

Desenio enters into term sheet for restructuring of its bonds and capital structure, including debt-for-equity swap implying 75% write-down of bonds and 95% dilution of shareholders and provides trading update

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As previously announced, Desenio Group AB (publ) (“Desenio” or the “Company”, and together with its subsidiaries the “Group”) has for some time had a constructive dialogue with an ad-hoc committee of holders of Desenio’s outstanding senior secured bonds 2020/2025 with ISIN SE0015242839 (the “AHC” and the “Existing Bonds”, respectively) regarding a long-term solution for Desenio’s financing and capital structure. Today, Desenio has entered into a term sheet with the AHC with the key terms outlined below (the “Term Sheet” and the “Restructuring”, respectively).

The board of directors is supportive of the Restructuring. In addition, shareholders representing approximately 51% of the outstanding shares in Desenio and bondholders with more than 70% of the adjusted nominal amount of the Existing Bonds have expressed their support to the Restructuring. If the parties to the Term Sheet agree on long form documents, an extraordinary general meeting of the Company (the “EGM”) and a written procedure under the Existing Bonds are intended to be held during Q1 2025 and resolve on the Restructuring.

As part of this announcement, the Company provides a trading update including financial information for the period October–November 2024.

Restructuring

The Restructuring includes the following key terms.

Debt-for-equity swap

- A debt-for-equity swap will be implemented through a set-off issue of shares, entailing that 75% of the nominal amount of the Existing Bonds (following cancellation of Existing Bonds held by Desenio and tender of Existing Bonds, as described below) is converted to a combination of new listed shares of the same class as the currently outstanding shares (“**New Public Shares**”) and shares of a new class of unlisted shares (“**Unlisted Shares**”) in Desenio, diluting current shareholders by 95%.
- Not less than 70.6% of newly issued shares will be Unlisted Shares and not more than 29.4% of newly issued shares will be New Public Shares. Holders of Existing Bonds must accede to a shareholders’ agreement regarding the Unlisted Shares (the “**SHA**”) in order to receive such shares, which will otherwise be held by a trust on their behalf for a certain holding period. During the holding period, the beneficiaries will have the right to claim their Unlisted Shares, provided they can prove their entitlement to the Unlisted Shares and accede to the SHA (or, if the SHA has been terminated at the relevant time, without accession to the SHA). At the end of the holding period, any remaining unclaimed Unlisted Shares will be redeemed by the Company at no cost.
- The new Unlisted Shares will be subject to the terms of the SHA, which will include transfer restrictions, meaning among other things that the other holders of Unlisted Shares will have a right of first offer and first refusal to acquire Unlisted Shares in connection with share transfers. The SHA will also include drag-along and tag-along rights and terms regarding nomination of the chair of the board and that a certain shareholder will have the right to nominate two of the other board members. These restrictions and the other terms of the SHA will not apply to the existing shares or the New Public Shares.
- Individual holders of Unlisted Shares may, after a 2 year-period, request that their Unlisted Shares be converted into New Public Shares, and any remaining Unlisted Shares will automatically be converted into New Public Shares after 4 years. The SHA shall cease to apply for shares that are converted into New Public Shares in accordance with the SHA, and may be terminated in certain circumstances, including when the reinstated bonds and the new super senior bond described below have been fully repaid or if a majority representing 90% of the Unlisted Shares request a termination of the SHA.

Interest under Existing Bonds

- The interest under the Existing Bonds accruing from 1 January 2025 until the implementation of the Restructuring will be PIK and added to the nominal amount.

New super senior bond

- A newly established holding company of the Group (“**MidCo**”) will issue a new super senior bond (“**SS Bond**”) available to all holders of Existing Bonds *pro rata*, which will be fully underwritten by the AHC. The SS Bond will have a nominal amount of SEK 150 million (within a framework of SEK 250 million), a 2.5 year maturity, a 7.75% fixed cash interest rate, a 7.5% original issue discount, a minimum cash covenant of SEK 50 million, with a temporary step down to SEK 40 million only for Q2 and Q3 2025, a dividend block for as long as SS Bonds are outstanding and a cash sweep mechanism.

- Minimum SEK 25 million of the nominal amount for the SS Bond is intended to be paid in cash and maximum SEK 125 million of the nominal amount for the SS Bond is intended to be paid either in cash or by tendering Existing Bonds at a price of 90% of their nominal amount.
- The proceeds from the SS Bonds will be used towards financing restructuring costs.
- The SS Bond is proposed to share security package with the Existing Bonds. The security package will include share pledges over material group companies including MidCo, allowing for a single point of enforcement, as well as e.g. certain consequential security related to the internal restructuring through which MidCo is established.
- The SS Bond shall at all times rank before the reinstated Existing Bonds with respect to rights to payments.

Reinstated Existing Bonds

- The portion of the Existing Bonds held by the Company, amounting to a total nominal amount of SEK 35 million, will be cancelled.
- The remaining portion of the Existing Bonds, equalling 25% of the nominal amount (following cancellation of Existing Bonds held by Desenio and tender of Existing Bonds but before the original issue discount), will be reinstated with amended terms, including an 8.75% fixed cash interest rate, a 3.75% fixed PIK interest rate and an original issue discount of 5%, with a maturity of 4 years from the issue date. The amended terms will otherwise be in line with the terms and conditions for the Existing Bonds, but include further restrictions on e.g. financial indebtedness, distributions and financial covenants.
- The terms of the reinstated Existing Bonds will permit issuance of additional SS Bonds within a maximum aggregate framework amount of SEK 250 million.

Intercreditor agreement

- An intercreditor agreement will be entered into, which will amongst other regulate ranking, enforcement and waterfall provisions of the SS Bonds, the Reinstated Existing Bonds, any intercompany debt and other subordinated debt.

It is further intended that after the completion of the Restructuring, a new management incentive program will be established which may include the allotment of up to 10% of the equity value of the Group post-Restructuring.

Uncertainties, conditions and voting undertakings

The parties must agree on long form documentation before the Restructuring can be implemented. The information set forth above is therefore not a guarantee that a final agreement will be reached on these terms, or at all. Even though the information reflects the content of the Term Sheet, it is subject to material uncertainties, and the final outcome of the negotiations could differ materially from the terms outlined above.

In addition to the Restructuring being conditional upon final long form documentation being agreed between the Company and the AHC, the Restructuring will also be conditional upon (i) approval being obtained from the shareholders of Desenio at the EGM (such approval requiring two thirds of the shares represented and votes cast at the EGM), (ii) approval being obtained from the holders of the

Existing Bonds under a written procedure (such approval requiring at least 66 2/3% of the Adjusted Nominal Amount (as defined in the terms and conditions for the Existing Bonds) with a quorum of 50% of the Adjusted Nominal Amount and (iii) the AHC obtaining a waiver from the mandatory bid requirement from the Swedish Securities Council.

Holders of Existing Bonds who together represent approximately 67% of the adjusted nominal amount of the Existing Bonds, have entered into voting undertakings to vote in favour of the Restructuring in a written procedure. In addition, holders representing 3.9% of the Existing Bonds' adjusted nominal amount have expressed their support to the Restructuring, although these holders will not be able to participate in the written procedure since their bonds are held through capital insurances.

The Company has obtained voting undertakings from shareholders representing 35.1% of the outstanding shares and votes in Desenio to vote in favour of the Restructuring at the EGM. The shareholders who have entered into voting undertakings are Hugi Holding AB, holding 25.2% of the shares and votes, and MBHB Holding AB (controlled by director Martin Blomqvist), holding 9.9% of the shares and votes. Hars Holding AB (controlled by chairperson Alexander Hars) and Brand plus Net AB (controlled by CEO Fredrik Palm) who hold 9.5% and 6.5%, respectively, of the shares in Desenio are in favour of the Restructuring and have undertaken not to transfer any shares in the Company. However, as these companies' shares are held through capital insurances, Hars Holding AB and Brand plus Net AB cannot represent the shares or vote at the EGM.

Time plan

The parties to the Term Sheet's current intention is to agree on final long form documentation as soon as reasonably possible and to disclose such documents in January 2025, with the EGM and the written procedure being held during Q1 2025.

Trading update

The Group has closed its monthly report for October and November 2024. The financial figures are in line with the previously communicated financial targets for year-end. See below for November Year-to-Date figures.

Revenues:	SEK 774m
Adjusted EBITA:	SEK 90m

Additionally, the Group has guided on expected year-end cash position of approximately SEK 110m.

Further updates will be provided as required by applicable laws, regulations and rules.

Impact on the Company

Attached to this press release is a presentation illustrating the impact of the Restructuring on the Company given the assumptions set forth in the presentation.

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Advisors

ABG Sundal Collier is acting as financial advisor to Desenio in connection with the Restructuring. Gernandt & Danielsson Advokatbyrå is acting as legal advisor to Desenio in connection with the Restructuring.

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Certified Adviser

FNCA Sweden AB is the company's certified adviser.

This information is information that Desenio Group 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 2024-12-24 00:40 CET.

About Desenio Group

Desenio Group is the leading e-commerce company within affordable wall art in Europe, with a growing presence in North America. We offer our customers a unique and curated assortment of about 9,000 designs as well as frames and accessories in 37 countries via 44 local websites and are steadily expanding to new markets.

Desenio Group is well positioned to build upon our dynamic growth model, including our proprietary technical platform, industrialized creative processes and efficient customer acquisition approach.

We are headquartered in Stockholm, Sweden, with fulfilment centres in Sweden, Czech Republic and USA. Our share is traded on Nasdaq First North Growth market, under the ticker "DSNO".

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Attachments

[Desenio enters into term sheet for restructuring of its bonds and capital structure, including debt-for-equity swap implying 75% write-down of bonds and 95% dilution of shareholders and provides trading update](#)

[Desenio Group Proposed New Capital Structure](#)