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Eniro AB presents a plan for recapitalisation involving an exchange of convertibles and bonds for preference shares of a new series A and calls for an Extraordinary General Meeting on 2 March 2020

In connection with the quarterly report for the third quarter 2019, the Board of Directors of Eniro AB (publ) resolved to carry out a review of the Group's long-term capital structure. In light of this, the Board of Directors has prepared a proposal for a plan for a new recapitalisation. The plan entails that holders of convertibles and bondholders exchange these instruments for newly issued redeemable preference shares of a new series A ("Preference Shares of series A"):

- Preference Shares of series A will constitute approximately 90.5% of all shares and votes in Eniro and will carry preferential rights to dividends and to payments due to liquidation in lieu of ordinary shares and existing preference shares up to an amount of approximately SEK 1 billion and an 6.25% annual return on this amount.
- The implementation of the recapitalisation plan is conditioned upon (1) a resolution by bondholders representing at least 2/3 of the bond loan that votes to carry out an exchange for Preference Shares of series A, (2) that holders of convertibles representing at least 90% of the outstanding convertible debt agrees to exchange convertibles for Preference Shares of series A, and (3) a resolution by the Extraordinary General Meeting to amend the Articles of Association and to authorise the Board of Directors to issue Preference Shares of series A.
- Should Eniro fail to implement the recapitalisation, further write-down needs arise as the possibility of carrying out the transformation of the business that is in progress would no longer be considered realistic. In this case, the Board of Directors will have to prepare of a special balance sheet for liquidation purposes and apply for company reorganisation to obtain protection from bankruptcy and enable an orderly reorganisation of the company's debt.
- The plan is supported by shareholders representing approximately 25% of all votes in the company and by bondholders representing approximately 30% of the bond loan, provided that Eniro can also present a new agreement with the Insurance company PRI Pensionsgaranti, mutual ("PRI") which these owners accept.
- Eniro calls for an Extraordinary General Meeting and will shortly request from the agent that the bondholders resolve on the exchange.

Background and motives

Eniro has since 2017 undergone a transformation from being a directory and search company to becoming a leading player on the Nordic market for digital marketing services. In parallel to this transformation, extensive work has been carried out with regard to the liability side of the balance sheet. In 2017, an agreement was reached with the bank consortium regarding the write-down of interest-bearing loans, exchange offers were directed to holders of convertibles and preference

shares, and a new issue of ordinary shares was implemented. Through an initiative of major shareholders in 2018, Eniro's bank loan was replaced with a bond loan.

Implementing the transformation of Eniro into the digital marketing partner of the small and medium-sized businesses has taken longer than expected and the result has been delayed. In connection with the report for the third quarter of 2019, the Board of Directors resolved, taking into account the Group's earnings performance and taking into account updated earnings trend and with respect to elaborated business plans for a write-down of goodwill of SEK 306 million, which in turn reduced the equity of the parent company and the Group. At the same time, the Board of Directors initiated a review of the company's long-term capital structure. The Company's convertible debt of nominally approximately SEK 29 million is due for payment in mid-April 2020. The company's bond loan, of nominally approximately SEK 989 million, matures at the end of 2021.

In order to recapitalise the company and enable continued operations and realisation of the values that are expected to arise from a development in accordance with the company's business plan, the Board of Directors has prepared a plan which entails that holders of convertibles and bondholders exchange these financial instruments for Preference Shares of series A. Holders of convertibles and bonds become holders of Preference Shares of series A and are thus entitled to first recover funds corresponding to the converted nominal debt amount and an annual return of 6.25% before owners of ordinary shares and existing preference shares are entitled to receive dividend.

At the completion of the recapitalisation, debt that is currently booked up to a total of nominally approximately SEK 1,018 million is converted into equity in the parent company. In addition, there is a positive one-off effect on earnings of approximately SEK 64 million net due to the reversal of capitalized borrowing costs and balanced interest costs. Through the exchange of bond debt and convertible debt for Preference Shares in series A, the company's hitherto interest costs will decrease by approximately SEK 60 million on an annual basis.

The Board of Directors currently assesses that the recapitalisation plan is feasible and reasonable for existing shareholders, bondholders and holders of convertibles. The Board of Directors therefore intends to base the valuations and assessments in the year-end report on the implementation of the plan. If the recapitalisation plan proves unsuccessful, the company will not be able to carry out the projects that are planned and which were used as the basis for the forecasts, which in turn were used the basis for the impairment test carried out in connection with the report for the third quarter 2019. If Eniro fails to implement the recapitalisation, further write-down needs will arise since the possibility of carrying out the transformation of the business that is in progress would no longer be considered realistic and a special balance sheet for liquidation purposes must be prepared. Then, the company's subsidiaries, who must consider their responsibility under the guarantee of the parent company's debt to the bondholders, cannot provide liquidity to the parent company through group contributions or loans so that a repayment of the convertible debt in April 2020 can be made. In such case, the Board of Directors must apply for company reorganisation to obtain protection from bankruptcy and enable an orderly restructuring of the company's debts.

The recapitalisation plan in brief

Bondholders and holders of convertibles exchanges, under certain conditions, see "Conditions for the recapitalisation plan" below, bonds and convertibles against Preference Shares of series A as follows:

1. The Preference Shares of series A are issued against the nominal amount¹ of the bonds and the convertibles:

¹ Accrued unpaid interest and any receivable that does not correspond to an entire share are abandoned by the respective holders.

- a. A total of approximately SEK 29 million regarding the convertibles (ISIN SE0006789830, short name: Eniro KV 1)
 - b. A total of approximately SEK 989 million regarding the bonds (ISIN: SE0011452440, short name: ENIRO01).
2. The issue price is SEK 1.60 per Preference Share of series A. This means that for each nominal loan amount SEK 1,000 (bond and convertibles), 625 Preference Shares of series A are issued.
3. Preference Shares of series A have preferential right to an annual dividend of SEK 0.10 corresponding to 6.25% of the issue price per preference share, as follows:
 - a) From the first annual payment after the Preference Shares of series A were registered at the Swedish Companies Registration Office (Sw. *Bolagsverket*), the dividend per Preference Shares of series A amounts to SEK 0.10 per annum.
 - b) Preference Shares of series A shall have preferential rights over ordinary shares and existing preference shares for repayment, upon redemption and liquidation, up to the issue price of (SEK 1.60) with addition of a right to any accrued and unpaid dividend, which is adjusted upwards by a factor corresponding to an annual interest rate of 20 per cent per annum.
 - c) Holders of ordinary shares and existing preference shares may decide to redeem Preference Shares of series A. Before all Preference Shares of series A are redeemed, no dividend or redemption of ordinary shares or existing preference shares can be resolved.
 - d) Holders of Preference Shares of series A may by resolution of the a General Meeting, if supported by 2/3 of the holders of Preference Shares of series A represented at the Meeting, be converted into ordinary shares of series A. Proposals for such conversion shall be made by the Board of Directors or shareholders representing at least one-tenth of all Preference Shares of series A.
4. Preference Shares of series A have one vote, i.e. the same number of votes as the ordinary share.
5. The implementation of the recapitalisation plan means that, if all outstanding bond debt and convertible debt are exchanged for Preference Shares of series A the company's share capital will increase by approximately SEK 509 million through the issue of approximately 636 million Preference Shares of series A, corresponding to approximately 90.5% of the votes and shares in the company after the issue. If all outstanding bond debt, but only 90% of outstanding convertible debt, are exchanged for Preference Shares of series A, the company's share capital will increase by approximately SEK 507 million through the issue of approximately 634 million Preference Shares of series A, corresponding to 90.5% of the votes and shares in the company after the issue.

Terms for the recapitalisation plan

1. Resolution by bondholders representing at least 2/3 of the bond loan voting to carry out an exchange for Preference Shares of series A.
2. Resolution by holders of convertibles representing at 90% of the convertible debt to carry out an exchange for Preference Shares of series A.
3. Resolution at the Extraordinary General Meeting to amend the Articles of Association and to authorise the Board of Directors to issue Preference Shares of series A.

Extraordinary General Meeting

Eniro gives notice of an Extraordinary General Meeting on 2 March 2020 in order to allow the shareholders to decide on the proposals for necessary amendments to the Articles of Association for the introduction of Preference Shares of series A and authorisation for the Board of Directors to resolve to issue of Preference Shares of series A, see separate notice.

For a valid decision, the resolution is required to be supported by shareholders with at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Bondholders voting

Eniro will shortly request from the agent that the bondholders shall decide on the exchange for Preference Shares of series A on the terms stated above.

For a valid resolution, at least one-fifth of the total bond loan must participate and at least two-thirds of the participating bond loan must vote in favour of the exchange. A valid resolution means that all bonds are exchanged for Preference Shares of series A.

Acceptance from holders of convertibles

The proportion of holders of convertibles who have accepted an exchange under the recapitalisation plan is expected to be announced around 17 March, 2020.

Admission to trading

Eniro intends to apply to Nasdaq Stockholm for admission to trading of Preference share of series A in connection with them being issued.

Dividend and dividend policy

The Board of Directors of Eniro does not intend to propose for the Annual General Meeting 2020 to resolve on dividend for any share class, neither Preference Shares of series A nor existing ordinary shares or preference shares. The company's future earning capacity shall show when dividends can be paid. Provided that the recapitalisation plan is implemented, only the company's new Preference Shares of series A will be entitled to dividends until these have been redeemed or converted.

The Board of Directors' considerations

When the Board of Directors has prepared the recapitalisation plan, it has taken into account that the bondholders are the company's by far largest creditors, and are secured by pledges in the shares of the company's subsidiary Eniro Treasury AB, which in turn owns all of the company's operational companies and the guarantees from Eniro's operational subsidiaries. This means that the bondholders have better preferential rights than holders of convertibles in the event of a corporate reorganisation or bankruptcy. This also means that bondholders have the right, through enforcement, to receive payment from the company's sole significant assets, the subsidiaries, before other creditors or shareholders receive payment (but after the right of PRI to an amount of SEK 35 million). Consequently, the fact that the bondholders exchange their bonds into Preference Shares of series A is, in comparison to a corporate reorganisation, bankruptcy or enforcement, a remission from the bondholders in favour of the holders of convertibles and the existing shareholders.

The condition that holders of convertibles corresponding to at least 90% of outstanding convertible debt agree to exchange convertibles for Preference Shares of series A has been made at the request of some bondholders on the basis of this remission from the bondholders.

Shareholders representing approximately 25 % of all the votes in the company and bondholders representing approximately 30% of the bond loan have stated that they support the plan and undertaken to vote in favour of it, provided that Eniro also presents a new agreement with PRI which they can accept.

In light of the above, the Board of Directors considers that the presented plan is balanced and attractive to shareholders, bondholders and holders of convertibles alike. The Board is also of the opinion that the plan is the best opportunity to reach a settlement that gives Eniro a sustainable capital structure and conditions for continued operations and value development.

Preliminary timetable

2020-02-11	Publication of year-end report
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2020-03-02	Extraordinary General Meeting
2020-03-02	Decision of the bondholders
2020-03-17	Publication of whether sufficient acceptance rate from the convertible holders has been achieved
2020-03-20	The Board of Directors resolves on a new share issue
2020-03-27	Publication of the 2019 Annual Report
2020-03-30	Publication of the prospectus
2020-04-06	Exchange of bonds and convertibles for Preference Shares of series A are implemented

The preliminary timetable may change

Instruments issued by Eniro

Name	ISIN	Abbreviation
Ordinary share A	SE0011256312	ENRO
Existing preference share	SE0004633956	ENRO PREF
Convertibles 2015/2020	SE0006789830	Eniro KV 1
Bond 2018/2021	SE0011452440	ENIRO01

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This information is information that Eniro AB (publ) is obliged to make public pursuant to EU market abuse regulation. The information was submitted for publication, through the contact persons above, for publication on 29 January 2020 at 01.00 CET.

Eniro is a Nordic company that helps small and medium-sized companies with digital marketing. Eniro also has a search service that aggregates, filters and presents information to help individuals find and come into contact with each other and with companies. The company has about 1,000 employees and operates in Sweden, Norway, Denmark and Finland through the local domains eniro.se, gulesider.no, krak.dk and degulesider.dk, and each week, Eniro Group's digital services have about 5.1 million unique visitors. Eniro is listed on Nasdaq Stockholm [ENRO] and its head office is located in Stockholm.

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The information, opinions and forward-looking statements in this press release speak only as of its date and are subject to change without notice.