

Lauritz.com Group A/S – Bond Written Procedure and Potential sale

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Lauritz.com Group A/S is in the process of negotiating a sale of either (i) all the shares in Lauritz.com A/S, currently being negotiated as a sale to a newly formed holding company to be owned by a financial purchaser to become majority shareholder and Mette and Bengt Sundström to become substantial minority shareholders (the "**Full Sale**") or (ii) its subsidiaries in Sweden, Germany and Finland to an industrial purchaser (the "**Carve-out Sale**"). The Full Sale is being negotiated with one party and the Carve-Out Sale is negotiated with another party. Lauritz.com A/S will initiate a written procedure tomorrow morning in which it seeks approval for both transactions from the holders of its senior secured bonds with ISIN SE0005999521.

Full Sale

The Full Sale would result in a full transfer of the shares in Lauritz.com A/S. Prior to a Full Sale, a general meeting of Lauritz.com Group A/S would be held to enable the shareholders to approve the sale and amend the articles of association to permit the sale. It is expected that the sales price for all shares in Lauritz.com A/S would result in the equity of Lauritz.com Group A/S being equal to or around the quoted market price of the company as of today.

It is a requirement for a Full Sale that the whole bond debt will be repaid by Lauritz.com A/S. It is expected that 80% of the principal amount SEK 160m would be repaid in cash and the remaining 20% of the principal amount SEK 40m would be written off. Thus, the approval of the bondholders of Lauritz.com A/S will be required. Furthermore, the accrued unpaid interest on the bond debt of SEK 16.3m will be repaid in full.

In a Full Sale, the company's super senior loan would be fully repaid including accrued interest, in total SEK 20.6m.

The expected earnings for the total business remain in line with the earnings guidance for the group for 2021 with an EBITDA of DKK 20-40m. After a Full Sale, Lauritz.com Group A/S would have no remaining business activities, and the balance sheet will primarily consist of liquid assets, tax/VAT payable and equity. In a Full Sale, it can be expected that Lauritz.com Group A/S would be liquidated in due course.

Carve-out Sale

The Carve-out Sale would be a sale of Lauritz.com A/S' subsidiaries in Sweden, Germany and Finland, including AB Stockholms Auktionsverk.

A Carve-out Sale would enable partial repayment of Lauritz.com A/S' outstanding SEK 200m bond debt. In a Carve-out Sale, a repayment of SEK 45m of the bond debt would be made, accrued unpaid interest on the bond debt of SEK 16.3m would be paid and the company's super senior loan would be fully repaid including accrued interest, in total SEK 20.6m. The terms and conditions of the bonds would be amended to support the long-term liquidity position of Lauritz.com A/S by lowering the interest rate to 4%, deferring interest payments for the period 17 December 2020 to 17 December 2021 which will be paid at maturity of the bonds and removing the requirement for instalments being paid before the final maturity of the bonds. The final maturity date will remain 17 December 2024.

After a Carve-out Sale, the remaining activities of Lauritz.com A/S would continue with Lauritz.com Group A/S as the parent company. It is expected that a Carve-out Sale would result in the Equity of the Lauritz.com Group becoming negative by approximately DKK 40m as the sale would generate an accounting loss.

The remaining activities would be expected to have an EBITDA of DKK 0-8m in 2021, as the activities sold in a Carve-out Sale is expected to have an EBITDA of DKK 20-32m in 2021.

Process

A Notice of Written Procedure will be sent to Lauritz.com A/S' bondholders later today, requesting the bondholders to approve terms of a Full Sale and a Carve-out Sale pertaining to the bond terms.

Approval by the bondholders is a condition for the completion of both the Full Sale and the Carve-out Sale. Both a Full Sale and a Carve-Out Sale would require that at least 2/3 of the voting bond debt vote in favor of the proposal. A group of bondholders representing a substantial portion (but less than 50%) of the total bond debt has confirmed that they will vote in favor of the proposal.

The record date for being eligible to vote in the written procedure is 14 April 2021 and the deadline for voting is 3.00 p.m. (CEST) 28 April 2021.

The decision of whether the Full Sale or the Carve-out Sale will be completed will be made by the group of bondholders referred to above, Lauritz.com A/S, majority owners Bengt Sundström and Mette Sundstrøm in the second half of April 2021 based on the terms of the available final deals.

It is expected that either a Full Sale or a Carve-Out sale will be signed prior to the end of April 2021 and that the relevant deal will be closed prior to the end of May 2021.

Founder and chairman, Bengt Sundström states:

“It is with pleasure that we can announce to be very close to a deal that will ensure a good future for Lauritz.com.

It is no secret that the process has been long and tedious but now within a short period of time with great certainty we will conclude one of two deals.

As negotiations stand currently, we as majority shareholder and the management team prefer the full sale since that will keep the whole group as one entity. This solution would consolidate our present strong market position as the largest auction house in the Nordics to be further developed, supported by a new solid financial foundation.

This, I'm sure will be the beginning of a new growth chapter in Lauritz, continuing the high steady growth of 20% that we have executed over the last 9 months with the same positive trends looking forward.”

Best regards
Lauritz.com Group A/S
Bengt Sundström
Chairman

For press enquiries, please contact: Mette Jessen
E-mail press@lauritz.com

Certified Adviser: Erik Penser Bank AB
Telephone number: +46 8-463 83 00
E-mail: certifiedadviser@penser.se

Market place: Nasdaq First North Growth Market Premier Stockholm

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