

# Velocys plc

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR JAPAN OR IN ANY OTHER JURISDICTION IN WHICH OFFERS OF SALES WOULD BE PROHIBITED BY APPLICABLE LAW. THIS ANNOUNCEMENT IS NOT AN OFFER TO SELL OR A SOLICITATION TO BUY SECURITIES IN ANY JURISDICTION, INCLUDING THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR JAPAN IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THIS ANNOUNCEMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH, ANY OFFER OR COMMITMENT WHATSOEVER IN ANY SUCH JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU AS IT FORMS PART OF THE LAW OF ENGLAND AND WALES BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. IN ADDITION, MARKET SOUNDINGS WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

26 November 2021

## Velocys plc

("Velocys" or the "Company")

### Result of Placing

Velocys plc (AIM: VLS), the sustainable fuels technology company, is pleased to announce the completion of the Bookbuild, which was significantly oversubscribed, following the announcement of the proposed Fundraise made yesterday, 25 November 2021. A total of 312,500,000 Placing Shares have been conditionally placed at the Placing Price of 8 pence per Placing Share to raise a total of £25 million for the Company (before expenses).

The Company also announced details of an Open Offer to be made to Qualifying Shareholders to raise up to an additional approximately £2 million at the Placing Price.

The net proceeds of the Fundraise will be used primarily for:

- capital investment in the current manufacturing capability to enable output of at least 12 reactors per year and, in addition, the build-up of reactor parts inventory to expedite commissioning of that equipment;
- funding to advance the two reference projects (Bayou Fuels in Mississippi, US and Altalto in Immingham, UK) to the point of securing external investment into the detailed engineering stage;
- setting aside funds to back process guarantees and equipment warranties to clients;
- general working capital needs over the next 24 months, including the potential co-payment to secure site option extension for the Altalto project; and
- providing a line of sight to achieving net positive cash flow during 2024.

A Circular to shareholders containing full details of the Fundraise including details of the Open Offer and the terms and conditions on which it is being made, (including the procedure for application and payment) and convening the General Meeting is expected to be posted by 6 p.m. on 29 November 2021 and will also be available on the Company's website around the same time. Panmure Gordon (UK) Limited ("Panmure Gordon") is acting as nominated adviser, joint broker and joint bookrunner to the Company alongside joint broker and joint bookrunner Shore Capital Stockbrokers Limited ("Shore Capital").

The Fundraise remains conditional on, *inter alia*, the passing of the Resolutions at the General Meeting. The Placing is also conditional upon the Placing Agreement between the Company, Panmure Gordon and Shore Capital becoming unconditional and not being terminated in accordance with its terms.

It is expected that dealings in the New Ordinary Shares in relation to the VCT Shares will commence at 8:00 a.m. on 16 December 2021 and dealings in the New Ordinary Shares in relation to the General Placing Shares and Open Offer Shares as may be subscribed for, is expected to commence at 8:00 a.m. on 17 December 2021. The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission.

Assuming completion of the Placing and subscription for the Open Offer Shares in full, upon Admission, the Enlarged Share Capital is expected to be 1,403,332,670 Ordinary Shares. On this basis, the Placing Shares will represent approximately 22.3 per cent. of the Enlarged Share Capital.

#### **Related Party Transaction**

As part of the Placing, Lansdowne Partners (UK) LLP (“Lansdowne”), a substantial shareholder of the Company and therefore a Related Party as defined by the AIM Rules (“Related Party”), has subscribed for a total of 71,405,393 Placing Shares at the Placing Price under the Placing. Following completion of the Fundraise (assuming subscription for the Open Offer Shares in full), Lansdowne will have an aggregate interest in 255,156,632 Ordinary Shares, representing approximately 18.2 per cent. of the enlarged share capital of the Company.

Certain Directors of the Company, being Andrew Morris, Philip Holland, Darran Messem, Ann Markey and Thomas Quigley, all of which are deemed to be a Related Party pursuant to the AIM Rules, have subscribed for an aggregate of 625,000 Placing Shares at the Placing Price. Following completion of the Fundraise (assuming subscription for the Open Offer Shares in full), the above Directors will hold an interest in 5,627,713 Ordinary Shares, representing 0.4 per cent. of the enlarged share capital of the Company.

The Directors who are independent of the Fundraise, having consulted with the Company’s nominated adviser, consider that the terms of the participation in the Fundraise by Lansdowne and certain of the Directors are fair and reasonable insofar as its shareholders are concerned.

#### **Henrik Wareborn, CEO of Velocys, commented:**

“Velocys has a technology solution to accelerate the decarbonisation transition for global aviation clients which has been commercially demonstrated and is ready for commercial scale deployment.

“As a capital-light, licensing company which benefits from recurring revenues from the full-service technology packages we provide to our clients, we have a strong platform for scalable growth. This Placing and Open offer, which has been significantly oversubscribed, will enable the investment required to advance our commercial traction and proceed towards our goals.

“On behalf of the Board I would like to express my appreciation to the investors who have supported us in this Placing. We look forward to continuing to pursue our strategy, which we believe will create value for all of our stakeholders.”

*The capitalised terms used in this announcement have the same meanings as in the announcement published by the Company at approximately 5.09 p.m. on 25 November 2021 unless otherwise stated.*

*This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation 596/2014/EU (MAR).*

#### **Enquiries:**

##### **Velocys**

Henrik Wareborn, CEO

Andrew Morris, CFO

Lak Siriwardene, Director of Communications & Sustainability

+44 1865 800821

##### **Panmure Gordon (UK) Limited (Nomad and Joint Broker)**

Emma Earl (Corporate Finance)

John Prior (Corporate Finance)

+44 20 7886 2500

Hugh Rich (Corporate Broking)

**Shore Capital Stockbrokers Limited (Joint Broker)**

+44 20 7408 4090

Henry Willcocks (Corporate Broking)

Toby Gibbs (Corporate Advisory)

James Thomas (Corporate Advisory)

Liam Zabłudowicz (Corporate Advisory)

**Buchanan (Financial PR)**

+44 20 7466 5000

Helen Tarbet

Simon Compton

**Radnor Capital (Investor Relations)**

+44 20 3897 1830

Joshua Cryer

Iain Daly

## Notes to Editors

Velocys is an LSE-listed, international sustainable fuels technology company, traded on the AIM, providing clients with a technology solution to enable the production of negative Carbon Intensity synthetic, drop-in fuels from a variety of waste materials. SAF ('Sustainable Aviation Fuel') is the only commercially available, permanent alternative to fossil aviation fuels.

The technology is IP-protected in all major jurisdictions.

Two reference projects in the US and UK (Bayou Fuels and Altalto) are designed to accelerate the adoption and standardise the Velocys proprietary Fischer Tropsch (FT) technology with an integrated end to end solution, including renewable power and sequestration. Velocys is enabling commercial scale SAF production in response to the clean energy transition.

Velocys technology pathway is enabling the next generation of low carbon sustainable fuels with significant additional positive air quality impacts.

[www.velocys.com](http://www.velocys.com)

## IMPORTANT NOTICE

The information contained in this announcement is for information purposes only and does not purport to be full or complete. The information contained in this announcement is given at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment from time to time. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

Neither this announcement, nor any copy of it, may be taken or transmitted, published or distributed, directly or indirectly, in or into the United States or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction. This Announcement is for information purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any shares in the Company in the United States or any other state or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Any failure to comply with these restrictions may constitute a violation of securities laws of such jurisdictions.

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") and may not be offered, sold directly or indirectly, in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act. There will not be any public offering of the New Ordinary Shares in the United States.

The contents of this Announcement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placing. If you are in any doubt about any of the contents of this Announcement, you should obtain independent professional advice. This is not an offer to the public and the Placing Documents (as defined below) will not be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) or any other applicable ordinance in Hong Kong.

This Announcement must not, therefore, be distributed, issued, circulated or possessed for the purpose of distribution or issue or circulation, to persons in Hong Kong other than (1) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (including professional investors falling within the Securities and Futures (Professional Investors) Rules (Cap. 571D of the laws of Hong Kong)) or (2) in circumstances which would not constitute an offer to the public for the purpose of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) or the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

This announcement has been issued by, and is the sole responsibility of, the Company. No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of the Company, Panmure Gordon (UK) Limited ("Panmure Gordon") or Shore Capital Stockbrokers Limited ("Shore Capital") or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this announcement and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions or misstatements, negligence or otherwise in this announcement.

Panmure Gordon is authorised and regulated in the UK by the FCA and is acting as nominated adviser and joint broker to the Company. Panmure Gordon is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this announcement or on any transaction or arrangement referred to in this announcement. No representation or warranty, express or implied, is made by Panmure Gordon as to, and no liability is accepted by Panmure Gordon in respect of, any of the contents of this announcement. The responsibilities of Panmure Gordon as the Company's nominated adviser under the AIM Rules for Companies ("**AIM Rules**") and the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange plc and are not owed to the Company or to any director or shareholder of the Company or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this announcement, or otherwise.

Shore Capital is authorised and regulated in the UK by the FCA and is acting as joint broker to the Company. Shore Capital is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this announcement or on any transaction or arrangement referred to in this announcement. No representation or warranty, express or implied, is made by Shore Capital as to, and no liability is accepted by Shore Capital in respect of, any of the contents of this announcement.

The information in this announcement may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution, reproduction, or disclosure of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of applicable securities laws and regulations of other jurisdictions.

This announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's current expectations and projections about future events and the Company's future financial condition and performance. These statements, which sometimes use words such as "aim", "anticipate", "believe", "may", "will", "should", "intend", "plan", "assume", "estimate", "expect" (or the negative thereof) and words of similar meaning, reflect the current beliefs and expectations of the directors of the Company and/or the Joint Brokers and involve known and unknown risks, uncertainties and assumptions, many of which are outside the Company's control and difficult to predict, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. The information contained in this announcement speaks only as of the date of this announcement and is subject to change without notice and the Company does not assume any responsibility or obligation to, and does not intend to, update or revise publicly or review any of the information contained to this announcement, whether as a result of new information, future events or otherwise, except to the extent required by the FCA, the London Stock Exchange or by applicable law.

Any information in this announcement in respect of past performance (including without limitation past performance of the Company, its group, shares in the Company and/or the Company's portfolio) cannot be relied upon as a guide to future performance. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.