

Avantium takes a positive Final Investment Decision on the construction of its FDCA Flagship Plant

A pivotal milestone for the further development and commercialisation of Avantium's sustainable PEF plastic, with the construction of the Flagship Plant expected to be completed by the end of 2023

AMSTERDAM, 9 December 2021, 18:00 hrs CEST – Avantium N.V., a leading technology company in renewable chemistry, announces that it has taken a positive Final Investment Decision (FID) on the construction of its FDCA Flagship Plant. The positive FID was taken after the Company fulfilled all three Key Conditions it had defined, which include securing sufficient financing, finalising the engineering and establishing the supply chain, and obtaining sufficient offtake commitments for the Flagship Plant. With the recent signing of a €90 million committed debt financing term sheet, the final outstanding financing condition has now been met.

Reaching this milestone marks a defining moment in the evolution of Avantium and will accelerate the commercialisation of PEF (polyethylene furanoate). Avantium's FDCA Flagship Plant will be the world's first factory to produce FDCA (furandicarboxylic acid) on a commercial scale, with a capacity of 5 kiloton per annum. FDCA is the key building block of the 100% plant-based, recyclable plastic material PEF which also has functional advantages compared with fossil fuel derived plastics. Avantium believes that the Flagship Plant, in addition to generating revenues and profits in its own right, will clearly demonstrate the viability of large-scale manufacturing of PEF to consumers, customers and partners. This should pave the way to dramatically expand the applications of PEF, with a potential total end-market of \$200 billion per year, which Avantium intends to access by the provision of technology licenses to collaborators worldwide.

The positive Final Investment Decision (FID) concludes an intense phase during which Avantium worked diligently on satisfying the three Key Conditions it had defined as necessary to meet, prior to starting with the construction of its FDCA Flagship Plant: (i) securing sufficient financing; (ii) finalising the engineering and establishing the supply chain; and (iii) obtaining sufficient initial offtake commitments for the Flagship Plant. All three Key Conditions have now been met. To get to this point, Avantium has been actively seeking and building partnerships across the value chain – customers, suppliers, governments and financial partners.

Tom van Aken, Chief Executive Officer of Avantium, comments on the significance of this milestone: "We highly appreciate the trust our partners, and in particular a strong consortium of Dutch banks, place in our innovative technology to produce FDCA and PEF. By meeting the Key Conditions concerning the construction of our FDCA Flagship Plant, we have reached a pivotal point in our journey to commercialise the next-generation plant-based plastic PEF. Bringing a new plastic to the market is a remarkable feat. With the backing of all our stakeholders, our perseverance, efforts and drive are about to bear fruit. We are excited to be playing an important role in accelerating the transition to the circular economy while building value for our shareholders."

(i) *Financing*

Avantium has signed a term sheet for a three-year Debt Financing package of €90 million with a consortium of lenders, comprising the four Dutch banks ABN AMRO Bank, ASN Bank, ING Bank and Rabobank, as well as with the government backed Dutch impact investment fund Invest-NL. Each bank has committed €15 million as a bank loan under the Debt Financing. Invest-NL has committed €30 million debt under the Debt Financing. The €90 million Debt Financing is subject to terms and conditions, including the provision of warrants to the lenders. Reference is made to the Information Memorandum, available on the Avantium website: <https://www.avantium.com/corporate-governance/#shareholders-meeting>

Wouter Bos, CEO of Invest-NL, is excited about the investment: "Invest-NL is proud to financially support Avantium, together with four Dutch banks. This first-of-a-kind investment by this group of Dutch financial institutions illustrates how we can jointly shape the capital needs of innovative and sustainable companies. It truly proves that investments in green, disruptive technologies are possible. With this investment, Invest-NL commits itself to the ambitious mission of Avantium to bring the innovative, sustainable plastic material PEF to market, significantly contributing to the future of our planet."

Andrew Bester, Head of ING Wholesale Banking, comments on behalf of the Dutch banks: "With this multidimensional financing solution for Avantium for the world's first FDCA Flagship Plant, the involved Dutch banks confirm their commitment to make a substantial contribution to the circular economy in the Netherlands. The Dutch banks joined forces with Invest-NL to realise this transaction. We wish the company and its shareholders success with the development of this Flagship Plant for the production of the sustainable plastic PEF."

The total financing package for the construction of the FDCA flagship plant consists of subsidiesⁱ, third party equityⁱⁱ, Avantium equity and bank loans. Financing is subject to customary terms and conditions, including Financial Close. Avantium agreed to invest an additional €10 million in equity in its subsidiary Avantium Renewable Polymers in order to absorb the additional costs of the delay of one year in reaching Financial Close, bringing the total equity investment by Avantium in its subsidiary to €45 million. Worley and the Groningen Consortium (consisting of Groningen Seaports and regional investment funds NOM, FondsNieuweDoen, Investeringsfonds Groningen and Groeifonds) together will acquire a 22.6% shareholding in Avantium Renewable Polymers, representing a post-money valuation of €132.5 million. Following Financial Close, Avantium will hold 77.4% equity in Avantium Renewable Polymers.

Cas König, CEO of Groningen Seaports, is pleased to collaborate with Avantium to making the FDCA Flagship Plant a reality: "We are excited that Avantium has reached this important milestone for its FDCA Flagship Plant. Avantium's commercial facility will significantly contribute to the development of sustainable and circular industrial cluster in the Northern region of the Netherlands, that is no longer dependent on fossil resources such as natural gas. This fits perfectly within our Chemport Europe ecosystem where we work together towards a shared ambition: changing the nature of chemistry." Dina Boonstra, director of regional investment funds NOM (Investment and Development Agency for the Northern Netherlands), Investeringsfonds Groningen and Groeifonds, adds: "The Investment Funds of the Groningen Consortium are excited to support Avantium, enabling Avantium to scale up and commercialise its innovative, breakthrough technology to produce the plant-based plastic material PEF. The production of biobased plastics fits well in the focus and strategy of the Northern Netherlands and we are therefore pleased to welcome Avantium in our region."

(ii) Engineering and Supply Chain

The front-end-engineering and design (FEED) phase was completed in 2021. For the construction phase, Avantium and Worley signed a reimbursable engineering, procurement and construction contract for the FDCA Flagship Plant, conditional to Financial Close, with a contracted delivery date of Q4 2023. Avantium expects the Flagship Plant to be operational in 2024.

Avantium Renewable Polymers entered into a sub-leasehold agreement with Groningen Seaports for land for the construction and operation of its 5 kta FDCA Flagship Plant. On 1 December 2021, the Groningen Environmental Service (ODG – Omgevingsdienst Groningen) published the draft environmental permit for Avantium’s FDCA Flagship Plant.

On the supply chain, Avantium agreed on a multi-year commercial FDCA polymerisation contract (conditional to Financial Close) with global specialty polyester supplier Selenis. Avantium has also signed a strategic supply agreement (conditional to Financial Close) with agricultural cooperative Tereos Cooperative group, whereby Avantium Renewable Polymers will purchase high fructose syrup as the feedstock for the FDCA Flagship Plant in Delfzijl. The multi-year agreement secures 100% bio-based and local feedstock for the Flagship Plant. “This strategic partnership combines Tereos’ proven track record in cereal processing and green chemistry with the long-standing expertise of Avantium in the promising field of biobased polymers. It is also a strong sign of our shared commitment to develop renewable solutions made from plant-based technologies and locally produced raw material” comments Christophe Lescroart, CEO of Global Starch & Sweeteners at Tereos.

(iii) Offtake Commitments

Avantium has secured five offtake commitments representing over 50% of the total Flagship Plant capacity. Contracts were signed with specialty chemical company Toyobo (Japan), specialty polyester film producer Terphane (US), beverage bottling company Refresco (Netherlands), international rigid packaging supplier Resilux (Belgium), and an undisclosed major global food & beverage brand owner. Avantium continues to pursue negotiations with multiple potential international partners to secure additional offtake commitments.

Financial Close

Avantium seeks shareholders’ support for the positive FID which the Company has taken, enabling Avantium to execute all the relevant documentation, including but not limited to the investment documentation with the minority shareholders of the Groningen Consortium and Worley, and Debt Financing documentation necessary to complete the transaction (“Financial Close”). At Financial Close, all major Project Agreements will consequently become effective. Financial Close is expected in the first quarter of 2022.

Mandate for a Capital Raise of €45 million

Avantium is also seeking shareholders’ approval to raise €45 million in capital. This equity raise is required: (i) to allow the Company to further develop its exciting portfolio of technologies beyond YXY® Technology, including for investments in the commercialisation of Avantium’s technology programmes, and (ii) for general corporate purposes.

Extraordinary General Meeting (EGM)

Avantium is calling an EGM, to be held on 25 January 2022. To achieve Financial Close, we are seeking shareholders’ approval for the following:

- (i) to authorise the Management Board to, pursuant to the Debt Financing package, issue 2.84 million Warrants to the lenders;

- (ii) to authorise the Management Board to issue (a) €45 million in ordinary shares in connection with a public offering (preferable), rights issue, and/or private placements (the "Equity Raise"), and (b) additional Warrants to compensate the lenders for any dilution in connection with the Equity Raise; and
- (iii) to amend the Articles of Association and increase the authorised share capital of Avantium in connection with the Equity Raise.

Only in the event that all the above resolutions are approved at the EGM, will Avantium be in the position to move towards Financial Close, at which point the final Debt Financing documentation will be executed. All meeting documents for this EGM, including voting instructions, are available on the Avantium website: <https://www.avantium.com/corporate-governance/#shareholders-meeting>

About Avantium

Avantium is a leading technology development company and a forerunner in renewable chemistry. Avantium develops novel technologies based on renewable carbon sources as an alternative to fossil-based chemicals and plastics. The company currently has three technologies at pilot and demonstration phase. The most advanced technology is the YXY[®] plant-to-plastics-technology that catalytically converts plant-based sugars into a wide range of chemicals and plastics, such as PEF (polyethylene furanoate). Avantium has successfully demonstrated the YXY Technology[®] at its pilot plant in Geleen, the Netherlands. The second technology is the Dawn Technology[™] that converts non-food biomass into industrial sugars and lignin in order to transition the chemicals and materials industries to non-fossil resources. In 2018, Avantium opened the Dawn Technology[™] pilot biorefinery in Delfzijl, the Netherlands. The third technology is called Ray Technology[™] and catalytically converts industrial sugars to plant-based MEG (mono-ethylene glycol). Avantium is scaling up its Ray Technology[™] and the demonstration plant in Delfzijl, the Netherlands opened on November 7, 2019. Next to developing and commercialising renewable chemistry technologies, the company also provides advanced catalysis R&D services and systems to customers in the refinery and chemical industries. Avantium works in partnership with likeminded companies around the globe to create revolutionary renewable chemistry solutions from invention to commercial scale.

Avantium's shares are listed on Euronext Amsterdam and Euronext Brussels (symbol: AVTX). Avantium is included in the Euronext Amsterdam SmallCap Index (AScX). Its offices and headquarters are in Amsterdam, the Netherlands.

Forward-looking information / disclaimer

This press release may include forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are forward-looking statements. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Avantium's ability to control or estimate precisely, such as future market conditions, the behavior of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.

For more information:

Caroline van Reedt Dortland, Director Communications, Avantium
+31-20-5860110 / +31-613400179,
mediarelations@avantium.com

Information Line for Retail Investors

Retail Investors with questions about the agenda and the meeting documents of the EGM can call the Avantium Information Line for Retail Investors (open from Monday to Friday during business hours) or send an email:

+31 (0) 10 313 8909

avantium@georgeson.com

ⁱ Avantium was awarded the following subsidies: A €20 million "PEference" Horizon 2020 grant awarded by Bio-based Industries Joint Undertaking (BBI JU) under the European Union's Horizon 2020 research and innovation programme under grant agreement No 744409; and a €7.5 million National Programme Groningen grant.

ⁱⁱ Avantium and the Groningen Consortium signed a term sheet agreeing that €20 million will be provided as an equity investment in Avantium Renewable Polymers (a subsidiary of Avantium). The Groningen Consortium comprises Groningen Seaports and regional investment funds NOM (Investment and Development Agency for the Northern Netherlands), FondsNieuweDoen, Investeringsfonds Groningen and Groeifonds

Avantium also signed a term sheet with Worley to make a €10 million equity investment in Avantium Renewable Polymers. This term sheet is structured as an investment in kind and a risk-sharing mechanism over the engineering, procurement and construction (EPC) phase of the FDCA Flagship Plant.