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Press release

2020-09-18

Midsummer AB (publ) resolves on a directed issue and a fully guaranteed rights issue of approximately SEK 284 million for European expansion

On 18 September 2020, the Board of Midsummer AB (publ) ("Midsummer" or the "Company") decided to carry out a directed issue of shares and warrants ("Units") of approximately SEK 30.5 million (the "Directed Issue") and a fully guaranteed rights issue of Units of approximately SEK 253.5 million (the "Rights Issue") (together the "Share Issues"). The Board's decision on the Direct Issue is based on the authorization granted by the Annual General Meeting held on 4 June 2020. The Rights Issue is subject to approval by an Extraordinary General Meeting ("Extraordinary General Meeting") to be held on 15 October 2020. Notice of the Extraordinary General Meeting is published through a separate press release. The Share Issues allow for continued expansion and establishment on the European market. In addition, the Company's shareholder base is strengthened with reputable investors, including Cidro Förvaltning AB, an investment firm fully owned by Peter Lindell, who indirectly is a large shareholder in Paradox Interactive AB as well as Qliro Group AB and Doro AB via the company Rite Ventures AB. Cidro Förvaltning AB has the intention of supporting the Company's long-term development. In the case of full exercise of the attached warrants, the Company raises additionally approximately SEK 205.5 million before issue costs.

The Company has received subscription commitments of approximately SEK 17.5 million, corresponding to approximately 6.9 percent of the Rights Issue. In addition, the Rights Issue is covered by guarantee undertakings of approximately SEK 188.8 million, corresponding to approximately 74.5 percent of the Rights Issue, and top guarantee undertakings of approximately SEK 47.2 million, corresponding to approximately 18.6 percent of the Rights Issue. Subsequently the Rights Issue is covered to 100.0 percent based on subscription commitments and guarantees. Due to the planned implementation of the Share Issues, the Company has decided to postpone the release of the interim report Q3 2020 to 24 November 2020.

Background and reasons

Midsummer manufactures and sells turnkey production equipment for flexible thin-film solar cells. The Company also produces and sells solar panels and integrated solar cell roofs. The Company's technology and products have a favorable position to meet current and future demand in a strong and growing global market. During the past couple of years, the Company has developed its operations and today owns the entire chain, from manufacturing equipment to the installation of solar cell roofs.

Since 2004, Midsummer has developed a unique thin-film solar cell with high efficiency based on CIGS-technology (copper, indium, gallium and selenium) without using the environmentally hazardous substance cadmium in the production process, and with up to 90 percent lower carbon footprint



compared to traditional solar panels. The production equipment enables the manufacturing of solar panels that are discreet, flexible, durable, with low weight that can be mounted on a variety of surfaces. The low weight, flexibility and discreet design of the solar panels are the major strengths compared to competing products and technologies. These properties mean that the Company has attractive products for the growing BIPV-market (Building Integrated Photovoltaics), where the solar panels are integrated with the building.

Midsummer's solar panels can also be used in many application areas where the weight and fragility of traditional solar panels may be limiting or even preclude installation. A large part of all buildings today cannot install traditional solar panels due to weight restrictions. The potential market for Midsummer's light solar panels is thus very extensive.

In the prospectus that was published in conjunction with Midsummer's IPO in 2018, the Company identified that a future natural expansion opportunity included eventually producing and selling solar panels on its own. This has emerged as an increasingly important part of the Company's strategy, in particular for the purpose of increasing the market presence by creating demand in new countries and regions. Experience from the Swedish market shows that when a market becomes aware of Midsummer's solar panels and their properties, an accelerated demand is created (in the long run also for Midsummer's manufacturing equipment).

Midsummer has identified an attractive opportunity to build up a production capacity in Italy. Establishment of a production facility in Italy plays a central role in the Company's strategy to significantly scale up the production. The Italian market for solar panel has the attractive combination of high solar radiation, high electricity prices and subsidies for solar cells that both reduce investment cost and provide a high value for electricity produced by solar cells. In Italy, roof tiles are the dominant roof materials for villas and the Company believes that primarily with the product Midsummer WAVE, it has an opportunity to meet the market demand for discreet solar panel installations.

The application for start-up aid in Italy will be submitted in the autumn of 2020 and the Company is expected to receive final notification of aid in the form of grants and loans to favorable terms during December 2020/January 2021. The total investment for the production facility in Italy is expected to amount to approximately EUR 50 million, where Midsummer's investments in the project will consist of production of DUO machines supplied by Midsummer to the subsidiary Midsummer Italia. The remaining part of the project is expected to be financed with the advantageous establishment grants Invitalia ("Invest in Italy") has to offer. The production plant in Italy is estimated to be able to achieve a yearly production capacity of 50 MW, compared with the current yearly production capacity in Järfälla of approximately 5 MW. The Company estimates that from January 2022 sale of solar panels in Italy can commence. The Company intends to obtain sales for its planned expansion of production through sales to premium customers in the private market via selected partners in Italy.

The Share Issues significantly improve the Company's financial position. The net proceeds from the Share Issues will primarily be used to (i) finance the need for an increased production capacity attributable to the forthcoming European expansion, (ii) expand the marketing and sales organization, both at the Head Quarters in Järfälla, Sweden and in Italy, and (iii) other/working capital.

Summary of the Share Issues

- The Board of Midsummer has resolved, on the basis of the authorization granted by the Annual General Meeting, on a directed issue of Units of approximately SEK 30.5 million, and, subject to approval by the Extraordinary General Meeting, a rights issue of Units of approximately SEK 253.5 million, both before issue costs. In the case of full exercise of the warrants, the Company raises additionally approximately SEK 205.5 million before issue costs.



- The Directed Issue comprises 2,900,000 Units, each consisting of one (1) share and (1) warrant of series TO1, issued at a price of SEK **10.50** per Unit. The Directed Issue thus comprises 2,900,000 shares and 2,900,000 warrants of series TO1. The Directed Issue comprises a number of reputable investors, including Cidro Förvaltning AB, Isac Brandberg AB and Pegroco Invest AB. Investors in the Directed Issue will receive the new shares before the record date for participation in the Rights Issue and will thus receive unit rights for participation in the Rights Issue.
- The Rights Issue comprises a maximum number of 24,144,425 Units, each consisting of one (1) share and (1) warrant of series TO1, issued at a price of SEK **10.50** per Unit. The Rights Issue thus comprises a maximum number of 24,144,425 shares and a maximum number of 24,144,425 warrants of series TO1.
- The record date for participation in the Rights Issue is expected to be 19 October 2020. The subscription period in the Rights Issue is expected to take place from and including 21 October up to and including 5 November 2020.
- For each existing share in Midsummer, one (1) unit right will be received. Seven (7) unit rights entitle the holder to subscribe for five (5) Units, each consisting of one (1) share and one (1) warrant of series TO1.
- Two (2) warrants of series TO1 will entitle to subscription for one (1) new share in Midsummer at a subscription price of SEK 15.20 per share during the period from and including 1 November 2021 up to and including 30 November 2021.
- Midsummer's CEO, Sven Lindström, CFO Eric Jaremalin and Chairman of the Board Jan Lombach have together committed to subscribe for Units in the Rights Issue amounting to SEK 3.2 million, corresponding to approximately 1.3 percent of the Rights Issue. The Company has also received subscription commitments from a number of reputable investors, including Cidro Förvaltning AB and Pegroco Invest AB, amounting to approximately SEK 5.7 million and SEK 2.1 million, respectively, which in all amount to approximately SEK 17.5 million, corresponding to approximately 6.9 percent of the Rights Issue. In addition, the Rights Issue is covered by guarantee undertakings of approximately SEK 188.8 million, corresponding to approximately 74.5 percent of the Rights Issue, and top guarantee undertakings of approximately SEK 47.2 million, corresponding to approximately 18.6 percent of the Rights Issue. Subsequently the Rights Issue is covered to 100.0 percent based on subscription commitments and guarantee undertakings.

The Directed Issue

Midsummer's Board of Directors decided on 18 September 2020, on the basis of the authorization granted from the Annual General Meeting that took place on 4 June 2020, on a directed issue of 2,900,000 Units of approximately SEK 30.5 million before issuing costs. One Unit consists of one (1) share and one (1) warrant and is issued at a price of SEK 10.50 per Unit. The Directed Issue thus comprises 2,900,000 shares and 2,900,000 warrants of series TO1. The subscription price has been decided by the Board of Directors in consultation with the financial advisor based on an assessment of interest from investors and is deemed to correspond to the share's market value. The reason for the deviation from the shareholders' preferential rights is that the Board of Directors believes that it is to the advantage for Midsummer's continued development to strengthen the shareholder base with a number of strategic and long-term shareholders, and to use the opportunity to raise capital in a time-efficient manner.

Through the Directed Issue, the number of shares and votes in the Company increases by 2,900,000, from 30,902,200 shares and votes to 33,802,200 shares and votes and the share capital increases by SEK 116,000.00, from SEK 1,236,088.00 to SEK 1,352,088.00, corresponding to a dilution of approximately 8.6 percent of the number of shares and votes in the Company, following the Directed Issue. If all issued warrants are exercised, the number of shares and votes in the Company will



increase by an additional 1,450,000 shares and votes, and the share capital will increase by an additional SEK 58,000.00, corresponding to a dilution of an additional approximately 4.1 percent of the number of shares and votes in the Company, following the Directed Issue and exercise of the warrants.

The shares subscribed for in the Directed Issue will entitle participation in the Rights Issue.

The warrants of series T01 are expected to be admitted for trading on the Nasdaq First North Premier Growth Market after the Rights Issue has been registered. The terms of the warrants issued in connection with the Directed Issue are the same as the terms of the warrants of series T01 that are intended to be issued in the Rights Issue.

The Rights Issue

Furthermore, Midsummer's Board of Directors decided on 18 of September 2020, subject to subsequent approval of the Extraordinary General Meeting, on a rights issue of Units of a maximum of approximately SEK 253.5 million before issuing costs. One Unit consists of one (1) share and one (1) warrant and is issued at a subscription price of SEK 10.50 per Unit. In the event of full subscription, the Rights Issue thus comprises a maximum of 24,144,425 shares and 24,144,425 warrants of series T01.

The right to subscribe for Units in the Rights Issue shall accrue to the Company's shareholders in proportion to the number of shares previously owned. For each existing share in Midsummer, one (1) unit right will be received. Seven (7) unit rights entitle subscription of five (5) Units, each consisting of one (1) share and one (1) warrant of series T01.

Two (2) warrants of series T01 will entitle to subscription of one (1) new share in Midsummer at a subscription price of SEK 15.20 per share during the period 1 November 2021 – 30 November 2021.

The record date for determining which shareholders are entitled to subscribe for Units with preferential rights is expected to be 19 October 2020 and the subscription period is expected to take place from and including 21 October up to and including 5 November, 2020. Last day for trading in Midsummer's share including the right to receive unit rights is 15 October 2020. Trading in unit rights takes place on the Nasdaq First North Premier Growth Market during the period 21 October – 3 November 2020.

In the event that not all Units are subscribed for by exercise of unit rights, the Board shall resolve on allotment of Units subscribed for without the exercise of unit rights, within the maximum amount of the Rights Issue. In such case, Units shall primarily be allocated to those who have also subscribed for Units by the exercise of unit rights, regardless of whether they were shareholders on the record date or not, and in the event of oversubscription, *pro rata* in relation to the number of unit rights each exercised for subscription of Units. Secondly, Units shall be allocated to others who have notified the Company of their interest in subscribing for Units without the exercise of unit rights, and in the event of oversubscription, *pro rata* in relation to such declared interest, and lastly to those who have provided guarantee undertakings for the subscription of Units, in accordance with the guarantee agreements entered into and otherwise in proportion to the guarantee undertaking. To the extent that allotment according to the above cannot be made *pro rata*, allotment shall be made by drawing lots.

Upon full subscription of the Rights Issue, the number of shares and votes in the Company increases by 24,144,425, from 33,802,200 shares and votes (calculated after the registration of the Rights Issue) to 57,946,625 shares and votes, and the share capital increases by SEK 965,777.00, from SEK 1,352,088.00 (calculated after the registration of the Rights Issue) to SEK 2,317,865.00. For existing shareholders who do not participate in the Directed Issue and the Rights Issue, the dilution amounts to approximately 46.7 percent of the number of shares and votes in the Company after the Directed Issue and the Rights Issue. If all issued warrants of series T01 are exercised, the number of shares and votes in the Company increases by an additional 12,072,212 shares and votes, and the share capital increases by an additional SEK 482,888.48, which corresponds to a dilution effect of an additional approximately 17.2 percent of the number of shares and votes in the Company after the Directed Issue and the Rights Issue and after exercise of the warrants in the Rights Issue. Shareholders who choose



not to participate in the Rights Issue can compensate for the financial dilution effect by selling their unit rights.

Complete terms and conditions for the Rights Issue as well as other information about the Company will appear in the prospectus that is intended to be published around 16 October 2020.

Subscription commitments and guarantee undertakings

Midsummer's CEO, Sven Lindström, CFO Eric Jaremalm and Chairman of the Board Jan Lombach have together committed to subscribe for Units in the Rights Issue amounting to SEK 3.2 million, corresponding to approximately 1.3 percent of the Rights Issue. The Company has also received subscription commitments from a number of reputable investors, including Cidro Förvaltning AB, amounting to approximately SEK 5.7 million, and Pegroco Invest AB, amounting to approximately SEK 2.1 million. In total, the Company has received subscription commitments amounting to approximately SEK 17.5 million, corresponding to approximately 6.9 percent of the Rights Issue. In addition, the Rights Issue is covered by guarantee undertakings of approximately SEK 188.8 million, corresponding to approximately 74.5 percent of the Rights Issue, and top guarantee undertakings of approximately SEK 47.2 million, corresponding to approximately 18.6 percent of the Rights Issue. Subsequently the Rights Issue is covered to 100.0 percent based on subscription commitments and guarantees.

For the guarantee commitments, an underwriting fee of a total of nine (9) percent of the guaranteed amount will be paid (but only to the extent that it exceeds any existing shareholding), of which five (5) percent will be paid in cash and four (4) percent will be paid in the form of Units. For the top guarantee undertakings, an underwriting fee of a total of thirteen (13) percent of the guaranteed amount will be paid (but only to the extent that it exceeds any existing shareholding), of which six (6) percent will be paid in cash and seven (7) percent will be paid in the form of Units. The Board therefore intends to propose that the Extraordinary General Meeting also resolves to authorize the Board of Directors to decide on a directed issue of Units to guarantors and top guarantors in the Rights Issue, whereby payment shall be made by offsetting the respective guarantor's claim on the Company as a result of the guarantee undertaking.

Extraordinary General Meeting

The Board of Director's decision on the Rights Issue is subject to approval by the Extraordinary General Meeting on 15 October 2020. The Board also intends to propose that the Extraordinary General Meeting resolves to authorize the Board of Directors to decide on a directed issue of Units to guarantors and top guarantors in the Rights Issue, where payment shall be made by offsetting the respective guarantor's claim on the Company as a result of the guarantee undertaking, as well as a directed issue of Units to G&W Kapitalförvaltning AB for payment of part of the fees which, according to the assignment agreement, may be paid in the form of Units.

Notice of the Extraordinary General Meeting will be published in a separate press release.

Preliminary time plan for the Rights Issue

- 15 October 2020 – Extraordinary General Meeting
- 15 October 2020 – Last day of trading including the right to receive unit rights
- 16 October 2020 – First day of trading excluding the right to receive unit rights
- 16 October 2020 – Expected date for publication of the prospectus
- 19 October 2020 – Record date for participation in the Rights Issue
- 21 October – 5 November 2020 – Subscription period
- 21 October – 3 November 2020 – Trading in unit rights
- 21 October 2020 until the issue has been registered with the Swedish Companies Registration Office – Trading in paid subscribed Units (BTUs)



- 10 November 2020 – Expected date for publication of the outcome in the Rights Issue

Postponement of interim report Q3 2020

Owing to the Share Issues, the Company has decided to postpone the release of the interim report Q3 2020 from 17 November 2020 to 24 November 2020.

Advisors

G&W Fondkommission is the financial advisor to Midsummer in connection with the Share Issues. Mannheimer Swartling Advokatbyrå AB is the legal advisor to the Company in connection with the Share Issues. Aktieinvest FK AB has been hired as issuing institute.

For further information, please contact:

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About Midsummer

Midsummer is a leading developer and supplier of advanced solar energy technology solutions for the production and installation of thin-film solar panels. Its business offering includes equipment for cost-effective manufacturing of thin-film solar cells as well as building-integrated photovoltaic (BIPV) solutions. Midsummer's production process for thin-film solar cells has a minimal carbon footprint compared to other production processes for solar modules. Midsummer's DUO system has taken the position as the most widespread manufacturing tool for flexible CIGS solar cells in the world.

Midsummer develops and markets solar panels directly to end customers from its own production and via contract manufacturers. The Midsummer Solar Roofs product range Midsummer SLIM, Midsummer WAVE and Midsummer BOLD offers customers light, thin and flexible solar panels that result in attractive solar roofs.

Midsummer's technology is based on a rapid process for the production of durable, flexible CIGS solar cells using sputtering of all layers of the solar cell in a sealed vacuum chain. The Company's share (MIDS) is traded on Nasdaq First North Premier Growth Market with G & W Fondkommission as Certified Adviser, phone: +46 (0)8-503 000 50, email: ca@gwkapital.se. For more information, please visit: midsummer.se.

This information is such information that Midsummer AB is obliged to make public pursuant to EU Market Abuse Regulation. The information was released for public disclosure through the contact person detailed above on 18 September 2020 at 08.30 am CET.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in the Company in any jurisdiction. Any invitation to the persons concerned to subscribe for units in Midsummer will only be made through the prospectus that Midsummer estimates to publish on 16 October 2020.

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The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act"), or under the securities laws of any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, in or into the United States absent exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with securities laws of the relevant state or other jurisdiction in the United States. All offers and sales of securities in connection with any rights offer by the Company will be made, subject to certain limited exceptions, outside of the United States and in reliance on, and in compliance with, Regulation S under the Securities Act. There will be no public offering in the United States.

Within the European Economic Area ("EEA"), no public offering of securities is made in other countries than Sweden. In other member states of the EU, such an offering of securities may only be made in accordance with an applicable exemption in the Prospectus Regulation (EU) 2017/1129.

This press release contains certain forward-looking information that reflects the Company's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

