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## **Renewcell announces intention to carry out a directed issue of new shares towards Swedish and international institutional investors and publishes its interim report Q3 2022 today, ahead of schedule**

**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 17 May 2022 and with deviation from the shareholders' preferential right, carry out a directed new issue of shares corresponding to proceeds of approximately SEK 150 million (the "Directed Share Issue"), towards Swedish and international institutional investors. Renewcell has mandated Nordea Bank Abp, filial i Sverige ("Nordea") as Sole Global Coordinator and Joint Bookrunner and Pareto Securities AB ("Pareto") as Joint Bookrunner (Pareto together with Nordea, the "Managers") to evaluate the conditions to carry out the Directed Share Issue through an accelerated book-building procedure, starting immediately. The Company's largest shareholders, H&M Group and Girincubator AB (via the family affiliated Girindus Investments AB) have indicated interest to participate in the Directed Share Issue. The Directed Share Issue proceeds will mainly be used to finance operational expenses during the ramp-up and increased capital expenditures ("CAPEX") as described below. Furthermore, Renewcell has today through a separate press release published its interim report Q3 2022, instead of 28 October 2022 as previously communicated, for the purpose of the intended capital raise.**

### **Background**

As previously communicated, Renewcell has installed a new production line at the Renewcell 1 plant in Ortviken, Sundsvall, Sweden to produce 60,000 metric tons per year of the recycled textile material Circulose®. The production line has been installed and the initial start-up process commenced 19 August 2022. As part of the start-up process, intensive work has taken place since that date, and is ongoing, to calibrate and regulate the functionality of the production line ready for the commercial production of Circulose®.

The start-up process of Renewcell 1 has taken longer than previously expected, causing a delay of the production ramp-up and therefore revenue generation from Renewcell 1 and an increase in CAPEX related to the prolonged start-up process of Renewcell 1. The subsequent production ramp-up to 60,000 metric tons is also expected to take longer than previously expected. This leads to an expected increase in the negative profit effect from the fourth quarter 2022 until Renewcell 1 has reached the expected production capacity of 60,000 metric tons. The expected profitability once fully ramped-up remains unchanged.

As a result, the Company has a funding need of approximately SEK 150 million, of which approximately SEK 100 million is required to finance the negative profit effect (operational expenses) and approximately SEK 50 million is required to finance CAPEX.

Due to the expected increased CAPEX of approximately SEK 50 million, the total investment for the Renewcell 1 plant in Ortviken (with capacity up to 120,000 metric tons) is now estimated to reach approximately SEK 1.45 billion (compared to the previous assessment of approximately SEK 1.40 billion).

The Company intends to raise capital in the form of a new share issue to meet the funding need. As a result of this new share issue, the completion of the start-up process and the production ramp-up of Renewcell 1 to 60,000 metric tons in the first stage and then to 120,000 metric tons in a later stage, can be executed, without the need of additional equity, taking into account the delayed start-up and slower than expected production ramp-up.

#### **The Directed Share Issue and use of proceeds**

Renewcell intends to, based on the authorization granted by the annual general meeting held on 17 May 2022 and with deviation from the shareholders' preferential right, carry out a directed new issue of shares corresponding to proceeds of approximately SEK 150 million to cover the funding need, towards Swedish and international institutional investors.

The proceeds from the contemplated Directed Share Issue will mainly be used according to the funding need as described above. If the proceeds from the Directed Share Issue, after transaction costs, exceeds the total approximate funding need as described above, the surplus will be used for general corporate purposes.

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 28 October 2022. The exact timing of the closing of the bookbuilding, pricing and allocation are at the discretion of Renewcell in consultation with the Managers. 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.

The Company's largest shareholders, H&M Group and Girincubator AB (via the family affiliated Girindus Investments AB) have indicated interest to participate in the Directed Share Issue.

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. Given the market volatility seen during 2022, that is still ongoing, the Board of Directors has assessed that a rights issue would also require a rather significant underwriting from a guarantor syndicate that would entail additional costs and/or additional dilution depending on the type of remuneration for such underwriting. The more time-consuming rights issue alternative would also further delay the initiation of the commercial start of the Renewcell 1 plant which in turn would lead to a corresponding delay of initiation of revenue generation that would cause a further need for external funding. The Company has concluded that a delayed commercial start is not in the best interest of the shareholders. 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 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 favourable alternative for Renewcell and in the best interest of all the Company's shareholders. As the subscription price in the Directed Share Issue will be determined through a bookbuilding procedure at arm's length, the Board of Directors assesses that the subscription price will reflect current market value and demand.

### **Lock-up**

The Company will, subject to customary exemptions and the completion of the Directed Share Issue, undertake, in favour of the Managers, not to issue additional shares for a period of 180 calendar days from the settlement date of the Directed Share Issue.

### **Earlier publication of the interim report Q3 2022**

In light of the contemplated Directed Share Issue, Renewcell has today and in conjunction herewith through a separate press release published its report for the third quarter of 2022. The report, which covers the period 1 January to 30 September 2022, has been published today, 27 October 2022, instead of 28 October 2022 as previously communicated.

### **Advisors**

In conjunction with the Directed Share Issue, the Company has engaged Nordea as Sole Global Coordinator and Joint Bookrunner and Pareto as Joint Bookrunner. Advokatfirman Vinge KB is legal advisor to the Company and Baker & McKenzie Advokatbyrå KB is legal advisor to the Sole Global Coordinator and Joint Bookrunners.

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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 make fashion circular.

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®. Drapers Magazine recognized Circulose® at their 2022 Sustainable Fashion Awards. 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 Certified Adviser, +46(0)8-528 00 399, info@fnca.se.

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rights in any Member State of the EEA and no prospectus has been or will be prepared in connection with the Directed Share Issue. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

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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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 Managers. The Managers are 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 “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 Managers 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 (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.

## **Attachments**

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