



Orege launches a €49.2 million rights issue to strengthen its financial structure and fund its development

- Rights issue for a maximum amount of approximately €49.2 million
- Subscription price: €1.24 per new share, i.e. a nominal discount of 14.48% over the last closing price
- Subscription ratio: 85 new shares for 40 existing shares
- Detachment of preemptive rights on 28 June 2019 and subscription open from 2 July 2019 to 11 July 2019 inclusive
- Commitments and guarantee by the majority shareholder, Eren Industries S.A. and commitments by third-party investors to subscribe for 76.46% of the issue

Voisins-le-Bretonneux, 26 June 2019, 7:30am – Orege, an innovative company specialized in municipal and industrial sludge conditioning, treatment and recovery solutions, is announcing the launch of a capital increase through issuing new shares (the “New Shares”) with preemptive rights for a maximum gross total of €49.2 million (“the Rights Issue”). With this operation, Orege aims to strengthen its financial position in order to accelerate the commercial and industrial rampup that began in 2018.

The *Autorité des marchés financiers* (AMF, the French financial markets authority) granted visa number 19-296 on 25 June 2019 for the Prospectus relating to the Rights Issue, comprising the *Document de Référence* registered on 25 June 2019 under number R. 19 – 023 and the *Note d’Opération* (including the summary of the Prospectus).

The Rights Issue will reconstitute the Company’s net equity by capitalising a substantial proportion of the shareholder current account held by its majority shareholder, Eren Industries S.A. (“Eren”), for €33.92 million out of a total balance of €47.86 million as at 31 May 2019. With this capitalization, Eren is once again setting out its long-term commitment to the Company’s development and giving Orege the financial foundation needed to accelerate its development.

The operation also aims to provide Orege with additional financial resources through a cash subscription for a gross amount that could reach, if the issue is 100% subscribed, €15.3 million, which Eren and third-party investors have already made an irrevocable commitment to take part in for a maximum gross amount of €3.7 million.

These new resources, in the event that the rights issue is limited to the above-mentioned subscription and guarantee commitments, ie an estimated net cash proceeds of € 3.3 million, which will be added to the undrawn shareholder current account facility of €4.5 million as at 31 May 2019, will notably have the following objectives:

- financing Orege’s business in strategic countries, primarily the US, UK, Germany and Japan, for approximately €1.5 million;
- developing new solutions for sludge valorization / “waste to energy” and the protection of intellectual property for around €1 million;
- developing its commercial operations in priority new countries for around €0.5 million and;

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- financing the repayment of bank loans and conditional advances (OSEO and Coface) net maturities for approximately €0.3 million.

In case of a full subscription of the Rights Issue, the net additional proceeds of this capital increase, estimated at €11 million, will have the following objectives:

- financing Orege's business in strategic and priority countries for approximately €4.6 million;
- financing its commercial and industrial development, particularly in China, Southeast Asia and South America for approximately €3.4 million; and
- accelerating the development of new solutions for sludge valorization / "waste to energy" and the development of large-size solutions for around €3 million.

Orege's outlook is based on development driven by growing recognition of the efficiency and effectiveness of its SLG® solutions, the acceleration of their commercial deployment in high-potential regional markets, and the creation of an increasingly large installed base generating recurrent revenues and providing strong, visible industrial references.

First months of 2019 confirm the potential of the SLG® solutions

This year, Orege is continuing to build on its robust development that began in its strategic territories in 2018.

- **In the US**, Orege has signed three new contracts in H1 2019. Orege currently has six contracts in the execution phase, scheduled for delivery in H2 2019. These contracts represent total revenues of 2.6 million dollars, the bulk of which is expected to be generated in 2019.
- In **Germany**, three new contracts have been signed since the start of the year (two municipalities and one paper industry group), taking the number of contracts in execution up to four. Three of them are under long-term leases, with revenue generation staggered over several years of which around €300,000 are expected for 2019.
- A first sale has been recorded in **Japan**, under the partnership with Itochu, which, buoyed by strong interest from a number of prospects, is ramping up the resources deployed for marketing Orege's solutions in this country, with three sales staff. This contract will be implemented in H2 2019, with expected revenues of around €160,000.
- Advanced talks are underway with various UK water companies, including Anglian Water, Welsh Water and Wessex Water, with several mobile SLG units, which are particularly well-suited to the **UK market structure**, possibly be sold from H2.

Since the start of this year, Orege has also launched prospecting and marketing phases in new territories, with first sales expected from 2020 in Spain and Italy:

- In **Spain**, Orege has signed a memorandum of understanding (MOU) outlining a strategic partnership with one of Spain's leading operators of water treatment plants. Under this MOU, a first project has just been signed up and will be rolled out this summer.
- Orege is currently negotiating several offers in **Italy** with municipalities in the Piedmont and Lombardy regions.
- Lastly, in **France**, Orege decided at the start of the year to relaunch its commercial approach, particularly with the paper, agrifood and chemicals industries, as well as municipal agencies.

Main terms of the Rights issue

Orege is launching a Rights Issue of a maximum of €49.2 million, with 85 New Shares for every 40 existing shares at a par value of €0.25 each. On 28 June 2019, each Company shareholder will receive preemptive subscription rights for every existing share registered in their securities account at close of business on 27 June 2019, as per the indicative schedule presented below.

Subscription period

Subscriptions for new shares will be open from 2 July 2019 to 11 July 2019 inclusive.

Subscription price for the New Shares

The subscription price for the New Shares has been set at €1.24 per share (i.e. €0.25 par value and €0.99 issue premium), representing a nominal discount of 14.48% compared with Orege's closing share price on 24 June 2019, i.e. €1.45.

Number of shares offered

39,676,119 shares (the "Number of New Shares").

Gross proceeds of the operation

The gross proceeds of the capital increase, issue premium included, represents a maximum of €49,198,387.56 (with €9,919,029.75 par value and €39,279,357.81 issue premium).

Preemptive subscription rights

Subscriptions for New Shares will be reserved in priority for:

- holders of existing shares registered for accounting purposes in their securities account at close of business on 27 June 2019,
- transferees of preemptive subscription rights.

Holders of preemptive subscription rights will be able to subscribe:

- on an irreducible basis, with 85 New Shares for every 40 existing shares held. 40 preemptive subscription rights will enable the holder to subscribe for 85 New Shares at a price of €1.24 per share;
- and, on a reducible basis, to the number of New Shares they want in addition to the ones they are entitled to through the exercise of their preemptive rights on an irreducible basis.

Subscriptions on a reducible basis will be accepted, but subject to reductions if the operation is oversubscribed. Any new shares not subscribed for on a irreducible basis will be awarded to the holders of preemptive subscription rights who placed orders on a reducible basis, and distributed between them, subject to reductions.

Theoretical value of preemptive subscription rights

Based on Orege's closing share price on the Euronext Paris regulated market on 24 June 2019, the theoretical value of the preemptive subscription right is €0.14 (while noting that its value may change during the trading period for the preemptive subscription rights, notably depending on changes in Orege's ex-right share price), and the theoretical value of the ex-right share is €1.31. The subscription price for the New Shares represents a 5.14% discount on the theoretical ex-right value of a share.

Listing and procedure for exercising preemptive subscription rights

The preemptive subscription rights will be able to be acquired or sold on the market during their trading period, between 28 June 2019 and 9 July 2019 inclusive, under the ISIN code FR0013428885. If subscriptions are not made before 11 July 2019 or these preemptive subscription rights are not sold before 9 July 2019, they will become null and void and their value will be zero.

To exercise their preemptive subscription rights, the holders will need to submit a request to their authorized financial intermediary at any time between 2 July 2019 and 11 July 2019 inclusive and pay the corresponding subscription price. Any preemptive subscription rights not exercised by the end of the subscription period, i.e. close of trading on 11 July 2019, will automatically be null and void.

The rights issue will be open to the public exclusively in France.

Subscription commitments

The total subscription commitments made by the majority shareholder and third-party investors amount to €37,618,772.80, i.e. 30,337,720 new shares, representing 76.46% of the issue, with the following breakdown:

- The company Eren Industries S.A., which holds 68.94% of the Company's share capital on the date of the Prospectus, has made an irrevocable and unconditional commitment to subscribe, on a irreducible basis, for a total amount (including issue premium) of €33,918,774 (representing a total number of 27,353,850 New Shares) by exercising all of its 12,872,431 preemptive subscription rights. This subscription will be made exclusively through offsetting receivables, with part of Eren Industries S.A.'s shareholder current account.

Furthermore, only if at the end of the subscription period, i.e. on an indicative basis 11 July 2019, the subscriptions on irreducible basis and, if applicable, on a reducible basis, have not accounted for at least 76.46% of this capital increase, Eren Industries S.A. undertakes to subscribe, exclusively in cash, when first requested by the Board of Directors or the Chief Executive Officer in connection with their option to freely distribute all or part of the New Shares not subscribed for, a number of New Shares making it possible to reach this threshold of 76.46% of this capital increase, i.e. up to a maximum of 2,983,870 New Shares for a total amount of €3,699,998.80.

- Pascal Gendrot, Patrice Capeau and George Gonsalves (the "Managers ") have irrevocably committed to the Lead Manager and Bookrunner to sell to the New Investors and / or to any other investor who undertakes to acquire preemptive subscription rights, a total of 1,920,336 preemptive subscription rights at a price of €1 per block of rights, every investor receiving a block of preemptive subscription rights.
- Under the terms of the subscription commitment agreements signed between 21 June 2019 and 24 June 2019, five qualified investors who are not yet shareholders of the Company (the "New Investors") have irrevocably committed to (i) acquire from the Managers 770,280 preemptive subscription rights at a price of 1 euro per block of rights and to (ii) subscribe to the capital increase on an irreducible basis by exercising 770,280 preemptive subscription rights for a total amount of €2,029,687.80 (i.e. a total of 1,636,845 New Shares).

To date, Orege is not aware of any intentions of other shareholders regarding the exercising or sale of their preemptive subscription rights.

Abstention and lock-up commitments

- Abstention commitment by the Company: 180 days from the settlement-delivery date, subject to certain usual exceptions as presented in the Prospectus.
- Lock-up commitment: Eren Industries S.A. has agreed to a 180-day lock-up period from the settlement-delivery date for this offering on all the Orege shares that it will hold following the offering, subject to certain usual exceptions.

Impact of the issue on the shareholding structure and shareholder positions

The following table presents the breakdown of the share capital after the Rights Issue assuming that it is subscribed for 100% of the amount initially planned and that the subscription from Eren Industries S.A. and the New Investors is limited to the irreducible share of their subscription commitment.

	Number of shares	% of capital	% of voting rights
Eren Industries S.A.	40,226,281	68.94%	71.83%
Pascal Gendrot	1,192,900	2.04%	3.23%
Patrice Capeau	766,300	1.31%	2.07%
George Gonsalves	131,136	0.22%	0.35%
Concert subtotal	42,316,617	72.53%	77.48%
New Investors	1,636,845	2.81%	2.21%
Treasury shares*	57,319	0.10%	0.08%
Other	14,336,453	24.57%	20.22%
TOTAL	58,347,234	100.00%	100.00%

* treasury shares held at 31 May 2019

The following table presents the breakdown of the share capital after the Rights Issue assuming the subscription is limited to the irreducible and reducible subscription commitments, and the subscription commitment received as guarantee by the Company on the date of the Prospectus.

	Number of shares	% of capital	% of voting rights
Eren Industries S.A.	41,573,306	84.83%	84.30%
Pascal Gendrot	1,192,900	2.43%	3.69%
Patrice Capeau	766,300	1.56%	2.37%
George Gonsalves	131,136	0.27%	0.41%
Concert subtotal	42,663,642	89.09%	90.77%
New Investors	1,636,845	3.34%	2.53%
Treasury shares*	57,319	0.12%	0.09%
Other	3,651,029	7.45%	6.60%
TOTAL	49,008,835	100.00%	100.00%

* treasury shares held at 31 May 2019

For informative purposes, the impact of the issue on the net equity interest of a shareholder owning 1% of the Company's net equity prior to the issue and not subscribing for the issue (calculations based on the number of shares comprising the capital on the Prospectus approval date, i.e. 18,671,115 shares) would be as follows:

Shareholder's interest
(%) ⁽¹⁾

Before issue of New Shares in connection with the present Rights Issue .	1.00%
Following issue of 39,676,119 New Shares in connection with the present Rights Issue ⁽²⁾	0.32%
Following issue of 30,337,720 New Shares in connection with the present Rights Issue ⁽³⁾	0.38%

(1) *The Company has not issued any dilutive instruments. The Company discontinued its stock option plans following the very significant reduction in the values and liquidity of small and mid-cap stock markets over 2018. However, new bonus share plans will be set up in 2019. The percentage of potential dilution for the new plans that may be set up in 2019 could represent up to 3% of the capital following this capital increase.*

(2) *Capital increase for 100% of the initial number of New Shares to be issued.*

(3) *Capital increase for 76.44% of the initial number of New Shares to be issued.*

Indicative schedule for the capital increase

27 June 2019	Accounting day following which the holders of existing shares recorded in their securities accounts will be awarded preemptive subscription rights.
28 June 2019	Ex-date and start of trading for the preemptive subscription rights on Euronext Paris.
2 July 2019	Opening of the subscription period.
9 July 2019	End of trading for the preemptive subscription rights.
11 July 2019	Closing of the subscription period.
16 July 2019	Publication of a press release by the Company announcing the subscription results. Publication by Euronext of the admission notice for New Shares, indicating the definitive amount of the Capital Increase and the allocation scale for subscriptions on a reducible basis.
18 July 2019	Issue of New Shares - Settlement/delivery. Admission of the New Shares for trading on Euronext Paris.

Share codes

Name: Orege

ISIN: FR0010609206

Ticker: OREG

ICB classification: 2799 *Waste & Disposal Services*

Listing market: Euronext Paris (Compartment C)

LEI code: 969500RXF62TC04Z7S84

Financial intermediary



GROUPE SOCIETE GENERALE

Lead Manager and Bookrunner

Public information

The new share issue is presented in a prospectus (the "Prospectus"), comprising:

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- the *Document de Référence* registered by the AMF (French financial markets authority) on [25] June 2019 under number R.19-023 (the “Registration Document”),
- the *Note d’Opération* approved by the AMF on [25] June 2019 under number 19-296 (the “Securities Note”); and
- the summary of the Prospectus (included in the Securities Note).

Orege draws the public’s attention to section 4 “Risk factors” of the Registration Document and section 2 “Risk factors relating to the offer” of the Securities Note. The occurrence of one or more of these risks may have an adverse effect on the Group's business, financial position, results or ability to achieve its objectives. In addition, other risks, not yet identified or not considered to be significant by the Company on the date of the AMF’s approval of the Prospectus, could also have an adverse impact.

Access to the Prospectus

Copies of the Prospectus are available free of charge from Orege’s registered office at 2, rue René Caudron, Parc Val St Quentin, 78960 Voisins-le-Bretonneux, France, on the Company’s website (www.orege.com) and on the AMF website (www.amf-france.org).

About SLG®

SLG® (solid, liquid, gas) is an innovative sludge conditioning, treatment and recovery technology. The SLG® technology offers a cost-effective and high-performance solution for industrial firms, operators and municipalities, by notably significantly reducing the volume of sludge to be evacuated and promoting its recovery by changing its physical, chemical and rheological characteristics, while improving the carbon footprint of the sites concerned.

Fully aligned with new regulatory and environmental requirements, the patented SLG® technology has received several international awards, including 2016 Breakthrough Technology of the Year at the Global Water Intelligence Awards and Most Innovative Technology at Birmingham Utility Week in 2017.

About Orege

Orege is an international cleantech firm specialized in the development, manufacturing and marketing of treatment solutions for municipal and industrial sludge. With bases in France, the US, the UK and Germany, it supports its clients in a dozen countries around the world. The company is a partner of Itochu Machine-Technos Corp in Japan.

Orege has been listed on the regulated market Euronext - Paris since 5 July 2013.

ISIN: FR0010609206 – OREGE

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With respect to the European Economic Area Member States that have transposed the Prospectus Directive (each referred to as the "Member State concerned") other than France, no action has been undertaken or will be undertaken to allow a public offering of securities requiring the publication of a prospectus in one or more of the Member States concerned. As a result, any offer of new OREGÉ shares may only be carried out in one or more of the Member States concerned (i) for qualified investors as defined by the Prospectus Directive, or (ii) in any other circumstances not requiring OREGÉ to publish a prospectus in accordance with Article 3(2) of the Prospectus Directive.

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