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Renewcell completes a directed issue of 2,633,333 new shares to Swedish and international institutional investors, raising gross proceeds of approximately SEK 158 million

The Board of Directors of Re:NewCell AB (publ) (“Renewcell” or the “Company”) has, based on the authorization granted by the annual general meeting held on 17 May 2022 and with deviation from the shareholders’ preferential right, resolved to carry out a directed share issue of 2,633,333 new shares at a subscription price of SEK 60 per share to Swedish and International institutional investors (the “Directed Share Issue”). The subscription price was determined through an accelerated book-building procedure performed by Nordea Bank Abp, filial i Sverige (“Nordea”) and Pareto Securities AB (“Pareto” and together with Nordea, the “Managers”). The Directed Share Issue was subscribed by a number of reputable Swedish and international institutional investors and existing shareholders, H&M Group and Girincubator AB (via the family affiliated Girindus Investments AB) among others.

The bookbuilding procedure which was announced by the Company earlier today has been completed. The Board of Directors of Renewcell has decided to carry out a directed issue of 2,633,333 new shares, at a subscription price of SEK 60 per share, consequently raising proceeds of approximately SEK 158 million before transaction costs.

The proceeds from the Directed Share Issue will be used to finance the negative profit effect (operational expenses), the increased CAPEX due to the delay of the production ramp-up as well as for general corporate purposes. As a result of the Directed 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.

Patrik Lundström, CEO of Renewcell, comments:

”We are pleased to see the continued interest for Renewcell, and the broadening of the shareholder base as a vote of confidence for our business model and long-term potential. Although somewhat delayed, we’ve built the plant (Renewcell 1) in record time with a very low CAPEX. By securing the financing to ramp-up Renewcell 1, we are cementing our market leading position in the value chain and addressing the supply gap for a commercial solution that enables fashion brands to become more circular. Today’s transaction creates the conditions for Renewcell’s continued journey towards becoming the world’s first industrial scale dissolving pulp plant using 100% recycled textiles as raw material.”

Due to the Directed Share Issue, the number of shares and votes in the Company will increase by 2,633,333 from 33,943,003 to 36,576,336. The Directed Share Issue entails a dilution of approximately 7.2 percent of the number of shares and votes in the Company (calculated as the number of newly issued shares divided by the total number of shares in the Company after the Directed Share Issue). The share capital will increase by SEK 67,209.06 from SEK 866,307.97 to SEK 933,517.03.

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 the light of the above, the Board of Directors made the assessment that a Directed Share Issue with deviation from the shareholders’ preferential rights was 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 was determined through a bookbuilding procedure at arm’s length, the Board of Directors assesses that the subscription price reflects current market value and demand.

Lock-up

The Company has, subject to customary exemptions, undertaken, 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.

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.

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 2022-10-27 23:15 CEST.

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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 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

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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

Renewcell completes a directed issue of 2,633,333 new shares to Swedish and international institutional investors, raising gross proceeds of approximately SEK 158 million