



# Statement by the Board of Directors of Biokraft in relation to 1Vision Biogas' mandatory tender offer

The recommendation from the Board of Directors of Biokraft International AB (publ) ("Biokraft" or the "Company") to the shareholders regarding 1Vision Biogas AB's ("1Vision Biogas") mandatory bid depends on the shareholder's time horizon for the investment in Biokraft and the shareholder's risk tolerance as well as their willingness to support the Company's funding needs. Based on an overall assessment, the Board of Directors realizes that the Company is currently operating in an uncertain economic environment and that the proposed rights issue and the Company's operational production targets of at least 1.2 TWh by the end of 2026 and 3 TWh by the end of 2030 will require significant investments from the shareholder to defend their ownership share or a significant dilution of their respective holding (as described in a separate press release on 26 February 2024). Taking this into account, the Board of Directors recommends shareholders with a short-term investment horizon and/or a lower risk tolerance as well as those who lack the possibility or willingness to invest additional capital to accept the Offer. At the same time, the Board of Directors considers that the terms of the Offer (as defined below) do not reflect the long-term fundamental value of the Company and that shareholders with a long-term investment horizon and/or a higher risk tolerance as well as a willingness to invest additional capital to secure the Company's funding needs in the proposed rights issue and the Company's growth journey towards the operational production targets should evaluate the situation carefully and consider retaining their ownership. Furthermore, it should be noted that there is a possibility that 1Vision Biogas achieves an ownership stake corresponding to more than 90 percent of the number of shares in Biokraft, which would entail an opportunity for 1Vision Biogas to request that the remaining shares in Biokraft be compulsorily redeemed in accordance with the rules of the Swedish Companies Act. The Board of Directors, however, considers it positive that 1Vision Biogas has shown an interest in the Biogas market in general and Biokraft in particular, and that they have a will to contribute to the Company's continued development through its industry experience and other resources.

This statement is made by the Board of Directors<sup>[1]</sup> of Biokraft pursuant to Section II.19 of the Stock Market Self-Regulation Committee takeover rules for certain trading platforms (the "Takeover Rules").

## Background

On 18 December 2023, Aneo Renewables Holding AS and St1 Sverige AB announced their intention to consolidate their respective shareholding in Biokraft into a newly established and jointly owned company, 1Vision Biogas (the "Consolidation"). Through the Consolidation, 1Vision Biogas' shareholding in Biokraft would correspond to approximately 55 percent of the total number of shares and votes in the Company. The Consolidation was conditional on certain authority permits and approvals, but subject to obtaining the necessary permits, 1Vision Biogas communicated their intention, in accordance with the applicable takeover rules, to submit a mandatory tender offer for the remaining shares in the Company at an offer price of SEK 20.65 in cash once the Consolidation has been effectuated. On 29 January 2024, 1Vision Biogas announced that the required authority permits and approvals had been obtained.

On 2 February 2024, 1Vision Biogas submitted a public tender offer, according to the rules on mandatory bids in the Takeover Rules, to the shareholders in Biokraft to transfer all of their shares in the Company to 1Vision Biogas (the "Offer"). According to the terms of the Offer, 1Vision Biogas offers SEK 20.65 in cash for each share in Biokraft. The Offer comprises all shares in Biokraft not already held by 1Vision Biogas.

The Offer values Biokraft at approximately SEK 900 million, based on all of the 43,578,852 outstanding shares in Biokraft, i.e. including the shares held by 1Vision Biogas.

The consideration of the Offer corresponds to:

- A premium of 2.0 percent compared to the closing price of SEK 20.25 of the Biokraft share on Nasdaq First North Premier Growth Market on 1 February 2024 (which was the last trading day prior to the announcement of the Offer).

- A premium of 0.4 percent compared to the volume-weighted average price of SEK 20.56 of the Biokraft share on Nasdaq First North Premier Growth Market during the 30 latest trading days up to and including 1 February 2024 (which was the last trading day prior to the announcement of the Offer).
- A premium of 30.7 percent compared to the closing price of SEK 15.80 of the Biokraft share on Nasdaq First North Premier Growth Market on 15 December 2023 (which was the last trading day prior to the announcement of the Consolidation).
- A premium of 26.7 percent compared to the volume-weighted average price of SEK 16.29 of the Biokraft share on Nasdaq First North Premier Growth Market during the 30 latest trading days up to and including 15 December 2023 (which was the last trading day prior to the announcement of the Consolidation).

The acceptance period in the Offer commenced on 5 February 2024 and expires on 11 March 2024. Completion of the Offer was only conditional on the Offer, and the acquisition of Biokraft, obtaining all necessary permits, approvals, decisions and other measures from authorities or the like, including competition authorities and foreign direct investment authorities, in each individual case, on terms acceptable to 1 Vision Biogas. On 15 February 2024, 1Vision Biogas announced that all necessary authority approvals for the completion of the Offer had been obtained and that 1Vision Biogas considered that the offer condition relating to obtaining regulatory permits had been met. For further information about the Offer please refer to 1Vision Biogas' website.

The board members Jan Helland Eide and Håkon Welde have not, and will not, due to a conflict of interest, participate in the Board of Directors' processing of or resolutions on matters related to the Offer.

The Board of Directors has engaged ABG Sundal Collier AB as financial advisor and Cirio Advokatbyrå AB as legal advisor in relation to the Offer.

As 1Vision Biogas after the Consolidation is considered the parent company of Biokraft and the board member Håkon Welde is also a board member of 1Vision Biogas, Section IV of the Takeover Rules shall be applied to the Offer. Biokraft's Board of Directors has therefore obtained a valuation statement (so-called fairness opinion) from KPMG AB ("KPMG"). According to KPMG's opinion, with the assumptions and considerations set out therein, which is attached to this press release, it is stated that KPMG believes that the Offer cannot be considered reasonable from a financial perspective for the shareholders.<sup>[2]</sup>

#### **The Offer's impact on the Company and its employees**

According to the Takeover Rules, the Board of Directors of Biokraft shall, based on what 1Vision Biogas has stated in the announcement of the Offer and the offer document, present its opinion regarding the impact that implementation of the Offer will have on the Company, particularly in terms of employment, and its opinion regarding 1Vision Biogas' strategic plans for the Company and the anticipated effects such plans will have on employment and operations on the locations on where the Company conducts its business. In the offer document, 1Vision Biogas has stated the following regarding the Offer: *"1Vision Biogas has the highest regard for the Company's management and employees and consider them to be an important asset for Biokraft going forward. Completion of the Offer is not expected to entail any significant changes for the management or employees of the Company. The Offeror does not expect that there will be any significant impact on the conditions of employment for Biokraft's management or employees as a result of the completion of the Offer. Overall, completion of the Offer is expected to result in only limited effects (if any) on the employment and the sites where the Company currently conducts business"*. The Board of Directors assumes that that this statement is correct and has in relevant aspects no reason to have any other opinion.

#### **The Board of Directors' statement on the Offer**

The Board of Directors has evaluated the Offer in accordance with the Takeover Rules. The Board of Directors' statement is based on an overall assessment of a number of factors which the Board of Directors has considered to be relevant when evaluating the Offer. These factors include, but are not limited to, Biokraft' current position, the development of the share price, the possible future development of Biokraft, future financing needs with regards to the Company's business plan and associated opportunities and risks. The Board of Directors has also evaluated the Offer in relation to comparable listed companies and comparable transactions, premiums in previous public offers, the stock market's expectations regarding the development of the Company and the Board of Directors' view of Biokraft's long-term value based on expected future earnings and cash flows.

As stated in a separate press release on 26 February 2024, Biokraft has a near-term capital need to repurchase the bonds as a result of the Consolidation triggered a "Change of Control Event" under the terms and conditions of the Company's outstanding senior secured green bonds. As a result, the bondholders have up to and including 6 March 2024 the right to request that the Company repurchase their bonds at a price of 101 percent of the nominal amount together with accrued but unpaid interest. The Company itself currently holds bonds with a total nominal value of SEK 63.75 million, which is why the maximum total amount that the Company may be required to pay when repurchasing all outstanding bonds amounts to approximately SEK 650 million (including interest and other fees). For bondholders requesting repurchase of bonds, the proceeds shall be paid out no later than 6 May 2024. Said capital needs are intended to be financed through a rights issue. The Company has received a subscription commitment and guarantee undertaking from 1Vision Biogas AB corresponding to in total 100 percent of the rights issue, conditional upon the subscription price in the rights issue being on market terms. In addition to the above, the Company has a capital need to finance its long-term growth plan with new facilities to reach the Company's

operational production targets of at least 1.2 TWh by the end of 2026 and 3 TWh by the end of 2030. The Company's production of biogas in 2023 amounted to 348 GWh and the Company estimates that the investment cost for one GWh in production capacity amounts to SEK 4–6 million. A production facility of approximately 120 GWh, such as the ongoing project in Mönsterås, is estimated to have a total investment cost corresponding to approximately SEK 700 million. As previously communicated, there is a risk that the commissioning of Mönsterås will be delayed by six to twelve months as the timetable is dependent on the connection to the electricity grid. The Company is investigating several alternatives for possible interim solutions to be able to put the facility into commission according to plan, which would entail increased costs until the connection to the electricity grid is made.

The next step in the growth journey is to carry out certain improvement projects and make the investment decision for the next new project in Skånes Fagerhult. The financing need for improvements in existing production facilities, including Mönsterås, Skånes Fagerhult and to repurchase the bonds is estimated to be approximately SEK 1,800 million during the period 2024 to 2026, which is intended to be financed through a combination of equity and debt.

Based on the above, the Company intends to hold an Extraordinary General Meeting on 27 March 2024 to authorize the Board of Directors to resolve on a rights issue which can amount to a total maximum of approximately SEK 650 million, after deduction of transaction costs, to cover the funds the Company is obliged to pay to the bondholders who have requested repurchase of the bonds in accordance with the terms and conditions for the bond. In addition, the Board of Directors of Biokraft proposes that the Extraordinary General Meeting authorizes the Board of Directors to resolve on a share issue, with or without pre-emptive rights for the Company's existing shareholders, of approximately a maximum of SEK 150 million, before deduction of transaction costs, to be used for investments in the Company's ongoing operations as well as for further growth and expansion, replacing the current existing issue authorization as resolved at the Annual General Meeting 2023. Such equity authorization can also be utilised to up-size the rights issue.

Provided that the Extraordinary General Meeting authorizes the Board of Directors to resolve on the rights issue as well as to change the limits for the number of shares and share capital in the Company's articles of association, the Board of Directors intends to resolve on the rights issue as described above, around 4 April 2024. The subscription period in the rights issue is expected to take place from and including 12 April 2024 up to and including 26 April 2024. For further information please refer to the press release published on 26 February 2024.

Based on this information, the Board of Directors believes that each individual shareholder in Biokraft should take into account the following information when deciding whether to accept the Offer or not:

- The intended rights issue, as described above, means that existing shareholders will need to invest significant amounts to defend their ownership share in the Company. The alternative of not accepting the Offer and choosing not to participate in the rights issue will give the shareholder the opportunity to sell subscription rights which the shareholder receives in the rights issue, but at the same time result in a significant dilution of the shareholder's ownership share. The liquidity in trading for the subscription rights may, however, be limited, which may have a negative impact on individual holders' ability to sell their subscription rights over the market, which may result in shareholders not being able to compensate themselves for the financial dilution effect that the rights issue entails or that shareholders cannot realize the theoretical financial value that the subscription rights should have in a liquid market.
- Additional capital will be needed to fund the Company's long-term growth plan to achieve its long-term operational production targets as well as to fund the identified improvement projects at existing facilities. This can be done through additional share issues, taking on new debt or a combination of both.
- As stated in the fairness opinion by KPMG, with the assumptions and considerations set out therein, the Offer of SEK 20,65 per share cannot be considered fair from a financial perspective.<sup>[3]</sup>

Furthermore, the Board of Directors notes that there is a high probability that 1Vision Biogas after the completion of the Offer and the rights issue, where 1Vision Biogas in addition to their subscription commitment to subscribe for its pro rata share also have entered into a guarantee undertaking for the remaining share of the rights issue not secured by subscription commitment, will have a substantial ownership stake in Biokraft, which could result in low liquidity in the trading of the Company's share, meaning that existing shareholders could have limited opportunities to sell their shares on the market. Furthermore, through its ownership stake, 1Vision Biogas will be able to exercise significant influence over Biokraft in matters where the shareholders have voting rights. If the Offer is accepted to a high degree and the guarantee commitments entered into by 1Vision Biogas due to the rights issue need to be utilized to a significant extent, it may also result in 1Vision Biogas achieving an ownership stake corresponding to more than 90 percent of the number of shares in Biokraft, which would entail an opportunity for 1Vision Biogas to request that the remaining shares in Biokraft be compulsorily redeemed in accordance with the rules of the Swedish Companies Act.

#### **The Board of Directors' recommendation**

Taking into account the above factors, it is the Board of Directors' opinion that its recommendation regarding the Offer should be dependent on the shareholder's time horizon for the investment in Biokraft and the shareholder's risk tolerance as well as their willingness to support the Company's long-term production targets, which requires

additional capital.

In an overall assessment, the Board of Directors realizes that the Company is currently operating in an uncertain economic environment and that the proposed rights issue and the Company's operational production targets of at least 1.2 TWh by the end of 2026 and 3 TWh by the end of 2030 will require significant investments from the shareholder to defend their ownership share or a significant dilution of their respective holding. Taking this into account, the Board of Directors recommends shareholders with a short-term investment horizon and/or a lower risk tolerance as well as those who lack the possibility or willingness to invest additional capital to accept the Offer.

At the same time, the Board of Directors believes that the terms of the Offer do not reflect the long-term fundamental value of the Company and that shareholders with a long-term investment horizon and/or a higher risk tolerance as well as a willingness to invest additional capital to secure the Company's funding needs in the proposed rights issue and the Company's growth journey towards the operational production targets should evaluate the situation carefully and consider retaining their ownership.

The Board of Directors, however, considers it positive that 1Vision Biogas has shown an interest in the Biogas market in general and Biokraft in particular, and that they have a will to contribute to the Company's continued development through its industry experience and other resources.

This statement shall be governed by and construed in accordance with Swedish law. Any dispute arising from this statement shall be settled exclusively by Swedish courts.

*This information is such that Biokraft International AB (publ) 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 below, for publication on 26 February 2024, at 15:00 CET.*

<sup>[1]</sup> The board members Jan Helland Eide and Håkon Welde have not, and will not, due to a conflict of interest, participate in the Board of Directors' processing of or resolutions on matters related to the Offer.

<sup>[2]</sup> KPMG's fairness opinion assumes that the Company is successful in securing financing on market terms.

<sup>[3]</sup> KPMG's fairness opinion assumes that the Company is successful in securing financing on market terms.

**For more information, please contact:**

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Biokraft is a Nordic greentech company that produces bioenergy and plant nutrition in a circular cycle by recycling organic waste and residual products in large-scale biorefineries. Biogas is CO<sub>2</sub>-neutral and lowers GHG emissions by over 100% when replacing fossil fuels. Biokraft will build, own and operate large-scale biogas plants with a focus on the Northern European market. Today there are facilities in Sweden, Norway and Korea. Biokraft has just over 120 employees and had total revenues of SEK 534 million in 2023. The company is listed on the Nasdaq First North Premier Growth Market. The Certified Adviser is Carnegie Investment Bank AB (publ). [www.biokraft.com](http://www.biokraft.com)