

# Press release

17 April 2020

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## Catena Media decides upon fully guaranteed rights issue of units of SEK 684 million and initiates procedure to amend the terms of its senior unsecured bond loan

Catena Media plc (Nasdaq Stockholm: CTM)

The Board of Directors of Catena Media plc ("Catena Media" or the "Company") today proposed that an Extraordinary General Meeting (the "EGM") is held to decide on a guaranteed rights issue of units consisting of hybrid capital securities (the "Hybrids"), accredited 100 percent equity treatment according to IFRS reporting standards, and warrants (the "Warrants") together ("Units") with preferential right for the Company's existing shareholders (the "Rights Issue"). The EGM is intended to be held on 10 June 2020. The subscription price in the Rights Issue is set to SEK 100 per Unit. Each ordinary share in the Company entitles the holder to one (1) subscription right and each Unit requires nine (9) subscription rights. The Rights Issue will provide the Company with approximately SEK 684 million before deduction of transaction related expenses. The ambition with the Rights Issue is to decrease the senior debt position and materially reduce the financial risk profile in the Company, resulting in a more balanced financing structure.

In addition to the Rights Issue, the Company will summon a procedure in writing ("Written Procedure") for its outstanding bonds 2018/2021 (ISIN: SE0010832154) with an aggregate amount outstanding of EUR 150 million (the "Senior Unsecured Bonds"). The notice of the Written Procedure includes proposals as regards amendments of the terms and conditions for the Senior Unsecured Bonds. Such proposed amendments include, inter alia, an extension of the final redemption date by a year, addition of a mandatory partial prepayment of EUR 49.5 million in aggregate and voluntary partial prepayments of up to EUR 6 million in aggregate per quarter, removal of possibility to issue subsequent bonds, inclusion of transaction security as well as amendments to the distributions undertaking to allow for dividend and interest

payments under the Hybrids. Holders of Senior Unsecured Bonds representing 58.0 percent of the outstanding nominal amount have undertaken to vote in favour of the proposed amendments of the terms and conditions for the Senior Unsecured Bonds, described in the notice of Written Procedure.

**The Rights Issue in brief:**

- Catena Media intends to use the issue proceeds from the Rights Issue to partially prepay the Senior Unsecured Bonds. The prepayment amount per bond will be EUR 33,000, in aggregate EUR 49.5 million for all outstanding Senior Unsecured Bonds. Following the prepayment, the total nominal amount of the Senior Unsecured Bonds will be EUR 100.5 million.
- Existing shareholders in the Company as of the record date of the Rights Issue will receive one (1) unit subscription right for each share held on the record date. Nine (9) unit subscription rights entitle to subscribe for one (1) Unit in the Rights Issue. Each Unit consists of six (6) Warrants and one subordinated Hybrid with first possible redemption after 5 years, nominal amount of SEK 100 per Hybrid and an interest rate of 3-month STIBOR + 8.00 percent *per annum* (to be paid quarterly in arrears).
- The subscription price in the Rights Issue is set to SEK 100 per Unit. The six (6) Warrants received with each Unit are issued free of charge.
- The subscription period in the Rights Issue is expected to take place during June 2020.
- The Rights Issue will provide the Company with approximately SEK 684 million by issuance of the Hybrids before deduction of transaction related expenses.
- The Board of Directors' proposal of the Rights Issue is subject to approval from the EGM intended to be held on 10 June 2020.
- The Company has received subscription and underwriting commitments of an aggregate of SEK 14 million from certain members of the management team and Board of Directors.
- In addition, Investment AB Öresund ("**Öresund**") and a consortium of certain other existing shareholders and external investors have given subscription and underwriting commitments to the Company of the remaining amount, corresponding to SEK 670 million. Thus, the Rights Issue amount of SEK 684 million is fully covered by subscription and underwriting commitments.
- Öresund, Ruane, Cunnif & Goldfarb and additional existing shareholders that together represent about 32 percent of the total number of shares and votes in the Company, have undertaken to vote in favor for the Rights Issue at the EGM.
- Major holders of the Senior Unsecured Bonds that together represent 58.0 percent of the total nominal amount of the Senior Unsecured Bonds are positive towards the proposed amendments

set out in the Written Procedure and have undertaken to vote in favor for the proposals set out therein.

*"I strongly believe that the transaction and associated senior debt decrease along with the extension of our existing 2018/2021 Senior Unsecured Bonds, gives us as a Company a well-balanced balance sheet and strongly aligns all stakeholders of the Company. The world is facing an unusual and challenging situation due to COVID-19 outbreak, but our business remains strong and now with an attractive refinancing package in place, we are committed to our target of reaching double-digit profitable growth in 2020", says Per Hellberg, CEO of Catena Media*

### **Background and reasons**

Catena Media has since its inception in 2012 become the largest lead generator delivering high-value iGaming online customers. In recent years the Company has achieved unparalleled growth because it has adapted to market developments and user needs and built a scalable business model with an advanced technology platform. The Company has grown by carrying out several inorganic initiatives through M&A and adapted the whole organisation to constantly strive for continuous organic growth, through both expertise and resources. The Company is well positioned for future organic growth with focus on scaling its current brand portfolio. Catena Media entered into the US market at the end of 2016 by acquiring regulated affiliate assets targeting the Casino markets in New Jersey and Nevada. The Company expects additional states to legalise online casino and sports betting over the coming years and that will create continued and new growth opportunities for the Company in the region. During the full year 2019, Catena Media generated total revenues of EUR 102.9 million with an Adjusted EBITDA<sup>1</sup> of EUR 43.5 million, corresponding to an Adjusted EBITDA margin of 42 percent.

From the period of inception of the Company back in 2012 up until September 2016, the Company was financed solely by existing equity and generated cash flows. In September 2016, the Company issued its first interest-bearing debt instrument by the issuance of senior secured bonds of EUR 50 million within a total framework amount of EUR 100 million, with maturity in September 2019. The 2016/2019 senior secured bonds were repaid in full by way of issuing the Senior Unsecured Bonds of EUR 150 million in March 2018. The Senior Unsecured Bonds were issued at an annual interest rate of 3-month Euribor +5.5 percent with a final maturity date in March 2021. The debt financing has, during the period from September 2016 up until today been an important component in the Company's capital structure. By utilizing debt instruments, the Company has been able to operate an active M&A strategy during the period 2016-2018, where the Company has acquired a significant number of companies and/or

<sup>1</sup> EBITDA adjusted for exceptional costs.

related assets and leading the industry consolidation present in the global iGaming industry, and more specifically within affiliation.

In the strategic review performed by the Company during 2019 and the earlier announced write down of the value of certain assets acquired in the period 2016-2018, the Company has only one remaining earn-out commitment to be settled, and has a strong underlying operating cash flow generated by its remaining assets. As previously communicated, the Company's recent efforts put into refining its existing products in 2019 now shows a positive growth trend with a continued positive underlying development, especially within the Casino segment, even during the unprecedented and tough times of the global COVID-19 outbreak.

As previously communicated, the Company and the Board of Directors of Catena Media have been fully committed to reduce senior debt levels and refinance in whole or in part, the outstanding interest-bearing debt during 2020. The Board of Directors has consequently evaluated several different financing alternatives available to the Company, including bank financing, issuance of new senior unsecured bonds, equity issuance among others. The Board of Directors believes that, following the evaluation of different financing alternatives, the best solution to optimise the Company's capital structure and the mix between equity and debt is to reduce the existing senior debt in part, but maintain a significant share of the Senior Unsecured Bonds while at the same time avoid further value dilution to the Company's existing shareholders.

The Board of Directors have therefore decided to propose to an EGM to decide upon the Rights Issue of approximately 6.8 million Units, including the issuance of Hybrids at a total nominal amount of approximately SEK 684 million as well as approximately 41.0 million Warrants. The perpetual profile of the Hybrids will accredit them 100 percent equity treatment according to IFRS reporting standards. Holders of Senior Unsecured Bonds representing 58.0 percent of the outstanding total nominal amount of the Senior Unsecured Bonds have undertaken to vote in favour of the proposed amendments described in the notice to the Written Procedure. By taking these joint measures, the Board of Directors believes that the proposed transaction will align the long-term interest of all stakeholders, especially the interest of the Catena Media shareholders, thus enabling the Company to continue developing and growing its existing business to reach its long-term financial targets.

## Terms for the Rights Issue

The Company's Board of Directors has today decided to propose that the EGM, which is intended to be held on 10 June 2020, decides on a new issue of Units consisting of Hybrids at a total nominal amount of approximately SEK 684 million and 41.0 million Warrants, with preferential right for the Company's existing shareholders. The subscription price has been set at SEK 100 per Unit, corresponding to total proceeds of approximately SEK 684 million if the Rights Issue is fully subscribed. The Warrants are issued free of charge in connection with subscribing for a Unit. Subscription can only be made in number of Units, and thus subscription in the Rights Issue cannot be made by either Hybrids or Warrants separately. After completion of the Rights Issue and registration of the new issue of Warrants with the Maltese authorities, the Hybrids and Warrants will be separately listed and tradeable at Nasdaq Stockholm Retail Corporate Bond List and Nasdaq Stockholm respectively.

Holders of shares in the Company which, on the record date of the Rights Issue are registered in the share register kept by Euroclear Sweden AB this day will obtain Unit subscription rights that give preferential right to participate in the Rights Issue in relation to the number of shares held on the record date. Each share held in the Company as at the record date will entitle to one (1) subscription right. Nine (9) subscription rights entitle to subscription of one (1) Unit. Each Unit consists of:

- One (1) subordinated Hybrid with perpetual maturity and first redemption after 5 years, nominal amount of SEK 100 per Hybrid and a coupon of 3-month STIBOR + 8.00 percent *per annum* (to be paid quarterly in arrears), as well as;
- Six (6) subscription Warrants (allotted free of charge) with a strike price of SEK 18.9 and subscription periods occurring first following the settlement date of the Rights Issue (to be announced by the Company) and then after the publication of each quarterly report during a period of four (4) years from the issue date.

The Hybrids, at a total nominal amount of approximately SEK 684 million, are SEK denominated subordinated perpetual capital securities with first possible redemption date occurring 5 years after the issue date. The Hybrids are treated as 100 percent equity under current IFRS reporting standards. Each Hybrid shall have a nominal value of SEK 100 and shall have a variable coupon of 3-month STIBOR + 8.00 percent *per annum*, which coupon will be increased at the occurrence of pre-determined events. Interest on the Hybrids shall be paid quarterly in arrears although the Company may, at any time and at its sole discretion, elect to defer any interest payment and may settle any outstanding deferred interest payments at any time. The Company may redeem the Hybrids on the date falling five (5) years after the issue date and on any interest payment date thereafter. In the event the Hybrids are not redeemed by that date, the variable coupon will be increased to 3-month STIBOR + 11.00 percent *per annum* during the first year, and then increased by 1

percentage point *per annum* each year the Hybrids are still outstanding. The Company intends to list the Hybrids on the retail corporate bond list of Nasdaq Stockholm.

Each Warrant will give the holder the right to subscribe to one (1) ordinary share of the Company at a subscription price of SEK 18.9. The Hybrids may be used as payment of the subscription price by means of set-off. Subscription of ordinary shares by exercising Warrants may for the first time be made during a subscription period of ten (10) days commencing on the settlement day of the Rights issue (which day will be announced by the Company). Thereafter, subscription of ordinary shares by exercising Warrants may be made on a quarterly basis during a subscription period of ten (10) days commencing on the day following the publication of each of the Company's quarterly reports. The first time to exercise the Warrants following publication of a quarterly report will be during the subscription period following the publication of the interim report for the second quarter of 2020 and the last time to exercise the Warrants will be during the subscription period following the publication of the interim report for the second quarter of 2024. The Warrants will constitute distinct securities from the Hybrids and will be listed separately on Nasdaq Stockholm.

The Board of Directors shall, within the framework of the maximum number of Units offered in the Rights Issue, allocate the Units in the following order of priority:

1. *firstly*, allocation shall be made to those who have subscribed for Units with the support of Unit subscription rights, regardless of whether they were a shareholder on the record date or not;
2. *secondly*, allocation shall be made to such members of the management team and Board of Directors of the Company that have entered into subscription and guarantee commitments in excess of their pro rata share of the Rights Issue;
3. *thirdly*, allocation shall be made to others who have subscribed for Units without the support of Unit subscription rights, pro rata in relation to the subscription amount and, if oversubscribed, in relation to the amount subscribed for and, insofar as this cannot be done, through lottery;
4. *fourthly*, allocation shall be made to Investment AB Öresund, with a right and obligation to subscribe for Units up to an amount of SEK 150 million in accordance with a subscription and guarantee commitment; and
5. *finally*, allocation shall be made to other investors that have provided guarantee commitments for the Rights Issue pro rata in relation to their total committed amount.

The subscription period in the Rights Issue is expected to run from 12 June 2020 until 24 June 2020. The Company's Board of Directors has the right to extend the subscription period. Such extension will be announced by the Company by way of press release. Trading in Unit subscription rights is expected to take place during the period from 12 June 2020 until 22 June 2020 at Nasdaq Stockholm.

The Rights Issue will, upon full subscription and assuming exercise of all the Warrants associated thereto, increase the Company's share capital with EUR 61,568.74 to EUR 153,921.85 and the number of shares in the Company will increase by 41,045,826 shares to 102,614,566 (subject to customary recalculation provisions for the Warrants). Furthermore, the Board of Directors of the Company also proposed to the EGM to decide upon a directed issue of up to a maximum of 5,269,949 Warrants as payment of commission to certain guarantors of the underwriting consortium guaranteeing certain amounts of the Rights Issue, see below section *Rights Issue subscription and underwriting commitments and EGM voting commitments* for more information regarding such underwriting commission.

Shareholders who choose not to participate in the Rights Issue will have their ownership diluted by approximately 67 percent upon full exercise of the Warrants included in the Rights Issue (Hybrids do not lead to dilution), but shareholders not participating in the Rights Issue will have the opportunity to sell their unit subscription rights to compensate economically.

### **Rights Issue subscription and underwriting commitments and EGM voting commitments**

The Company has received subscription and underwriting commitments of an aggregate of SEK 14 million from certain members of the Company's management team and Board of Directors.

In addition, Öresund and a consortium of certain other existing shareholders as well as external investors have provided subscription and underwriting undertakings to the Company of the remaining Rights Issue amount of SEK 671 million. Thus, the full Rights Issue amount of SEK 684 million is covered by subscription and underwriting commitments. In aggregate, SEK 563 million out of the Rights Issue amount relates to underwriting undertakings for which the Company has agreed to pay commission.

At the execution of the underwriting undertakings, the guarantors were, at their own discretion, entitled to choose whether to receive the commission through payment in cash or Warrants. 14 guarantors, having provided in aggregate underwriting commitments of SEK 481 million, have chosen to receive the commission through payment in Warrants, implying an obligation for the Company to issue up to 5.3 million Warrants in total as payment of commission (the "**Guarantee Issue**") whereas the value of the Warrants have been calculated and determined in accordance with the Black and Scholes formula as at 16 April 2020) and based on an implied volatility

of 35 percent and the share price that has been used corresponds to the volume-weighted average of the Company's share price during a period of sixty (60) trading days ending on 16 April 2020, and the number of Warrants that the relevant guarantors are entitled to have been rounded up to the nearest whole number of Warrants. Notwithstanding the foregoing, the value of the warrants to be received as commission shall in no event exceed 10 percent of the Committed Amount as at the day before the payment date (i.e. the day before the settlement date of the Rights Issue) of the Warrants (calculated in accordance with the Black and Scholes formula as at this date and based on an implied volatility of 35 percent and the share price to be used shall correspond to the volume-weighted average of the Company's share price during a period of sixty (60) trading days ending on the day before the payment date of the Warrants). The Company's obligation to issue Warrants as payment of commission under the commitments is subject to the approval of the EGM. The other guarantors will receive the commission in cash.

Öresund, Ruane, Cunniff & Goldfarb and additional existing shareholders, that together represent approximately 32 percent of the total number of shares and votes in the Company, have undertaken to vote in favor for the Rights Issue as well as the Guarantee Issue at the EGM.

The Guarantee Issue will, upon full subscription and assuming exercise of all the Warrants associated thereto and in the Rights Issue, increase the Company's share capital with EUR 7,904.92 to EUR 161,826.77 and the number of shares in the Company will increase by 5,269,949 shares to 107,884,515 (subject to customary recalculation provisions for the Warrants).

### **Extraordinary General Meeting**

The Rights Issue and the Guarantee Issue is subject to approval by the EGM. The EGM is intended to be held on 10 June 2020, at 10:00 (CEST) at Tändstickspalatset/Kapitel 8, Västra Trädgårdsgatan 15, Stockholm, Sweden. The notice for the EGM is published by way of press release today.

### **Proposed change in the terms and conditions of the Senior Unsecured Bonds**

In addition to the Rights Issue, the Company has today instructed Nordic Trustee & Agency AB (publ), being the agent under the Senior Unsecured Bonds, to send a notice of a Written Procedure to holders directly registered in the Company's debt ledger held with Euroclear Sweden in order to receive holders' approval to amend the terms and conditions for the Senior Unsecured Bonds. The proposed amendments include (i) an extension of the final redemption date by a year (i.e. until March 2022), (ii) that the Company shall have no possibility to issue subsequent bonds within the framework amount set out in the terms and conditions for the Senior Unsecured Bonds, (iii) inclusion of transaction security from 31 January 2021, (iv) removal of possibility to incur external bank debt and provide security for such debt from 31 January 2021, (v) inclusion of an additional permitted distribution under the distributions undertaking and no possibility to pay dividends on



ordinary shares, (vi) extension of the call structure, (vii) inclusion of mandatory and voluntary amortisations and (viii) consequential amendments as a result of the proposed amendments in (i)-(vii). Following the approval of the proposal set out in the Written Procedure, from 31 January 2021 the Senior Unsecured Bonds will be secured. The notice of the Written Procedure, the proposed amendments and detailed information regarding the voting procedure, are available at the Company's web site ([www.catenamedia.com](http://www.catenamedia.com)). The proposed amendments to the terms and conditions for the Senior Unsecured Bonds are conditional upon the successful completion of the Rights Issue.

Major holders of the Senior Unsecured Bonds that together represent 58.0 percent of the total nominal amount of the Senior Unsecured Bonds, have undertaken to vote in favor of the proposed amendments described in the notice to the Written Procedure. To approve the proposal in the Written Procedure, holders representing at least twenty (20.00) percent of the adjusted nominal amount must reply to the proposal under the Written Procedure in order to form a quorum. Two thirds (2/3) of the adjusted nominal amount for which holders reply under the Written Procedure must consent to the proposal in order for it to pass.

#### **Preliminary timetable**

Announcement of Rights issue	17 April 2020
Call for EGM	17 April 2020
Call for Written Procedure	17 April 2020
Deadline for voting in the Written Procedure	7 May 2020
EGM	10 June 2020
Last day of trading in the Company's shares including the right to obtain unit subscription rights	8 June 2020
First day of trading in the Company's shares excluding the right to obtain unit subscription rights	9 June 2020
Record date for participation in the Rights Issue, i.e. shareholders who are registered in the share registrar kept by Euroclear Sweden AB this day will obtain Unit subscription rights that give preferential right to participate in the Rights Issue	10 June 2020
Prospectus published	11 June 2020
Subscription period	12 June 2020-24 June 2020
Trading in Unit subscription rights	12 June 2020-22 June 2020
Publication of outcome of the Rights Issue	26 June 2020

#### **Invitation to audio cast today**

An audio cast conference with the opportunity to ask questions will be held at 10.00 CET today, with CEO Per Hellberg and Project Manager Erik Edeen presenting.

The presentation will be audiocasted [here](#).

### **Advisors**

Catena Media have in connection with the Written Procedure and Rights Issue appointed ABG Sundal Collier AB and Carnegie Investment Bank AB (publ) as financial advisors as well as Gernandt & Danielsson Advokatbyrå as legal advisor to the Company.

### **For further information, please contact:**

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The information in this press release is information that Catena Media plc is obligated 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 on 17 April 2020 at 08:30 CET.

### **About Catena Media**

Catena Media has a leading position within online lead generation. The company has about 400 employees in US, Australia, Japan, Serbia, UK, Sweden, Italy and Malta (HQ). The company is listed on Nasdaq Stockholm. Further information is available at [www.catenamedia.com](http://www.catenamedia.com).

### **Important information**

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, units, unit rights, warrants, hybrid capital securities or other securities in Catena Media. Any invitation to the persons concerned to subscribe for units in Catena Media will only be made through the prospectus that Catena Media will publish on its website after approval and registration with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

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Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws.

No shares, units, unit rights, warrants, hybrid capital securities or other securities in Catena Media have been registered, and no shares, units, unit rights, warrants, hybrid capital securities or other securities will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities legislation of any state or other jurisdiction in the United States and no shares, units, unit rights, warrants, hybrid capital securities or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe," "expect," "anticipate," "intends," "estimate," "will," "may," "continue," "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Catena Media believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.