared to second quarter, IFRS)*

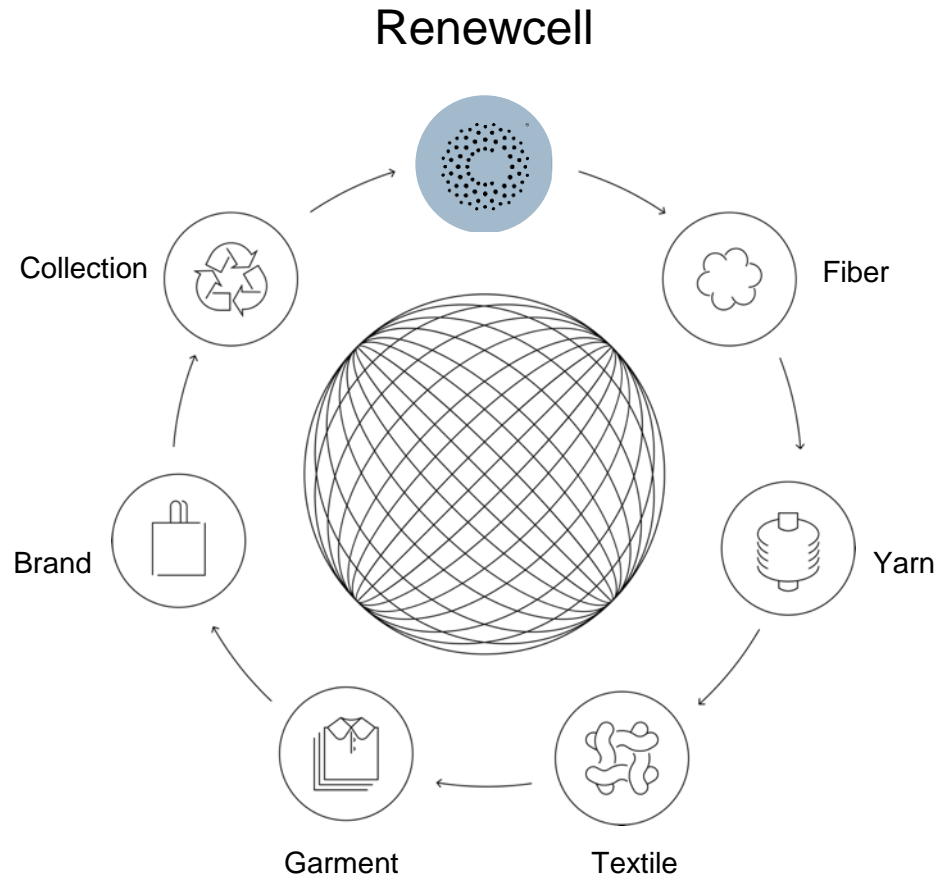
## Financial Summary

- Net sales SEK 84.4 m (84.8)
- EBITDA SEK -50.5 m (59.3)
- Cash flow from operating activities SEK -85.1 m (-34.8)
- Cash and cash on reserved accounts 228.2 (162.6)





# Circulose status in the value chain Oct 31st



## Renewcell

Produced: **16.0** k tonnes (prime)  
Delivered: 14,4 k tonnes

## Trading house

Received: 12.0 k tonnes  
Delivered: 2.1 k tonnes

## Fiber producers

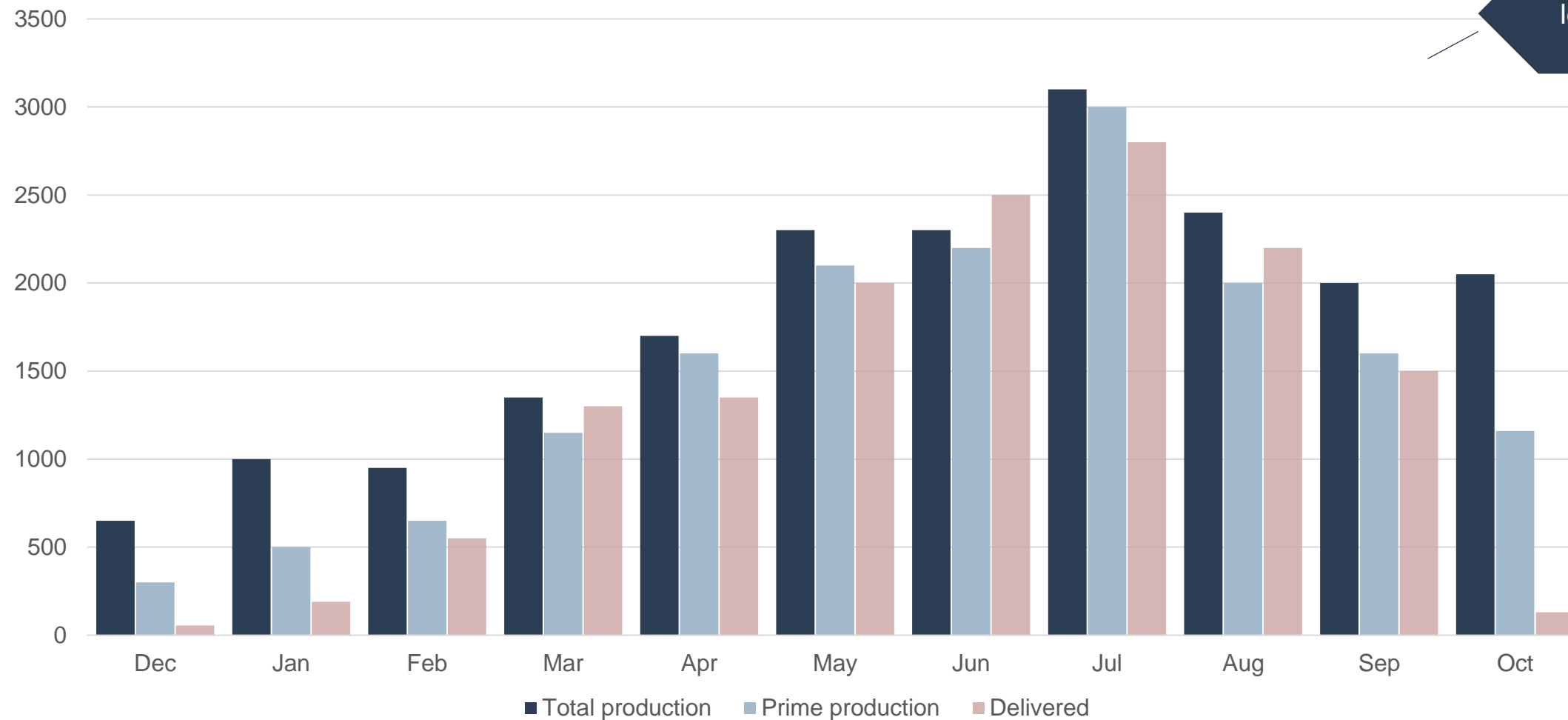
Received: 4.6 k tonnes

## Brand engagements

250 successful launches of capsule collections with multiple global brands such as H&M, Inditex, Levi's and many others

# Status Renewcell ramp-up and capacity

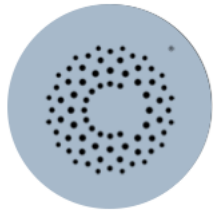
Metric tons



*\*A monthly volume of 3,500 tonnes is also estimated to be equivalent to break even on a cash flow basis*

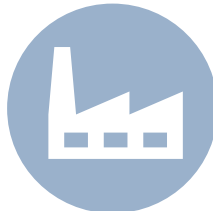


# Focused action plan



## 1. Driving sales is key

We have to stay highly active in relation to ensuring availability through fiber producers and developing demand from the brands.



## 2. Production efficiency

We will continue to increase efficiency and capacity in our production processes and secure a balanced mix of feedstock, production volumes and inventory levels. We have sufficient production capacity for break-even levels .



## 3. Financial stability

We will continue to work on our financial stability and cash flow. This means cost and liquidity control.

Toby Lawton  
CFO





# Financial overview

SEKm, IFRS	Q3	Q2	Q1
	<b>2023</b>	<b>2023</b>	<b>2023</b>
Net sales	84	85	30
EBITDA	-51	-59	-86
Net Profit	-95	-105	-125
Cash flow from operating activities	-85	-35	-102
Cash flow from investing activities	-5	-14	-56
Equity (end of period)	798	865	740
Net debt (end of period)	905	834	1,007
Equity ratio (%) (end of period)	39	39	36
Average number of employees	125	125	121

*Note: Net sales (and EBITDA, Net Profit) in Q3 includes SEK 5.6m impact for write down of accounts receivable.*

# 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>	Q3 23 <i>IFRS</i>
Net Sales	2	2	3	5	13	30	85	84
Other Op Income	1	1	2	2	6	0	1	2
Total Revenue	3	4	5	7	19	30	86	86
Change in inventories	-	2	-1	4	5	13	5	8
Variable costs	-10	-11	-9	-40	-70	-68	-100	-94
Gross Profit	-7	-5	-5	-29	-46	-25	-8	0
Fixed costs	-40	-48	-53	-65	-207	-55	-51	-51
EBITDA	-46	-54	-58	-93	-252	-80	-59	-51

*Note: Net sales (and EBITDA, Net Profit) in Q3 includes SEK 5.6m impact for write down of accounts receivable.*

*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>
EBITDA	-46	-54	-58	-93	-252
Cash flow from operating activities before changes in working capital	-46	-54	-58	-95	-254
Changes in working capital	-55	-23	-39	-27	-144
Cash flow from investing activities	-183	-335	-199	-162	-880
Total cash flow from operating activities and investing activities	-285	-412	-296	-285	-1278

Q1 23 <i>IFRS</i>	Q2 23 <i>IFRS</i>	Q3 23 <i>IFRS</i>
-80	-59	-51
-92	-67	-65
-10	32	-19
-56	-14	-5
-158	-49	-88

# 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 Sep 2023	30 Jun 2023	31 Mar 2023
<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
-126	-126	-126
-103	-37	-55
-228	-163	-181
	-231	
651	691	685
168	220	182
819	911	868
314	317	320
905	834	1007

*Note – As at 30 September 2023, 50 MSEK of the RCF was undrawn (out of the total facility of 150 MSEK).*

# Capex

Capex	SEKm
2020	30
2021	312
2022	880
2023 Q1, Q2 and Q3	74
<b>Total</b>	<b>1,296</b>

- 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





Summary and going forward

# Make the wheels turn faster

- The production facility is up and running
- Underlying demand is there
- Fiber producers show strong interest - some off-take agreements in place
- The product has been tested - 250 capsule collections have been made over the years with global brands
- We have the production capacity to deliver – now at break-even levels

***Going from intention to firm orders for commercial lines***



An aerial photograph of a city at dusk or dawn. A large bridge spans a wide river in the foreground. In the background, there is a city with various buildings, including a prominent industrial area with smokestacks. The sky is overcast with soft light.

Q&A

We make fashion  
circular here

