

Midsummer enters into agreement with certain noteholders and shareholders to restructure the company's note loan and capital structure

The Swedish solar energy company Midsummer has entered into an agreement with certain of the company's largest shareholders as well as with noteholders to strengthen the company's capital base and liquidity and to restructure the company's note loan.

The agreement has been made possible by the commitment of the company's principal shareholders and certain members of management to provide Midsummer with approximately SEK 73.7 million in new capital and cash, which according to the agreement means that the noteholders in return shall convert notes in a value of SEK 58.2 million to shares.

The capital increases and the conversion of notes into shares are made at the same subscription price, SEK 1.05 per new share in the company. Thus, in a first step, the agreement means that Midsummer's balance sheet is guaranteed to be strengthened by a total of approximately SEK 131.9 million. Under the agreement, the terms and conditions of the remaining notes will also be amended, which means that among others the final maturity date is extended until 31 December 2026 and that the current interest rates of 3 per cent. and 10 per cent. PIK interest per annum is replaced with a fixed interest rate of 5 per cent. and a PIK-interest of 5 per cent per annum, which means a reduction in the total interest cost.

Provided that Midsummer raises additional equity (through a rights issue or otherwise), Midsummer is also entitled to call for the conversion of additional notes into shares until and including 31 May 2025 with an amount corresponding to up to 75 per cent. of the equity raised (up to SEK 71.8 million). The agreement, which is subject to the approvals from a written procedure under the notes and an extraordinary general meeting, is supported by noteholders representing 51.5 per cent. of the nominal amount of the notes and by shareholders representing 41.9 per cent of the share capital and votes in the company.

Midsummer also intends to give all shareholders in the company the opportunity to subscribe for shares on the same terms in a rights issue that is expected to be carried out during February 2025.

– This agreement is an important step in strengthening the company’s long-term financial situation and capital structure. The agreement shows that the company has strong support from major shareholders, management and noteholders, who also choose to become shareholders in the company, demonstrating strong belief in the company’s future development, says CEO Eric Jaremalm.

Background

Midsummer AB (publ) (the “Company” or “Midsummer”) issued in 2019 a green bond (ISIN SE0012455772) with a framework amount of SEK 200 million (the “Notes”). As of 7 January 2025, the loan (including accrued and capitalised interest) amounts to approximately SEK 236 million.

Midsummer has previously, during the third quarter 2023, communicated that it is working on a review of the Company’s capital structure. Since the Company continued to develop its business by investing for future growth combined with a discussion regarding external capital in an amount of at least SEK 70 million not materializing, the Company has been placed in a situation where the Company was in need of new capital before end of January 2025. In light of this, an in-depth discussion was initiated during the end of 2024 with certain of the Company’s principal shareholders and a committee of holders of Notes representing 51.5 per cent. of the nominal amount of the Notes (the “Ad-hoc committee”) regarding measures to strengthen the Company’s capital base and liquidity and reduce the debt. These discussions have resulted in the agreement described herein (the “Agreement”). The Company and the Ad-hoc committee also intends to continue discussions in a positive spirit to reach a good long-term solution for the remaining part of the Notes, whose final maturity date is initially postponed from April 2026 to 31 December 2026.

The Company believes it is well positioned for growth and is strongly supported by market trends and legislation. The Company has during the last years made large investments in order to increase the production capacity of solar panels while it has reduced the cost base. Midsummer sees a large and increased interest for the Company’s world-leading environmentally friendly technology, where an example is the memorandum of understanding entered into with Saab regarding the establishment of a 200MW factory in Thailand. Further, the Company has identified a so-called “protected market” in respect of large flat roofs that cannot bear the weight of the silicon panels in the market today, but on which Midsummer’s panels can be used. In the EU, the Company estimates that this market amounts to 20-25GW per year.

– The Agreement, with lower debt, increased equity and liquidity, provides opportunities to accelerate the pace of commercial development, both for machine equipment and panels, and will therefore create favourable conditions for further strengthening the company’s financial strength during 2025, says CEO Eric Jaremalm.

Main terms for the Agreement

The main terms of the Agreement are described below. Full details of the Agreement are included in the notice of the written procedure under the Notes (the “Written Procedure”) and in the notice for the extraordinary general meeting (the “General Meeting”).

The investment of the Principal Shareholders and management

The Agreement means that the Company’s principal shareholders Hans Waldaeus, Jan Lombach (also a board member) and Jörgen Persson (directly and through companies) (the “Principal Shareholders”) as well as Robert Sjöström (chairman), Eric Jaremalm (CEO), Sven Lindström (deputy CEO), Fredrik Gran (Head of B2B and International Sales)

and Alex Witt (Operations Manager) have undertaken to provide Midsummer approximately SEK 73.7 million in new equity and cash by subscribing for shares in a directed share issue at a subscription price of SEK 1.05 per share, corresponding to a discount of around 30 per cent. compared to the closing price on 3 January 2025, the last trading day before the Agreement was entered into. A resolution on the directed share issue shall be made by the General Meeting. The majority of the proceeds will be transferred to the Company immediately after the General Meeting and SEK 15 million is expected to be provided to the Company no later than on 30 April 2025.

In order to meet Midsummer's immediate liquidity needs, the Principal Shareholders have also undertaken to provide a shareholder loan of approximately SEK 55 million with an interest of 10 per cent. to the Company (the "Shareholder Loan"). The Shareholder Loan shall be subordinated to the Notes and shall mature after the Notes. The Principal Shareholders are intended to be allowed and have undertaken to pay for subscribed shares in the directed share issue by way of set-off of the Shareholder Loan.

Conversion of Notes into shares

The Agreement means (1) that an aggregate nominal amount (including accrued but unpaid interest) of SEK 58.2 million, increased through a call mechanism to SEK 60.36 million, of the Notes is set off against new shares in the Company through a conversion of Notes and (2) that Midsummer is provided the right to carry out one or more additional conversions of Notes up to and including 31 May 2025, provided that the Company raises equity through one or more share issues in addition to the initial amount the Company receives through the investment of the Principal Shareholders and management, with an amount corresponding to up to 75 per cent. of the equity raised (but not more than SEK 71.8 million). The subscription price at a subsequent conversion shall correspond to the subscription price at which the equity is raised.

Both the initial mandatory conversion and any possible subsequent conversion of Notes will be carried out on a *pro rata* basis between the Notes.

The Repair Issue

After the above described directed share issue of approximately SEK 73.7 million has been carried out, Midsummer intends to carry out a so called repair issue (a non-guaranteed rights issue) with a subscription price of SEK 1.05 per share (the "Repair Issue"), in order to give the Company's other shareholders the opportunity to subscribe for shares on the same terms as the shareholders who were given the opportunity to subscribe for shares in the directed share issue. The shareholders who subscribed for shares in the directed share issue have undertaken not to exercise or transfer their allocated subscription rights in the Repair Issue.

Amendments of existing terms and conditions of the Notes

The terms and conditions of the Notes shall be amended in accordance with the following main amendments:

- a. the final maturity date of the Notes is extended to 31 December 2026;
- b. the interest rate is replaced with a fixed interest rate of 5 per cent. and a PIK interest of 5 per cent. *per annum*;
- c. the Company can redeem at maturity all outstanding Notes at a price per Note equal to 105 per cent. of the nominal amount together with accrued but unpaid interest;

- d. the Company does not have to comply with the maintenance covenant per 31 December 2024 or the entire financial year of 2025 and a minimum liquidity covenant of at least SEK 10 million is introduced with the first test date on 31 December 2025; and
- e. the Company shall have the right to incur debt ranking *pari passu* with the Notes provided among others that (i) the loan has been granted by SEK, EKN or similar lenders or (ii) the loan has been provided by customers, business partners or similar lenders (but not any financial institution) and the aggregate outstanding amount under such loans does not at any time exceed SEK 100 million.

Board representation

The Company and the Principal Shareholders shall endeavour to ensure that the Ad-hoc committee is given the option to appoint an ordinary member to the Company's board of directors. If the proposed board member is not appointed as an ordinary member of Midsummer for any reason, that person shall instead be entitled to participate as an observer at all board meetings and related board activities.

Written Procedure

Midsummer will today instruct Nordic Trustee & Agency AB (publ) (the "Agent"), in its capacity as agent under the Notes, to send a notice of the Written Procedure including voting instructions to the direct registered owners and registered authorised nominees of the Notes in the Company's debt ledger held with Euroclear Sweden as per 2 January 2025.

Midsummer has received undertakings to vote in favour of the proposal in the Written Procedure by noteholders representing approximately 51.5 per cent. of the adjusted outstanding nominal amount of the Notes.

The outcome of the Written Procedure will be announced by way of press release in connection with the close of the Written Procedure. The voting record date is 14 January 2025 and the last day for voting in the Written Procedure is 24 January 2025. The Written Procedure may, however, be terminated before the expiry of the time period for replies if a requisite majority has been obtained.

For more information regarding the Written Procedure, and a more detailed description of the measures described in the Agreement, please see the notice of Written Procedure on the Company's and the Agent's respective websites.

General Meeting

Midsummer will today convene the General Meeting to resolve, among others, on the directed share issues described above and the amendments to the articles of association resulting therefrom. The General Meeting will be held on 6 February 2025. The Company's board of directors propose that the General Meeting resolves on a warrant programme for the management in Midsummer as well as an authorisation for the board of directors to resolve on issuances of shares. For further information, please refer to the notice of the General Meeting.

Midsummer has received undertakings to vote in favour of the board of directors' proposal at the General Meeting from shareholders representing approximately 39.4 per cent. of the share capital and votes in the Company. A valid resolution regarding the directed share issue of approximately SEK 73.7 million requires that it has been supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the General Meeting.

Advisors

Swedbank AB (publ) is acting as financial advisor to Midsummer in connection with the Agreement. Gernandt & Danielsson Advokatbyrå is acting as legal advisor to Midsummer and Swedbank AB (publ) in connection with the Agreement. Advokatfirman Lindahl is acting as legal advisors to Midsummer in connection with the Agreement.

Links to images and other press material: [Press – Midsummer](#).

For additional information please contact:

Eric Jaremalm
CEO, Midsummer
Email: eric.jaremalm@midsummer.se
Tel: +46 8 525 09 610

Peter Karaszi
Head of Communications, Midsummer
Email: peter.karaszi@midsummer.se
Tel: + 46 70 341 46 53

This information is information that Midsummer 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 2025-01-07 07:30 CET.

About Midsummer

Midsummer is a Swedish solar energy company that develops, manufactures, and sells solar cells to construction, roofing and solar cell installation companies and also manufactures, sells and installs solar roofs directly to end customers. The company also develops and sells equipment for the production of flexible thin film solar cells to strategically selected partners and machinery for research. The solar cells are of CIGS technology (consist of copper, indium, gallium and selenide) and are thin, light, flexible, discreet and with a minimal carbon footprint compared with other solar panels.

The solar roofs are produced in Sweden using the company's own unique **DUO system** which has taken the position as the most widespread manufacturing tool for flexible CIGS solar cells in the world. The Company's shares (MIDS) are traded on Nasdaq First North Growth Market with Carnegie Investment Bank AB (publ) as Certified Adviser. For more information, please visit: midsummer.se.

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Attachments

[Midsummer enters into agreement with certain noteholders and shareholders to restructure the company's note loan and capital structure](#)