

RENEWCELL

Capital Markets Day
11th May 2023



WE MAKE FASHION CIRCULAR

Strategic update

Renewcell — first industrial scale chemical textile to textile recycling

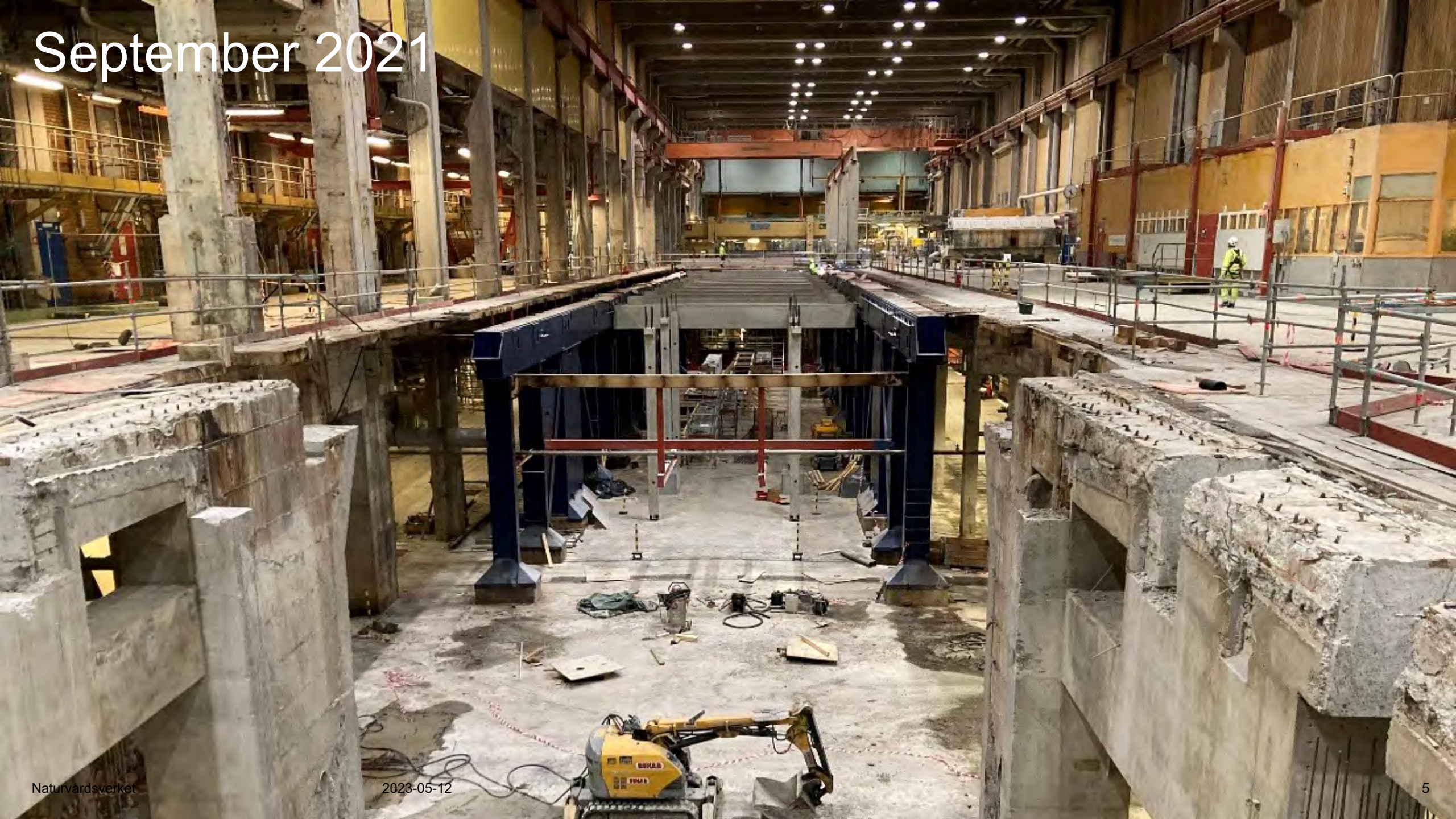
- ✓ Technology is working
- ✓ Factory is producing
- ✓ Customers are buying & committed to circularity
- ✓ Currently ramping to 60kt, 120kt



February 2021



September 2021



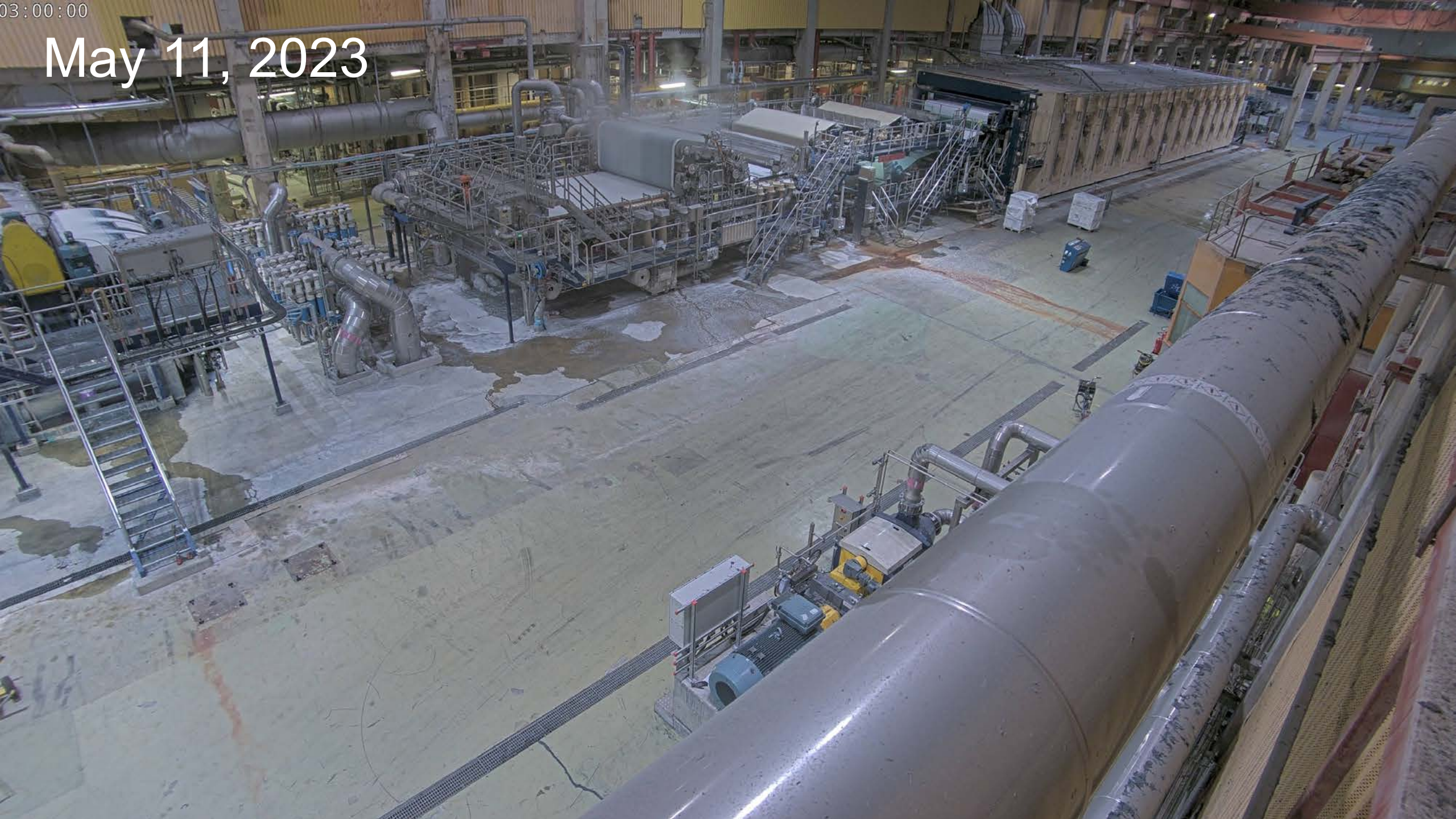
November 2022 — Inauguration



2023-05-12

03:00:00

May 11, 2023





Customer Deliveries — Plug and Play





The fashion industry has sustainability issues

- Fashion emits approx. 5-8% of worlds CO₂(e)
- Polyester clothing causes 35 percent of ocean microplastics
- Cotton uses enormous amounts of water, pesticides and fertilisers
- Every year, more than 200 million trees are cleared to make textile fabrics
- Less than 1 percent of clothes are recycled

Strong and increasing regulatory tailwind



USA

- NY Fashion Act - retailers to verify supplier sustainability claims
- Fabric Act
- California SB707 EPR Textile producer responsibility
- FTC Green Guides
- UFLPA: Uyghur Forced Labor Prevention Act



Europe

- *"EU sustainable textile strategy"*
- Minimum recycled content
- Prevention of microplastics
- Ban destruction of unsold textiles
- Restrict export of textile waste
- Prohibit greenwashing



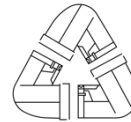
China

- Government aim to recycling 25% textile waste 2025
- Sustainable fashion an emerging trend
- Chinese consumers willing to pay a premium of 5-20%
- 74% consumers choose traceable brands vs 56% globally



Renewcell aligns with upcoming EU legislation

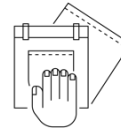
KEY ACTIONS IN THE EU SUSTAINABLE TEXTILES STRATEGY



Minimum recycled content



Extended Producer Responsibility for textiles



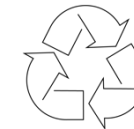
Digital product passport



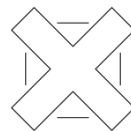
Prevent microplastic pollution



Prohibit greenwashing



Incentives to circular business models



Ban destruction of unsold textiles



Restrict export of textile waste

...and fashion stakeholders are committed to Sustainability



“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 man-made cellulosic fibres from more sustainable sources by **2030**



“Luxury and sustainability are one and the same.”

50% of the materials used in its brand collections **by 2025** will be aligned with Circular Economy principles

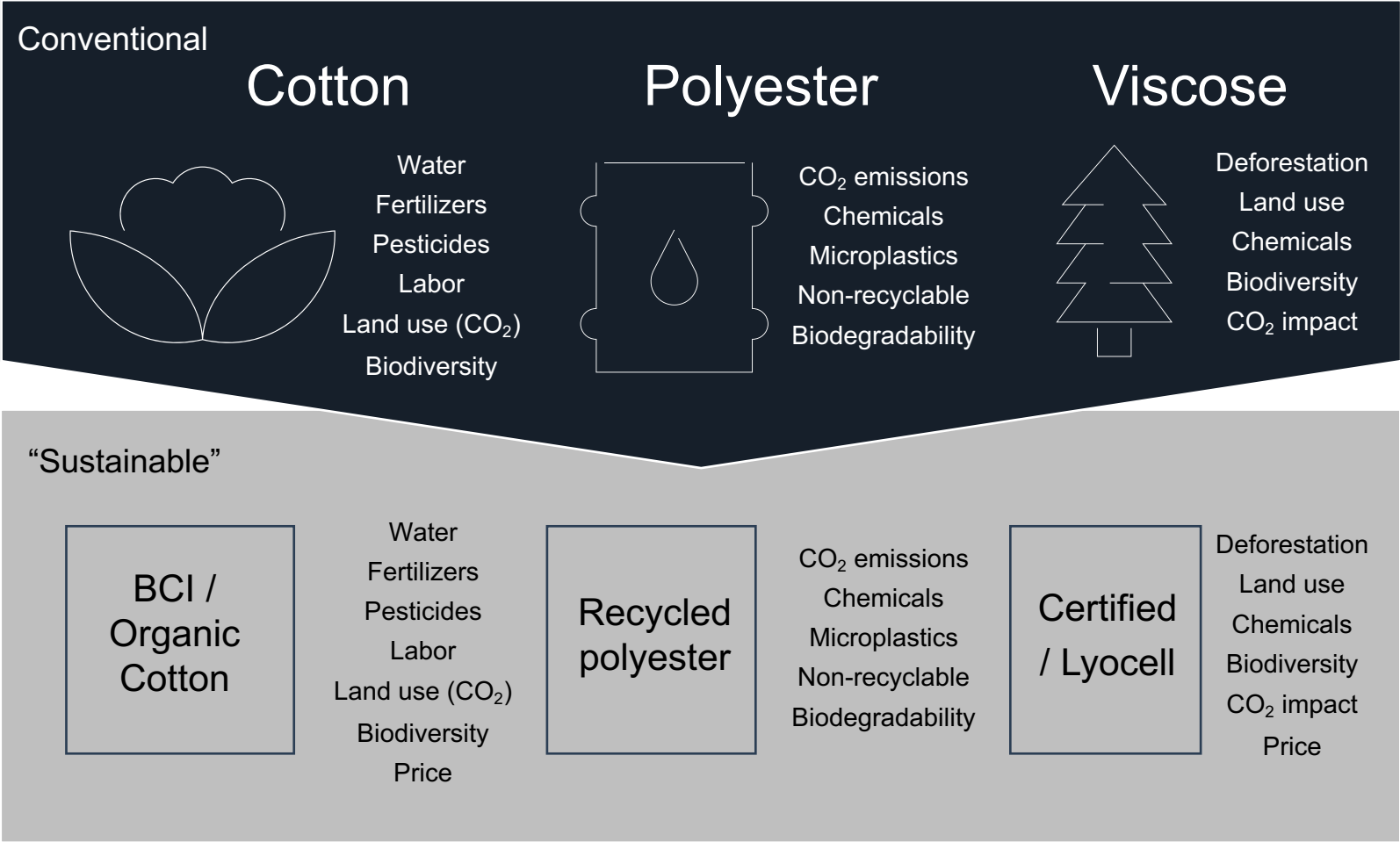


“The EU want to be a global trailblazer in sustainable and circular textile value chains.”

By 2030, most textile products on the EU market are to be made of recycled fibres

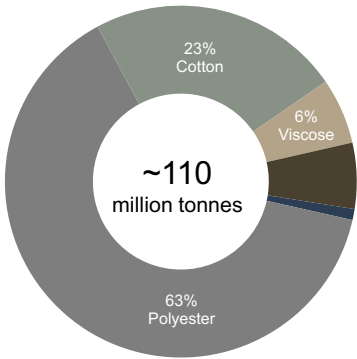
...but solutions are lacking

So called "sustainable" alternatives are not much better than the conventional ones...

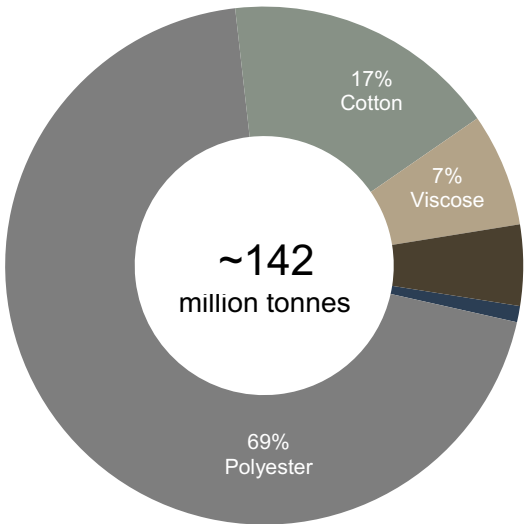


...and the problem is massive

Global fiber usage 2021



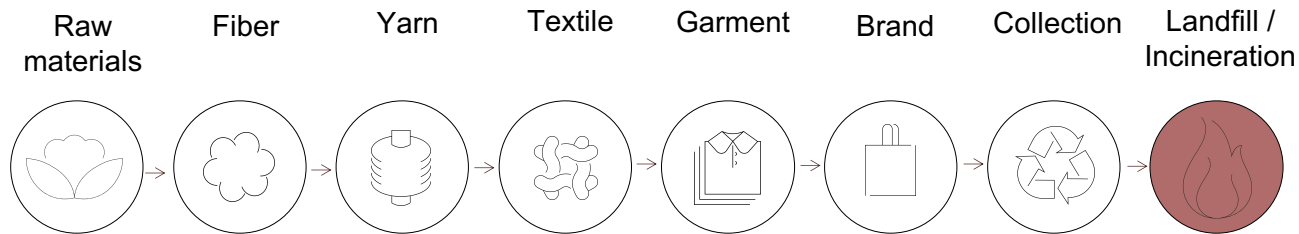
Est. Global fiber usage 2030



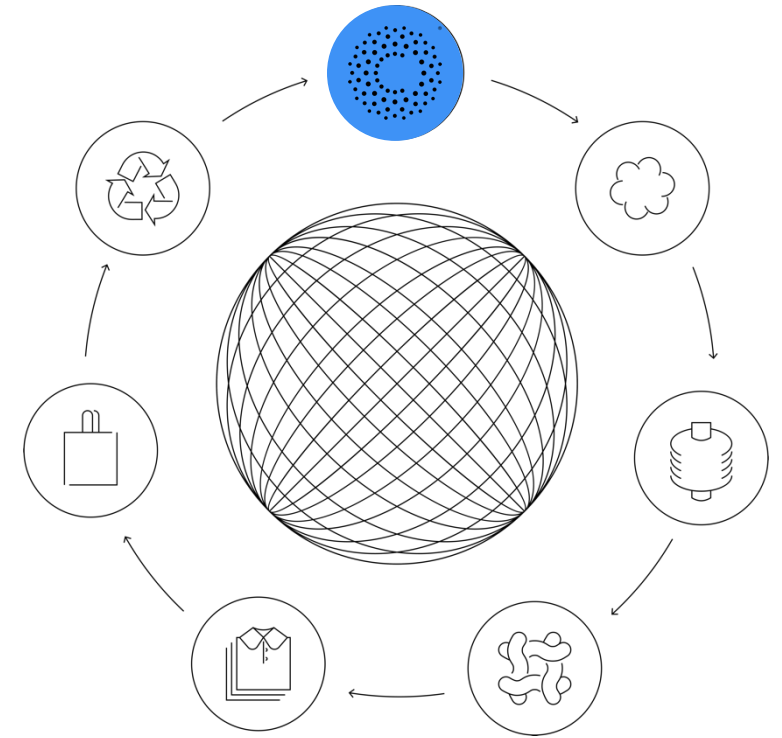
...of which 2/3 used by the fashion industry

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

Conventional value chain in the fashion industry

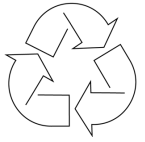


Renewcell make the value chain circular



Note: textile-to-textile recycling of equal quality

What makes Renewcell unique?



100% recycled textiles



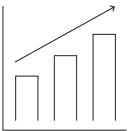
Plug-and-play



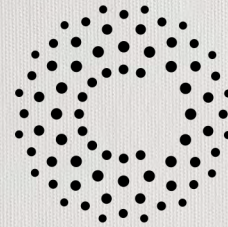
Industrial scale



Branded product



Existing demand



CIRCULOSE[®]

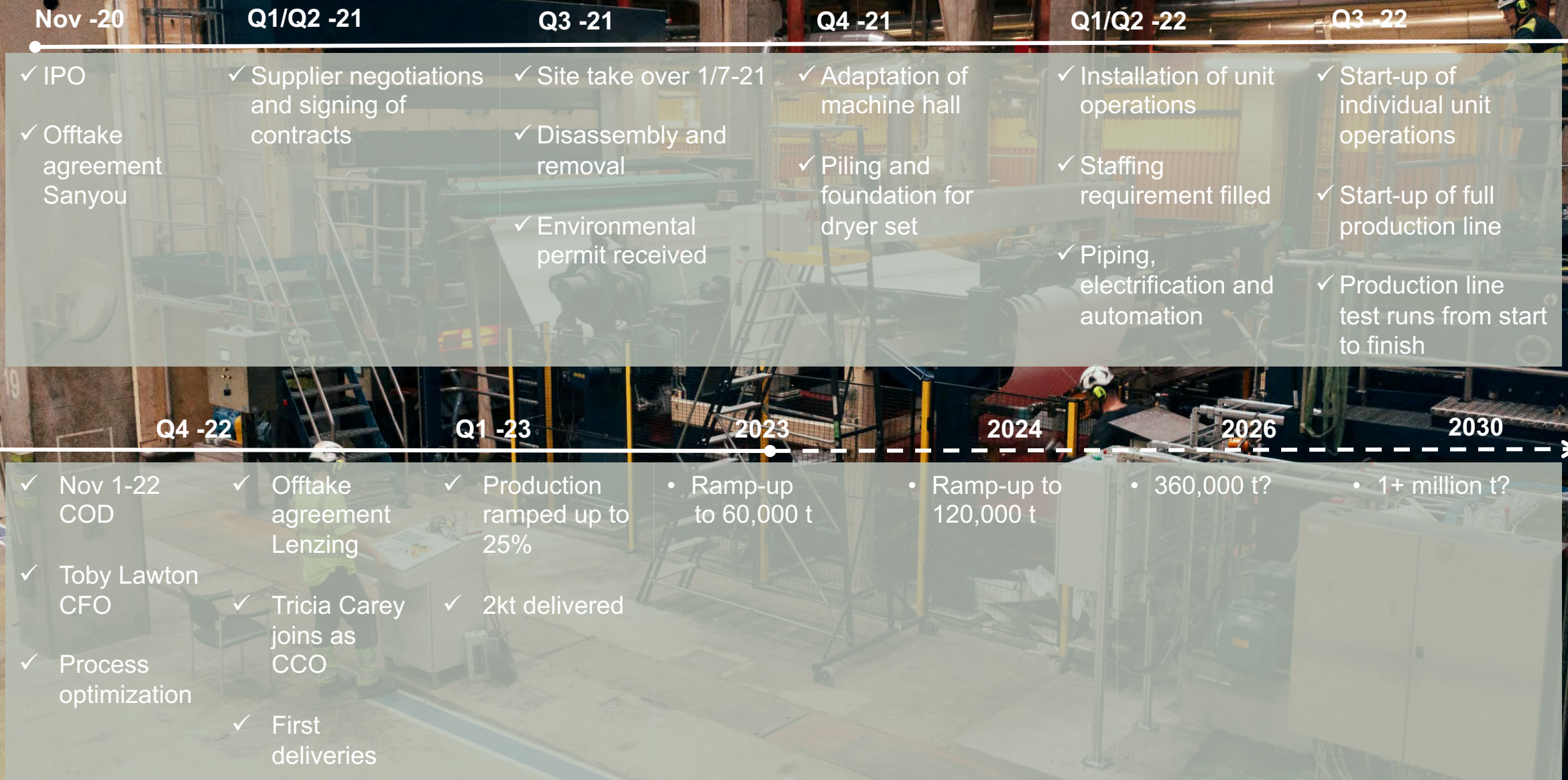
A Renewcell Product

100% recycled

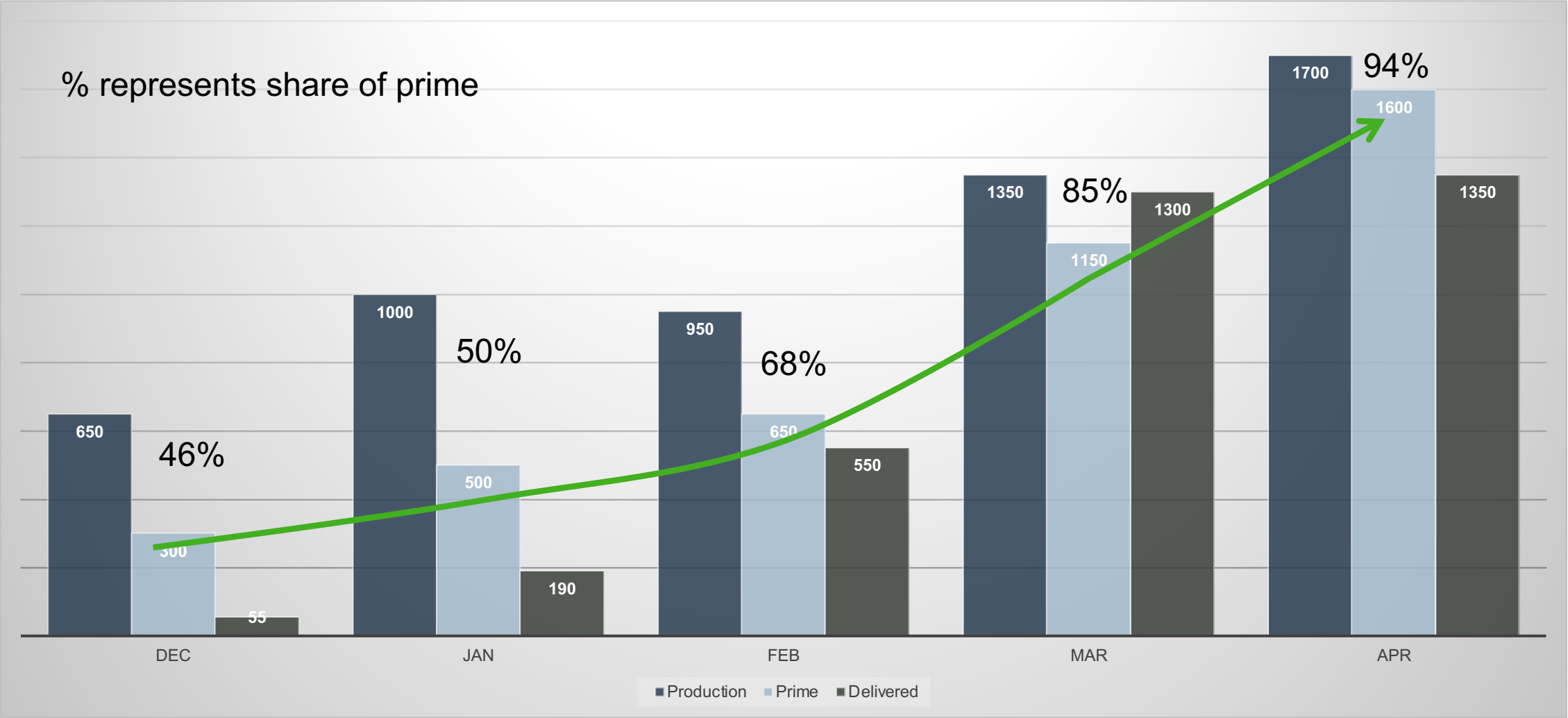
100% recyclable

Equal quality

From IPO to operational



Status ramp up (tonnes)

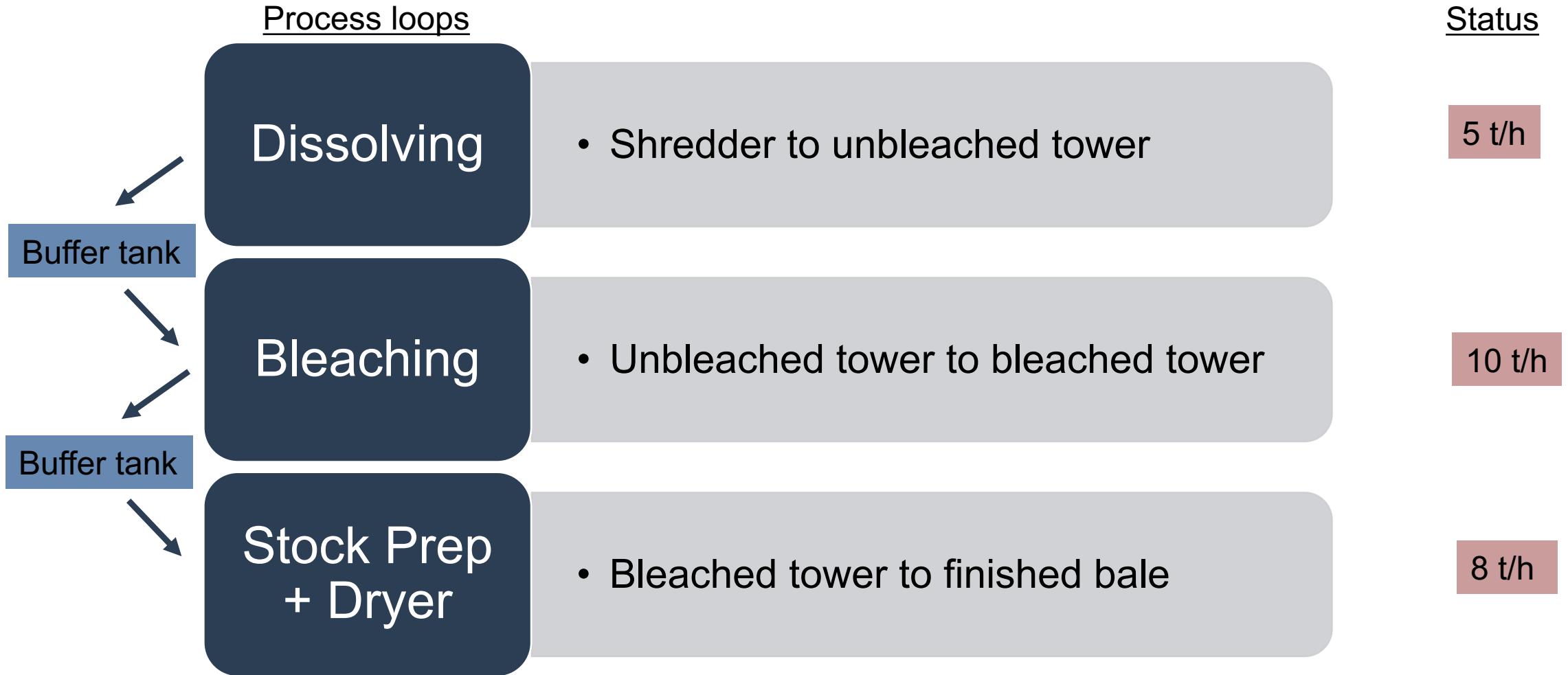


Quality parameters

Parameter	Customer Specification Quality 2029	Renewcell Average (Data April)	Status	Next
Viscosity, ml/g	450-550	510	++	Trials on going to reach lower for lyocell and higher for filament customers
Brightness	70	83	++	Optimization to reach higher
Metal content, mg/kg* Iron Silica	<10 <50	4 23	+++	NA
Synthetic content, %	<2%	1.6	+	Improvement work on going to stabilize. Supporting customers on filtering off synthetic residue.
Grammage, g/m2	550-800	700	+++	N/A
Fiber length, mm	N/A	1.3	++	Work on going to reduce number of fibers >4mm
Reactivity, Measured as viscose filter clogging value (Triber pilot)	N/A Standard for WDP <1200	600	+++	In line with wood pulp. Significant improvement from Demo plant pulp

*average Q1

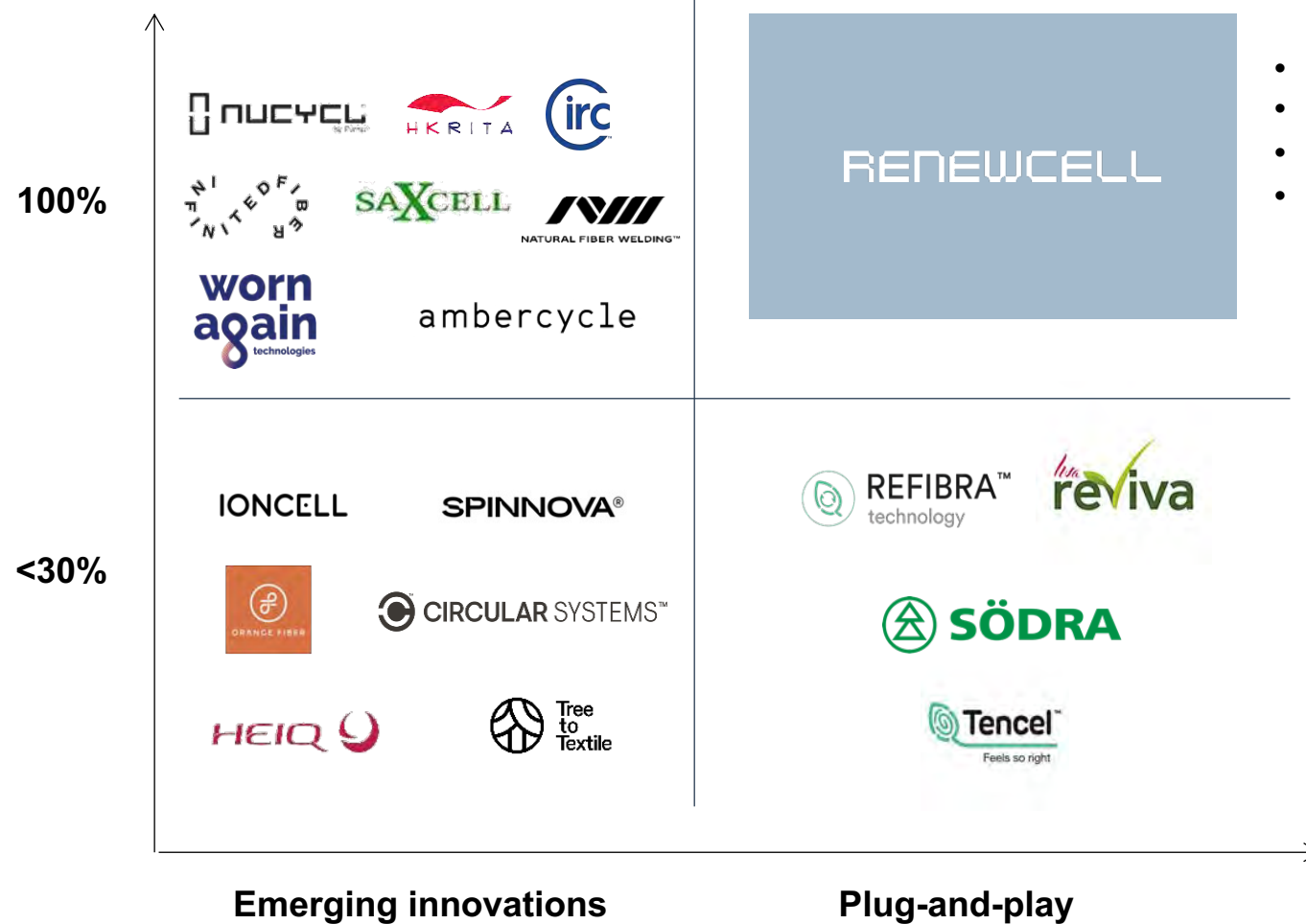
Status 60,000 t/yr (≈ 10 t/h*)



* Including allowance for estimated stop time

Renewcell has a blue ocean position

Textile-to-textile
recycled content



- Commercially proven
- Low barriers to adoption
- Large addressable market
- Scalable with existing value chain, technologies, infrastructure and inputs

Main strategic steps

Ramp-up Renewcell 1

- Get to break-even (3500 t/month)
- Ramped to 60,000t run rate H2 2023
- De-bottleneck and ramp to 120,000t run rate 2024

Sales and Branding

- Continue to develop fiber partners
- Secure further offtake agreements while leaving some volume to spot
- Build Circulose® to a recognized consumer brand via co-branding
- Circulose® to protect brands from greenwashing
- Supplier network (Yarn Spinners → Fabric Mills → Brands)

Multiply

- Use Renewcell 1 as blue print and build to meet customer demand
- Explore equity light financing opportunities
- One site with multiple lines in EU, Americas, Asia and potentially Africa

Future Renewcell...

Considerations:

- Use Renewcell 1 as a blueprint
- One site, multiple lines
- Standardized equipment package
- Geographic coverage, proximity to raw materials, proximity to customers
- Time vs CAPEX (Capture the growth potential)

What if...

→ Renewcell 2030 and beyond: >1 million tonnes

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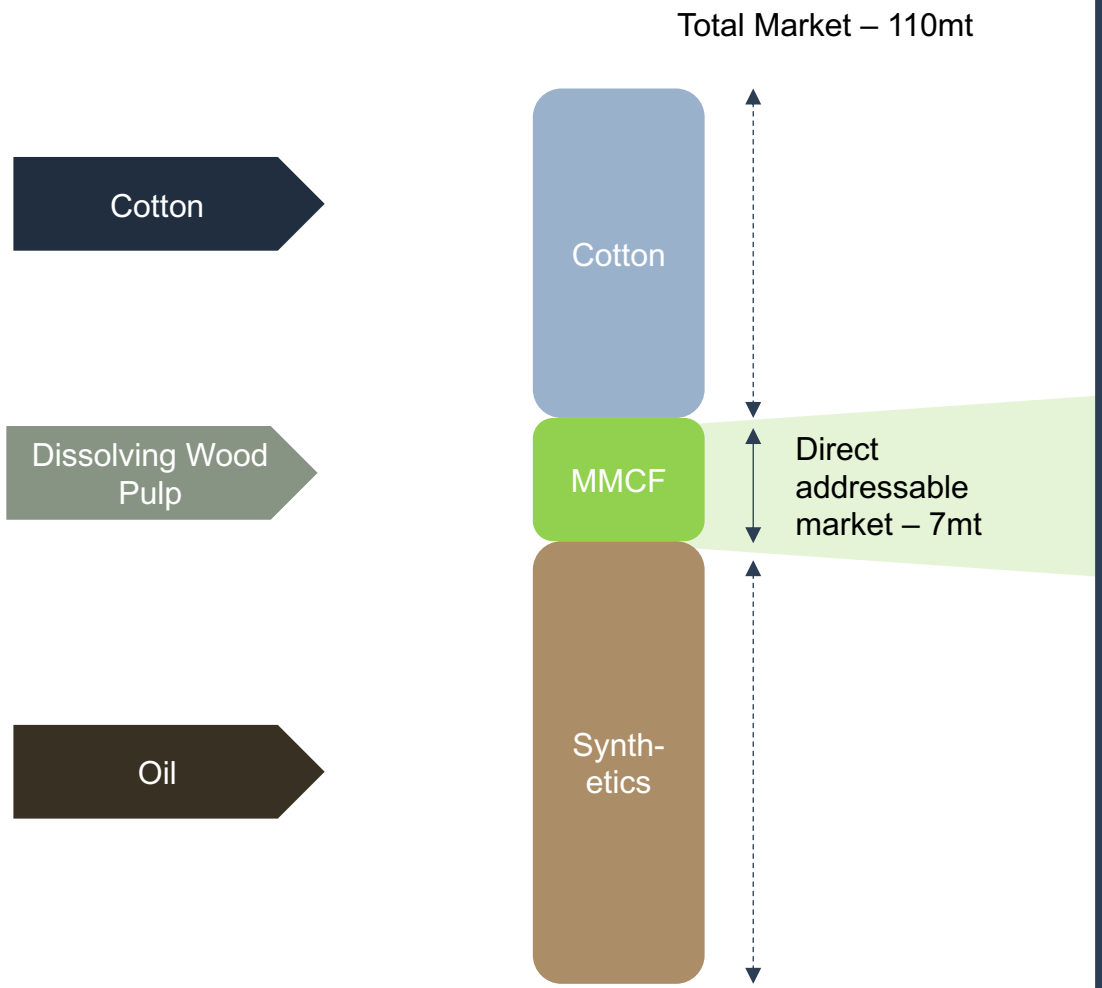
Commercial strategy

Key Trends Shaping the Textile Industry

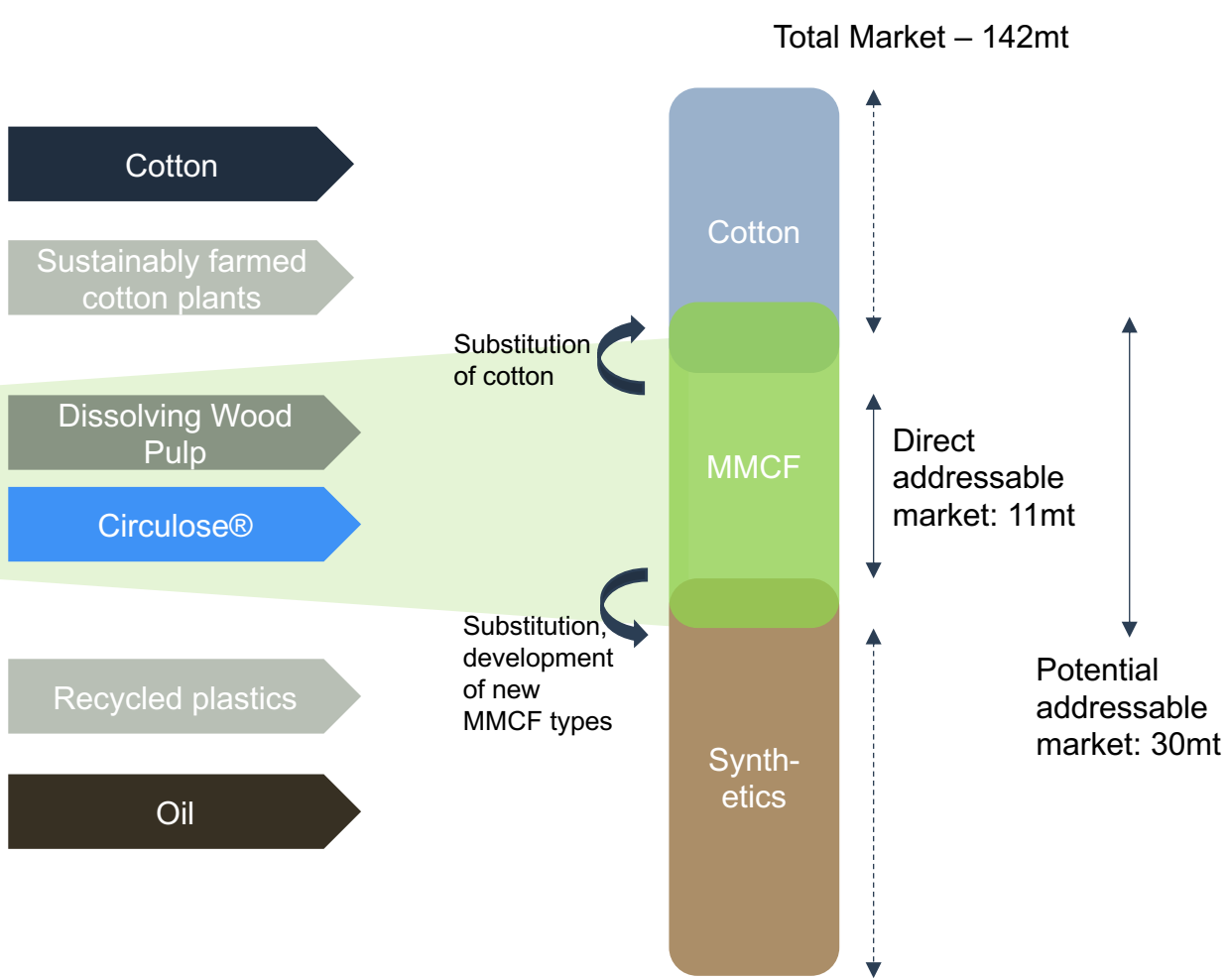
Population and Consumption Growth	Policy	Sustainable Fiber Gap	Climate Change	Greenwashing
<ul style="list-style-type: none">• Global population is currently 8B people and projected to be 8.5B people by 2030• Increasing middle class resulting in increased consumption per capita, as well as Increased demand for fibers.	<ul style="list-style-type: none">• Industry primarily unregulated for decades• EU Green Deal effective 2025• CSRD - Corporate Sustainability Reporting Directive effective 2024• Start of USA legislation Fashion Act, Fabric Act, California for textiles. Forced labor regulations effective 2022.	<ul style="list-style-type: none">• Synthetic fibers: marine pollution and lack biodegradability• Recycled polyester from bottles under scrutiny for greenwashing.• Cotton: high impacts on land, water, and chemicals• Investment in innovative solutions	<ul style="list-style-type: none">• UN Global Compact limit to 1.5C and net zero by 2050• Localization of production and consumption• Investment in green energy sources• Biodiversity concerns	<ul style="list-style-type: none">• Consumers entitled to clear and accurate information• Data required to communicate claims• Regulatory requirements• Transparency and traceability required for product claims

Addressable fiber market...

Today





































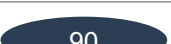

























2030 forecast



Note: excludes other fibers (linen, wool, silk, down)
MMCF is man-made cellulosic fibers
Synthetics includes polyester, nylon, and spandex

RENEWCELL DIRECT CUSTOMERS

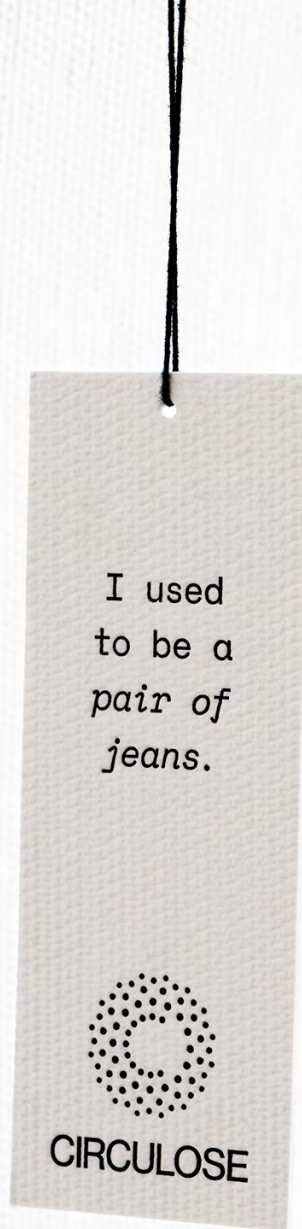
Top 10 fiber producers have 92% of the global market

Company		Capacity 2022, k tonnes/year	Market share, %	Viscose	Lyocell	Manufacturing footprint	Smallest plant ² , k tonnes/year	Canopy rating
	Sateri	 1,700	 22,9	✓	✓		 20	 15-19
	Lenzing	 1,100	 14,2	✓	✓		 5	 30-35
	Aditya Birla	 1,030	 13,9	✓	✓		 15	 30-35
	Zhongtai Chemical	 850	 11,4	✓			 150	 0-4
	Sanyou	 810	 10,9	✓	✓		 10	 30-35
	Aoyang	 410	 5,5	✓			 90	 0-4
	Grace	 390	 5,3	✓	✓ ¹		 10	 22-29
	Yamei	 310	 4,2	✓			 310	 0-4
	Nanjing Chemical Fiber	 135	 1,8	✓	✓ ¹		 35	 15-19
	Jilin Chemical Fiber	 120	 1,6		✓		 120	 30-35
Total capacity		6,810						

1. Expansion into the grade 2021

2. Extracted from mill capacities 2020 and confirmed expansions 2021

SOURCE: Hawkins Wright (April 2021), Canopy Rating (April 2021)

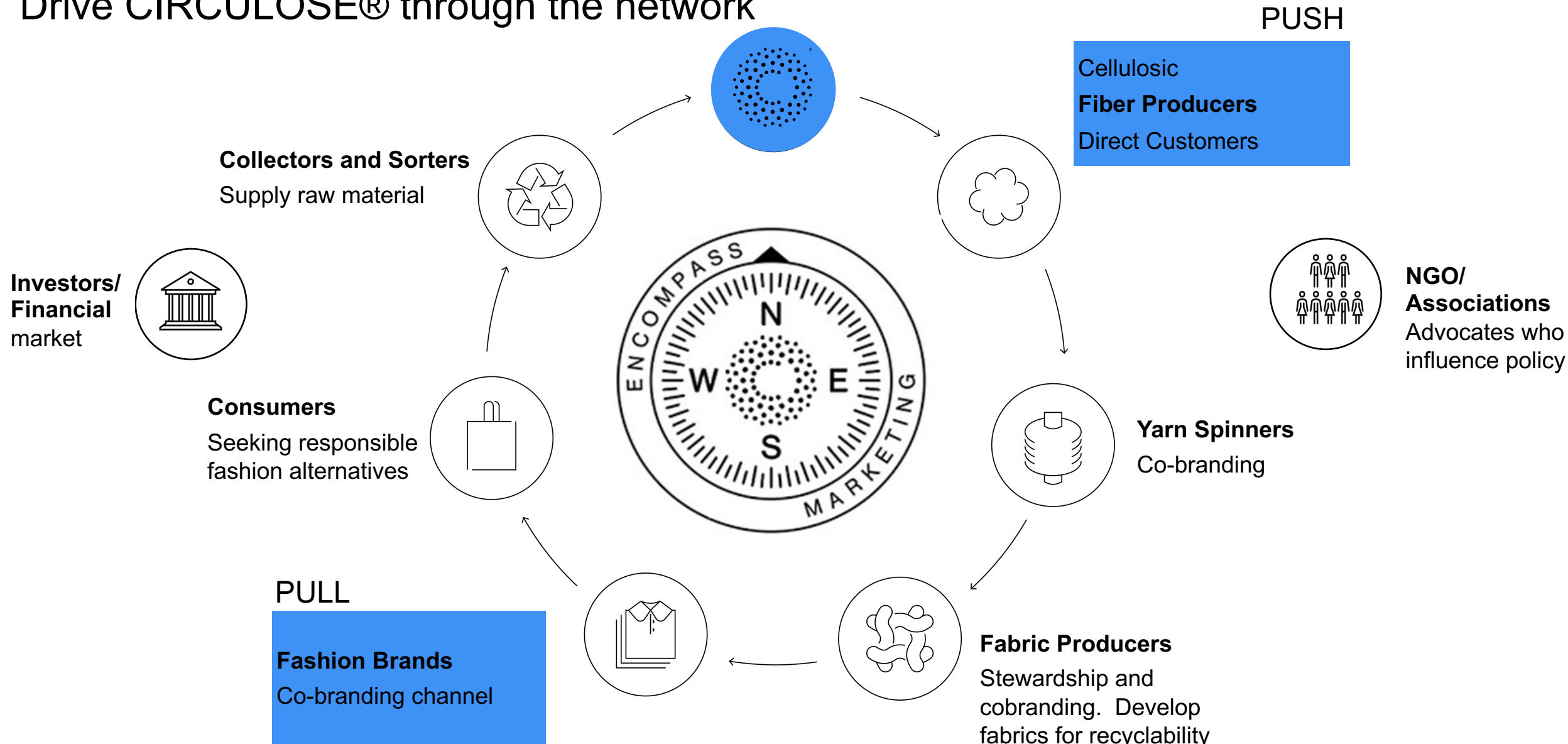


100% recycled
100% recyclable
Equal quality

CIRCULOSE® makes fashion circular — NOW

Keep the circle spinning with EnCompass Marketing

Drive CIRCULOSE® through the network



Global retail co-branding

“The most sustainable Levi's® ever.”

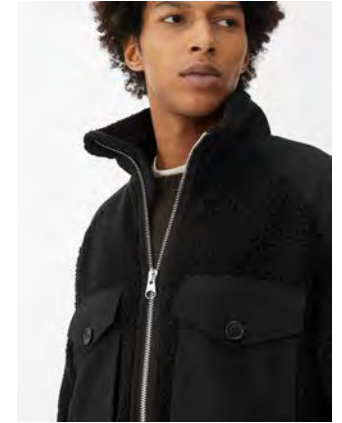
- LS&Co Unzipped blog



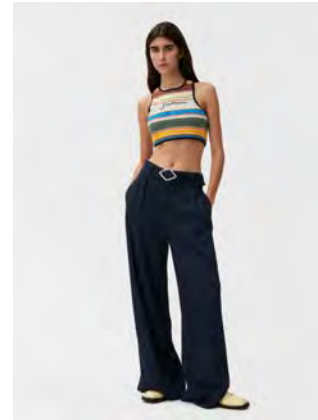
ZARA



H&M



ARKET



GANNI



PANGAIA



PVH

Forbes


One Of The Most Critical
Environmental Stories To Have
Escaped The Headlines

The New York Times

RESPONSIBLE FASHION

Will We Ever Be Able to Recycle Our Clothes Like an Aluminum Can?

A new factory operated by Renewcell, a textile recycling
company in Sweden, is the first step in turning old clothes
into new, high-quality fashion.

 Give this article



Recent coverage

Le Monde

The Guardian



FINANCIAL
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LE FIGARO

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VOGUE BUSINESS



hypebae



THE TIMES

FAST COMPANY

Awards and Stages



TIME

100 Best Inventions 2020

FAST COMPANY

World Changing Ideas 2023
Most Innovative Companies 2021



United Nations
World Water Day
March 2023



PVH

*"We're on a mission to create fashion that Wastes Nothing and Welcomes All, and a big part of this is **reducing our dependency on virgin resources**. We are proud to partner with fiber-to-fiber innovator, **Renewcell**, and join forces to repurpose waste into new products. Their **vision and technology is driving the industry forward** and helping us bring our sustainability **vision to life**"*

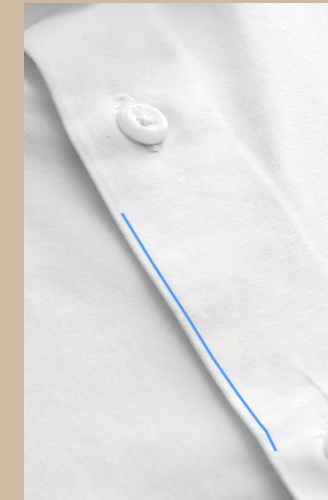
- Esther Verburg, EVP Sustainable Business and Innovation, Tommy Hilfiger Global.



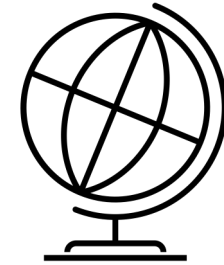
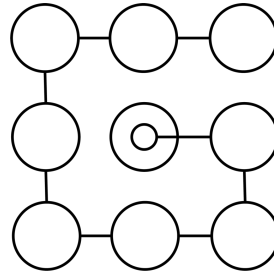
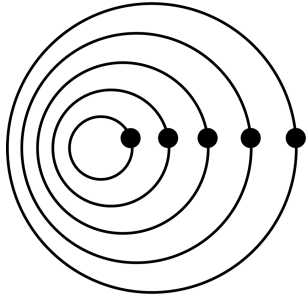
CIRCULOSE® co-branding offers an opportunity to increase retail prices and margin

- Value added
- Authentic storytelling
- Ease of access

CIRCULOSE® INGREDIENT BRANDING TOOLKIT



Commercial growth strategy



Product development

Increase the share of CIRCULOSE® pulp, fiber innovations, new fiber developments, traceability, performance

CIRCULOSE® Supplier Network

Develop the yarn Spinner and fabric markets building a CIRCULOSE® community

Market segments

Increase market segments like activewear, home, eventually into non-wovens

Brand equity

Build a recognized and requested brand name with CIRCULOSE® as industry standard

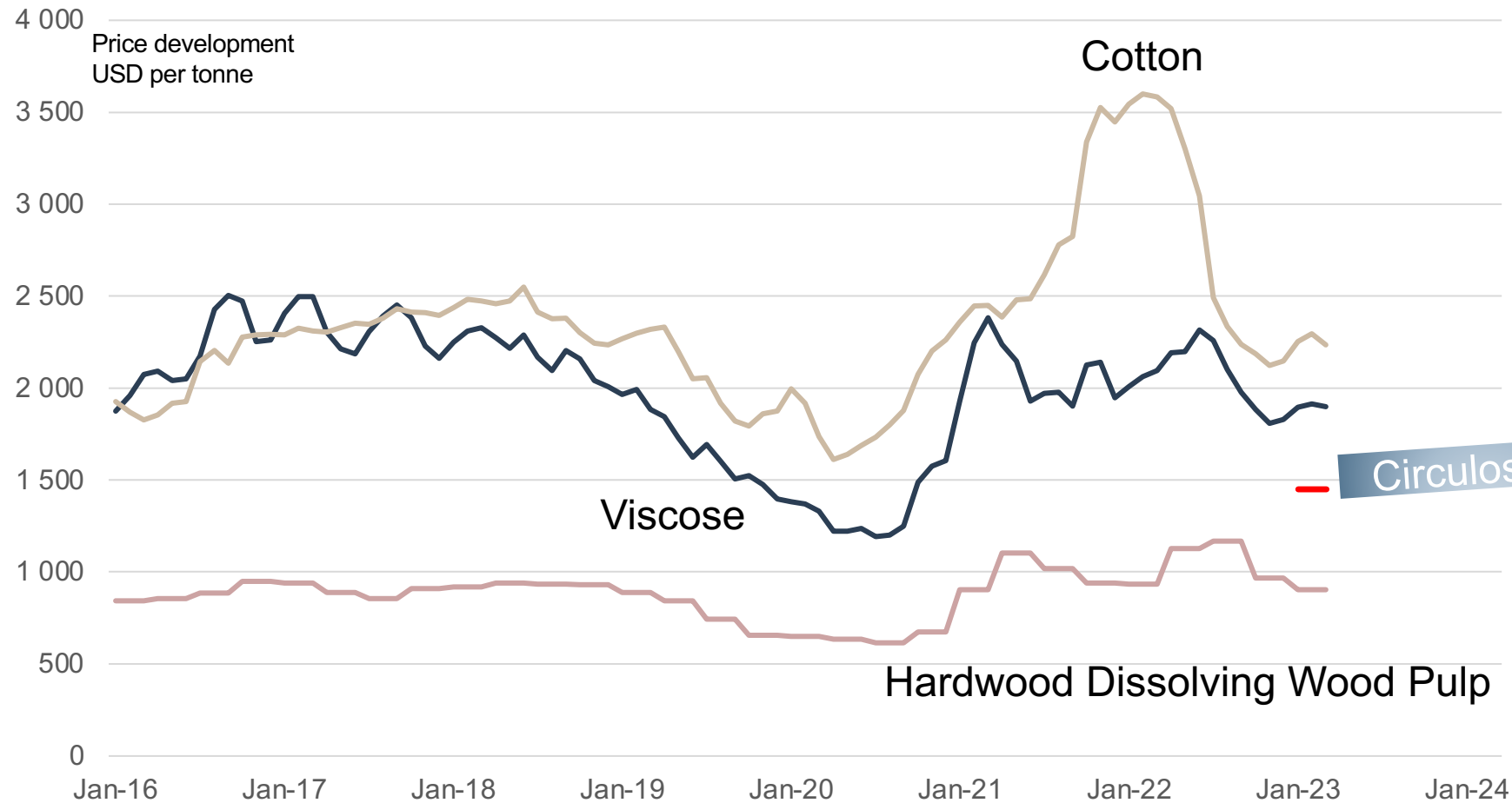
Global growth

Expansion of brands including opportunities in USA, Canada, South America, domestic markets in India and China

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The investment case

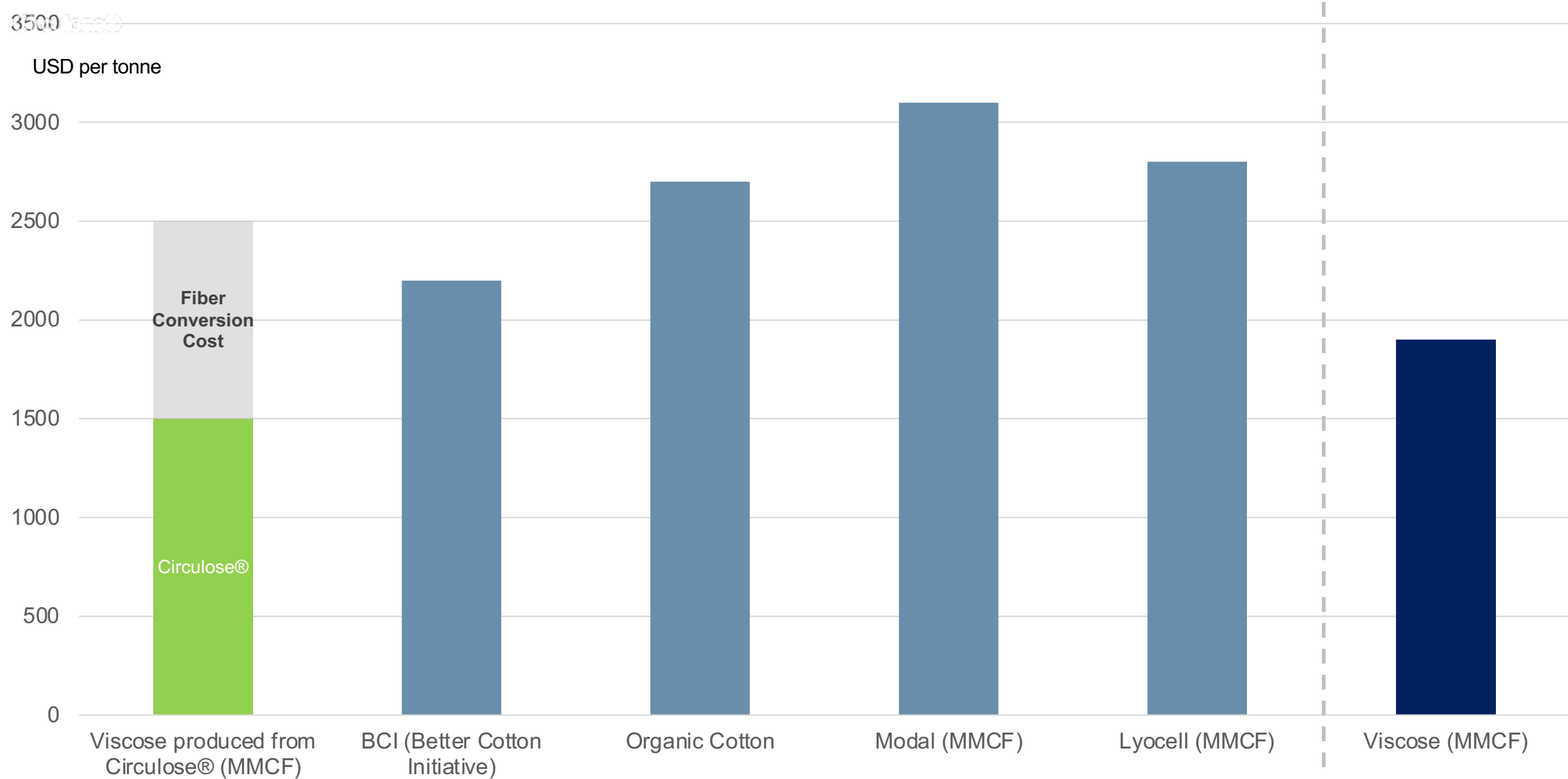
Renewcell commands a premium over dissolving wood pulp



Circulose® Pricing

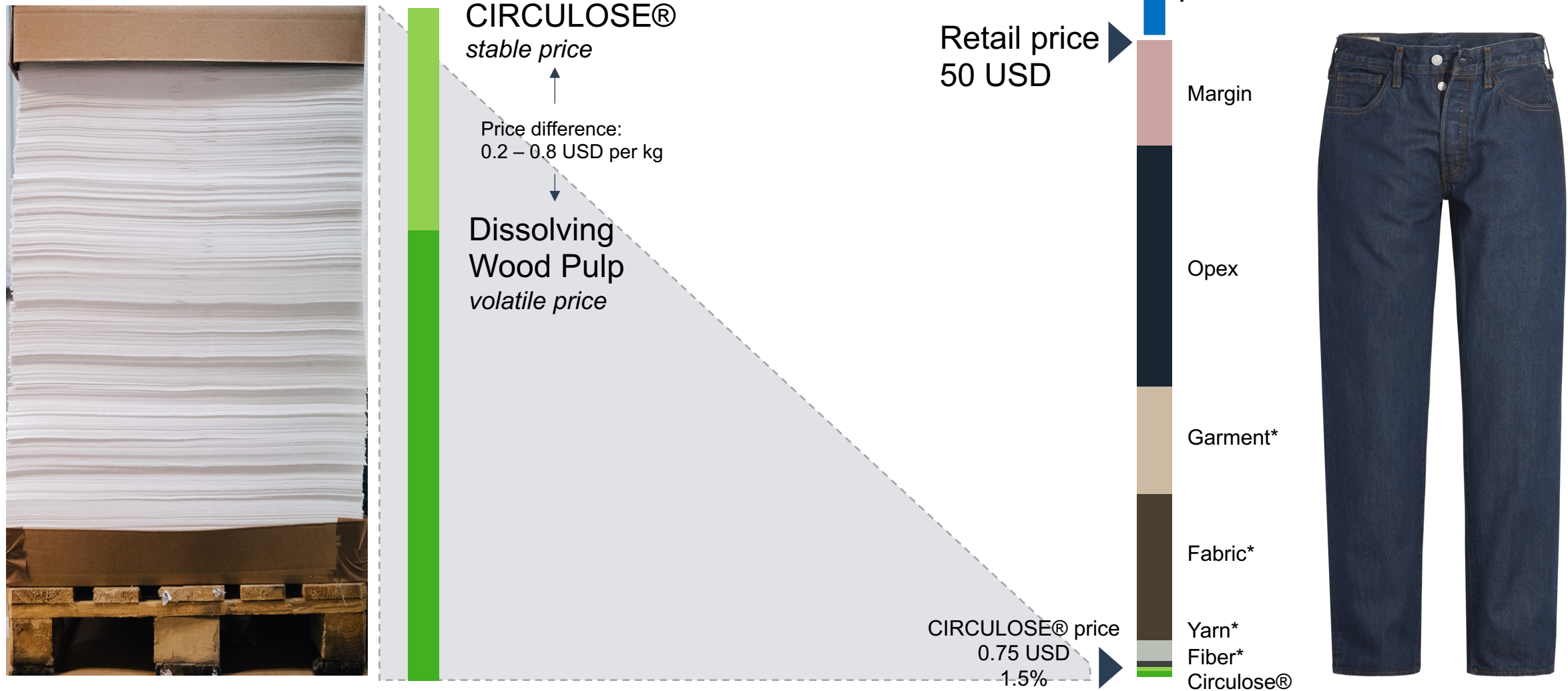
- Premium to dissolving wood pulp (DWP)
- Stable pricing
 - Stability
 - Allows investment behind Circulose®
- Indexation clauses
- Conversion cost DWP to viscose – about 800-1,000 USD per tonne

Pricing for sustainable textile fibers



Source: Emergingtextiles.com, April 2023
Note: MMCF stands for Man Made Cellulosic Fibers

Large potential for premium retail pricing – at very low cost



* Conversion costs

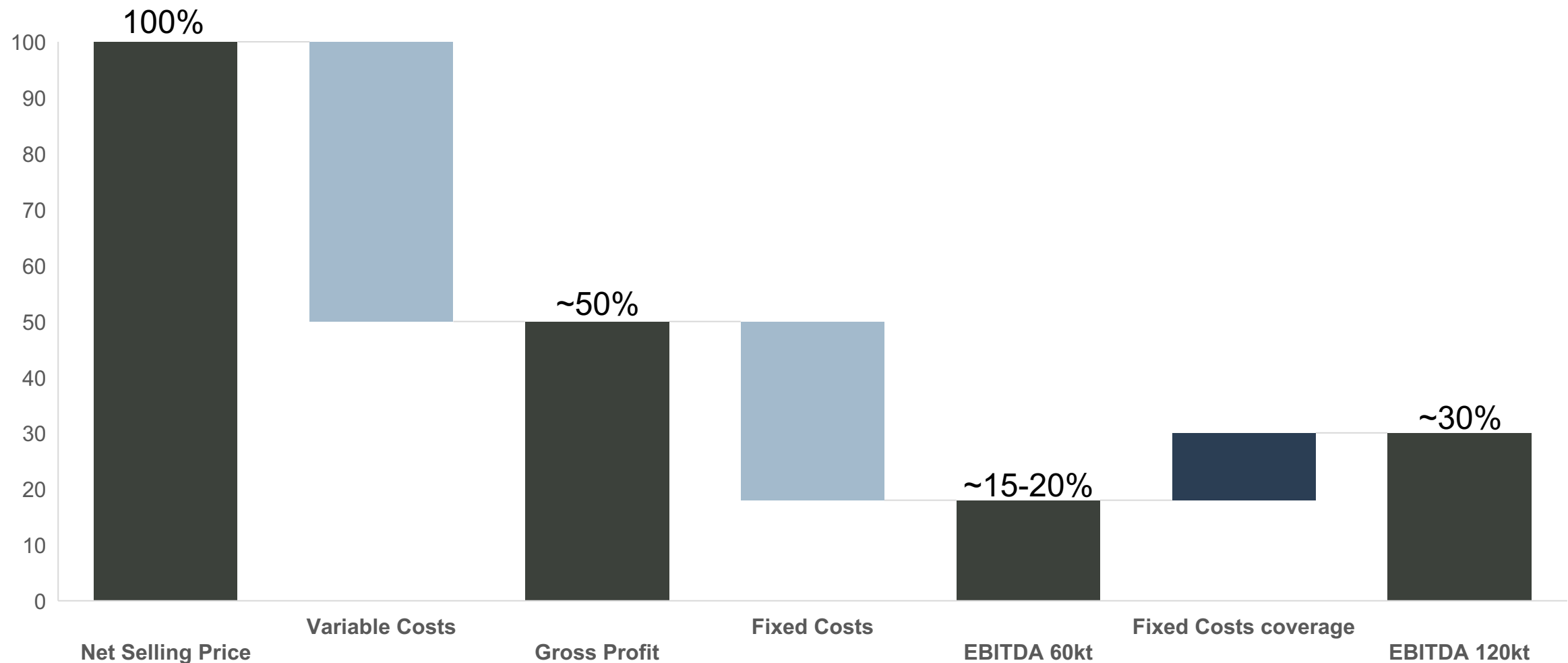
Change to IFRS

- IFRS accounting principles from 1 Jan 2023
 - In line with most other listed companies, allows benchmarking
- Main differences:
 - Leasing (factory building in Sundsvall) – EBITDA impact
 - Capitalized interest during construction period – no EBITDA impact



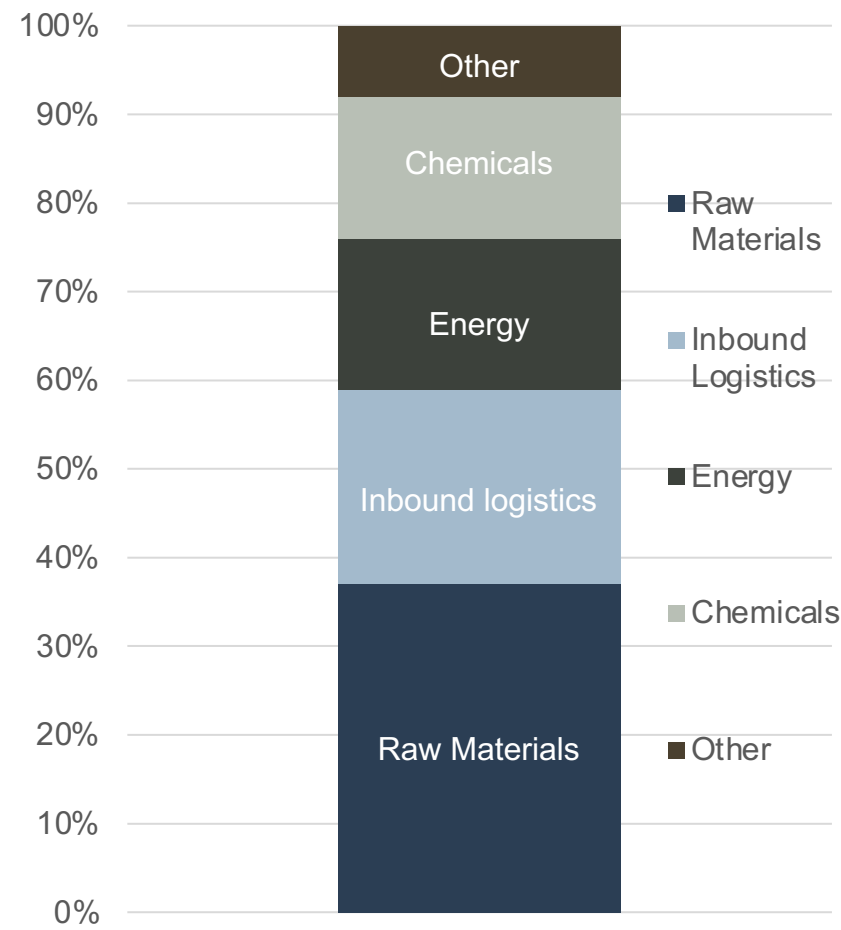
Renewcell expected P&L structure

when fully ramped up

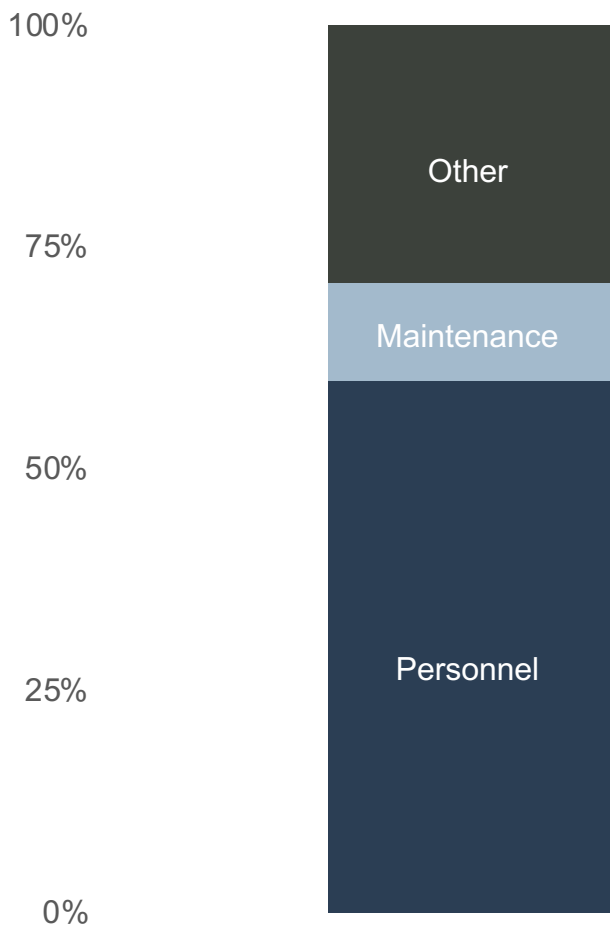


Note –Fixed costs coverage effect positive as the fixed costs % of net sales is reduced when ramped up to 120kt.

Renewcell variable cost structure



Renewcell fixed cost structure



Capex Renewcell 1

Capex	SEKm
2020	30
2021	312
2022	880
2023 Q1	56
Total to date	1,282



- The total capex for the Renewcell 1 plant in Ortviken is expected to be approx. SEK 1.45 billion (for 120,000 tonnes of capacity).
 - Of which approx. SEK 1.3 billion for 60,000 tonnes
 - Capex represents approx. USD 1200 per metric tonnes of capacity
- Note – excludes leasing capex (leased assets Gross Book Value ~SEK 327m)

Financing growth is a balancing act

Credibility

Deliver Proof Points at Renewcell 1

- Volume
- Customers
- Price
- Profitability

Rationale

- Feasibility
- Lower financing cost



Speed

Finance and initiate expansion

- First mover advantage
- Economy of scale

Rationale

- Maintain and extend first mover advantage
- Revenue and profit growth
- Make a sustainable impact



Renewcell – what could it look like

	Renewcell 1
Capacity	120 kt
Total Investment Cost*	SEK 2b
Investment per tonne	SEK 17,000
Estimated Revenue	~SEK 1.7b
Typical Pulp EBITDA margin	30%
Estimated EBITDA	~SEK 500m

Renewcell 2 at 250 kt
+250 kt
~SEK +3b
SEK 12,000
~SEK +3.5b
30%
~SEK +1b

Renewcell at 1mt
1000 kt
~SEK 12b
SEK 12,000
~SEK 14b
30%
~SEK 4b

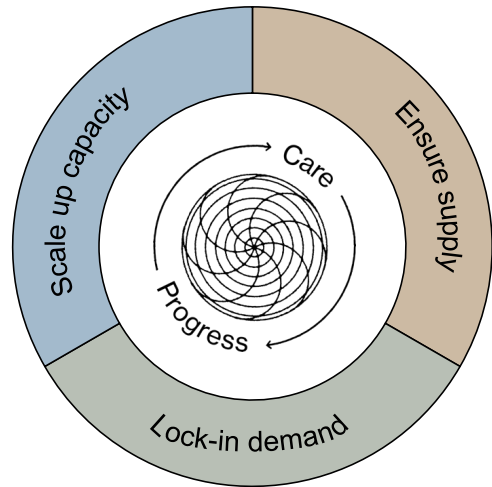
Notes

* Including working capital and start up losses

We are committed to scaling up responsibly

With rising expectations from all stakeholders, an increasing absolute footprint, and upcoming regulation, Renewcell continues the implementation of an integrated value creation strategy for responsible scaling.

STRATEGY



MATERIAL TOPICS



DISCLOSURE



ROADMAP

2021	<ul style="list-style-type: none">✓ Stakeholder mapping and materiality analysis✓ SDG mapping✓ Measurement points
2022	<ul style="list-style-type: none">✓ Implementation✓ Specification of measurements✓ Reporting frameworks
2023 and onward	<ul style="list-style-type: none">• Refined materiality analyses and dialogues• Product LCA• Define targets, incl net zero plan

RENEWCELL

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Summary



Renewcell - first industrial scale textile to textile recycling

Short term

- ✓ 60kt plant built and operational
- ✓ Customers are buying, using and committed to circularity/sustainability
- ✓ Current focus - ramp up to 60kt (finish the job)
- ✓ Expansion to 120kt

Long term

- ✓ Brands and legislators are committed to change
- ✓ Use Renewcell 1 as blue print
- ✓ Dedicate resources to long term
- ✓ Equity light scaling



A highly experienced team

Patrik Lundström
CEO



M.Sc. Chemical Engineering, KTH Royal Institute of Technology, Executive MBA from Stockholm School of Economics

Previously in executive positions at General Electric and DSM

Dr. Kristina Elg Christoffersson
CTO



Ph.D. in Chemistry from Umeå University

Previously CTO at Domsjö Fabriker (Aditya Birla)

Toby Lawton
CFO



MA in Physics from Oxford University, Member of CIMA

Previously CFO at SCA and Vinda International

Tricia Carey
CCO



B.Sc. in Fashion Merchandising from The Fashion Institute of Technology

Previously Director of Global Business Development Denim and Americas at Lenzing Group

Martin Stenfors
COO



M.Sc. Industrial engineering and management from Linköping University

Previously working as a supply chain leader at Naty, Ericsson, Electrolux and +10 years as a Management Consultant within supply chain

Henrik Dahlbom
Project Director



M.Sc. in Mechanical Engineering, Paper Technology at KTH Royal Institute of Technology

Previously R&D Manager at SCA