

Renewcell announces new short-term liquidity as part of its strategic review and signs non-binding term sheet to increase orders

Re:NewCell AB (publ) ("Renewcell" or the "Company") has, in order to resolve the short-term liquidity need, entered into two short-term loans (the "New Financing") with its major shareholders, H&M Fashion AB and Girincubator AB, and, through waivers and amendments in relation to the Company's existing financial arrangements, its existing lenders BNP Paribas, European Investment Bank (EIB), Nordea Bank Abp, filial i Sverige ("Nordea") and AB Svensk Exportkredit (together the "Existing Lenders") (together with the New Financing, the "Financial Arrangements"). The Financial Arrangements will provide the Company with additional net liquidity of SEK 100 million in aggregate, whereof SEK 50 million will be provided by the major shareholders as a short-term loan and SEK 50 million in additional liquidity from the Existing Lenders. The Company's strategic review remains ongoing with the aim to secure long-term financing during the first quarter of 2024.

Strategic review and background

On 20 November 2023, Renewcell announced that its Board of Directors had decided to initiate a strategic review to explore and evaluate funding options due to lower than anticipated sales volumes.

The Financial Arrangements will resolve the short-term liquidity need which is caused by the slower than expected ramp up of sales in the textile value chain. Today's capital injection is expected to be sufficient to handle the liquidity required for the coming months and is therefore not a long-term solution. The strategic review remains ongoing with highest priority in order to secure long-term funding necessary during the first quarter of 2024. Such alternatives may include equity injection through the form of a rights issue, a directed issue or other possible strategic transactions.

The Company has, in parallel with the strategic review, intensified its discussions with several customers to secure orders throughout the textile value chain. The intensified efforts have resulted in the signing of a non-binding term sheet with H&M Hennes & Mauritz GBC AB ("H&M Group"), through which the H&M Group intends to increase its usage of fibers containing CIRCULOSE®, pending negotiations.

Details about the Financial Arrangements and the Term Sheet

The Financial Arrangements

The Financial Arrangements will provide the Company with net liquidity of SEK 100 million and waive amortisations of SEK 23 million.

New short-term liquidity support from shareholders

- A subordinated shareholder loan of SEK 45 million from H&M Fashion AB, with maturity date 31 March 2024
- A subordinated shareholder loan of SEK 5 million from Girincubator AB, with maturity date 31 March 2024
- The two subordinated shareholder loans may be converted into common shares at the sole discretion of H&M Fashion AB and Girincubator AB, but subject to approval from the shareholders at a general meeting

Existing revolving credit facility with BNP Paribas, Nordea and AB Svensk Exportkredit

- An increase of the existing revolving credit facility with SEK 10 million to SEK 160 million
- An extension of maturity date of the existing revolving credit facility to 30 June 2024
- Certain waivers of financial covenants

Existing secured credit facilities with (i) EIB and (ii) Nordea, AB Svensk Exportkredit and Finnvera as partial guarantor

- Release of SEK 25 million from the completion reserve account
- Release of SEK 15 million from the debt service reserve account
- Waive scheduled amortisations of SEK 23 million for H1 2024
- Certain waivers of financial covenants

Term Sheet regarding increased CIRCULOSE® orders

Through the term sheet, H&M Group intends to acquire 7,000 metric tons of fiber containing CIRCULOSE® pulp, through its supply chain, during 2024, and 11,000 metric tons during 2025. A binding off-take agreement, including prices, is subject to negotiations between Renewcell and H&M Group.

Next steps

Given the Company's liquidity position and as the time for the ramp up of sales is still uncertain and the Company's liquidity outlook will continue to be dependent on sales and the dynamics with the Company's supply chain partners, the strategic review remains ongoing in order to secure long-term funding during the first quarter of 2024 and optimise shareholder value.

Advisers

ABG Sundal Collier is acting as financial advisor to the Company in connection with the strategic review and the Financial Arrangements. Advokatfirman Vinge is acting as legal advisor to the Company.

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About Renewcell

Re:NewCell AB (publ) (“Renewcell”) developed a patented process that enables the recycling of cellulosic textile waste, such as worn-out cotton clothes and production scraps, transforming it into a pristine new material called CIRCULOSE®. Founded by innovators from Stockholm’s KTH Royal Institute of Technology in 2012, the award-winning, Sweden-based sustaintech company’s vision is to make fashion circular.

Through its patented process, Renewcell is able to recycle cellulosic textile waste, such as worn-out cotton clothes and production scraps, transforming it into a pristine new material called CIRCULOSE®. Fast Company named Renewcell one of the World’s Most Innovative Companies in 2021, as well as World Changing Idea in 2023. 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.

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 2023-12-20 08:00 CET.

Attachments

Renewcell announces new short-term liquidity as part of its strategic review and signs non-binding term sheet to increase orders