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# Midsona resolves on a fully secured rights issue of approximately SEK 600 million and announces terms

The Board of Directors of Midsona AB (publ) ("Midsona" or "the Company") has today, on 25 October 2022, resolved on a fully secured new issue of shares of series A and series B with preferential right for existing shareholders of approximately SEK 600 million (the "Rights Issue"). The purpose of the Rights Issue is to repay part of the Company's loans in order to reduce Midsona's leverage ratio and to generally strengthen the Company's financial position in order to facilitate a sustainable long-term capital structure and increase the Company's financial flexibility. The Board of Directors' resolution on the Rights Issue is subject to approval by an Extraordinary General Meeting (the "EGM"), planned to be held on 24 November 2022. Notice to the EGM will be published through a separate press release. The Board of Directors of Midsona also announces the issue terms of the Rights Issue through this press release.

## SUMMARY

- Today, Midsona's Board of Directors has resolved on the Rights Issue of approximately SEK 600 million and issue terms, subject to approval by the EGM, planned to be held on 24 November 2022. Notice to the EGM will be published through a separate press release.
- The purpose of the Rights Issue is to repay part of the Company's loans in order to reduce Midsona's leverage ratio and to generally strengthen the Company's financial position in order to facilitate a sustainable long-term capital structure and increase the Company's financial flexibility.
- Shareholders in Midsona have preferential right to subscribe for one (1) new share per one (1) existing share of the same share class, i.e. a subscription ratio of 1:1.
- The subscription price has been set to SEK 8.25 per new share regardless of share class which, assuming the Rights Issue is fully subscribed, will provide the Company with proceeds of approximately SEK 600 million before deduction of transaction costs.
- Provided that the Rights Issue is approved by the EGM, the record date for the Rights Issue is expected to be on 28 November 2022 and the subscription period will run from 30 November 2022 through 14 December 2022. The Company intends to publish the prospectus on 28 November 2022.
- The last day of trading in the Midsona shares including right to participate in the Rights Issue is 24 November 2022.



- The Company's largest shareholder Stena Adactum AB ("Stena Adactum"), representing approximately 29.8 per cent of the total number of shares and approximately 29.8 per cent of the total number of votes in the Company, supports the Rights Issue decision and has undertaken to vote for the Rights Issue at the EGM as well as subscribe for its pro rata share in the Rights Issue. Additionally, Stena Adactum has committed to underwrite the remaining part of the Rights Issue not covered by the subscription commitment. Hence, the Rights Issue is fully secured.
- In connection with the Rights Issue, Midsona has extended its financing agreement with Danske Bank and AB Svensk Exportkredit, which extends to September 2025. The agreement with the lenders also include a repayment of loans amounting to at least SEK 350 million of the issue proceeds.

### PETER ÅSBERG, PRESIDENT AND CEO OF MIDSONA

*"We are very happy for the continued trust and strong support our main shareholder shows in a situation where Midsona has been affected by several unfavourable external factors. We intend to use the net proceeds to reduce our leverage ratio and to generally strengthen our financial position. Thereby, we can take advantage of the strong market trend we observe for healthy and plant-based products in the long term", says Peter Åsberg, President and CEO of Midsona.*

### BACKGROUND AND RATIONALE

Midsona has during the last four quarters experienced a challenging market and been affected by several subsequent unfavourable external factors. During the fourth quarter of 2021, the Company was negatively impacted by poor harvests, as well as transport and delivery disruptions as a result of Covid-19, which led to shortage of certain raw materials and contributed to increased costs during the quarter. During the first quarter of 2022, the Company suffered, as a result of Russia's invasion of Ukraine, from further shortage of raw materials and major logistical challenges as Ukraine is a large exporter of grain, leading to continued high cost pressure on the Company. Since then, Midsona has also been negatively impacted by macroeconomic factors such as general cost inflation, which has contributed to increased costs for both finished goods, raw materials, input goods, energy and transports, as well as a weakened SEK against both EUR and USD in which the Company purchases most of its raw materials and finished goods. Overall, the market development and unfavourable external factors have had a significant negative effect on the Company's result during the last four quarters.

To compensate for the increased costs, Midsona has implemented price increases on multiple products, undertaken improvements of the supply chain and operational measures to improve profitability. Price increases occur with a certain lagging effect towards the customers, implying that increased costs are not compensated for at the time they emerge. In April 2022, the Company initiated a restructuring programme with the ambition to reduce the cost base by SEK 40 million on an annual basis, as a part of strengthening the competitiveness. The programme is ahead of plan, and the Company has decided to extend the programme with the ambition to save additionally SEK 20 million on an annual basis.

The market situation remains uncertain in the near term, however the Company believes that the market will continue to grow in the long term, driven by underlying trends with increased focus on health and well-being as well as climate issues, which increase the demand for plant-based, organic and sustainable food as well as plant-based meat alternatives. Several of the cost increases that have affected the profitability during the last four quarters are assessed to be temporary or possible to compensate for through further price increases.



As a result of Midsona's deteriorated financial results and also partly due to increased inventory subsequent to transport and delivery disruptions, the leverage ratio on a rolling 12-months basis has increased to a level that the Board of Directors does not consider sustainable in the long term.

The Company's credit facility is subject to financial commitments regarding leverage ratio. The external factors that have affected and may affect the Company, could potentially make it difficult for the Company to meet the limits the financial commitments in the credit facility prescribes.

To reduce the Company's leverage ratio through partial repayment of the Company's loans and to generally strengthen the Company's financial position in order to facilitate a sustainable long-term capital structure and increase the Company's financial flexibility, Midsona's Board of Directors today resolved on a new issue of shares with preferential right for existing shareholders of approximately SEK 600 million, subject to approval by the EGM, planned to be held on 24 November 2022.

## THE RIGHTS ISSUE

For the reasons stated above, Midsona's Board of Directors has today resolved, subject to approval by the EGM, to carry out the Rights Issue of approximately SEK 600 million before deduction of transaction costs.

Those who are registered as shareholders on the record date of 28 November 2022 own preferential right to subscribe for new shares in proportion to their existing shareholdings. Subscription of shares may also take place without preferential right.

The subscription period is expected to run from 30 November 2022 through 14 December 2022. The Board of Directors of Midsona is entitled to extend the subscription period and the time of payment which, if applicable, will be announced through press release on 14 December 2022 at the latest. Trading in subscription rights is expected to take place on Nasdaq Stockholm during the period from 30 November 2022 to 9 December 2022 and the trading in paid subscribed shares (SWE: betald tecknad aktie) during the period from 30 November 2022 to 28 December 2022.

The Board of Directors' resolution on the Rights Issue is subject to approval by the EGM, planned to be held on 24 November 2022. For further information, please see separate press release with notice to the EGM.

## TERMS OF THE RIGHTS ISSUE

Those who are registered shareholders in Midsona on the record date of 28 November 2022 receive one (1) subscription right for each series A share and one (1) subscription right for each series B share. The subscription rights grant the holder a preferential right to subscribe for new shares, whereby one (1) subscription right of series A entitles the shareholder to subscribe for one (1) new share of series A and one (1) subscription right of series B entitles the shareholder to subscribe for one (1) new share of series B. In addition, investors are offered the possibility to subscribe for shares without subscription rights.

If all of the new shares are not subscribed for with subscription rights (primary preferential right), the Board of Directors shall, up to the maximum amount of the Rights Issue, resolve on allocation of new shares which have been subscribed for without subscription rights, in accordance with the following:

- Primarily, allocation shall be made to those who have also subscribed for shares (regardless share class) with subscription rights, regardless of the subscriber being shareholder at the record date or not and in case of oversubscription, allocation shall be made pro rata in proportion to the number of subscription rights used for subscription and, to the extent the shares cannot be allocated as stated above, allocated through drawing of lots (subsidiary preferential right).



- Secondly, allocation of shares to those who have subscribed for shares without subscriptions rights shall be made to others who have only registered for subscription without subscription rights, and in case of oversubscription, allocation shall be made pro rata in proportion to the number of shares subscribed for and, to the extent the shares cannot be allocated as stated above, allocated through drawing of lots.
- Thirdly, allocation shall be made to Stena Adactum, as underwriter.

The subscription right includes both the primary and the subsidiary preferential right. When selling subscription rights, both the primary and subsidiary preferential rights are transferred to the new holder of the subscription right.

The subscription price has been set to SEK 8.25 per new share, regardless of share class. Brokerage commission is not charged. Assuming that the Rights Issue is fully subscribed, the share capital will increase by a maximum of SEK 363,570,200, from SEK 363,570,200 to SEK 727,140,400, by new issue of a maximum of 298,320 new series A shares and 72,415,720 new series B shares, which means that the total number of shares increases from 72,714,040 shares to 145,428,080 shares.

Shareholders who choose not to participate in the Rights Issue will, given that the Rights Issue is fully subscribed, have their shareholdings diluted by 50.0 per cent of the shares and 50.0 per cent of the votes, but are able to financially compensate for this dilution by selling their subscription rights.

Full terms and conditions for the Rights Issue and other information about Midsona will be presented in the Prospectus expected to be published by the Company on Midsona's website, [www.midsona.com](http://www.midsona.com), on 28 November 2022.

## SUPPORT FROM LARGER SHAREHOLDERS

The Company's largest shareholder Stena Adactum, representing approximately 29.8 per cent of the total number of shares and approximately 29.8 per cent of the total number of votes in the Company, supports the Rights Issue decision and has undertaken to vote for the Rights Issue at the EGM as well as subscribe for its pro rata share in the Rights Issue.

Additionally, Stena Adactum has committed to underwrite the remaining part of the Rights Issue not covered by the subscription commitment. Hence, the Rights Issue is fully secured. For the underwriting commitment, a cash fee of one (1) per cent of the underwritten amount is paid, corresponding to approximately SEK 4.2 million.

The Swedish Securities Council has granted Stena Adactum an exemption from the mandatory bid obligation, which could emerge due to the subscription and underwriting commitment.

The exemption, as far as the underwriting commitment is concerned, and thus also the underwriting commitment, is conditional on the shareholders being informed ahead the EGM of the maximum share of capital and votes that Stena Adactum may obtain by subscribing for shares in the Rights Issue in addition to its preferential right, and that the Rights Issue is approved by the EGM with at least two-thirds of both the votes cast and shares represented at the EGM, disregarding the shares held and represented by Stena Adactum.

The maximum share of votes and capital that Stena Adactum may hold in the company as a result of the Rights Issue is 64.9 per cent and 64.9 per cent respectively.



## UPDATED FINANCING AGREEMENT

In connection with the Rights Issue, Midsona has extended its financing agreement with Danske Bank and AB Svensk Exportkredit, which extends until September 2025. The agreement with the lenders also include a repayment of loans amounting to at least SEK 350 million of the issue proceeds.

## PRELIMINARY TIMETABLE

The below timetable for the Rights Issue is preliminary and may be adjusted.

<b>24 November 2022</b>	EGM for i.a. approval of the Board of Directors' resolution on the Rights Issue including issue terms
<b>24 November 2022</b>	Last day of trading in the share including right to participate in the Rights Issue with preferential right
<b>25 November 2022</b>	First day of trading in the share excluding right to participate in the Rights Issue with preferential right
<b>28 November 2022</b>	Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register on this date will receive subscription rights for participation in the Rights Issue
<b>28 November 2022</b>	Estimated date for publication of the prospectus
<b>30 November – 9 December 2022</b>	Trading in subscription rights
<b>30 November – 14 December 2022</b>	Subscription period
<b>30 November – 28 December 2022</b>	Trading in paid subscribed shares (SWE: betald tecknad aktie)
<b>16 December 2022</b>	Estimated date for publication of preliminary results of the Rights Issue
<b>19 December 2022</b>	Estimated date for publication of final results of the Rights Issue

## ADVISERS

In connection with the Rights Issue, Midsona has appointed Danske Bank A/S, Danmark, Sverige Filial ("Danske Bank") as Sole Global Coordinator and Bookrunner and Advokatfirman Lindahl as legal adviser. Advokatfirman Schjødt is legal adviser to Danske Bank in connection with the Rights Issue.

## FOR MORE INFORMATION, PLEASE CONTACT:

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*This is information of the type that Midsona AB (publ) is obligated to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons above on 25 October 2022 at 07.59 CEST.*

*This press release is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.*

## ABOUT MIDSONA

Midsona develops and markets strong brands within health and well-being, with products that help people live a healthier and more sustainable life, with an increased understanding of the origin of the raw material and with transparency as to the content. The Midsona share is listed on Nasdaq Stockholm, Mid Cap. For more information [www.midsona.com/en](http://www.midsona.com/en).



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*None of the Securities have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction in the United States (including its territories, possessions and the District of Columbia), and unless so registered, may not be offered, pledged, sold, delivered or otherwise transferred, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with other applicable securities laws. Only persons in the United States that are qualified institutional buyers ("QIBs") as defined in Rule 144A under the Securities Act or institutional "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act may participate in the offer. There will not be any public offering of any of the Securities in the United States. Outside the United States, the offer will be conducted in offshore transactions to persons other than "U.S. persons" as defined in and in compliance with, Regulation S under the Securities Act and in accordance with applicable law.*

*In the EEA Member States, with the exception of Sweden, (each such EEA Member State, a "Relevant State"), this press release and the information contained herein are intended only for and directed to qualified investors as defined in the Prospectus Regulation. The Securities mentioned in this press release are not intended to be offered to the public in any Relevant State and are only available to qualified investors except in accordance with exceptions in the Prospectus Regulation. Persons in any Relevant State who are not qualified investors should not take any actions based on this press release, nor rely on it.*

*In the United Kingdom, this press release is directed only at, and communicated only to, persons who are qualified investors within the meaning of article 2(e) of the Prospectus Regulation (2017/1129) who are (i) persons who fall within the definition of "investment professional" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) persons who fall within article 49(2)(a) to (d) of the Order, or (iii) persons who are existing members or creditors of Midsona AB (publ) or other persons falling within Article 43 of the Order, or (iv) persons to whom it may otherwise be lawfully communicated (all such persons referred to in (i), (ii), (iii) and (iv) above together being referred to as "Relevant Persons"). This press release must not be acted on or relied on by persons in the UK who are not Relevant Persons.*

*This announcement does not constitute an investment recommendation. The price and value of securities and any income from them can go down as well as up and you could lose your entire investment. Past performance is not a guide to future performance. Information in this announcement cannot be relied upon as a guide to future performance.*



*This press release contains forward-looking statements that reflect Midsona AB (publ)'s current view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "estimate" and other expressions involving indications or predictions regarding future development or trends, not based on historical facts, identify forward-looking statements and reflect Midsona AB (publ)'s beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual events and performance to differ materially from any expected future events or performance expressed or implied by the forward-looking statement. The information contained in this press release is subject to change without notice and, except as required by applicable law, Midsona AB (publ) does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual future events or otherwise.*

