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Renewcell intends to list its shares on Nasdaq First North Premier Growth Market

Re:NewCell AB (publ) ("Renewcell" or the "Company"), being the first in the world to commercially offer a dissolving pulp for textile production manufactured from 100 per cent recycled textiles, today announces its intention to list its shares on Nasdaq First North Premier Growth Market and to raise capital through an issue of new shares, for the financing of the future growth of the Company (the "Offering"). Funds managed by Capital World Investors, AMF Fonder AB, Handelsbanken Fonder AB on behalf of managed funds and Swedbank Robur as well as members of in the Company's management and board have undertaken to subscribe for shares in the Offering.

The Offering in brief

To support Renewcell's growth and continued development, the board of directors of the Company has decided to carry out a new share issue in Renewcell. The Offering is expected to comprise new shares issued by the Company with a value of up to approximately SEK 800 million. To cover any over-allotment in the Offering, the shareholder Girindus Investments AB has undertaken, at the request of the Nordea, to sell existing shares, corresponding to up to 15 per cent of the number of shares encompassed by the Offering (the "Over-allotment Option"). The Over-allotment Option thus amounts to approximately SEK 120 million. The shares in the Offering will be offered to institutional investors in Sweden and abroad as well as to the general public in Sweden.

Prior to the Offering, a number of institutional investors as well as members of the Company's management and board have undertaken, under specific terms and conditions, and at the same price as other investors, to subscribe for shares in the Offering of up to SEK 444 million, as described below:

- Funds managed by Capital World Investors: SEK 130 million
- AMF Fonder AB: SEK 75 million
- Handelsbanken Fonder AB on behalf of managed funds: SEK 75 million
- Swedbank Robur: SEK 75 million

- H&M Fashion AB: SEK 81 million (corresponding to its pro rata share of the Offering excluding the Over-allotment Option)
- The Norlin family through Girincubator AB: SEK 5 million
- People in the Company's management and board in total: SEK 3 million

Full terms, conditions and instructions for the Offering will be included in the prospectus that will be prepared by the Company in connection with the Offering and which is expected to be published around November 13 2020.

Patrik Lundström, CEO of Renewcell:

"Renewcell has had a fantastic development over the past year. Despite the pandemic, we have succeeded in launching Circulose® together with two global brands, validating the scalability of the process, signing an industry-unique supply agreement with a leading viscose manufacturer and securing an ideal location at SCA Ortviken. Everything is now prepared to quickly increase our capacity to deliver a product at scale to the apparel industry, which is in great need of transformation to new sustainable raw materials. I look forward to working with the team to deliver on our growth plans and build Renewcell into a large and profitable pulp producer."

Mia Hemmingsson, Chairman of the board of Renewcell:

"The global middle class is growing and so is the pressure on the apparel industry from consumers, investors and politicians. With its technology, Renewcell is ideally positioned to help the industry with the necessary transition to a large-scale circular economy. With the great progress of recent years and with a very experienced and driven management and organization, Renewcell is in a strong position to accelerate. With the listing on the Nasdaq First North Premier Growth Market, we pass another strategic milestone on the road to making the global apparel industry sustainable."

About Renewcell and background to the Offering

Renewcell provides an alternative raw material for textile production that replaces resource-intensive materials, such as cotton, or petroleum-based materials, such as polyester. As far as is known, the Company is the first in the world to commercially offer a dissolving pulp for textile production manufactured from 100 per cent recycled textiles and has, thereby, succeeded in closing the loop for cellulose-based textiles (cotton or viscose) in an otherwise linear textile value chain.

The commercialisation of Renewcell's Circulose® pulp products is ongoing and global clothing brands, including H&M and Levi's have already launched garments produced in textile made from Circulose® and BESTSELLER launches a collection during the spring of 2021. There is also substantial interest from other global clothing brands. The Company has also established partnerships across the value chain with fibre producers, pulp agents, textile sorters and a number of clothing brands to secure both the delivery of the raw material to and sales of Circulose® pulp.

The next step in Renewcell's development is the construction of a new plant with an annual production capacity of 60,000 air-dried metric tons ("ADMT")[1] of pulp. The plant will be located in facilities at SCA's paper mill in Ortviken outside Sundsvall, Sweden. Installation of machinery is scheduled to start in the third quarter of 2021 and will be fully installed in the first quarter of 2022. The production volume will gradually increase, commencing during the first six months of 2022 with the intention to reach full production volume toward the end of 2024.

The objective of the Offering and the listing on Nasdaq First North Premier Growth Market is to finance the Company's construction of the new plant and the Company's continued growth until the Company reaches positive cash flow from operating activities as well as to further increase international recognition of Renewcell among customers, and existing and potential partners.

Operational targets

Renewcell aims to have an installed annual production capacity of dissolving pulp of 60,000 tonnes in 2022, 250,000 tonnes in 2026 and 360,000 tonnes in 2030. Furthermore, the Company aims for a total 20 clothing brands in 2026 and a total of 30 clothing brands in 2030 to have launched products with textile fibres made of Circulose® pulp.

Financial targets

The Company's target is to have an annual EBITDA margin of 30 per cent, and an equity ratio of 50 per cent for the financial year 2026. Furthermore, the Company's target is to have an annual EBITDA margin of over 30 per cent, and an equity ratio of over 50 per cent for the financial year 2030.

Advisers

Nordea is Sole Global Coordinator and Joint Bookrunner. Pareto Securities is Joint Bookrunner. Advokatfirman Vinge is legal adviser to the Company and White & Case Advokat AB is legal adviser to Sole Global Coordinator and Joint Bookrunners. Avanza is Retail Manager.

For further information, please contact:

Patrik Lundström, CEO Renewcell

Telephone: +46 761 83 41 17

Email: patrik.lundstrom@renewcell.com

Harald Cavalli-Björkman, CMO Renewcell

Telephone: +46 705 90 32 04

Email: harald.cavalli-bjorkman@renewcell.com

Important information

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In any EEA Member State, other than Sweden, that has implemented the (EU) Regulation 2017/1129 (the "**Prospectus Regulation**"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

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This press release may contain forward-looking statements which reflect the Company’s current view on future events and financial and operational development. Words such as “intend”, “expect”, “anticipate”, “may”, “believe”, “plan”, “estimate” and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

A prospectus prepared in accordance with the Prospectus Regulation will be published on or about November 13 2020 and will be held available at www.renewcell.com.

[1] A pulp-industry specific term, which denotes air-dried tonnes of pulp. Air-dried is defined as 90 per cent dry matter in the pulp, entailing that one ADMT is equal to 900 kilos of absolutely dry pulp plus 100 kilos of bound water.

Attachments

Renewcell intends to list its shares on Nasdaq First North Premier Growth Market