



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)

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

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
SEK thousand	2021	2020	2021	2020	2020
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



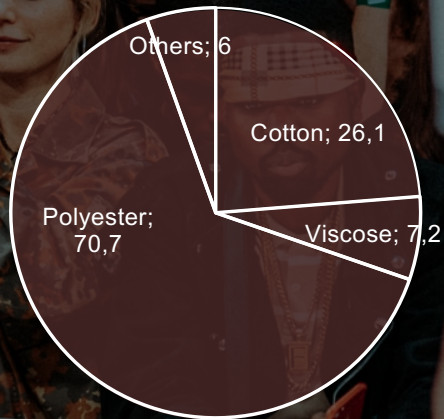
The fashion industry has sustainability issues

- 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

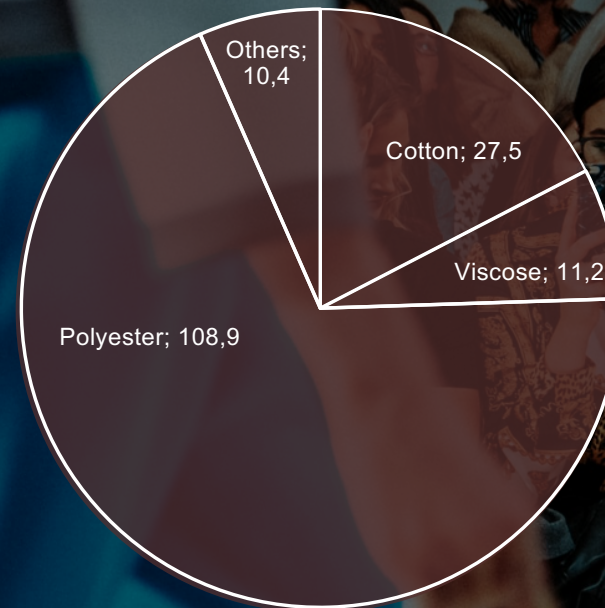
Global fiber market

~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**



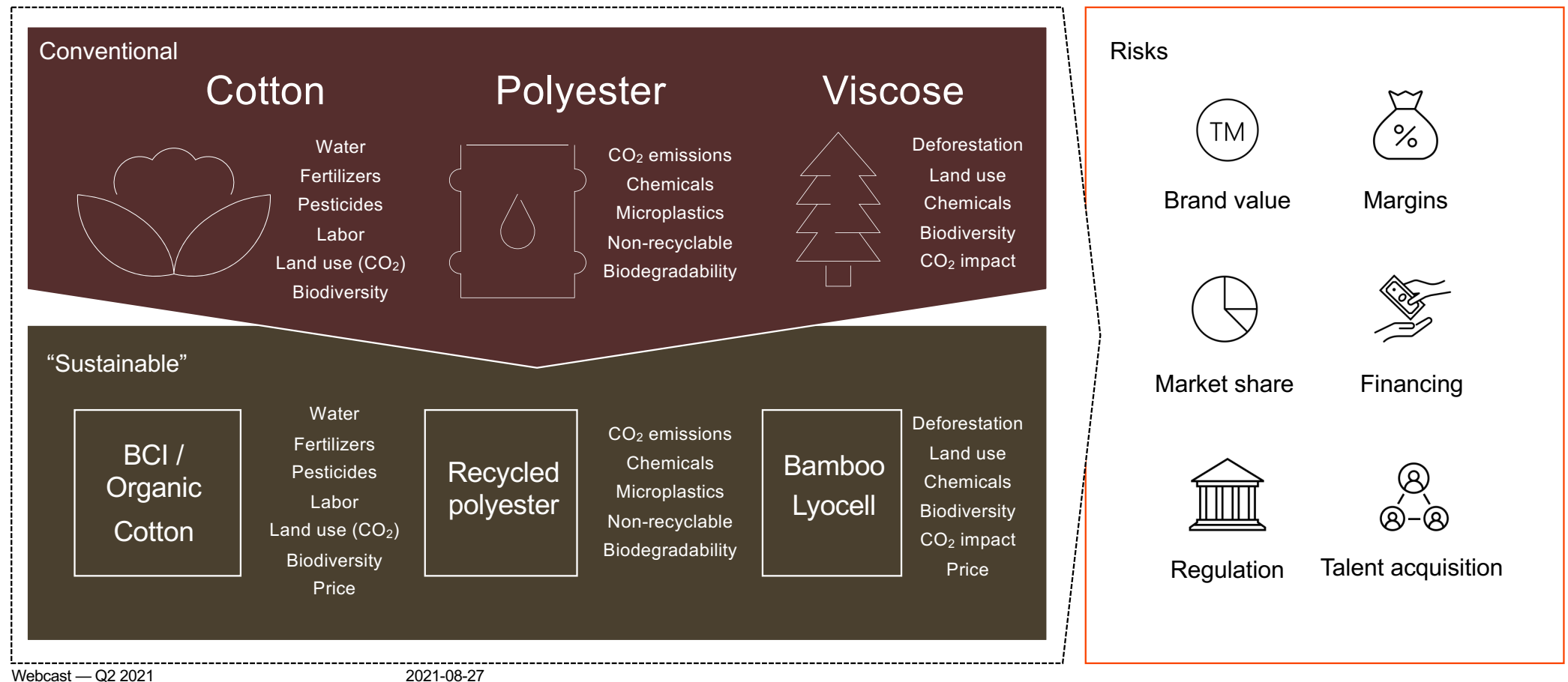
“Our ambition is to be a sustainable company”

30% reduction of CO₂ 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

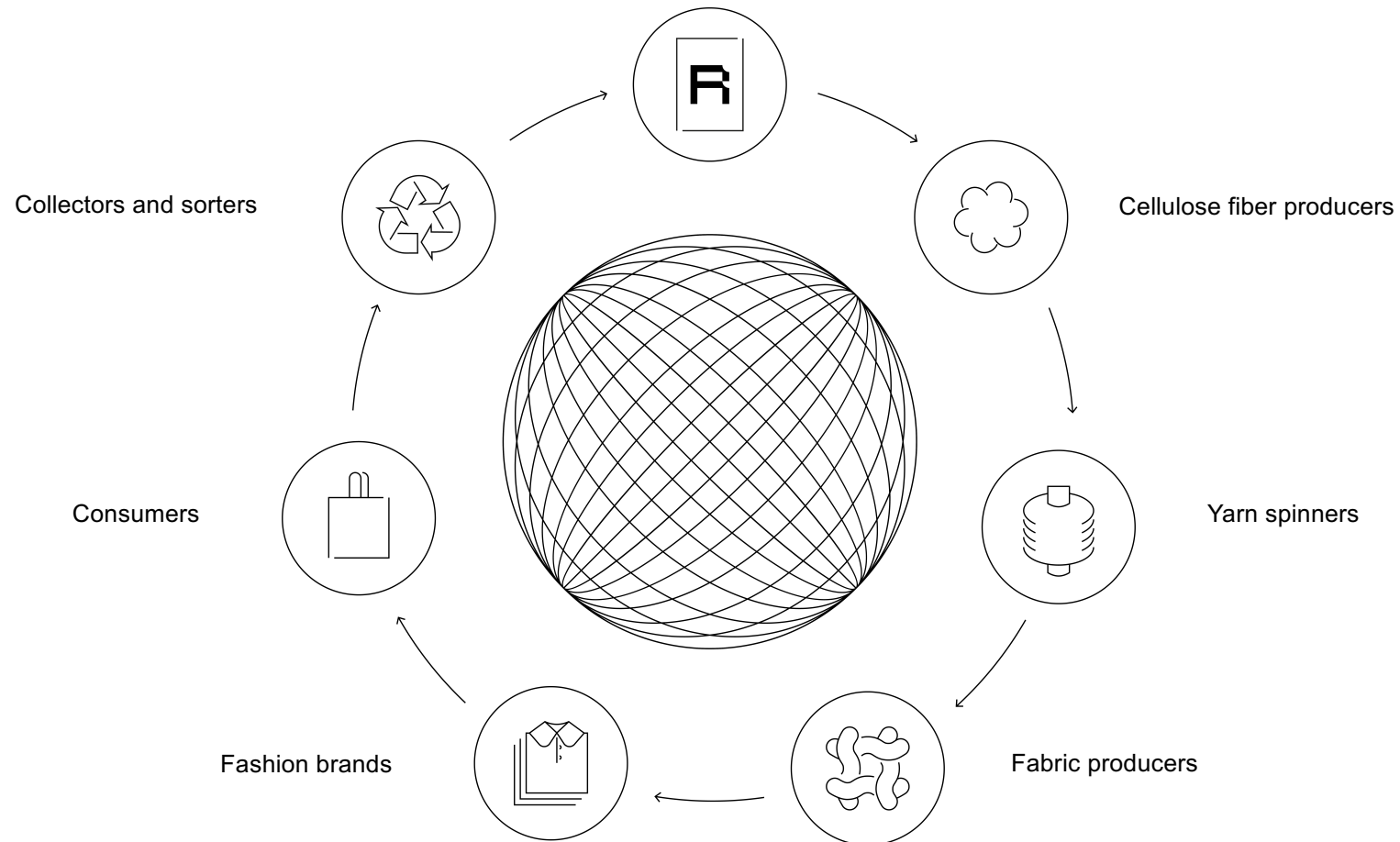


1.7 billion people will join the global middle class until 2030.

Fashion needs solutions. Now.

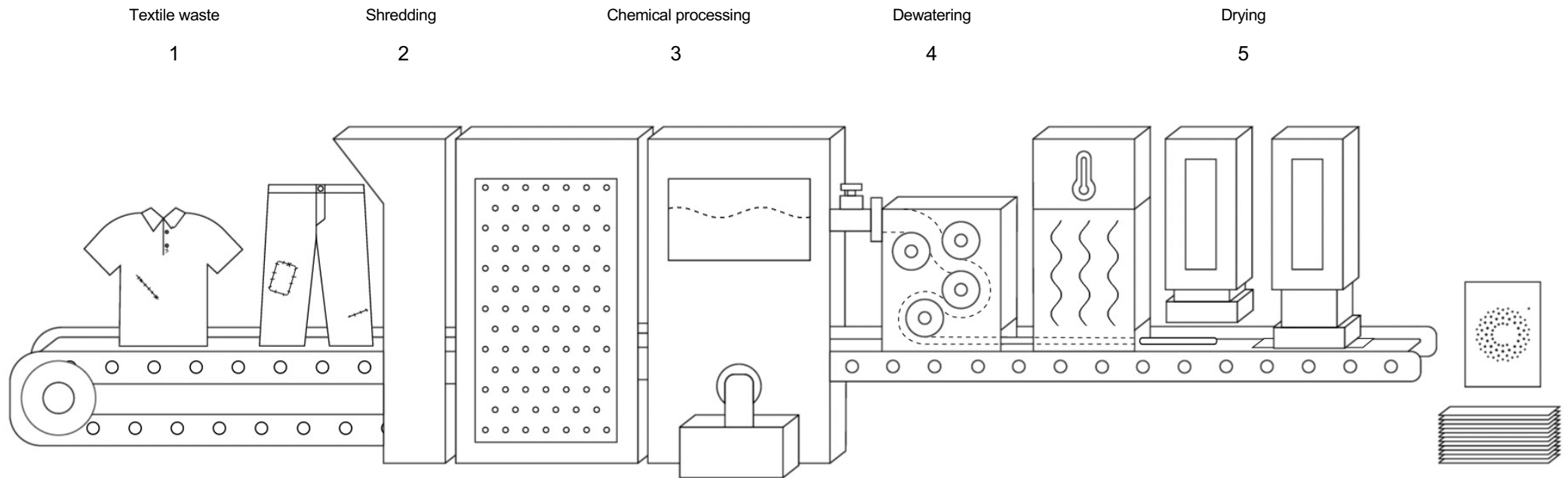


Renewcell closes the loop on fashion

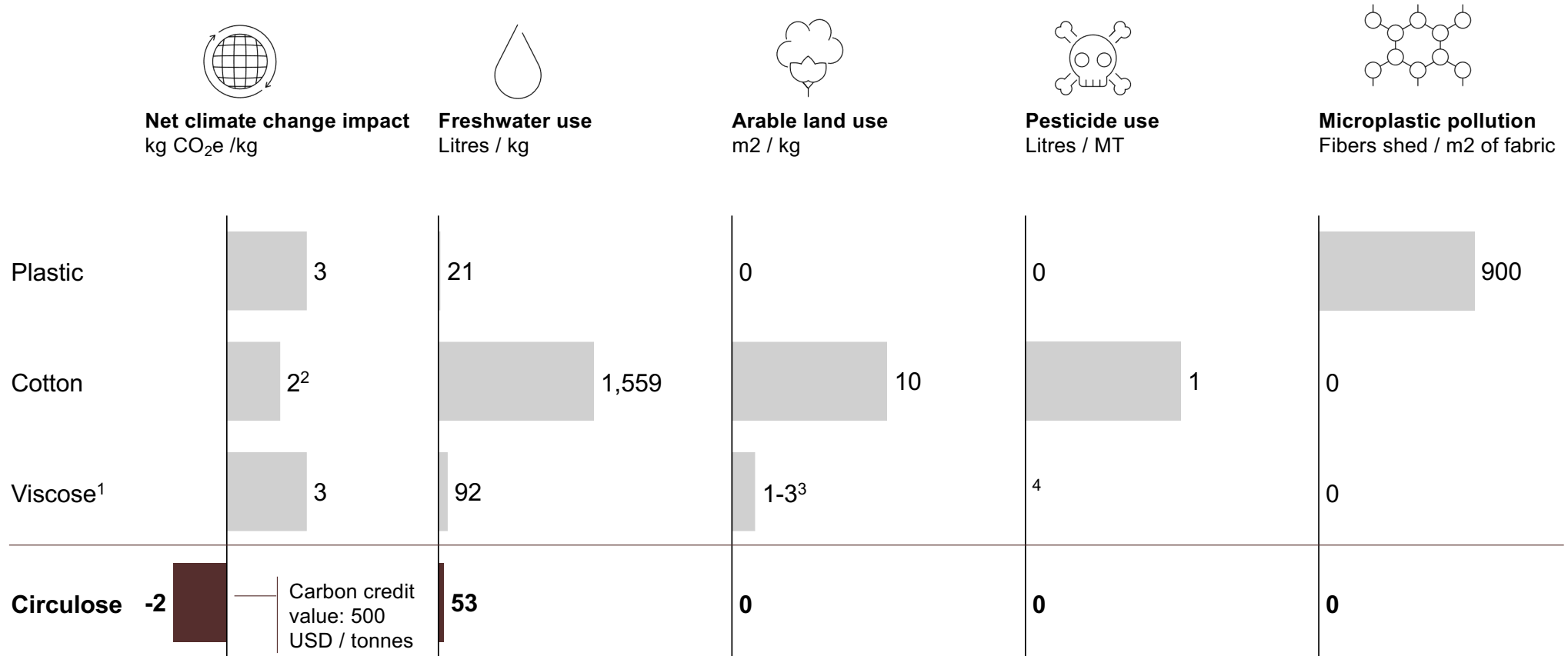


A technology built on the legacy of Swedish industry

- 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



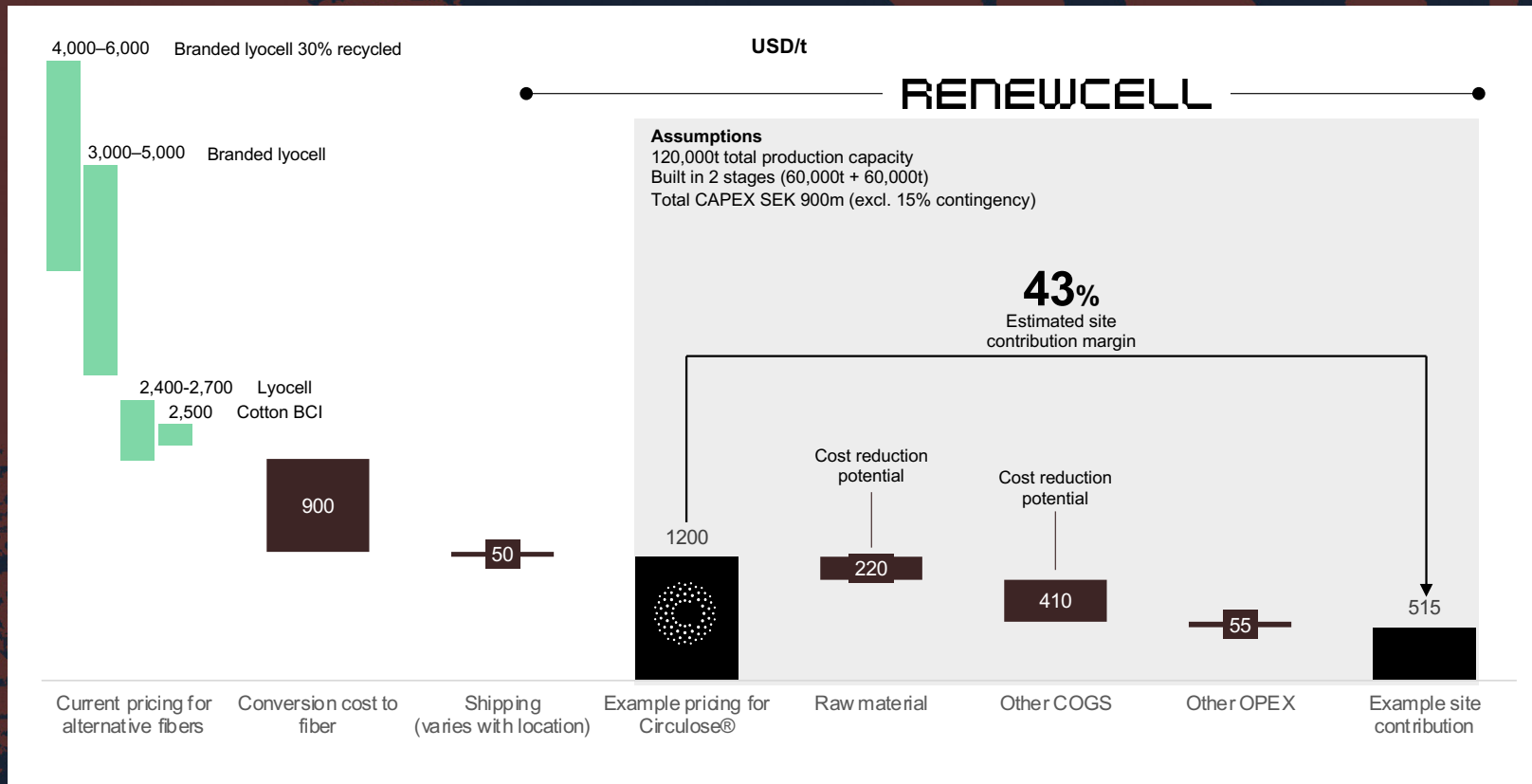
1. Non-cotton cellulosic; 2. CO₂ impact from cotton ranging from 0.5-4 kg CO₂ equivalents per kg fibers (excluding CO₂ sequestered in the fiber), but it is not unusual with results up to about 6 kg CO₂ equivalents, all based on 14 studies over 50 different production routes; 3. Indicative; 4. Information 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

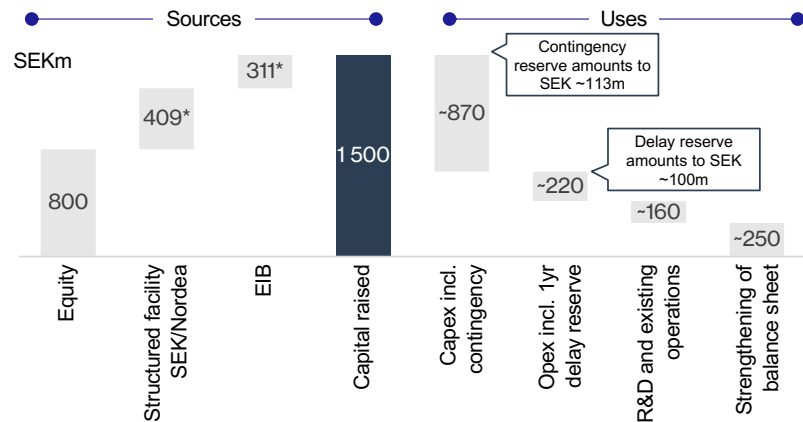
EBITDA margin:
> 30%

Equity/asset ratio:
> 50%

30 global brand launches
with Circulose®

Ortviken project progresses in line with plan

Sources & uses and risk mitigants

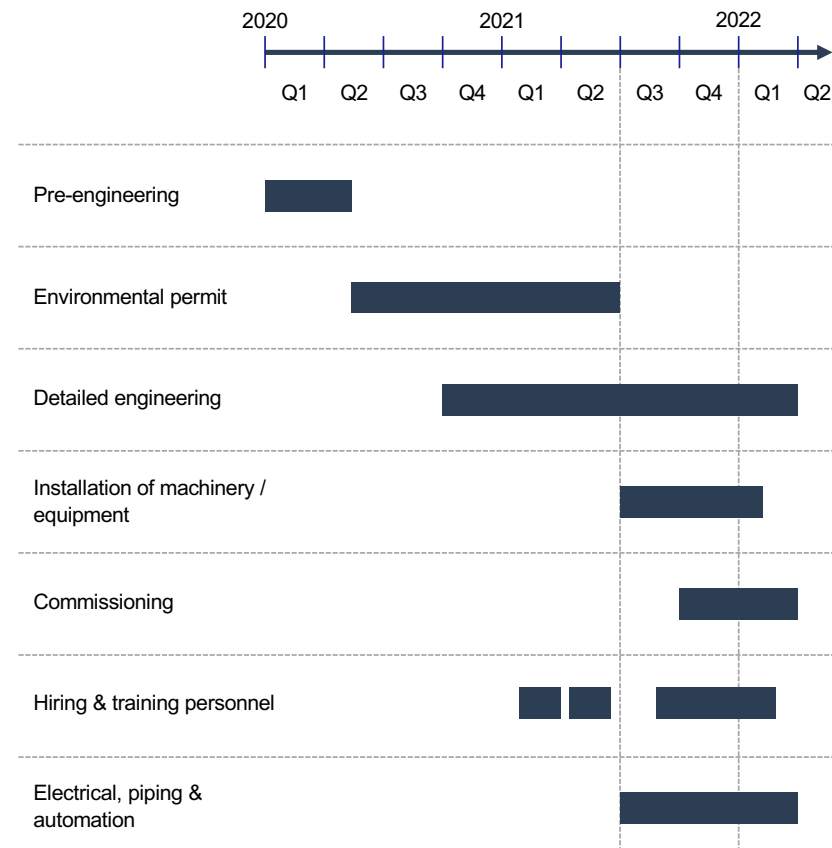


Risks & mitigants

Delay risk	<ul style="list-style-type: none"> High in-house competence with project track record Installation experience from the Kristinehamn plant Utilities, logistics infra. and ground works in place Focus on installation of standardized machinery
Cost overrun risk	<ul style="list-style-type: none"> Contingency capex reserve 12 months OPEX buffer in case of any delay Standardized pricing for equipment and machinery Utilities, logistics infra. and ground works in place
Environmt. permit risk	<ul style="list-style-type: none"> Environmental permit approved with immediate effect in Q2 21

*20 MSEK buffer, max loan facility 700 MSEK

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