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## Renewcell announces intention to carry out a directed issue of new shares towards Swedish and international institutional investors

**Re:NewCell AB (publ) ("Renewcell" or the "Company") hereby announces its intention to, based on the authorization granted by the annual general meeting held on 19 May 2021, carry out a directed new issue of up to 3,085,727 shares, corresponding to up to 10% of the shares outstanding (the "Directed Share Issue"), towards Swedish and international institutional investors. Renewcell has mandated BNP Paribas SA ("BNP Paribas") and Carnegie Investment Bank AB (publ) ("Carnegie" and together with BNP Paribas, the "Joint Bookrunners") to evaluate the conditions to carry out the Directed Share Issue through an accelerated book-building procedure. The Directed Share Issue proceeds will mainly be used to accelerate the expansion from 60,000 to 120,000 metric tons as was decided on 16 February 2022, i.e installation of an additional 60,000 metric tons Circulose® production capacity in the Renewcell 1 plant in Sundsvall, Sweden, by 2023/24, two years ahead of the plan communicated at IPO.**

The Board of Directors decided on 16 February 2022, to initiate an accelerated capacity expansion of Renewcell 1 (Sundsvall, Sweden) from 60,000 to 120,000 metric tons per year by 2023/24, two years earlier than planned at the time of Renewcell's IPO. This decision was based on, and has been further supported by:

- **Strong customer demand for Renewcell's recycled textile material Circulose®:** Renewcell has successfully launched Circulose® with several global brands such as H&M, Levi's, GANNI, Bestseller and Gina Tricot. To date Renewcell has signed offtake agreements and agreed LOIs corresponding to 86,000 metric tons (143% of current capacity being established in Renewcell 1), and advanced contract negotiations are ongoing for a total offtake volume close to 120,000 metric tons. By meeting this demand, Renewcell will further cement its market leadership and its first mover advantage.
- **Proven ability to build up capacity:** The plan to start up the first step i.e. 60,000 metric tons capacity by this summer is on track and near completion.
- **Cost efficient and easy to expand current site:** As the first 60,000 metric tons capacity were built with the aim to

eventually expand to 120,000 metric tons, the incremental costs for the capacity expansion is expected to be significantly lower than for the first 60,000 metric tons. Total CAPEX for 120,000 tons capacity is estimated at SEK 1.2-1.3 bn.

- **Opportunity to unlock highly attractive economics:** The additional 60,000 metric tons of capacity is expected to be highly accretive to EBITDA as fixed cost is largely unchanged.

The proceeds from the capital raise will be used to accelerate the production capacity to 120,000 metric tons by 2023/24, mainly for capital expenditure and working capital needs.

The subscription price and the total number of new shares in the Directed Share Issue will be determined through an accelerated bookbuilding procedure, which will begin immediately following this announcement. Should the Board of Directors resolve to carry out the Directed Share Issue, pricing and allocation of shares is expected to take place before the start of trading on Nasdaq First North Premier Growth Market on 12 May 2022. The exact timing of the closing of the bookbuilding, pricing and allocation are at the discretion of Renewcell in consultation with the Joint Bookrunners. The bookbuilding procedure may close earlier or later and may be cancelled at any point in time. Renewcell will announce the outcome by way of a press release after the closing of the bookbuilding procedure.

Prior to the Directed Share Issue, the Board of Directors has also considered the possibility to raise the required equity through a rights issue but concluded that a rights issue would be significantly more time-consuming and entail significantly higher costs and increased exposure to potential market volatility compared to the Directed Share Issue. Unlike a rights issue, the Directed Share Issue can also broaden as well as strengthen the shareholder base and provide the Company with new shareholders, which the Board of Directors considers to be of great benefit to Renewcell. In the light of the above, the Board of Directors has made the assessment that a Directed Share Issue with deviation from the shareholders' preferential rights is the most favorable alternative for Renewcell and in the best interest of the Company's shareholders. As the subscription price in the Directed Share Issue will be determined through a bookbuilding procedure, the Board of Directors assesses that the subscription price will reflect current market conditions and demand.

The Company will, subject to customary exemptions and the completion of the Directed Share Issue, undertake, in favor of the Joint Bookrunners, not to issue additional shares for a period of 180 calendar days from the settlement date of the Directed Share Issue. In addition, the members of the Company's Board of Directors as well as its management, subject to customary exemptions and the completion of the Directed Share Issue, undertake, in favor of the Joint Bookrunners, not to sell any shares in Renewcell for a period of 180 calendar days from the settlement date of the Directed Share Issue.

## Advisors

In conjunction with the Directed Share Issue, the Company has engaged BNP Paribas and Carnegie as Joint Bookrunners. Advokatfirman Vinge KB is legal advisor to the Company and Baker McKenzie AB is legal advisor to the Joint Bookrunners.

### **Important information**

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This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

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Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Directed Share Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Joint Bookrunners. The Joint Bookrunners is acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

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This press release does not constitute an invitation to warrant, subscribe, or otherwise acquire or transfer any securities in any jurisdiction. This press release does not constitute a recommendation for any investors' decisions regarding the Directed Share Issue. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

#### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the

forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market Rulebook.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "EU Target Market Assessment"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "UK Target Market Assessment" and, together with the EU Target Market Assessment, the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.

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## About Renewcell

Founded by innovators from Stockholm's KTH Royal Institute of Technology in 2012, Re:NewCell AB (publ) ('Renewcell') is a multi-award-winning sustaintech company based in Sweden. The company's vision is to inspire an Industrial Evolution to a sustainable world by producing high quality materials from recycled textiles.

Through its patented process, Renewcell is able to upcycle cellulosic textile waste, such as cotton clothes, transforming it into a pristine new material called Circulose®. Fast Company named Renewcell one of the World's Most Innovative Companies 2021. Circulose® was also included on TIME Magazine's list of the 100 Best Inventions 2020.

Renewcell is a publicly listed company with shares traded on Nasdaq First North Premier Growth Market with the ticker name RENEW and ISIN code SE0014960431. FNCA Sweden AB is Renewcell's Certified Adviser, +46(0)8-528 00 399, info@fnca.se.

*This information is information that Re:NewCell AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-05-11 17:31 CEST.*

## Attachments

Renewcell announces intention to carry out a directed issue of new shares towards Swedish and international institutional investors