



DESENIÓ

Proposed New Capital Structure
December 2024

Trendy | Beautiful | Affordable

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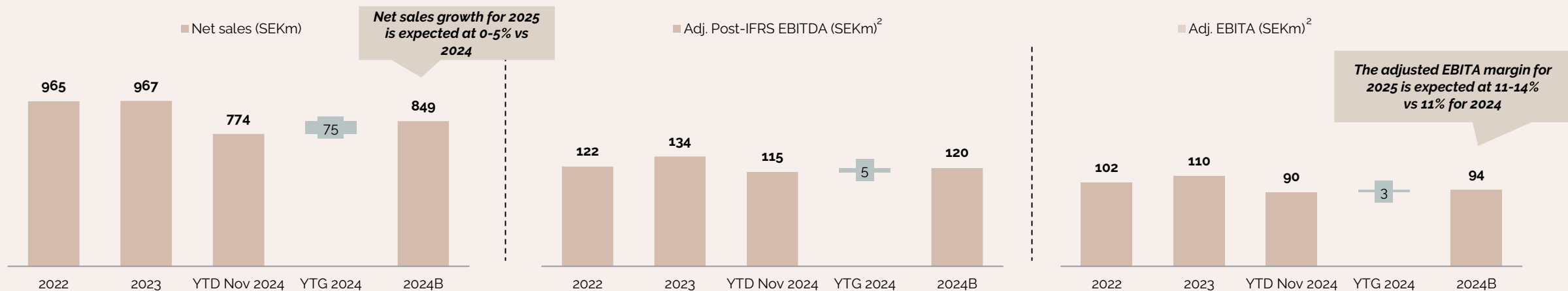
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Background | Adjusting the capital structure to fit the financial trading of the group

Situation backdrop

- In Q4 2020, Desenio acquired Poster Store and partly financed the acquisition through issuing a senior secured bond with a 4-year tenor and a coupon of STIBOR 3m + 550bps.
- Following market turmoil and a worsened consumer confidence, Desenio's financial development deteriorated which ultimately resulted in a significant increase in net leverage and an unsustainable capital structure. For 2024B, the net debt to adj. EBITDA is expected at 8.7x¹.
- In Q3 2023, the board of directors of Desenio initiated a strategic review to assess the company's capital structure, appointing ABG Sundal Collier as financial advisor. Following this, discussions were initiated with a group of bondholders, the Ad-Hoc-Committee, to establish a long-term, sustainable capital structure. These discussions have been ongoing throughout the year and has resulted in a term sheet regarding a new capital structure outlined herein.
- The new capital structure is supported by the board of directors, 51% of the current shareholders and more than 70% of bondholders.
- As part of the dialogues the new financial targets have been communicated. The financial performance of the group is in-line with the expectations communicated for the for the full year, and the group sees a positive development in October and November.

November current trading update

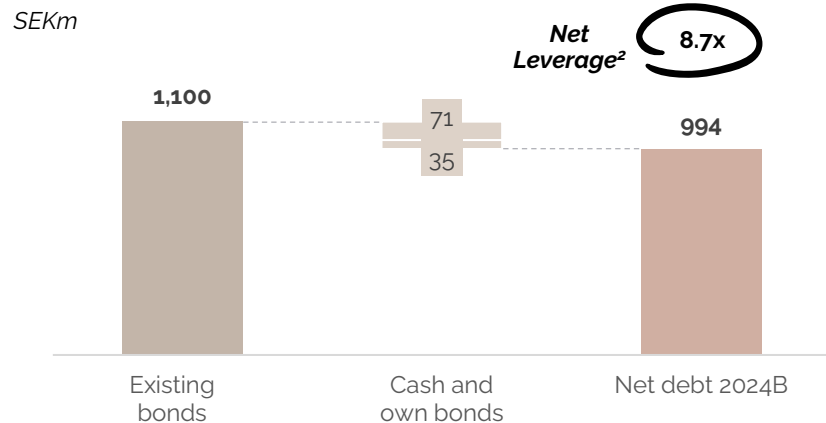
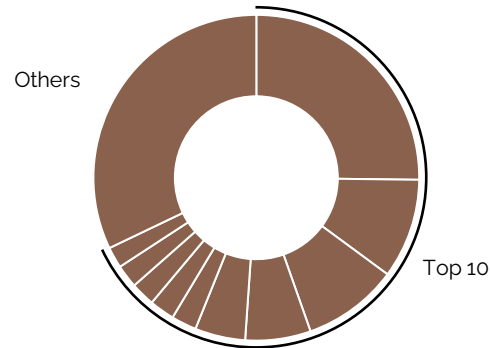


Notes: 1) 2024B Adj EBITDA of SEK 120m and including leases amounting to SEK 55m. 2) Including estimated IFRS 16 effects.

New capital structure | New ownership structure and significantly reduced debt level

Existing Structure

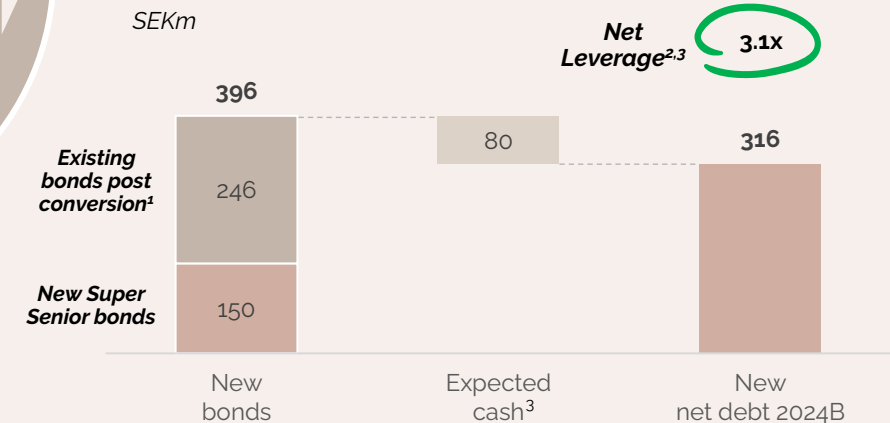
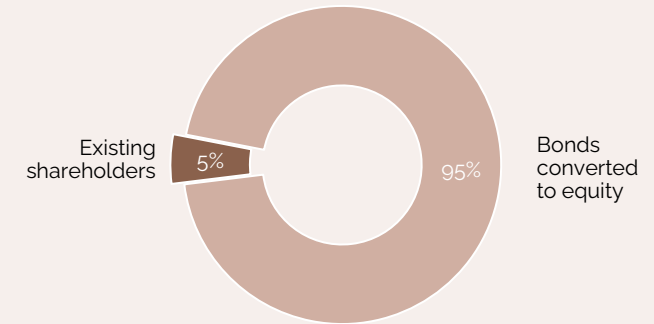
Shareholder overview



Debt Restructuring:
Partly conversion of the existing bonds to equity to significantly reduce leverage and increase cash flow going forward

New Capital Structure

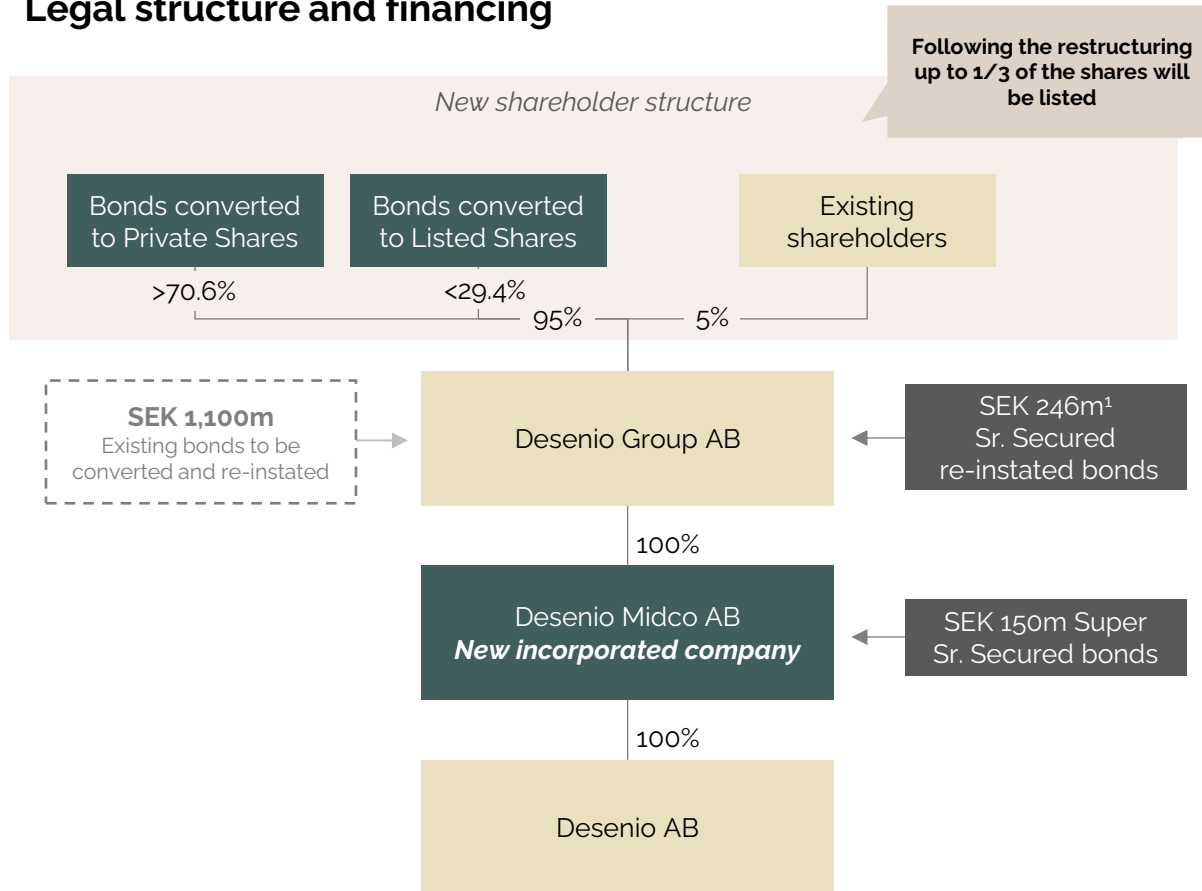
Shareholder overview



Notes: 1) Assuming full tender into super senior bonds. 2) Cash, own bonds, and leasing per Q3 2024. 2024B Adj EBITDA of SEK 120m and including leases amounting to SEK 55m. 3) Expected cash post-restructuring of SEK ~80m, net of expected restructuring expenses and cash received from new super senior. The company expects year end cash pre restructuring of approx. SEK 110m. Please note that year-end cash is higher than other parts of the year due to working capital swings expected to be approx. SEK 30m next year.

New legal structure overview | New debt maturities in 2027 and 2029

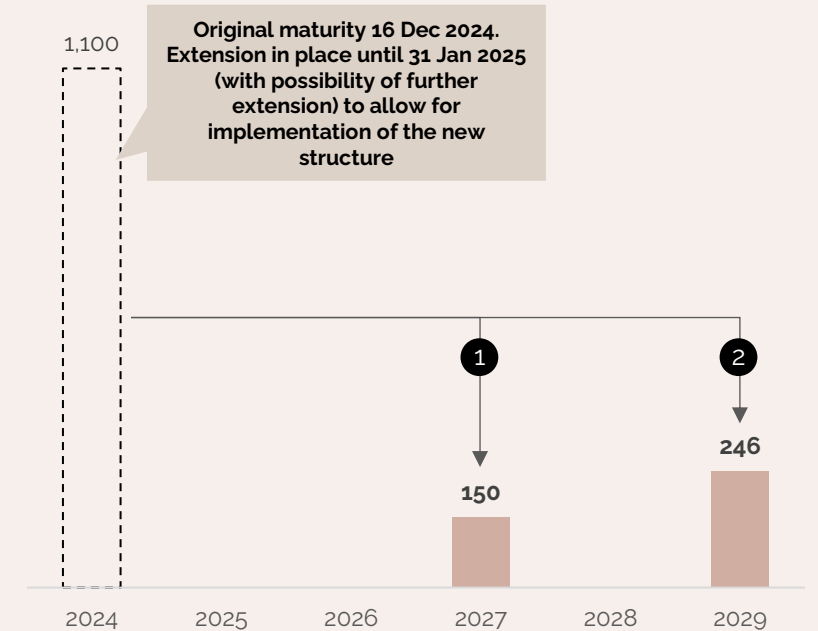
Legal structure and financing



Notes Simplified legal structure: 1) Assuming full tender into super senior bonds.

New maturity profile

SEKm



- SEK 150m (within a framework of SEK 250m) Super Senior Bonds with 2.5 years tenor. No fixed amortisations. Cash sweep mechanism in place to partially redeem the Super Senior Bonds if company holds excessive cash
- SEK 246m¹ re-instated Senior Secured Bonds with 4.0 years tenor. No fixed amortisations. Partly PIK interest to be accumulated during tenor of the bonds

Key terms | New debt details and conversion mechanism

	Reinstated Existing Bonds	New Super Senior Bonds
Issuer	Desenio Group AB (publ)	[Desenio Midco AB (publ)] – <i>To be incorporated</i>
Status	Secured, Senior	Secured, Super Senior
Initial issue amount	SEK 246 million ¹	SEK 150 million
Framework		SEK 250 million
Tenor	4.0 years	2.5 years
Coupon	Fixed rate: 8.75% cash interest, 3.75% PIK interest	Fixed rate: 7.75% cash interest
Issue Price	95%	92.5%
Amortisation	No fixed amortisation, 100% repayment at final maturity	No fixed amortisation, cash sweep mechanism to be included
Permitted Debt	Super Senior Bonds within a maximum aggregate framework amount of SEK 250 million	
Listing	Listed	Unlisted
Maintenance test		Minimum Cash covenant of SEK 50m except for Q2 and Q3 2025 where the test shall be SEK 40m. Tested monthly
Dividends	No dividends as long as the super senior is outstanding	No dividends
Governing law	Swedish law	Swedish law
Trustee	Nordic Trustee	Nordic Trustee

Notes: 1) Assuming full tender into super senior bonds. 2) Nominal value.

Implementation steps

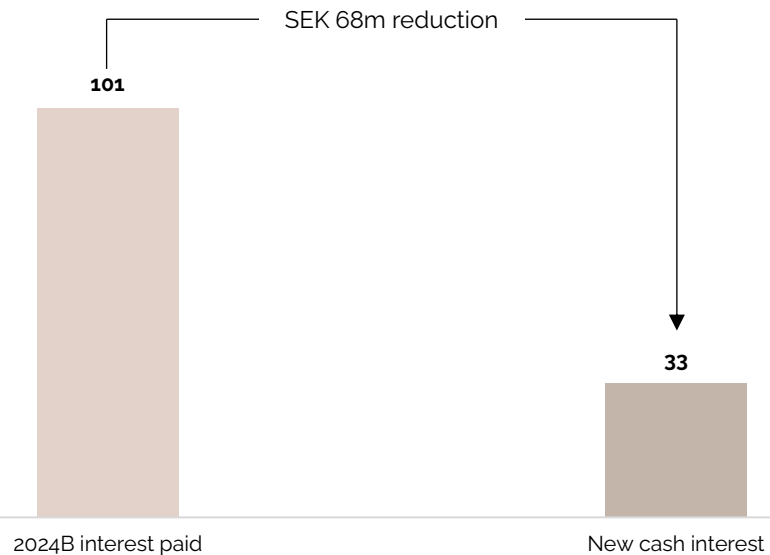
- 1 Company held bonds of SEK 35m will be cancelled
- 2 A new Midco will be incorporated in the existing Desenio structure

New SEK 150m Super Senior bonds will be issued with a 2.5 year tenor. Partly raised through a tender of the existing bonds and partly through new cash (Min. SEK 25m²). The bond issue will be underwritten by a group of bondholders
- 3 **Tender offer and cash raise:** Holder of the Existing Bonds will be invited to participate pro-rata in the new Super Senior Bonds through:
 - a) Up to SEK 125m² may be subscribed for through tendering Existing bonds at a price of 90% of par, and
 - b) Minimum SEK 25m² to be subscribed for with cash
 The new super senior bonds will have an issue price of 92.5%
- 5 25% of the remaining existing bonds (following cancellation of own bonds and Tender Offer) will be reinstated as new senior bonds with a 4.0 year tenor. The remaining 75% will be subject to a debt to equity swap.
- 6 See separate slide (page 8) on new ownership structure

Pro-Forma liquidity overview | Significant reduction of interest cost

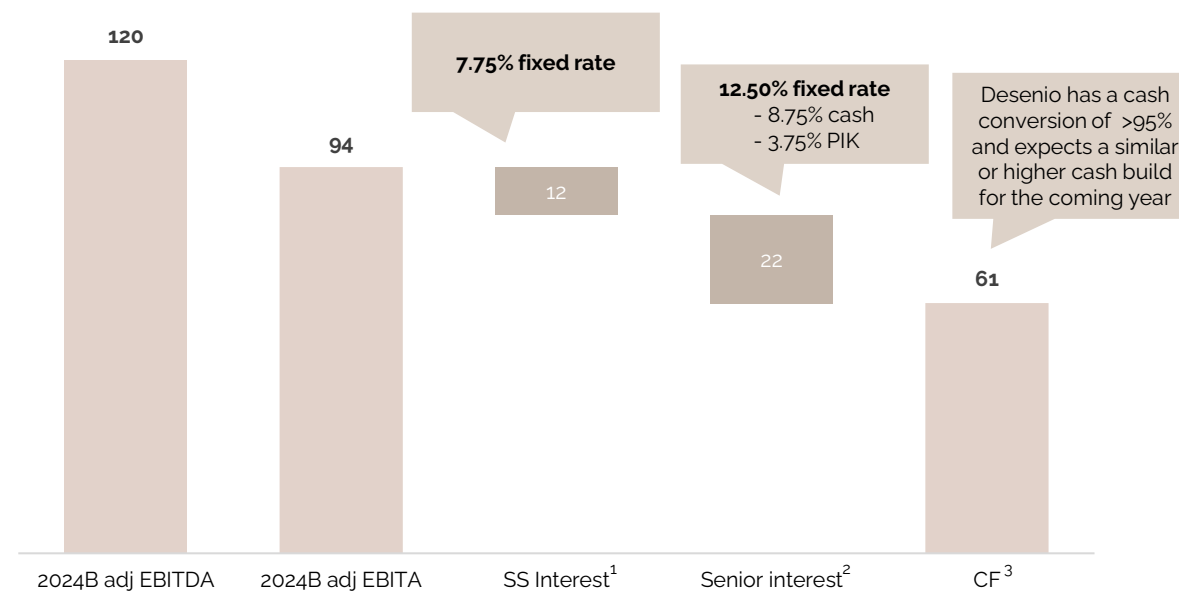
Interest expense overview

SEKm



2024 pro-forma cash flow

SEKm



- Desenio's existing capital structure is estimated to cost SEK 101m in cash interest during the current financial year, significantly impacting the company's underlying cash generation, and more importantly, limiting its ability to invest in the business.
- The new capital structure is estimated to cost the company SEK 33m per year in cash interest, reducing the company's annual cash interest burden by SEK 68m, freeing up capital to reduce debt and providing more capital to support and develop the business.
- A cash sweep mechanism will be in place to amortise the super senior bonds with part of excess cash flow, if the company has an excessive liquidity position.

Notes: 1) Super senior secured bond interest. 2) Senior secured bond interest 3) Cash flow, excluding NWC and Capex

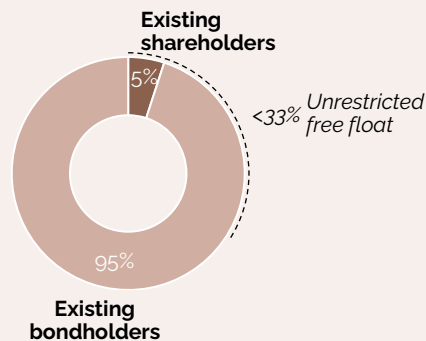
New shareholder structure | Desenio to remain listed post restructuring

New shareholder overview

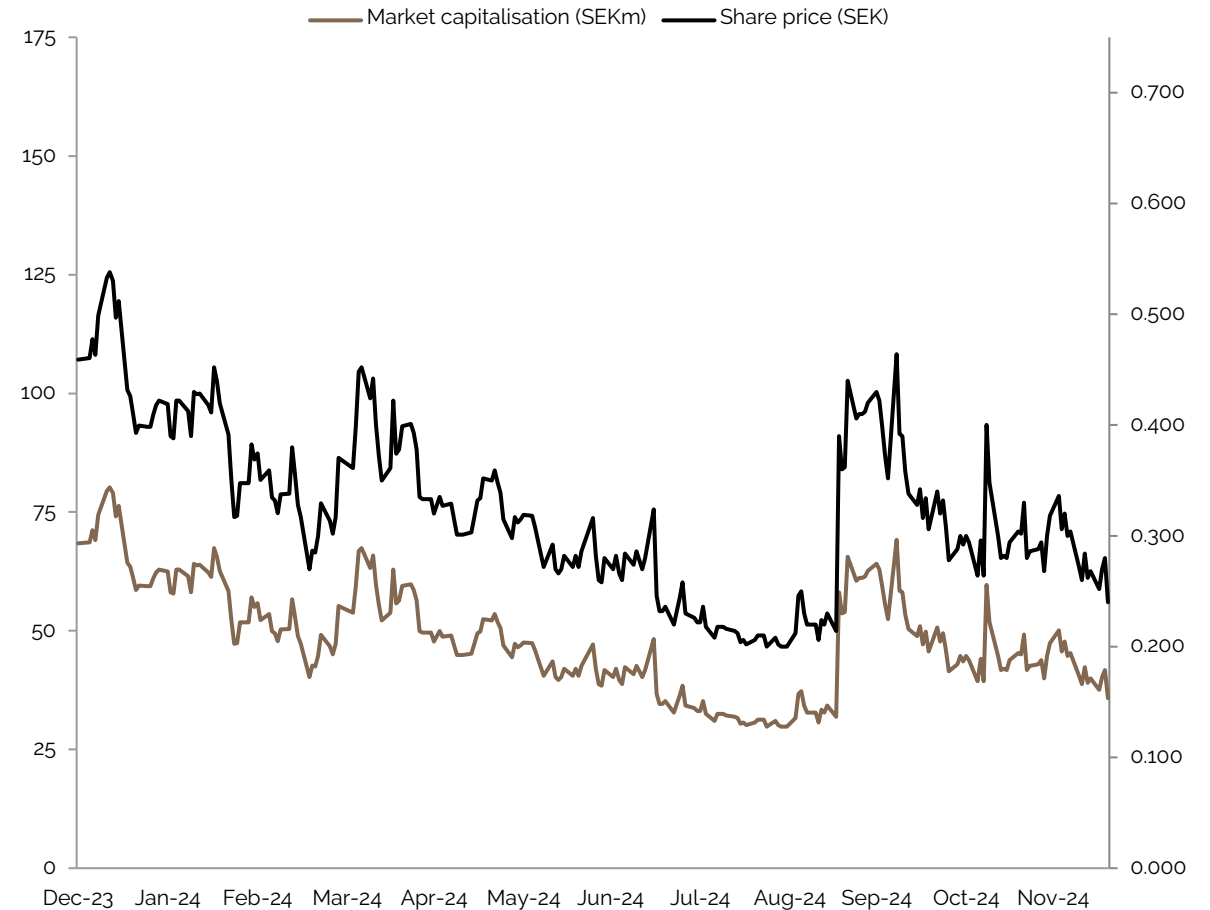
As part of the debt restructuring there will be a significant conversion of debt to equity. Post-restructuring the Existing Shareholders will retain an ownership of 5%. The shares will remain listed on Nasdaq First North. Bondholders will partly convert debt to new shares as a part of the restructuring:

- 1 75% of existing bonds (post cancellation and tender) will be converted into new equity and will gain 95% ownership
- 2 The new shares will be issued partly as Private Shares (70.6%) and partly to the same class as existing shares (29.4%). The economic and voting rights will be the same for all shares
- 3 Receiving the new Private Shares will be subject to bondholders entering into a shareholder agreement with certain trading restrictions. For bondholders not entering into a shareholder agreement, the Private Shares will be held by a trust on their behalf
- 4 Existing shareholders will be free to trade. However, certain shareholders are restricted until the next Extraordinary General Meeting where the new capital structure will be decided upon
- 5 Following the restructuring a new Management Incentive Plan is contemplated to be put in place based on i.e. new financials targets

New shareholder overview



Share price and market capitalisation development



Source: Factset as of 2024-12-19.

Process overview | Key steps

Written Procedure	<ul style="list-style-type: none">▪ The company will initiate for a Written Procedure to approve the changes to the bond terms including conversion to equity.▪ The key terms is outlined in the press release and this presentation but will be further described in and finalised through the Written Procedure.▪ Bondholders holding more than 70% of the outstanding nominal amount of the bonds have signed up to vote in favour of the changes that will be outlined in the key terms.¹
Extraordinary General Meeting	<ul style="list-style-type: none">▪ As part of the restructuring several changes will be made that requires voting at an Extraordinary General Meeting, e.g. new share issue.▪ The board of directors and key shareholders representing 51% of the existing share capital are supportive to the proposed changes to the capital structure.
Implementation	<ul style="list-style-type: none">▪ Subject to agreement on long form documentation and the Written Procedure and the Extraordinary General Meeting approving the restructuring, the new structure will be implemented.<ul style="list-style-type: none">▪ The implementation of the restructuring is subject to the Swedish Securities Council granting the parties to the shareholder agreement regarding the new Private Shares an exemption from the mandatory takeover obligation▪ The Super Senior bonds will be issued in the newly incorporated MidCo and the Existing bonds will be reinstated.
New Desenio	<ul style="list-style-type: none">▪ Post restructuring, Desenio will have a capital structure which will enable it to focus on the operation and it will be in a position to make strategic investments▪ This gives the company the possibility to further build upon its well-established market position and deliver sustainable growth, profitability, and cash flow generation.

¹) Including holders representing 4% 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. Holders representing 67% of the Existing Bonds' adjusted nominal amount have signed undertakings to vote in favor of the restructuring.

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