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Quant AB (publ) announces agreements for a wider recapitalisation transaction with its majority creditors

As part of a wider recapitalisation transaction to strengthen the overall capitalisation of the Group, Quant AB (publ) (the "Company") is happy to announce that it has today entered into (i) a lock-up agreement (the "Lock-Up Agreement") with its owners and holders of its senior secured floating rate bonds 2018/2025 with ISIN SE0010663260 (the "Bonds") representing more than 70 per cent. of the outstanding amount under the Bonds totalling EUR 92,000,000 (the "Ad Hoc Committee"), and (ii) the extension of the Company's existing SSRCF (as defined below).

Background

In order to address upcoming maturities, the Company has over the past four months actively engaged in discussions with its creditors, in particular the Ad Hoc Committee and Nordea Bank Abp, filial i Sverige ("**Nordea**") as lender under its existing super senior revolving credit facility (the "**SSRCF**"), to work towards a recapitalisation transaction (the "**Recapitalisation Transaction**") in order to refinance maturing debt and to strengthen the overall capital structure of the Group, ensuring enhanced resilience and capacity for future business operations and debt servicing. As part of such discussions, the Company, its owners, the Ad Hoc Committee and Nordea have agreed, in principle, that the Recapitalisation Transaction shall include the following actions:

- (i) deferral of the upcoming interest payment on the Bonds due 15 November 2024 (the "**Deferral**"), as provided for in the Lock-Up Agreement, and an extension of the maturity date of the SSRCF, also falling due on 15 November 2024, to 13 December 2024 (the "**Extension**"), in each case to cater for the implementation of the Recapitalisation Transaction and, in relation to the Extension, to facilitate the repayment of the SSRCF through the issuance of the Senior Secured Bonds (as defined below);
- (ii) the entry into a new revolving credit facility with Nordea in the amount of EUR 3,000,000 (the "**RCF**");
- (iii) an exchange of the Bonds for new bonds with maturity in February 2029 and payment in kind interest, to be issued by the immediate holding company of the Company (the "**Holdco Bonds**");
- (iv) the issuance of new senior secured bonds by the Issuer with maturity in November 2028 and gross cash proceeds in the amount of EUR 11,500,000, to be used to, inter alia, repay and replace the SSRCF and provide cash collateral for the RCF (the "**Senior Secured Bonds**"); and

(v) a transfer of all ownership interests in the Company from the Company's current owners to the holders of the Bonds, in exchange for certain share warrants (the "**Share Transfer**").

The Recapitalisation Transaction is neither expected to have any impact on the Company's business relationships or operations, which will continue as normal, nor affect any suppliers or employees.

The draft forms of the terms and conditions of the Holdco Bonds and the terms and conditions of the Senior Secured Bonds are available on the [Company's website](#).

Upcoming Deferral of Interest

As mentioned above, as part of the Recapitalisation Transaction, the Ad Hoc Committee has in the Lock Up Agreement agreed to the Deferral, and hence no interest will be paid in cash to holders of the Bonds in respect of the payment due on 15 November 2024 but is instead proposed to be added to the principal amount under the Holdco Bonds.

Lock-Up Agreement

To facilitate the implementation of the Recapitalisation Transaction, the Company has as at the date hereof entered into the Lock-Up Agreement with its owners and the Ad Hoc Committee, with the intention to provide a stable platform during the implementation of the Recapitalisation Transaction. Pursuant to the Lock-Up Agreement, the Ad-Hoc Committee undertakes not to take any enforcement actions under the Bonds (subject to limited exceptions) during the lock-up period (referred to in the next paragraph) in respect to known and anticipated defaults. Under the terms of the Lock-Up Agreement, the parties thereto have agreed to work to implement the Recapitalisation Transaction on or before 20 December 2024.

The Lock-Up Agreement is expected to remain in place until the Recapitalisation Transaction is completed, unless it is terminated beforehand. The Lock-Up Agreement has an initial long stop date of 20 December 2024 with the option to extend that date with support from a specified majority of the Ad Hoc Committee (subject to limited individual termination rights for the Ad Hoc Committee members, the Company and its owners, respectively, and in each case where a party to the Lock-Up Agreement fails to comply with certain obligations contained therein).

Process

On the date hereof, a written procedure in relation to the Bonds will be launched to cater for effectuating the Recapitalisation Transaction and in particular, the contemplated exchange of the Bonds for the Holdco Bonds and shares in the Share Transfer. For more information regarding such written procedure, please refer to the separate notice of written procedure which will be available on the [Company's website](#).

All holders of Bonds will furthermore be invited to subscribe for Senior Secured Bonds on a pro rata basis in relation to Bonds held. The Company has procured subscription undertakings from certain holders of Bonds in order to cater for all Senior Secured Bonds being ultimately subscribed for. No fees are payable for such subscription undertakings. A separate press release will be issued by the Company, and an offer to participate will be made available to the holders of the Bonds.

Completion of the Recapitalisation Transaction will be subject to certain conditions including (among other things) the Company obtaining requisite Bondholders' consents in the written procedure, a successful issuance of the Senior Secured Bonds, the Extension, the Share Transfer, obtaining regulatory approvals (if required), tax considerations and certain other customary and agreed conditions.

The relevant record dates on which Bondholders must be registered with the CSD in order to vote in the written procedure and participate in the offering of the Senior Secured Bonds are as follows:

- Written Procedure: 18 November 2024; and
- Senior Secured Bonds Offering: 18 November 2024.

The record date for the exchange of the Bonds to Holdco Bonds and the transfer of shares pursuant to the Share Transfer following passing of the written procedure is 9 December 2024.

The Company will hold a Global Investor Call on 15 November 2024. Information regarding the call will be published on the [Company's website](#).

Financials

On 12 November 2024 the Company published its interim financial statements as at and for the three months ended 30 September 2024.

The Company has prepared a cleansing statement (the "**Cleansing Statement**") which is appended to this press release as **Appendix A** and which outlines the Company's estimated FY24 financial results as well as certain projections in relation to the Company's FY25 and FY26 financial results.

In summary, the Company estimates that it will achieve c. EUR 178,000,000 to c. EUR 183,000,000 of revenue for FY24 and will close out 2024 with a portfolio value of between c. EUR 140,000,000 to c. EUR 145,000,000. This reflects certain contract losses for the period but is mitigated due to actual and forecasted contract wins and renewals.

The Company expects to generate Adjusted EBITDA of between c. EUR 9,500,000 to c. EUR 10,000,000 for FY24, reflecting higher margin contracts and continued cost savings, particularly in the Americas. By actively transitioning to a higher-margin business model the Company continues to reduce its exposure to lower-margin contracts and average gross margin per contract now stands at 16.3%.

Working capital is expected to be negative in FY24, mainly driven by the impact of advance funding of new business and the timing of certain payments; however, the effects are mitigated by the utilisation of invoice discounting. The Company therefore expects the FY24 outturn for cashflow available for debt service (“**CFADS**”) to amount to between c. EUR 4,000,000 to c. EUR 5,000,000.

The Company expects FY25 CFADS to be in line with the FY24 outturn.

The Company continues to have a significant portion of its revenue for future years already contracted. Currently, the Company has contracted EUR 97,900,000 and EUR 76,500,000 of revenue for FY25 and FY26, respectively, in each case before taking into account any potential in-year renewals or new contract wins, which could further enhance revenue.

Further background financial information is provided in the Q3 results, the information presentation and the Cleansing Statement, all of which are available on the [Company's website](#).

Advisers

The Company has, for the purpose of the Recapitalisation Transaction, appointed Deloitte as its financial advisors and White & Case as its legal advisors. Nordic Trustee & Agency AB (publ) in its role as agent for the Bonds has appointed Advokatfirman Hammarskiöld as legal advisors in the Recapitalisation Transaction.

Quant AB (publ)

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Quant AB (publ) is a global leader in industrial maintenance. We keep machines working through smart services for a sustainable world. For more than 35 years, we have been maintaining and improving the safety, production, and equipment performance for over 400 facilities world-wide. Quant employs 2,700 people and operates in 12 countries across Europe, Middle East, and the Americas. The parent company is located in Stockholm, Sweden. For more information about the group, please visit www.quantservice.com.

This information is information that Quant AB 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 2024-11-14 21:00 CET.

Attachments

[Quant AB \(publ\) announces agreements for a wider recapitalisation transaction with its majority creditors](#)

[Appendix A Quant Cleansing Statement \(14 November 2024\)](#)