



Extraordinary General Meeting AVANTIUM N.V. Wednesday 24 January 2024

Agenda

1. Opening

Financing

2. a. Authorisation of the Management Board to issue up to €70 million in ordinary shares in connection with an equity raise (the **Offering**) and to limit or exclude pre-emptive rights in respect thereof (**voting item**)
 - b. Authorisation of the Management Board to issue Warrants and to limit or exclude pre-emptive rights in respect thereof in relation to the increase of the Debt Facility (**voting item**)
 - c. Amendment of Articles of Association regarding increase authorised share capital (**voting item**)

Other (corporate) affairs

3. Any other business (including Q&A)
4. Closing

Explanatory notes to the agenda

Agenda item 2 Financing

Introduction

The construction of the FDCA Flagship Plant in Delfzijl, the Netherlands, continues to progress in line with the main goal of starting FDCA production in 2024. Avantium N.V. (**Avantium**) expects commissioning activities for the FDCA Flagship Plant to commence in Q1 2024, with production expected to commence in the second half of 2024.

The construction of the FDCA Flagship Plant has been subject to exceptionally challenging circumstances, including high inflation, scarcity of materials and contractors and supply chain constraints. Avantium continuously monitors the impact of these circumstances on the project and has recently finalised a thorough risk analysis, together with its engineering partner Worley Nederland B.V. (**Worley**). This analysis has resulted in an updated budget, capital plan and commissioning and start-up plan for the FDCA Flagship Plant. The conclusion is that Avantium has an increased need for funding.

In total, the costs of Avantium Renewable Polymers B.V. (**Avantium Renewable Polymers**) for the FDCA Flagship Plant (the **Project Costs**) are now estimated to amount to approximately €255 million until the end of 2024, which reflects a Project Costs increase of approximately €63 million compared to the initial forecast of approximately €192 million.

- The increased CAPEX requirement for the FDCA Flagship Plant is now estimated at €33 million, bringing the total CAPEX to €149 million (€159 million before the risk-sharing mechanism with Worley)¹, compared to the initial budget for the CAPEX scope of €116 million.
- The working capital and operational costs of the Avantium Renewable Polymers business unit included in the original Project Costs amounted to €64 million and included (1) all staff and costs related to the commissioning, start-up and operations of the FDCA Flagship Plant, (2) commercial, technical, engineering and support staff, and (3) all associated overhead costs (office, IT, Finance, HR etc.). Due to significant investments in application development, professionalization of regulatory activities and increased legislation requirements for the FDCA and PEF production (for instance on food contact, recyclability and other application specific requirements), commercial activities, project management and establishing an operational team for the FDCA Flagship Plant, these costs are projected to increase by €19 million to €83 million by the end of 2024.
- Interest of €12 million related to the three-year €90 million loan from a consortium of Dutch banks comprising of ABN AMRO Bank, ASN Bank, ING Bank and Rabobank, and the Dutch government-backed impact investment fund Invest-NL (the **Lenders**), which loan was drawn in full in Q3 of 2023, to finance the construction of the FDCA Flagship Plant (the **Debt Financing**) was also included in the original Project Costs. Due to the significant increase in

¹ Worley covers 50% of the cost overrun (i.e. the costs above a pre-agreed amount of costs) up to a maximum of EUR 10 million.

interest rates in 2022 and 2023, the interest costs are expected to increase by €11 million to €23 million by the end of 2024.

The estimated increase of the total Project Costs set out above is covered by an additional financing package of €64.5 million. These funds will be obtained by (i) an increase of the Debt Financing facility and (ii) subordinated shareholder loans for Avantium Renewable Polymers, both as set out in more detail below.

Increase of the Debt Financing facility

On 12 December 2023, Avantium and Avantium Renewable Polymers have received commitments from their existing lenders for a €15 million increase of the Debt Financing facility. The draw down of the additional €15 million under the Debt Financing facility is subject to the fulfilment of certain conditions that Avantium and Avantium Renewable Polymers do not comply with at the date hereof being, amongst others, Avantium (i) raising at least €40 million in gross proceeds by way of the Offering, (ii) providing a liquidity forecast evidencing that Avantium has sufficient funds to meet the liquidity needs of Avantium over the life of the Debt Financing facility and (iii) having transferred an additional €15 million under its subordinated shareholder loan provided to Avantium Renewable Polymers (see below). If the Offering and/or subsequent attempts to obtain alternative sources of funding fail to raise aggregate gross proceeds of at least €40 million, Avantium will not be able to draw down the additional €15 million.

As part of the increase of the Debt Financing facility, Avantium is required to grant to the Lenders a number of rights to subscribe for ordinary shares, convertible into Ordinary Shares with a 1:1 conversion ratio for an exercise price of €0 per Ordinary Share (the **Warrants**) upon the drawdown. The number of Warrants to be issued to the Lenders (excluding ASN) is based on (i) the warrant value, being €1,322,917 divided by (ii) the volume weighted average share price over a period of 60 days up to and including the earlier date of drawn down of the increased Debt Financing facility and 15 April 2024.

The holders of Warrants have the right to exercise the Warrants from the earlier of the date which is 180 days after (i) draw down of the increased Debt Financing facility and (ii) 15 April 2024.

Subordinated shareholder loans

On 12 December 2023, Avantium, Worley and Bio Plastics Investment Groningen Consortium B.V. (the **Groningen Consortium**) agreed to provide subordinated shareholder loans to Avantium Renewable Polymers (each a **Subordinated Shareholder Loan**). The subordinated shareholder loans total €49.5 million, comprising:

- Avantium providing €30,066,600 and Worley providing €2,933,400 under the risk-sharing mechanism, in respect of which Groningen Consortium receives anti-dilution compensation; and
- Avantium providing €12,812,179, Worley providing €1,250,000 and Groningen Consortium providing €2,500,000 as general funding of Avantium Renewable Polymers,

whereby within the limits of the amounts set out above, Avantium must procure that Avantium Renewable Polymers is sufficiently funded from time to time, sufficiently funded meaning that

Avantium Renewable Polymers must be able to continue paying its due and payable debts and must in any event have at all times at least €5,000,000 in immediately available funds at its disposal.

Avantium has the right to transfer the amounts for Avantium set out above in full at any time. If Avantium does not provide such amounts, it risks dilution of its shareholding in Avantium Renewable Polymers. The subordinated shareholder loans are repayable ultimately by 30 June 2025, provided that Avantium Renewable Polymers has sufficient funds available. If Avantium Renewable Polymers has insufficient funds available for repayment, the maturity date will be extended until the moment Avantium Renewable Polymers has sufficient funds available for repayment.

The Offering

The reason for the Offering is to enable Avantium to fund (1) Avantium's share of (a) the increased CAPEX related to the construction of the FDCA Flagship Plant, (b) the increased costs associated with the Avantium Renewable Polymers business unit, (c) the increase in interest costs related to the Debt Financing facility, (d) any additional costs that may arise in relation to working capital and other costs associated with the commissioning and start-up of the FDCA Flagship Plant, and (e) investments in accelerating the sale of licenses for Avantium's YXY[®] Technology, (2) further investments to commercialise Avantium's Volta Technology, and (3) general corporate purposes, working capital, overall funding and maintaining sufficient liquidity to cover the conditions under the Debt Financing facility secured for the FDCA Flagship Plant (i.e. to maintain a minimum liquidity balance of €15 million on a consolidated basis).

Use of proceeds

Avantium seeks shareholders' approval to raise up to €70 million equity capital. Avantium intends to raise €50 million in equity capital, which is expected to cover Avantium's funding requirement related to the financing package for Avantium Renewable Polymers and to remain properly capitalised until the FDCA Flagship Plant is operating at its full capacity. Avantium seeks to obtain shareholder approval covering an upside option of up to €20 million. The upside option will allow Avantium at its sole discretion to raise further capital to further strengthen our financial profile.

Assuming an Offering with €50 million gross proceeds, Avantium anticipates to use the net proceeds of the Offering for:

- providing the necessary liquidity to fund the completion, commissioning and start-up of the FDCA Flagship Plant as well as investing in strengthening the commercial, technology, engineering and application development activities with the Renewable Polymers business unit to facilitate and accelerate the sale of licenses to third parties in respect of the production, manufacturing and/or application of the YXY[®] Technology, which includes the Subordinated Shareholder Loan provided by Avantium to Avantium Renewable Polymers;
- funding general expenses related to the day-to-day management of Avantium and providing support services; and
- funding the ongoing development of the Volta Technology.

In case the upside option is used, Avantium anticipates to use the additional net proceeds to further strengthen the financial profile of the Company.

Considering the condition of raising at least €40 million in gross proceeds by way of the Offering for the €15 million increase of the Debt Financing facility set out above, if the Offering and/or subsequent attempts to obtain alternative sources of funding fail(s) to raise gross proceeds of €40 million, this will result in uncertainty with regards to the financing of Avantium Renewable Polymers and for Avantium as a whole.

Cost cutting measures

Further investments in Avantium's Ray Technology™ have been put on hold until strategic equity partners have been secured. The Company expects the related workforce reductions to be largely completed in February 2024, and has taken an appropriate provision for this.

Agenda items

For Avantium's funding requirement, two proposals are submitted to the General Meeting.

Agenda item 2. a Authorisation of the Management Board to issue up to €70 million in ordinary shares in connection with an equity raise (the Offering) and to exclude pre-emptive rights

As explained in detail above, Avantium seeks shareholders' approval to raise up to €70 million equity capital. Avantium intends to raise €50 million in equity capital, which is expected to cover Avantium's funding requirement related to the financing package for Avantium Renewable Polymers and to remain properly capitalised until the FDCA Flagship Plant is operating at its full capacity. Avantium seeks to obtain shareholder approval also covering a potential upsize option of up to €20 million. The upsize option will allow Avantium at its sole discretion to raise further capital to further strengthen our financial profile.

Consequently, a proposal is submitted to the General Meeting to designate the Management Board as the corporate body authorised:

1. to issue ordinary shares, which includes the granting of rights to subscribe for ordinary shares, as provided for in Article 6 of the Articles of Association, provided that this authorisation of the Management Board is limited to a number of ordinary shares to be issued for a total share value of up to €70 million, and
2. in connection therewith to limit or exclude pre-emptive rights of existing shareholders, as provided for in Article 7 of the Articles of Association,

for a period of 18 months from the date of this General Meeting. The exact issue price will be determined by the Management Board.

For the avoidance of doubt, resolution 2.a does not replace the current authorisation of the Management Board to issue shares and to exclude pre-emptive rights granted by the General Meeting on 10 May 2023 for long term incentive and share-based compensation plans.

Agenda item 2. b Authorisation of the Management Board to issue Warrants and to exclude pre-emptive rights in relation to the increase of the Debt Facility

A proposal is submitted to the General Meeting to designate the Management Board as the corporate body authorised:

1. to grant Warrants as provided for in Article 6 of the Articles of Association, where this authorisation of the Management Board is limited to such number of Warrants as determined in accordance with the formula set out under "*Increase of the Debt Financing facility*" above, and
2. in connection therewith to limit or exclude statutory pre-emptive rights of existing shareholders, as provided for in Article 7 of the Articles of Association,

for a period of 18 months from the date of this General Meeting. The Warrants are issued for no consideration. One Warrant will give right to the issuance of one ordinary share in the capital of Avantium. Upon issuance of the ordinary shares for the Warrants, a number of those Warrants will be used as required for paying up the nominal value of the ordinary shares to be issued.

Agenda item 2. c Amendment of Articles of Association regarding increase authorised share capital

It is proposed to amend Avantium's articles of association (the **Articles of Association**) to increase the authorised share capital of Avantium in accordance with the proposed amendment (annex), to allow for the issuances of ordinary shares in the capital of Avantium as set out above under agenda item 2.a. The proposed amendment envisages an increase of the authorised share capital to €15,000,000.

The verbatim text of the proposed amendment to the Articles of Association (in Dutch with English translation) is part of the meeting documents.

The proposed amendment to the Articles of Association also includes authorising every member of the Management Board and each (deputy) civil law notary and notarial assistant at Allen & Overy LLP, attorneys at law, civil law notaries and tax consultants, in Amsterdam, to have the deed of amendment to the Articles of Association executed.