

Inside information: MeriAURA Group Plc and Summa Defence Oy to merge into a new group of companies in the defence sector

On 29 January 2025, MeriAURA Group Plc (“MeriAURA Group”) signed a conditional share exchange agreement to acquire the entire share capital of Summa Defence Oy (“Summa Defence”), which brings together defence and security companies. The transaction will create a strong group of companies focusing on safety and security of supply in Finland, in which dual-use technology will play a significant role. In connection with the arrangement, the Marine Logistics business (MeriAURA Oy and its wholly owned subsidiary VG-EcoFuel Oy) will be sold to MeriAURA Invest Oy. The name of the new listed company will be Summa Defence Plc. The holding of MeriAURA Group’s current shareholders in the new group of companies will be 11.9%, and that of Summa Defence’s current shareholders will be 88.1%.

Information about the transaction

The transaction is to be implemented through a share exchange by carrying out a directed share issue to the shareholders of Summa Defence (“Share Exchange”). The value of Summa Defence’s share capital is determined at around EUR 185 million in the share exchange agreement, and that of MeriAURA Group at around EUR 40.4 million. The subscription price in the share exchange will be EUR 0.04657136 per share. Summa Defence’s shareholders will own around 88.1% of the new group of companies after the implementation of the whole arrangement. As a result of the Share Exchange, the number of MeriAURA Group shares will increase to approximately 4,839,199,763 shares. The current number of shares in MeriAURA Group is 866,801,277. In the transaction, MeriAURA Group will direct a total of approximately 3,972,398,486 shares to the owners of Summa Defence.

Prior to the Share Exchange, Summa Defence will carry out a directed paid share issue of around EUR 25.1 million to certain convertible bond holders and parties that have made an investment commitment (collectively “Investors”). In addition, Summa Defence has entered into five share exchange agreements to acquire six different companies as its subsidiaries. These companies are Lännen Tractors Oy, Lännen MCE AB, Aquamec Oy, Nordic Yards Oy and its subsidiary Uudenkaupungin Työvene Oy, Intlog Oy and LightSpace Group Inc (USA) (collectively “Target Companies”). In addition, Summa Defence has agreed to purchase Sybimar Oy shares from Aura Mare Oy, which is controlled by Jussi Mälkiä, the CEO and board member of MeriAURA Group Oyj, and partly owned by Ville Jussila, a board member of MeriAURA Group Oyj. In addition, the Summa Defence Group includes the subsidiary Summa Drones Oy and its subsidiaries Summa - Elf Ground Oy, Summa - Elf Shield Oy, Summa - Elf Sky Oy, Summa - KORT Oy, Summa - MPS Oy, and Summa - Skyassist Oy.

The share exchanges related to the acquisition of the Target Companies and shares of Sybimar Oy will be carried out prior to the execution of the Share Exchange. The Investors and the shareholders of the Target Companies and Aura Mare Oy will therefore first become shareholders of Summa Defence, and when the Share Exchange is completed, they will exchange their shares in Summa Defence for the corresponding new shares issued by MeriAURA Group.

MeriAURA Group's shareholding will be divided after the Share Exchange as follows:

- Summa Defence's founders, current owners of the Target Companies, Aura Mare Oy and Investors: 82.1%
- MeriAURA Invest Oy: 11.2%
- MeriAURA Group's current owners (excluding MeriAURA Invest Oy): 6.7%

Immediately after the Share Exchange, MeriAURA Group's largest shareholder, MeriAURA Invest Oy, will acquire approximately 79.4% of the shares in MeriAURA Group's subsidiary MeriAURA Oy ("Divestment"). MeriAURA Invest Oy is an entity controlled by the CEO and board member of MeriAURA Group, Jussi Mälkiä, and closely associated with board member Ville Jussila. All MeriAURA Oy's liabilities will be transferred with the Divestment. The transaction price is EUR 14.4 million. The transaction price will be financed by means of the seller's (MeriAURA Group) financing ("Vendor note"). After the Divestment, MeriAURA Group will acquire a total of 330,675,334 of its own shares in a directed manner from MeriAURA Invest Oy at a subscription price of EUR 0.04657136 per share ("Directed Acquisition"). The Vendor Note will be fully offset against the purchase price of own shares, and the remaining part (approximately EUR 1 million) of the purchase price will be paid in cash (the Share Exchange, the Divestment and the Directed Acquisition will be collectively referred to as the "Transaction").

The sale of the Marine Logistics business back to the former parent company MeriAURA Invest Oy is related to the financing terms of the maritime industry. Marine Logistics as an investment-oriented business has not proven to be a functional combination with the project-based solar energy business, as the covenant for financing agreements in Marine Logistics is the requirement for the current principal owner to maintain a holding of more than 50%. In terms of the current financial market and the company's financing needs, the covenant has prevented the company from becoming a "genuine" listed company, where the share should be liquid and the principal owner's holding could be diluted.

The arrangement will result in an imputed write-down of approximately EUR 16,4 million in MeriAURA Group Plc, the impact of which will be taken into account in the Group's figures for the 2024 financial year.

MeriAURA Group's shareholding will be divided after the Transaction as follows:

- Summa Defence's founders: 22.9%
- Current owners of the Target Companies: 42.3%
- Investors: 22.9%
- MeriAURA Invest Oy: 4.7%
- MeriAURA Group's current owners (excluding MeriAURA Invest Oy): 7.2%

MeriAURA Group's Board of Directors has acquired a Fairness Opinion statement from HLP Corporate Finance Oy, according to which the Transaction is financially reasonable for all current shareholders. The Fairness Opinion will be published before the Annual General Meeting that decides on the Transaction.

In accordance with the provisions of the Finnish Companies Act regarding related party transactions Meriaura Group board members Jussi Mälkiä and Ville Jussila have not participated in the decision-making process related to the Transaction.

The planned Transaction is conditional on the decisions of the Annual General Meeting of Meriaura Group Plc concerning the approval of the transaction, the directed paid share issue, the directed share acquisition and other matters directly related to the Transaction that fall within the decision-making power of the Annual General Meeting. The execution of the arrangement also requires that the financiers of the Summa Defence target companies approve the arrangement. The Board of Directors of Meriaura Group proposes to the Annual General Meeting that the name of Meriaura Group Plc be changed to Summa Defence Plc if the Transaction is approved.

The parties to the share exchange agreement consider that signing the share exchange agreement does not create an obligation for any of the parties to make a public tender offer. To confirm this, a statement has been requested from the Financial Supervisory Authority, but it has not yet been received.

As a rule, the shares owned by the founders of Summa Defence, the owners of the target companies, investors Aura Mare Oy and Meriaura Invest Oy are subject to an 18-month lock-up agreement. The lock-up agreements for the current owners of Meriaura Group will be adjusted in proportion to those of Summa Defence Plc's new owners.

Schedule for the arrangement

Meriaura Group's business operations will change significantly as a result of the planned Transaction. Consequently, a new IPO process will be required from the new company on the Nasdaq First North Growth Market, where Nasdaq will have to approve the continued listing of the new company. Provided that Nasdaq approves the continued listing of the new company, a Company Prospectus for the new company in accordance with the First North Growth Market rules will be published prior to Meriaura Group's Annual General Meeting that will decide on the arrangement.

The execution of the Transaction is planned to take place at the beginning of April 2025. With the execution of the Share Exchange, the new shares issued in the directed share issue are planned to become subject to trading on the First North Growth Market Sweden and First North Growth Market Finland.

Changes in the Board of Directors and management

It has been proposed that a new Board of Directors be appointed for Meriaura Group at the Annual General Meeting that will decide on the Transaction. The proposed composition of the Board is Samuli Koskela, Martti Haapala, Antti Vehviläinen and Arto Rätty. It is also proposed to complement the board with 1-2 members who are independent of the company and shareholders. According to the proposal, Samuli Koskela would serve as the chairman of the board. There would also be changes in the management, and the current CEO of Summa Defence, Jussi Holopainen, would be appointed as CEO when the Transaction was completed. The other members of the Management Team would be Risto Takkala (CFO), Juha Vauhkonen (Director, Defence and Security Affairs), Tommi Malinen (Chief Sales Officer) and Tommi Manninen (Chief Communications Officer).

Impact on MeriAURA Group's operations and equity

MeriAURA Group's Board of Directors estimates that the planned arrangement will bring significant value to the company's shareholders through expanding business opportunities. The directed share issue to be carried out with the arrangement at Summa Defence Oy will significantly strengthen the equity of the emerging group, provided that the arrangement is approved.

The company will publish its updated strategy once the arrangement has been completed. With the acquisition of Summa Defence, the company's main business area will be defence and security technology.

Information about Summa Defence

Summa Defence is a Finnish defence and security technology group that brings together companies in the field of security. The company operates in the areas of situational awareness, mobility, defence and security of supply.

Summa Defence focuses on companies whose products and technologies are suitable for both the defence and civilian markets. Companies must also have the courage to grow internationally, especially in NATO member countries. Summa Defence serves as a platform that combines the expertise and production capacity of individual companies with the needs of the customer and accelerates the start of production and the commissioning of products.

Its subsidiaries operate under their own identities, but as part of a larger Summa Group, they can benefit from mutual synergies and participate in larger projects. Summa Defence promotes the innovations of its subsidiaries internationally and supports their commercialisation.

Lännen Tractors is an international supplier of smart and mobile multi-purpose machines. Lännen Tractors produces machines that are capable of continuous operation and performing versatile tasks for both civil and defence applications. In 2024, the company's revenue was EUR 23.0 million, and its EBITDA was EUR -3.1 million.

Aquamec manufactures smart and ecological solutions for challenging work in shallow water areas. Its mission is to offer the most versatile, mobile and reliable dredgers on the market that operate both on land and in water. In 2024, the company's revenue was EUR 4.8 million, and its EBITDA was EUR -0.2 million.

Uudenkaupungin Työvene (Nordic Yards) is a Finnish shipbuilding company with extensive experience in the design and construction of demanding vessels for the authorities, government institutions and private shipping companies. It aims to become the Nordic leader in advanced marine projects and solutions. In 2024, the company's revenue was EUR 19.1 million, and its EBITDA was EUR 1,0 million.

IntLog is a Finnish developer, manufacturer and supplier of modular spaces. The company was founded in 2010 to respond to the fleet maintenance and equipment tasks of the Defence Forces and Millog Oy. IntLog offers mobile modular spaces ranging from a few to a few thousand square metres, with almost unlimited options for equipment and adaptability. In 2024, the company's revenue was EUR 2.4 million, and its EBITDA was EUR 0.6 million.

Lightspace Technologies is a deep tech company focusing on XR technology (augmented reality, AR) and virtual reality (VR) that develops solutions for the defence industry and health care sector. Lightspace is a global technology leader in multifocal AR near-eye displays that combine augmented reality with an AI interface. In 2024, the company's revenue was EUR 0.2 million, and its EBITDA was EUR -1.8 million.

Summa Drones, in cooperation with Ukrainian drone companies, focuses on the design and production of drones and drone systems. Large-scale drone production in Finland is expected to begin in early 2025. The purpose of the drone production plant is to increase the production capacity of drones used in battles in Ukraine on a rapid schedule, while also creating industrial drone production in Finland and Europe.

The combined revenue of Summa Defence and the Target Companies in 2024, according to preliminary unaudited figures, was EUR 49.5 million, and their combined EBITDA was EUR -4.2 million. Currently, the total order backlog of Summa Defence's subsidiaries is approximately 200 million euros. The company expects strong revenue and profitability growth for 2025. Summa Defence's medium-term goal is to achieve EUR 500 million in revenue.

Jussi Mälkiä, CEO, MeriAURA Group:

"In the current tense political world situation, energy is playing an increasingly important role, but there is a risk that promoting the green transition and increasing the use of renewable energy will be overshadowed by other developments. The merger of MeriAURA Group and Summa Defence supports the development and self-sufficiency of Finnish technological expertise and responds to the need for security of supply and equipment, as well as the development of renewable energy. Our renewable energy companies that will remain in the new group will be able to grow and develop as part of Summa Defence's security of supply strategy."

Markku Kankaala, Chair of the Board, Summa Defence:

"The merger of Summa and MeriAURA Group is an impressive indication of the positive power of entrepreneurship. Dozens of subsidiary owners and investors acting as entrepreneurs are involved. Summa Defence Plc will be a real consortium of entrepreneurs and will have a positive impact on the industry and Finnish security."

Jussi Holopainen, CEO, Summa Defence:

"Finland's and Europe's overall security calls for strong operators and cooperation. With the arrangement, Summa Defence will become the first defence and security technology company to be dual-listed on the Helsinki and Stockholm stock exchanges. Summa Defence brings together security companies and secures resources for product development and growth in a field that is growing and developing strongly and globally. Summa Defence combines strong defence and traditional industry expertise with solutions enabled by new technologies. We actively promote the use of new innovative products and practices, such as artificial intelligence. We operate to high quality standards, but we also operate flexibly and encourage a culture of experimentation. The war in Ukraine has shown in practice the importance of new and rapidly deployable innovations."

Invitation to Media Event

Summa Defence and MeriAura Group will hold a media event for journalists regarding the merger on Wednesday, January 29, 2025, at 13:00 pm in Helsinki, at Mäkelänkatu 87.

Attendees will have the opportunity to meet Jussi Holopainen, CEO of Summa Defence Oy, as well as Jussi Mälkiä, CEO of MeriAura Group Oyj.

We kindly request that you confirm your attendance as soon as possible to Summa Defence's Communications Director Tommi Manninen.

For inquiries:

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MERIAURA GROUP PLC

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MeriAura Group Plc discloses the information provided herein pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 29 January 2025 at 10.00 a.m. (CET) by the aforementioned person.

Meriatura Group Plc in brief

Meriatura Group Plc has two business areas: Marine Logistics and Renewable Energy.

Meriatura Oy, which engages in the Marine Logistics business, is a major provider of transport for bulk cargo and demanding project deliveries in Northern Europe, especially in the Baltic Sea and North Sea regions. The company provides its customers with competitive low-emission marine transport services, which are based on long-term affreightment agreements, a modern fleet and the active development of operational sustainability. In addition, Meriatura has a strong market position as a marine transport provider in renewable energy construction projects.

The Marine Logistics business also includes VG-EcoFuel Oy, which produces biofuels from bio-oils and recycled oils generated as industrial by-products.

The Renewable Energy business focuses on comprehensive clean energy solutions. Meriatura Energy Oy designs and delivers clean energy production systems as comprehensive deliveries for industry and district heat production. Energy production is built around large-scale solar thermal systems implemented using high-performance solar thermal collectors manufactured by the company. The Renewable Energy business also includes Rasol Oy, which provides high-quality solar power systems for buildings, businesses and solar parks.

Meriatura Group's shares are listed on Nasdaq First North Growth Market Sweden under the symbol MERIS and on Nasdaq First North Growth Market Finland under the symbol MERIH.

www.meriauragroup.com

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