

# RENEWCELL



## Webcast — Q2 2021

Re:NewCell AB (publ)  
Listed on Nasdaq First North Premier Growth  
Market Short name RENEW — ISIN Code  
SE0014960431 Certified Adviser FNCA

Recognition  
Fast Company's World's Most Innovative Companies 2021  
Time Magazine 100 Best Inventions 2020  
Drapers Sustainable Fashion Awards 2020 (Shortlist)

# Today's presenters

---

Patrik Lundström  
CEO



Hugo Petit  
CFO



# Q2 2021 in brief

Full financing and necessary permits in place in line with project plan.  
Project proceeds in budget and on track to start production end Q2-22.

---

## Business update (Apr-Jun)

- On 15 April, the Västernorrland County Administrative Board decided that the environmental permit application could proceed to public consultation.
- In April, the Danish fashion house BESTSELLER launched its first garments made with Circulose® through the Vero Moda and Selected brands.
- In June, the company signed an agreement with the Spanish fashion house INDITEX, for a pilot project for closed loop textile production.
- On June 30, the loan agreement of up to SEK 311 million was signed with the EIB.
- Kristina Elg-Christofferson CTO and Hugo Petit CFO hired.
- Process and product optimization in focus at our Kristinehamn plant
- Further brand launches prepared for fall collections.

## Significant events after the interim period

- On July 2, Renewcell received an approved environmental permit for the planned operations in Ortviken in Sundsvall. The permit is valid with immediate effect.
- On August 4, the shareholders were called to an Extraordinary General Meeting to be held on September 3, 2021.

# Major milestones

Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<ul style="list-style-type: none"> <li>• 75 percent of main supplier agreements signed</li> <li>• Maintenance and upgrade of existing equipment started</li> <li>• Recruitment of 50 full-time employees completed</li> </ul>	<ul style="list-style-type: none"> <li>• 90 percent of main supplier agreements signed</li> <li>• Disassembly and removal completed</li> <li>• Formal transfer of the site to Renewcell</li> <li>• Environmental permit granted</li> <li>• Project financing completed</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of machine hall for new layout and new installations completed</li> <li>• Piling and adaptation of the basement in the machine hall completed</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of drying line completed</li> <li>• Onboarding of new full-time employees started</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of baling line completed</li> <li>• Machine installation completed</li> <li>• Commissioning of certain individual process steps</li> </ul>	<ul style="list-style-type: none"> <li>• Commissioning of all individual process steps</li> <li>• Commissioning of complete production line</li> </ul>

# Q2 2021 financials

---

## (Apr-Jun)

- Net sales for the period amounted to SEK 228 thousand (868).
- The loss after financial items amounted to SEK -23,417 thousand (-15,819).
- Cash flow from operating activities amounted to SEK -10,527 thousand (-15,772).
- Cash flow from investing activities was SEK -40,663 thousand (-333).
- The net cash position equaled SEK 588,958 thousand (23,779).

## (Jan-Jun)

- Net sales for the period amounted to SEK 829 thousand (893).
- The loss after financial items amounted to SEK -42,667 thousand (-31,775).
- Cash flow from operating activities amounted to SEK -33,532 thousand (-25,374).
- Cash flow from investing activities was SEK -87,780 thousand (-333). Total capitalisation ~220 MSEK in balance sheet

Costs in line with our expectations, good cost control  
Cash flow somewhat behind due to cut off effects  
Good cash position

# Q2 2021 financials

## Financial overview

	Apr - Jun		Jan - Jun		Jan - Dec
<b>SEK thousand</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
Operation's net sales	228	868	829	893	1,453
Profit/loss after financial items (EBT)	-23,417	-15,819	-42,667	-31,775	-68,722
Result and total comprehensive income for the period	-23,417	-15,819	-42,667	-31,775	-68,722
Cash flow from operating activities	-10,527	-15,772	-33,532	-25,374	-60,746
Cash flow from investing activities	-40,663	-333	-87,780	-333	-24,346
Total assets	911,247	94,522	911,247	94,522	827,287
Equity	757,753	76,659	757,753	76,659	800,369
Net cash / Net debt*	-588,958	-23,779	-588,958	-23,779	-711,996
Equity ratio (%)	83,2	81,1	83,2	81,1	96,7
Average number of employees	44	17	34	15	19

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



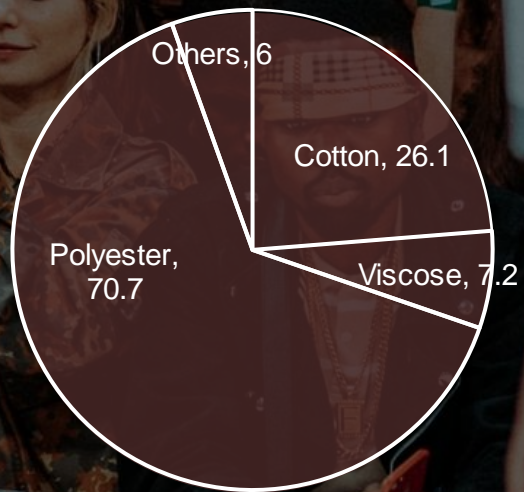
# The fashion industry has sustainability issues

- A single pair of jeans needs up to 10,000 liters of water
- Polyester clothing causes 35 percent of ocean microplastics
- Every year, more than 200 million trees are cut down to make fabrics
- Less than 1 percent of clothes are recycled back into clothing

# With billions more yearning to express themselves through style, the challenge is amplified

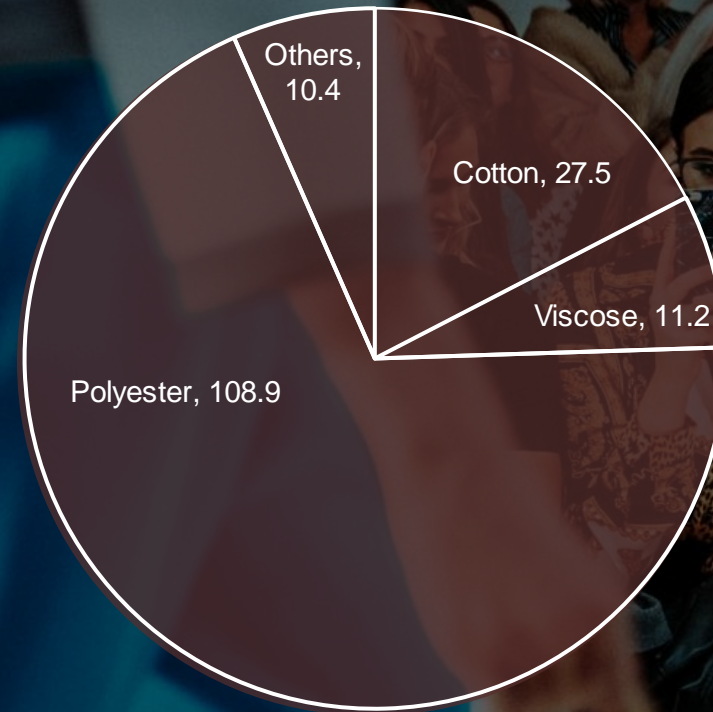
Global fiber market

~110 million tonnes



2019

~160 million tonnes



2030



# Most brands have committed to change, but how will it happen?

## H&M Group

“The fashion industry needs to move from a linear business model to a circular one”

**100%** recycled or other sustainably sourced materials **by 2030**

## INDITEX

“We conceive our sustainability project as a work in progress. A never ending task”

**100%** sustainable cotton, **100%** recycled polyester, and **100%** sustainable linen **by 2025**

## patagonia®

“We're In Business To Save Our Home Planet”

**100%** renewable or recycled materials **by 2025**



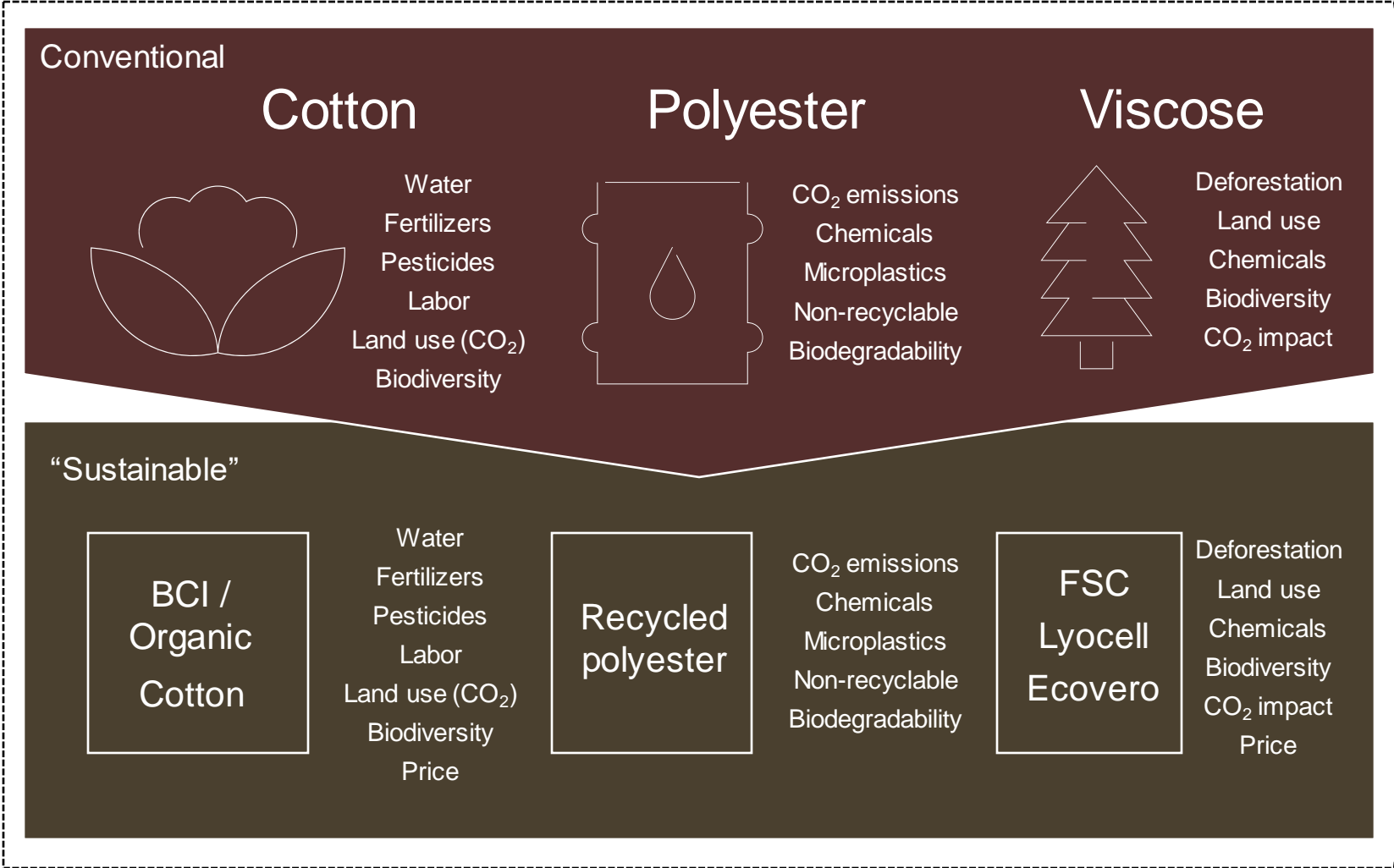
“Our ambition is to be a sustainable company”

**30%** reduction of CO<sub>2</sub> emissions in value chain **by 2030** and climate neutrality **by 2050**

# All available “sustainable” options have major drawbacks

Brands have committed to a transition in raw materials...

...but counting on existing options creates risk

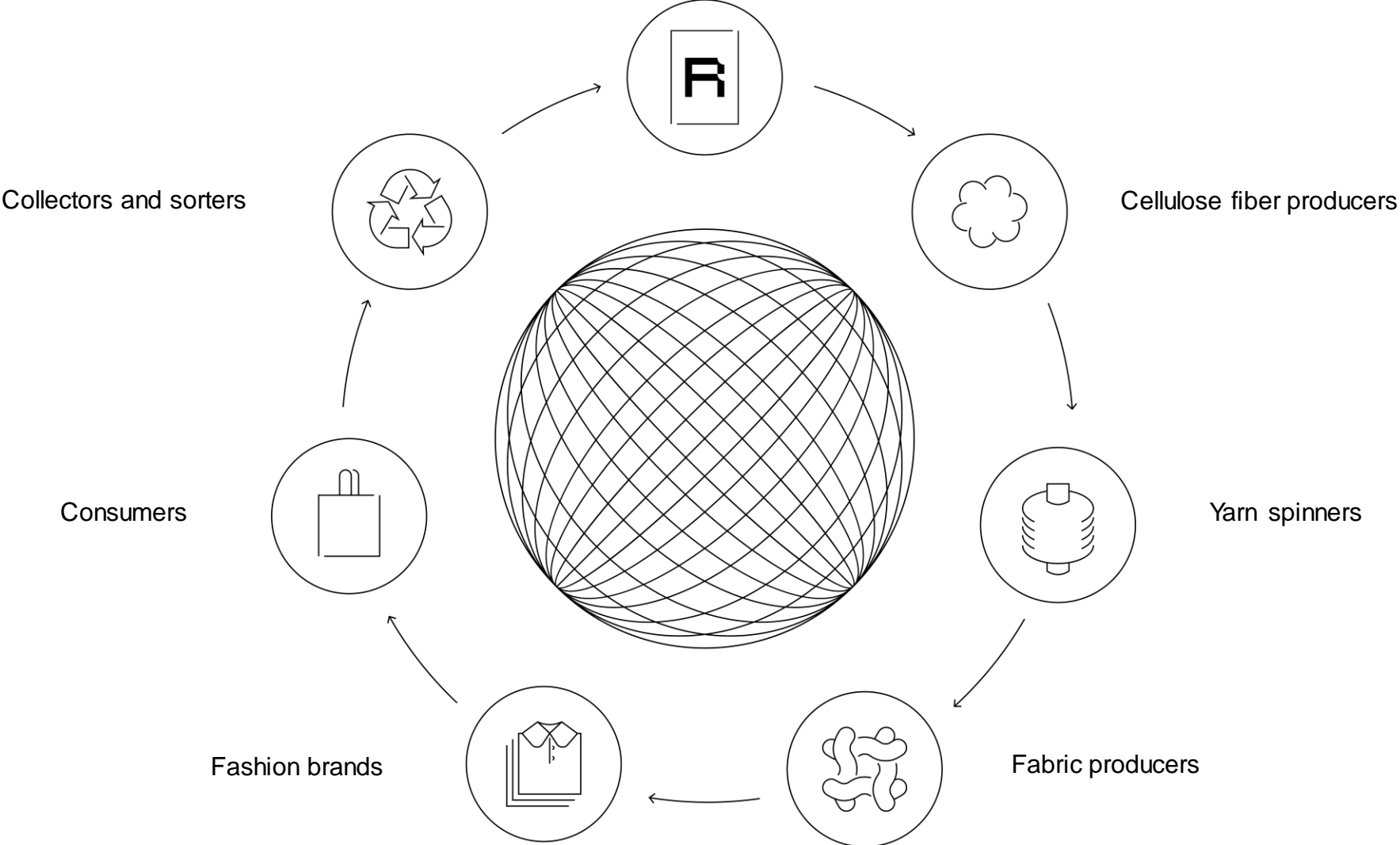


1.7 billion people will join the global middle class until 2030.

Fashion needs solutions. Now.

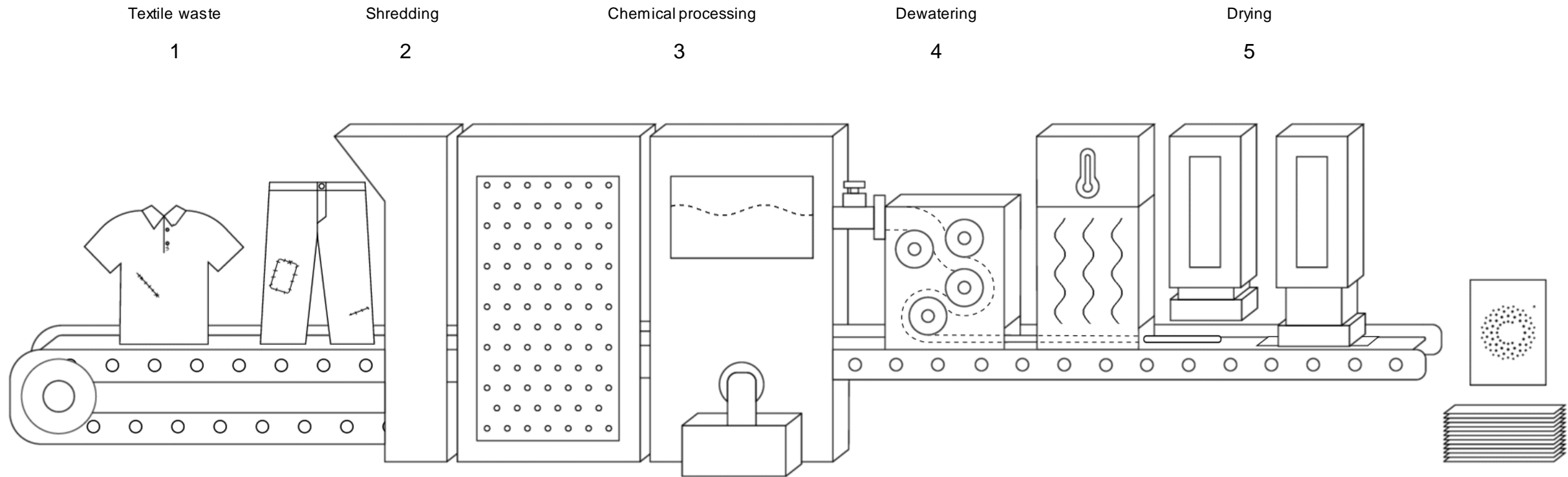


# Renewcell closes the loop on fashion

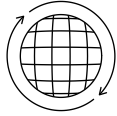


# A technology built on the legacy of Swedish industry

- Developed over the course of a decade by researchers at KTH Royal Institute of Technology, Stockholm
- Multiple global patents held
- Key know-how kept as trade secrets



# We are going beyond carbon neutral



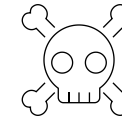
**Net climate change impact**  
kg CO<sub>2</sub>e /kg



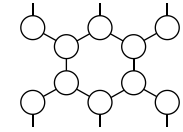
**Freshwater use**  
Litres / kg



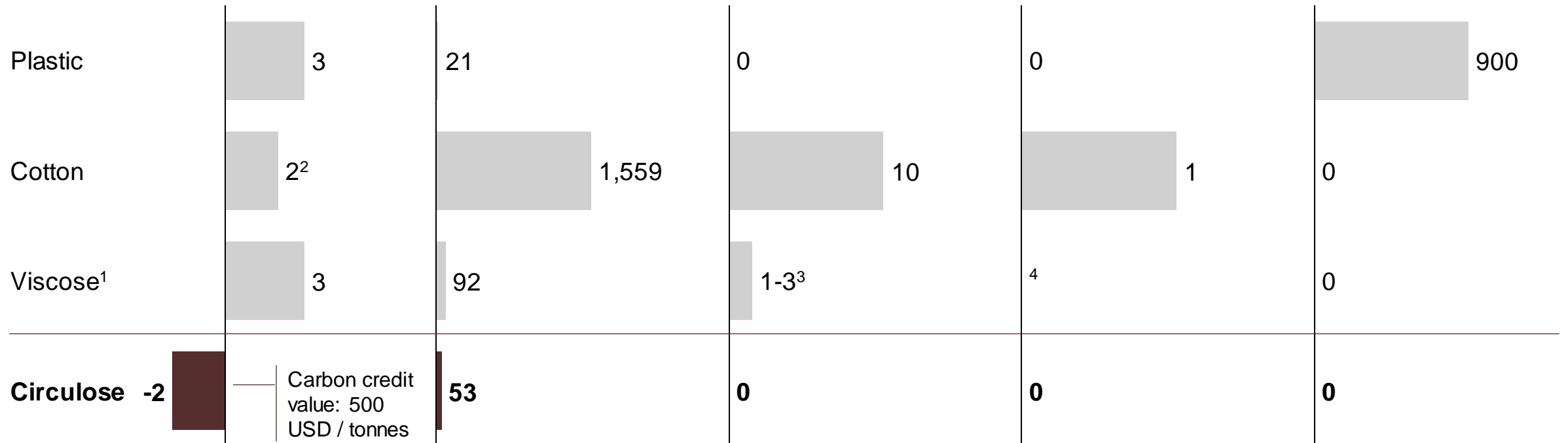
**Arable land use**  
m<sup>2</sup> / kg



**Pesticide use**  
Litres / MT



**Microplastic pollution**  
Fibers shed / m<sup>2</sup> of fabric



1. Non-cotton cellulosic; 2. CO<sub>2</sub> impact from cotton ranging from 0.5-4 kg CO<sub>2</sub> equivalents per kg fibers (excluding CO<sub>2</sub> sequestered in the fiber), but it is not unusual with results up to about 6 kg CO<sub>2</sub> equivalents, all based on 14 studies over 50 different production routes; 3. Indicative; 4. Information missing

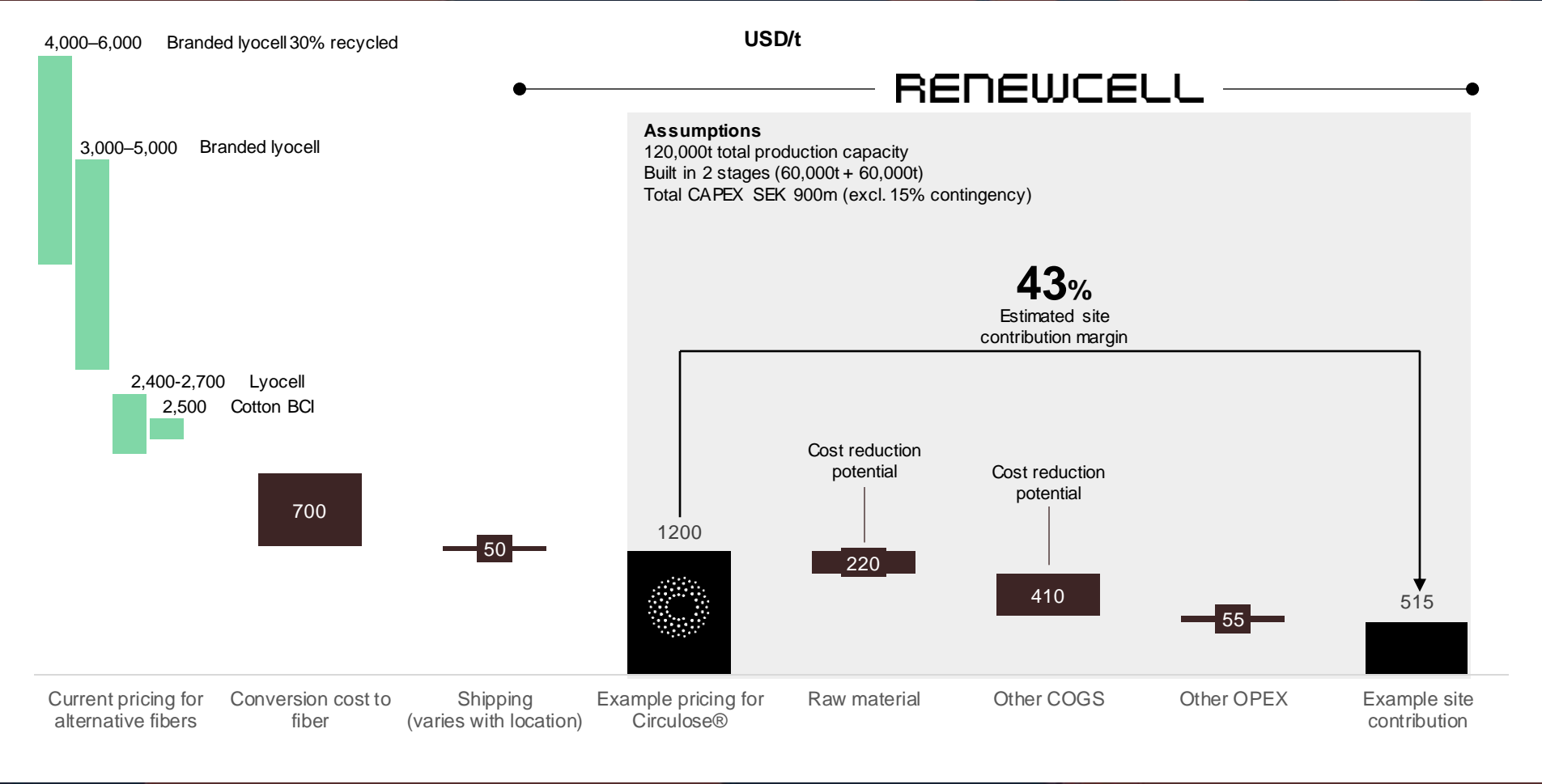
Source: Niinimäki et al "The Environmental Price of Fast Fashion" Nature 2020, SCS Global Services; Cotton Campaign, Carney Almroth et al, "Quantifying shedding of synthetic fibers from textiles; a source of microplastics released into the environment" 2017, Wikifarmer, internal calculations

# Our next facility

- Sundsvall, Sweden
- 60,000 metric tons capacity
- Brownfield site, co-located with SCA
- 100% renewable energy
- 1.5 billion SEK investment
- First of its kind in the world
- Commissioning H1 2022



# Unit economics for a standard 120,000t plant





# Financial and operational goals

## Goals 2026

Installed production capacity:  
**250,000t**

EBITDA margin:  
**30%**

Equity/asset ratio:  
**50%**

**20 global brand launches**  
with Circulose®

## Goals 2030

Installed production capacity:  
**360,000t**

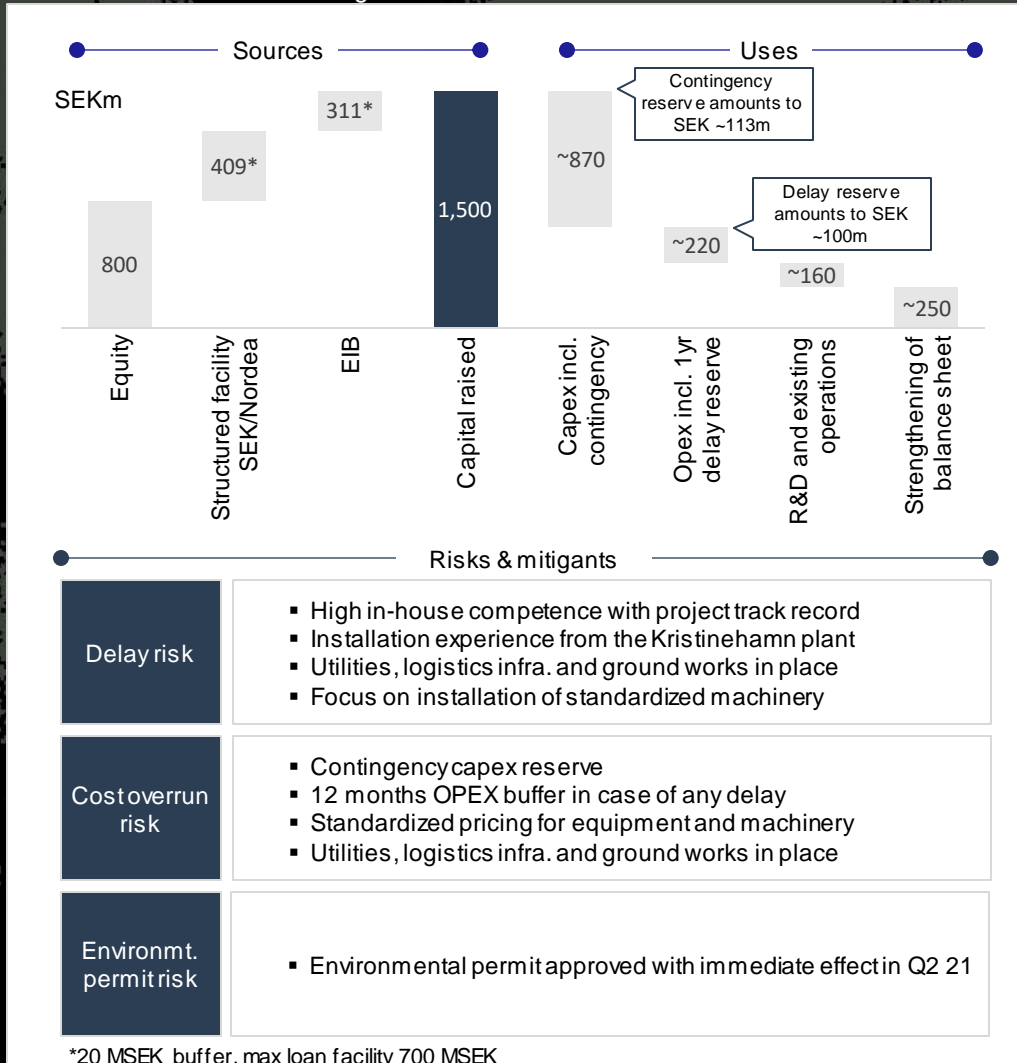
EBITDA margin:  
**> 30%**

Equity/asset ratio:  
**> 50%**

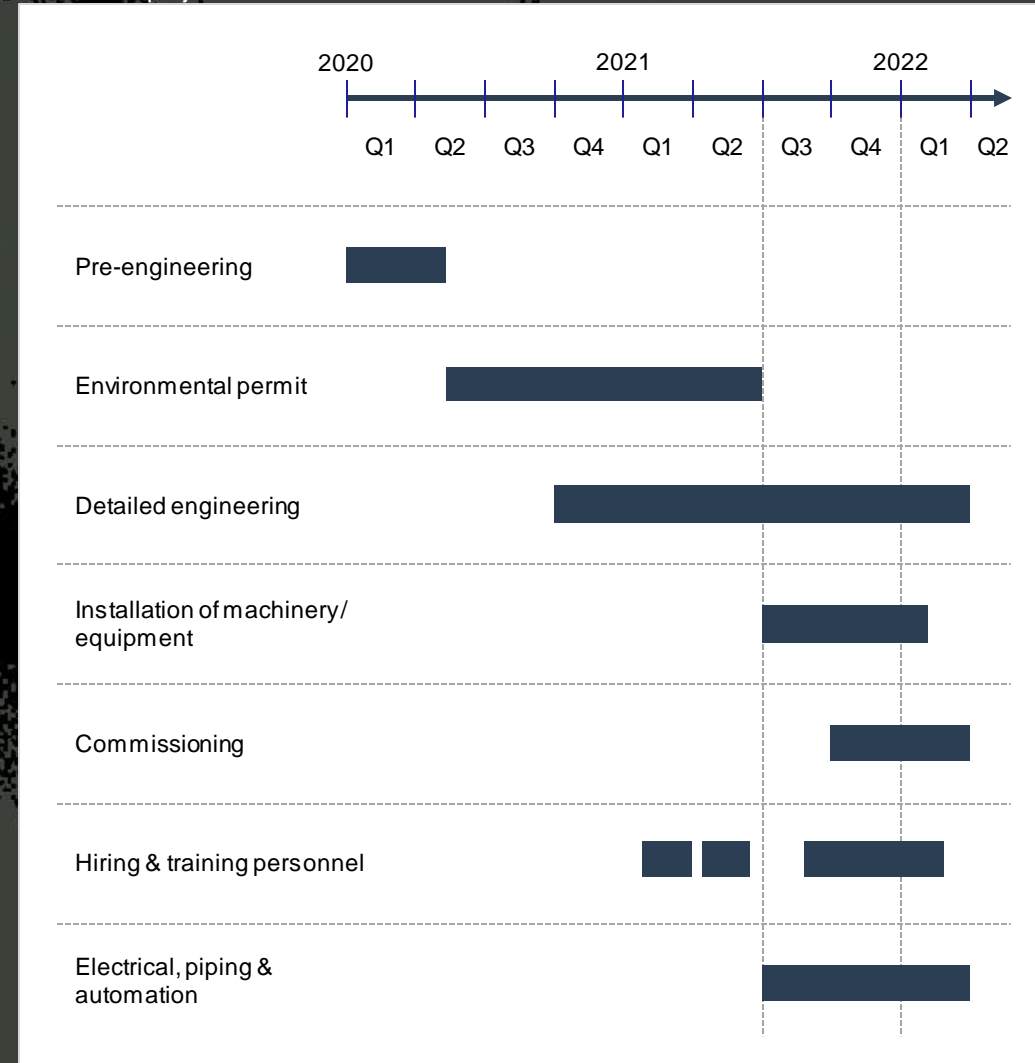
**30 global brand launches**  
with Circulose®

# Ortviken project progresses in line with plan

Sources & uses and risk mitigants



Indicative project timeline



# Main takeaways

1

---

Massive global demand for circular fashion.

2

Commercially proven 100% circular material.

3

Investing in rapid scale-up of capacity.

# Q&A