

# Notice of Extraordinary General Meeting in Re:NewCell AB

**The shareholders of Re:NewCell AB, Reg. No. 556885-6206 ("Re:NewCell" or the "company"), are hereby summoned to the Extraordinary General Meeting on Friday, 3 September 2021.**

In light of the corona pandemic and in order to minimize any risk of spreading the coronavirus, the Board of Directors of the company has decided that the General Meeting is to be held only through postal voting pursuant to temporary legislation. This means that the General Meeting will be conducted without the physical presence of shareholders or representatives. Shareholders will only be able to participate in the General Meeting by postal voting and submitting questions in advance in the manner described below.

Information on the resolutions passed at the General Meeting will be disclosed on Friday, 3 September 2021, when the outcome of the postal voting has been confirmed.

## Right to attend

Shareholders who wish to participate in the General Meeting must

1. be registered as of 26 August 2021 in the share register kept by Euroclear Sweden AB, and
2. give notice of participation no later than 2 September 2021 by casting its postal vote in accordance with the instructions under the heading "*Postal voting*" below so that the postal vote is received by the company no later than that day.

## Nominee-registered shares

In order to be entitled to participate in the General Meeting, a shareholder whose shares are nominee-registered must, in addition to giving notice of participation in the General Meeting, register its shares in its own name so that the shareholder is registered in the share register kept by Euroclear Sweden AB as of the record date on 26 August 2021. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines at such a time in advance as decided by the nominee. Voting rights registrations made no later than the second banking day after 26 August 2021 are taken into account in the presentation of the share register.

## **Postal voting**

Shareholders may exercise their voting rights at the General Meeting only by postal voting in advance in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

Shareholders who wish to postal vote must use the postal voting form, which is available on the company's website, [renewcell.com](https://renewcell.com), and from the company at Cardellgatan 1, 114 36 Stockholm, Sweden. The postal voting form is considered as notice to participate at the General Meeting.

The completed and signed form must be received by the company no later than Thursday, 2 September 2021. The completed and signed form must be sent by mail to Re:NewCell AB, Cardellgatan 1, 114 36 Stockholm, Sweden, marked "EGM", or by e-mail to [investors@renewcell.com](mailto:investors@renewcell.com). If the shareholder is a legal person, a registration certificate or other authorization document must be attached to the form.

Shareholders may not provide special instructions or conditions to the postal vote. If so, the vote (i.e., the entire postal vote) is invalid. Further instructions and conditions can be found in the postal voting form.

Shareholders who wish to submit its postal vote by proxy must issue a written and dated power of attorney for their representative. If the power of attorney is issued by a legal person, a copy of the registration certificate or equivalent for the legal person must be attached. Proxy form is available on the company's website, [renewcell.com](https://renewcell.com), and must be attached to the postal voting form.

## **Proposed agenda**

1. Election of Chairman of the General Meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons to attest the minutes.
5. Determination of whether the General Meeting has been duly convened.
6. Resolution on adoption of a warrant-based incentive program for key persons.
7. Resolution on approval of conclusion of loan agreement with the European Investment Bank.
8. Closing of the General Meeting.

## **Proposed resolutions**

### **Item 1 – Election of Chairman of the General Meeting**

The Board of Directors proposes that the Chair of the Board of Directors, Mia Hemmingson, or in the event of her absence, the person appointed by the Board of Directors instead, be elected Chairman of the General Meeting.

### **Item 2 – Preparation and approval of the voting list**

The voting list proposed to be approved under item 2 on the agenda is the voting list prepared by the Chairman, based on the General Meeting share register and received postal votes, as verified and confirmed by the persons elected to attest the minutes.

#### **Item 4 – Election of one or two persons to attest the minutes**

The Board of Directors proposes that Henrik Norlin and Boris Gyllhamn, or in the event of absence of any or both, the person or persons designated by the Board of Directors instead, be elected to attest the minutes. The tasks of the persons elected to attest the minutes also include verifying the voting list and that received postal votes are correctly reproduced in the minutes of the meeting.

#### **Item 6 – Resolution on adoption of a warrant-based incentive program for key persons**

The Board of Directors proposes that the General Meeting resolves to adopt a warrant-based incentive program for key persons in the company through (A) resolution on issue of warrants of series 2021/2024 to the company, and (B) resolution on approval of transfer of warrants of series 2021/2024 from the company to key persons in the company, in accordance with below.

#### **Background and objective**

The years ahead are very important for Renewcell, as the company is rapidly scaling up its operations. In order to successfully deliver on its strategy and plans during the coming years, it is of utmost importance that Renewcell has the right expertise onboard and ensures that the company retains key employees who will lead the development of the company. The Board of Directors considers it important that key persons within the company are given the opportunity to receive remuneration that is related to and dependent on the value growth they contribute to creating. The Board of Directors considers that it is to the advantage of the company and the shareholders that the key persons in this way are given a personal ownership commitment.

The current compensation structure at Renewcell is made up of a base salary including pension, which is reflecting market level salary. Five employees (CEO and 4 other) who have been onboard for several years have a warrant-based incentive program, but it only includes a smaller part of the current management team and key employees.

The Board of Directors in Renewcell has developed a proposal for a long-term incentive program focused on including all key roles/employees required to deliver on the company's challenging plans in the next few years, CEO + 14 current employees + additional key employees who will likely be recruited in the near future (3-5 people), with the aim of creating a program that well balances the interests and objectives for owners, the company and key employees.

In light of the terms, the size of the allotment and other circumstances, the Board of Directors assesses that the proposed warrant program as follows below is reasonable and advantageous for the company and its shareholders. The Board's assessment is that this program creates strong incentives and supports the shareholders' objectives of value creation and returns, and that it contributes to the retention of key employees who are critical for the company's development in future years.

#### **A. Issue of warrants**

The Board of Directors proposes that the General Meeting resolves on a directed issue of no more than 554,391 warrants of series 2021/2024, meaning the share capital upon full exercise may increase by no more than SEK 14,149.41. The following conditions shall otherwise apply to the resolution.

1. The right to subscribe warrants is, with deviation from the shareholders' preferential rights, given to Re:NewCell AB with the right and obligation to transfer the warrants to key persons within the company in accordance with the proposal under item B below. The company shall have no right to dispose of the warrants in any other way than as follows from the proposal under item B below. Over-subscription is not allowed.
2. The reason for the deviation from the shareholders' preferential rights is that the warrants shall be used within the framework of the warrant program.
3. The warrants shall be issued free of charge to the company.
4. Subscription of the warrants shall take place within two weeks from the day of the resolution of the issue. The Board of Directors has the right to prolong the subscription period.
5. Each (1) warrant entitles to subscription of one (1) share in the company. Subscription of new shares by support of the warrants may take place during the period commencing on 8 November 2024 (however not earlier than the day after the publication of the company's interim report for the period Q3) up to and including the date that falls 30 calendar days thereafter. Under the terms and conditions of the warrants, the period during which the warrants may be exercised may be extended if participants are prevented from exercising their subscription rights due to applicable laws on insider trading or any equivalents.
6. The subscription price for each new share subscribed by support of the warrants shall be determined to an amount equivalent to 130 percent of the volume-weighted average price of the company's share on Nasdaq First North Growth Market Premier during the period 10 trading days from and including 3 September 2021 to 16 of September 2021. In connection with subscription of shares exercised through a warrant, the part of the subscription price that exceeds the quotient value shall be added to the non-restricted share premium reserve.
7. The newly issued shares following exercise of the warrants shall carry rights to dividends for the first time on the first record date for dividend that take place after the shares have been registered and recorded in the share register kept by Euroclear Sweden AB.
8. Warrants held by the company and which have not been transferred in accordance with item B below or which have been repurchased from the participants may be canceled by the company following a resolution by the Board of Directors. Cancellation must be reported to the Swedish Companies Registration Office for registration.
9. The complete terms and conditions for the warrants are available on the company's website, [renewcell.com](http://renewcell.com). As set forth in the terms and conditions for the warrants, the subscription price and the number of shares that each warrant entitle to subscription of may be recalculated in certain cases.

#### B. Approval of transfer of warrants

The Board of Directors proposes that the General Meeting resolves to approve that the company, within the framework of the warrant program, transfers no more than 554,391 warrants of series 2021/2024 to key persons in the company on the following terms:

1. The right to acquire warrants shall be given to employees in the company who have entered into a post-transfer purchase rights agreement with the company. Allotment of the warrants will be made by the company in accordance with the principles established by the General Meeting. The warrant program will include no more than the following number of warrants for the various categories of participants (the "participants"):

Category

Maximum number of options

CEO (1 person)	49,895 warrants
Senior executives and key persons (maximum 14 persons)	413,021 warrants
Senior executives and key persons who may be recruited in the near future (maximum 5 persons)	91,475 warrants

Over-allotment is not allowed. Right to acquire warrants from the company shall only be given to the persons who by the end of the subscription period have not resigned or been dismissed. Warrants that are not acquired as above or that are repurchased from participants may be offered future new key persons. For such acquisitions, the conditions shall be the same or equivalent to what is stated in this resolution.

Transfers to the participants presupposes that the warrants can be acquired legally and that the Board of Directors assesses that it can be made against reasonable administrative and financial efforts.

1. Notice of acquisition of warrants shall take place during the period commencing on 17 September 2021 until and including 7 November 2021. The Board of Directors shall however have a right to prolong the notice period of acquisition as well as to specify a corresponding notice period for new key persons whose acquisitions take place after the end of the initial notice period. The company's Board of Directors resolves on the final allotment. The reason why persons may be granted warrants at such a time that the time between the allotment and the beginning of the period for subscription of new shares by support of the warrants may be less than three years is that the Board of Directors deems it important that such new employees, for the reasons that apply to the program as a whole, are given an opportunity to take part in the value growth of Re:NewCell's share already at the beginning of the employment. No transfers may, however, take place after the 2022 Annual General Meeting.
2. The warrants shall be transferred on market terms at a price established in accordance with a calculated market value for the warrants by application of Black & Scholes valuation model.

Payment for allotted warrants shall be made in cash no later than 10 days after the notice of acquisition.

The warrants shall otherwise be subject to market terms.

1. The Company will subsidize part of the participants' option premiums through a cash bonus. The cash bonus after tax and social security contributions, calculated on the basis of a tax rate of 55 percent, shall correspond to 50 percent of the option premium. The bonus will be paid in connection with the allotment of the warrants to the participants.
2. A prerequisite for being allotted warrants is that the participant has signed a special post-transfer purchase rights agreement on customary terms and conditions set by the Board of Directors. Under the terms of the repurchase agreement, the Company, or its designee, has the right to repurchase warrants from participants under certain conditions, subject to such limitations as may be imposed by law.

## **Dilution**

As of the day of the proposal there are 30,799,426 shares in the company. If all warrants that may be issued and transferred are exercised for subscription of shares, the number of shares and votes in the company will increase by no more than 554,391 (subject to possible recalculation of the number of shares according to the terms and conditions of the warrants), corresponding to a dilution of the share capital and votes in the company of approximately 1.8 percent.

## **Preliminary valuation, costs for the company and effect on key ratios**

The market value of a warrant of series 2021/2024 is, pursuant to preliminary valuation in accordance with Black & Scholes valuation model, SEK 22.3. The preliminary valuation is based on the assumption that the volume-weighted average price of the company's share on Nasdaq First North Growth Market Premier during the period from and including 3 to 16 September 2021 and forward will amount to SEK 200, resulting in a subscription price of SEK 260 per share in the exercise of the warrant, and the assumption of a volatility of 30 percent and a risk-free interest rate of minus 0.3 percent. In connection with transfers of warrants to participants, the market value will be established based on updated assumptions and then-known parameters.

As the warrants are to be transferred to key persons at an estimated market value, the incentive program is not deemed to entail any costs in addition to certain minor costs for the preparation and administration. The cost of the premium subsidy, excluding social security contributions, is estimated to amount to no more than SEK 13,736,577. The cost is based on 554,391 warrants being acquired by the employees who can receive a premium subsidy as above, at an assumed price per warrant of SEK 22.3. The warrants will also not have any accounting consequences other than the just mentioned premium subsidy.

Costs in the form of fees to external advisors and costs for administration of the program are estimated to amount to approximately SEK 300,000. Assuming issue and full allotment of the proposed warrants, the proceeds from the transfers of warrants are estimated to exceed the costs of creating the program.

The warrants are expected to have a marginal effect on the company's key ratio earnings per share.

## **Preparation of the proposal**

The proposed resolution on adoption of the incentive program and the proposals under item A and B above have been prepared by the Board of Directors and its Remuneration Committee in consultation with external advisors.

## **Other**

The Board of Directors, or the person appointed by the Board of Directors, shall have the right to make the minor adjustment to the above resolutions that may prove necessary in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden AB.

## **Existing incentive programs**

At the time of this proposal, there are three outstanding share-based incentive programs in the company.

### **Employee options (Warrants series 2019/2027)**

Under 2018, the company's Board of Directors resolved on the introduction of an employee option program. Delivery of shares under the employee option program of series 2019/2027 is secured through the issue of warrants. As of the date of this proposal, there are 1,400 options under this employee option program, which after recalculation, entitles subscription for 91,000 shares during the period from 15 December 2021 to 31 December 2025.

### **Warrants series 2018/2022**

The program encompasses 11,772 warrants of series 2018/2022 that grant the right, after recalculation, to subscribe for 765,180 shares during the period from 20 December 2021 to 31 December 2022. All warrants are held by PEEL AB, a company wholly owned by the company's CEO Patrik Lundström.

### **Warrants series 2019/2023**

The program encompasses 10,464 warrants of series 2019/2023 that grant the right, after recalculation, to subscribe for 680,160 shares during the period from 3 September 2022 to 3 September 2023. All warrants are held by the company's CEO Patrik Lundström.

Further information on the company's incentive programs is available in the annual report for the financial year 2020 and on the company's website, [renewcell.com](http://renewcell.com).

### **Item 7 – Resolution on approval of conclusion of loan agreement with the European Investment Bank**

The loan from the European Investment Bank (EIB) is the last part of the total financing package, which means that the entire financing of the Ortviken facility is complete. The Ortviken project is proceeding according to the defined plan and recently the environmental permit was also granted.

The board of directors proposes that the extraordinary general meeting resolves to approve the entering into of the financing agreements with the European Investment Bank in relation to the project financing of the Company's textile recycling plant in Sundsvall. The financing agreements refer to the previously communicated debt financing of approximately SEK 311 million, to be provided by the European Investment Bank. The central financing agreement, which is the loan agreement, contain certain payment provisions meaning that the Company, to the European Investment Bank, in addition to interest also shall pay a so called royalty fee. The royalty fee shall be paid annually and will be calculated based on the Company's annual gross revenue from the direct or indirect sale of textile pulp for each financial year. The royalty fee will only be paid if the Company's sales are positive and if certain additional provisions relating to the Company's production results are being met.

The above-mentioned provisions are deemed to fall under Chapter 11, Section 11 of the Swedish Companies Act and, accordingly, the general meeting's resolution is required in order for the Company to enter into such agreements.

### **Other information**

#### **Majority requirements**

To be valid, resolution pursuant to the proposal under item 6 on the proposed agenda must be supported by shareholders representing no less than nine-tenths of the votes cast and the shares represented at the General Meeting.

## **Number of shares and votes**

At the time of issuance of this notice, the total number of shares in Re:NewCell, as well as the total number of voting rights, amounts to 30,799,426. The Company holds no treasury shares.

## **Information at the General Meeting**

In accordance with Chapter 7, Section 32 of the Swedish Companies Act the Board of Directors and the Managing Director shall, if any shareholder so requests and the Board of Directors considers that it can be done without material harm to the company, provide information at the meeting about circumstances that may affect the assessment of an item on the agenda.

Due to the fact that the General Meeting will be held without a physical meeting, requests for information must be submitted in writing by mail to the address Cardellgatan 1, 114 36 Stockholm, Sweden, or by e-mail to [investors@renewcell.com](mailto:investors@renewcell.com), no later than 24 August 2021. Such information is provided by being kept available from the company at the address Cardellgatan 1, 114 36 Stockholm, Sweden, and on the company's website, [renewcell.com](http://renewcell.com), no later than 29 August 2021. The information is also sent within the same time to shareholders who so request and provide their postal or e-mail address.

## **Available documents**

The Board of Directors' complete proposals and other documents pursuant to the Swedish Companies Act will be held available from the company for at least two weeks before the General Meeting. The documents will also be available on the company's website, [renewcell.com](http://renewcell.com).

Copies of the above documents are also sent to the shareholders who so request and provide their postal address.

## **Processing of personal data**

For information about how your personal data are processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

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## **Re:NewCell AB**

Stockholm in August 2021

*The Board of Directors*

## **Contact**

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## **Attachments**

Notice of Extraordinary General Meeting in Re:NewCell AB

Appendix 2 Postal Voting Form ReNewCell AB

Appendix 3 Styrelsens Redogörelse Board Report

Appendix 4 The Board Of Directors Complete Proposal For A Resolution On Adoption Of A Warrant Based Incentive Program For Key Persons

Appendix 5 EIB Loan

Appendix A Fullständiga Teckningsoptionsvillkor Serie 2021 2024 Renewcell AB

Proxy Form ReNewCell AB

Board Minutes (notice Of EGM) No 12 Aug 3 2021 ReNewCell AB

Auditors Statement 14 8 210803 Signerat