QUANT™

INVESTOR PRESENTATION

FAQs

NOVEMBER 15TH, 2024

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Recapitalisation - FAQs

Question	Answer
What happens to the current bonds?	Subject to the Bondholders' consent to the Written Procedure all the existing senior secured bonds issued by Quant AB (the "**Bonds**") will be exchanged for new Payment-in-kind bonds (the "**HoldCo Bond**")
What happens to the November 2024 interest payment that was due?	The November 2024 interest payment will be rolled into the principal amount of the new HoldCo Bond issued to Bondholders
What will the EUR 12.5m of new money be used for?	The EUR 12.5m of new money will be used to repay the current RCF facility and provide additional liquidity for the business for future growth
How does the backstop work? Who has backstopped the deal?	The backstop ensures all the EUR 12.5m of new money is secured even if some Bondholders do not subscribe for the new Senior Secured Bonds. A small group of the Bondholders from the Ad Hoc Committee have provided the backstop
How does the subscription for new Senior Secured Bonds work?	The right to subscribe for Senior Secured Bonds shall vest in Bondholders pro rata to their holding of Bonds as at 18 November 2024 (the "**Pre-Emption Rights**") whereby each EUR 10,000 of Bonds held by a Bondholder shall entitle such Bondholder to subscribe for EUR 1,311 of Senior Secured Bonds (rounded down to the nearest whole Senior Secured Bond), provided that the full Pre-Emption Rights of such subscribing holder is exercised. Any subscription for less or more than a Bondholders full pro rata allocation of the Offer will be disregarded. In addition for each Senior Secured Bond issued to and paid by a Bondholder, the Bondholder will as part of a subsequent issue of Senior Secured Bonds benefit from receiving one additional Senior Secured Bond (and an equal reduction will be made with respect to such Bondholder's holding of HoldCo Bonds) meaning that a total aggregate nominal amount of Senior Secured Bonds of EUR 25,000,000 will be issued
When can I subscribe for the new Senior Secured Bonds?	Bondholders may participate in the offer to subscribe during the period **15 November 2024 to 19 November 2024 (17:00 CET)**, unless extended, re-opened, withdrawn or terminated at the sole discretion of the Company. Details on how to subscribe are contained in the Offer Memorandum dated 14 November 2014 and the separate notice of written procedure in relation to the Bonds dated 14 November 2014, both of which are available on the Company's website
What is the new shareholding? Who owns the business?	Subject to the Bondholders' consent to the Written Procedure the current Bondholders will own 100% of the business and their shareholding will be based on their pro-rate share of their holdings of the Bonds. The current shareholders will receive Share Warrants totalling 20% of the share capital
How does the new RCF operate?	The new facility will be a used to provide guarantees to customers. Where the Company does need to use the RCF facility for a new guarantee it will be secured by way of a cash collateral amount

Risk factors (1/9)

The risk factors described below are deemed to be of importance for Quant AB (publ) (reg. no. 556974-5654) (the "Issuer"), and its direct and indirect subsidiaries (the "Subsidiaries" and together with the Issuer the "Group" and each a "Group Company"), the Group's business and future development and risks relating to the senior secured floating rate bonds proposed to be issued by the Issuer ("the Bonds"). Unless defined otherwise in these risk factors, capitalised terms in these risk factors shall have the same meaning as in the Information Presentation dated 14 November 2024 setting out the terms for the Bonds (the "Investor Presentation") which will form the basis for the terms and conditions of the Bonds to be entered into by the Issuer and the agent on behalf of the holders of the Bonds (the " Form of Terms and Conditions of the Bonds"). The set of risks presented herein are not exhaustive, and other risks not discussed herein, not currently known or not currently considered to be material, may also affect the Group's future operations, performance and financial position, and consequently the Group's ability to meet its obligations under the Form of Terms and Conditions.

Before making a decision to invest in the Bonds, any potential investors should consider carefully the risk factors outlined below, as well as evaluate external factors, and make an independent evaluation.

The risk factors below are not ranked in order of significance

Risks relating to the Issuer

Borrowings by the Group

In addition to the indebtedness incurred under the Senior Secured Bonds, the Group will have the ability to incur further indebtedness, inter alia, under a EUR 3,000,000 revolving credit facility with Nordea Bank Abp, filial i Sverige as lender (the "RCF") to finance its business. Funding under the RCF as well as any other debt incurred by the Group in compliance with the limits set out in the terms and conditions for the Senior Secured Bonds, may result in interest costs which may be higher than the returns gained by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. In addition, adverse developments in the credit markets, as well as other future adverse developments, such as a deterioration of the overall financial markets and a worsening of general economic conditions, high inflation and rising interest rates, may adversely affect the Group's ability to borrow additional funds on acceptable terms, including the cost and other terms of funding, or at all. Further, the Group is exposed to changes in interest rates through its financing agreements that carry floating rates of interest. The interest rates are affected by a number of factors, including but not limited to the interest rate policies of governments and central banks, and any significant increase in base rates may have a material adverse effect on the Group's operations, earnings and financial position and may affect its ability to meet its payment obligations under the Group's financings including the Senior Secured Bonds.

While the Group does not currently hedge its interest rate exposure, the Group may in the future enter into interest rate hedging contracts. However, it is possible that (if implemented) such future hedging will not provide the Group with sufficient protection against the adverse effects of interest rate movements. Moreover, the success of any hedging activities would be highly dependent on the accuracy of the Group's assumptions and forecasts. Erroneous estimations that affect such assumptions and forecasts may have a material effect on the Group's operations, financial position, earnings and results.

Global economic and market conditions

The Group's business is highly dependent on its customers' demand for its services and their ability to meet their payment obligations under existing contracts. Consequently, the Group's revenues are to a large extent dependent on the strength of the markets its customers are engaged in. While the Group's customer base is spread across several different global markets and a diversified set of market segments, the Group's customers' demand for its services is ultimately dependent on macroeconomic factors, such as the global economic situation, as well as in certain cases commodity prices. Such factors, as well as interest rates, exchange rates, productivity, inflation levels and unemployment levels, are outside the Group's control.

The Group is also vulnerable to the negative impact of other events outside the Group's control. Political instability, increased nationalist and protectionist behaviour of governments, terrorist activities, military conflict and war, social unrest, natural disasters, extreme weather events, communications and other infrastructure failures, pandemics and other global health risks, among other things, could have a material adverse impact on the global economy, and as a result the Group's business, financial condition and operations.

For example, the outbreak of the military conflict in Israel and Gaza and the related hostile actions in the Red Sea, following the attack on Israel by Hamas in October 2023, and the subsequent escalation of geopolitical tensions in the Middle East, such as the current military conflict in Lebanon, may contribute to further instability in the global economy. While it is not possible to predict the direct or indirect consequences of the conflict and related geopolitical tensions and the measures taken by other countries in respect thereof, the conflict may adversely affect global trade, currency exchange rates, energy prices, regional economies and therefore, also the Group.

In addition, the war in Ukraine has significantly increased risks and uncertainties in the global economy. The sanctions imposed on Russia as well as Russian banks, companies and individuals and Russia's countersanctions or other retaliatory measures and the heightened tensions between Russia and the rest of Europe and the United States have had, and could continue to have, a material adverse effect on the global economy, and thereby have an adverse impact on the Group and its business and operational results, despite the fact that the Group does not, and has not previously had, any business or operations in Russia. These events have had, and may continue to have, adverse effects on international trade and finance, energy and raw material markets in Europe, the rest of the world and on the global economy, and have been causing currency fluctuations, and rising inflation and interest rates.

A lengthy economic downturn or a sustained loss of consumer confidence in the markets in which the Group's customers operate could result in customer payment defaults, or termination of existing customer contracts, as well as a general decrease in the demand for the Group's services. Any such loss of revenue or contracts or drop in demand for the Group's services may have a material adverse impact on the Group's business, earnings, results or financial position.

Risk factors (2/9)

Any significant outbreak of any airborne disease could damage the Group's business

The economies of the countries in which the Group operates may be negatively affected by an outbreak of any contagious disease with human-to-human airborne or contact propagation effects, such as COVID-19, that escalates into a regional epidemic or global pandemic. The occurrence of an epidemic or pandemic is beyond the Group's control and the Group can provide no assurance on the future spread of contagious diseases in areas in which the Group and its suppliers operate, or what the impact on the Group's business will be. The measures that may be taken by governments, regulators, communities and businesses (including the Group) to respond to the outbreak of any future pandemics may have a material effect on the Group's business. Any such outbreaks are likely to lead to significant problems with global supply chains, economic conditions and international commerce, and could result in lower sales volumes, loss of customers due to financial difficulties and a general deterioration of the market for the Group's services. If outbreaks of new airborne diseases occur in future, the Group may experience an adverse impact, which could be material, on its business, results of operations and financial condition.

Digitalisation

In an increasingly digitalised world, one of the Group's focus areas to ensure long term success and profitability is to stay ahead of technological advances and to offer cutting edge technology as part of its services. While the Group currently offers advanced technological solutions to customers, the pace of advances in technology is increasing, and any failure by the Group to keep up with such advances may result in the Group not being able to offer the most up to date technology, and/or to fall behind the products and services offered by its competitors. This may lead to a loss of existing business and/or fewer competitive advantages when competing for new customers. It may also lead to a loss of effectiveness and ability to analyse maintenance and production data for improvement, thereby affecting its business and consequently may have a material adverse impact on the Group's business, earnings, results and financial position.

Reliance on contracts

As a maintenance services business, the Group is highly dependent on retaining its customer portfolio as well as its ability to attract new customers on a regular basis to secure both short- and long-term profitability. Currently, the Group's five largest sites represent approximately 29 per cent. of its yearly revenues. Accordingly, the loss of some of these larger contracts, or a loss of a number of less significant contracts, for any and all reason, would have a significant impact on the Group's profitability.

In September 2023, the Issuer announced in a press release that Arauco, a global manufacturer of forest products, had notified its decision to indefinitely suspend cellulose production at the Licanél mill in Chile. As a result of the suspension, a portion pertaining to the Licancél mill of the Group's ten-year maintenance partnership agreement, initially signed in July 2022, has been cancelled. The impact of this closure will be a EUR 10.9 million decrease in the Group's contract portfolio, which has had a material impact on the Group's business and results of operations. In August 2024, Arauco informed the Group of its intention to integrate its maintenance functions in-house, which will result in the termination of the Group's contracts at Arauco's Constitución Plant, which will have a material impact on the Group's operations of results. The contracts with Arauco will terminate in the last quarter of 2024.

In February 2024, the Issuer announced in a press release that Metsä Wood ("Metsä") had informed Quant Finland and Quant Estonia of its intention to integrate the maintenance functions in-house. In April 2024, Metsä entered into business purchase agreements with Quant Finland and Quant Estonia respectively, specifying the handover date to 1 October 2024. As a result of the termination of the Metsä contracts, the Group's portfolio value decreased by EUR 25 million in the second quarter of 2024, which has had a material impact on the Group's operations of results.

Moreover, a number of the Group's contracts may be terminated on short notice, and/or are being close to their contractual end of term. Therefore, the Group is exposed to losing contracts on short notice potentially leading to a long lead time before such contracts can be replaced. A failure to renew or to replace terminated contracts with equally profitable contracts in the short term, or at all, may lead to periods of reduced revenues and profitability as well as considerable termination costs. Accordingly, any termination of existing contracts, prematurely or otherwise, may have a material adverse effect on the Group's business, earnings, results and financial position.

The Group is also reliant on its customers' willingness to meet their payment obligations on a timely basis. As contracts come closer to their termination date, customers become less incentivised to meet their payment obligations and it may become more difficult to receive payments. Any failure by customers to pay according to their contractual obligations may lead to expensive and time-consuming litigation and in certain cases payments due to the Group may not be commercially possible to recover and, should any of these events occur, they may have a material adverse effect on the Group's business, earnings, results and financial position.

The Group aims to ensure that proper limitation of liability provisions are included in all of its customer contracts, and that appropriate insurance protection is maintained throughout its operations. However, deficiencies in such protections, for example due to poorly drafted contracts, or unforeseen or uninsurable events, such as accidents caused by the Group's employees or subcontractors, negligent work carried out by the Group's operations, the inability to perform the work stipulated in customer contracts or events outside the Group's control, may lead to unforeseen costs payable by the Group and/or entitle customers to terminate contracts with the Group ahead of schedule, leading to loss of revenues, which in each case may not be recoverable under existing insurance or other protections. In addition, certain events caused by the Group's actions, such as breaches of applicable laws and regulations, would be unlikely to be covered by applicable insurances and may hence lead to a payment obligation for the Group which in turn may have a material adverse effect on the Group's financial position.

In addition, there is a risk that the customer may undergo a change of control during the term of a contract or during the negotiation stages for a new contract or renewal of existing contracts. Any change of control is likely to reset the relationship with the customer and make renewal of an existing contract more challenging, and/or may require the pitch process for a new or renewed contract to start again. Any such change of control may result in the loss of contracts and as a result may have a material adverse effect on the business, operation and financial condition of the Group.

Risk factors (3/9)

Contract pricing risks

One of the main pricing models of the Group is fixed price and a significant portion of the Group's contracts follow that model. The sales and operating margins realised in fixed price contracts may vary from original estimates because of changes in costs, such as higher labour costs (for example over time), higher spare parts and maintenance consumables costs, and/or higher external services (sub-contractor) costs, as well as excessive contract start up costs and higher than expected shut down costs over the term of the contract. While the Group has compiled an extensive qualitative and quantitative database of industry benchmarks over recent decades, resulting in a robust pricing process, if the total effective maintenance costs are above the agreed fixed price level (for example for the reasons set out above), the Group business will make a loss on the relevant contract, and such loss individually or in aggregate could have a material negative impact on the Group's operations, financial position, earnings and ability to make payments under the Senior Secured Bonds.

In certain cases, a cost-plus pricing model is used as an alternative to the fixed price model. In such cases, to win a contract award, the Group may not be able to apply a profit margin in delivering its services which it considers to be satisfactory.

Such pressure towards lower margins, both in the case of cost plus or fixed price contracts, could have a negative impact on the Group's operations, financial position, earnings and ability to make payments under the Senior Secured Bonds.

Furthermore, in certain developing regions, the pricing of the Group's contracts is subject to considerable risk from inflation. Any misjudgement of the effects of indexing, or an inability to include proper price indexing factors in contracts, may expose the Group to significant losses in relation to specific contracts and, should such risks materialise, could have a material adverse effect on the Group's operations, financial position, results and earnings.

Start-up and Shut-down costs

A large portion of the Group's risk of cost overruns, which significantly impact the profitability of contracts, arise at the start-up and/or termination stages of a contract, or in periods of site shut-down during the contract term.

During the start up phase at new sites, the mobilisation of a project entails a number of extraordinary costs involved in setting up the team of employees and sub contractors as well as the infrastructure (including IT infrastructure) and assessment of the site in order to effectively offer and provide the Group's services. Cost overruns may lead to a loss of contract profitability and even termination of contracts.

Furthermore, during the Group's long-term contracts, customers will from time to time shut down their sites to undertake significant maintenance projects and activities. The intensity of the services provided by the relevant Group company is often significantly increased during such shut-downs, and accordingly the costs to the Group are significantly higher during these periods. In the event that a contract does not accurately price the costs of such shut-downs and include restrictions on the number of shut-downs covered during a contract's life, the duration of such shut-downs and the scope of work to be covered during such shut-downs, the Group may experience considerable overruns in costs thereby affecting the profitability of a contract.

Moreover, when a contract is terminated there are many associated costs, such as demobilisation of the infrastructure, redundancy costs and relocation costs. Such costs are normally either stated in the contract to be paid for by the customer or included as a cost when calculating the business case. However, if there are any weaknesses or uncertainties in the contract following the negotiation thereof, or in the calculation of the business case, these costs may not always be fully covered. Such circumstances will result in unbudgeted costs, and thus lower or negative margin for the contract.

Any significant decrease in profitability or losses resulting from overruns relating to the start-up or de-mobilization phases of a contract or shut-downs during the life of the contract could have a material adverse effect on the Group's operations, financial position, results and earnings.

The Group depends on the financial health of its customers

The Group's customers may face financial or other difficulties which may impact their operations and cause them to reduce the level of services or cancel the contract, which could adversely affect the Group's business and results of operations. Customers may also respond to any price increase that the Group may implement by reducing, or even terminating, their purchase of services from the Group, which could result in reduced sales and increased costs for the Group. If sales of the Group's services to one or more of its largest customers, and/or many of its smaller customers, are reduced, this reduction may have a material adverse effect on the Group's business, financial position, and results of operations. Any bankruptcy or other business disruption involving one of the Group's significant customers could also materially and adversely affect the Group's business, financial condition and results of operations.

Risk factors (4/9)

Subcontractors and suppliers

The Group's ability to service its customers depends in part on the availability of local employees and subcontractors and suppliers. The business generally depends upon recruiting sufficient human resources for a project for the period of the contract and a synchronized and timely flow of services to its sites in carrying out its services. If the Group cannot secure appropriate subcontractors and logistical support for a specific job, it may have an adverse effect on services provided to the customer. Further, the use of subcontractors requires the Group to monitor its so called "back-to-back" protection, i.e. to make sure that any claim from a customer against the Group that relates to work carried out by the subcontractor, can be passed on to the subcontractor. Should the Group be unable to sufficiently monitor or control the actions of subcontractors, or to receive compensation from the subcontractor in the event of losses, this may result in a material adverse effect on the Group's business, results, earnings and financial position.

Furthermore, the Group's business is carried on in several widely spread jurisdictions, and in some there is only one contract in each jurisdiction. Accordingly, it is difficult for the Group to benefit from any economies of scale, resulting in large start-up and closing costs at the beginning and end of contracts, respectively. The successful growth of the Group's business is partially dependent on the ability to minimise these costs or to increase coverage in certain jurisdictions to be able to benefit from the synergies resulting from having multiple contracts in the same jurisdiction. Any inability to successfully utilise the Group's business in each relevant jurisdiction may have a material adverse effect on the Group's business, results, earnings and financial position.

Damages incurred in the negligent performance of the services

The Group is generally liable for damages that are incurred in the negligent performance of its services by its employees or subcontractors, sometimes without a monetary cap, such as in the case of losses incurred through gross negligence or wilful misconduct. Should the Group not have sufficient and/or adequate insurance coverage in place or should the back-to-back protection as mentioned above not be sufficient to cover any losses, the liability for damages incurred in the performance of the Group's services may have a material adverse effect on the Group's business, results, earnings and financial position.

Competition

The Group currently faces competition from both global and local providers of maintenance services and is also facing the risk of its customers choosing to insource the services provided by the Group rather than outsourcing them to the Group, for whatever reason. There is a risk that an increase in competition, a loss of competitiveness, or a shift towards insourcing will lead to a loss of existing contracts or difficulties in procuring new or replacement contracts. Increased competition is also likely to reduce profit margins by pushing down the prices the Group can charge for its services. The Group's competitiveness also depends upon its ability to anticipate future market changes and trends and to rapidly react on existing and future market needs.

As tendering for new maintenance agreements often is partly based on references to earlier achievements, a failure to respond to changes in the marketplace could result in dilution of the Group's brand and reputation as a leader in its field, which could have an adverse effect on its ability to be awarded new contracts. If the Group fails to meet the competition from new and existing companies or fails to react to market changes or trends quickly and effectively, there is a risk that this may have a material adverse effect on the Group's business, results, earnings and financial position.

Dependency on key employees

To a significant degree, the Group is dependent on the knowledge, experience and commitment of its key employees for continued development and in all aspects of the operations of the Group. The Group is also dependent on key individuals at management level, and there is a risk that key personnel will not remain with the Group in the future, or that they will take up employment with a competing business. Any loss of key personnel or a failure to attract, retain and motivate employees required for the continuation and expansion of the Group's activities may have a material adverse effect on the Group's business, financial condition and result of operations.

Furthermore, continued training of employees is a key focus to ensure that it has enough employees with the technical skills required to provide the level of service expected by customers and to be able to transfer to new roles as required. Without a successful training and development programme, there is a higher risk that the Group does not have enough skilled employees or is not able to retain key individuals, resulting in adverse effects on the Group's business, earnings and financial position. Furthermore, a successful recruitment strategy is crucial to the success of the business and, regardless of such strategy, there is a risk that the Group will not be able to recruit new, qualified key employees to the extent that the Group wishes or on terms favourable to the Group. Any failure to successfully recruit enough, qualified employees, particularly at the start-up stage but also to continue to provide services to customers throughout a contract, or failure to develop and retain existing employees may have a material adverse effect on the Group's operations, financial position, results and earnings.

Potential issues pertaining to transfer of businesses

When the Group enters into a contract with a customer, a set of employees employed by the customer, mainly working with maintenance at the customer sites, are frequently transferred to the Group by way of a transfer of business or otherwise (depending on jurisdiction) and thus become employees of the Group. There are comprehensive requirements to observe in relation to a transfer of business and transfer of employees. Thus, it cannot be ruled out that claims relating to transfers of employees could be made towards the Group, by employees and trade unions, which could have a material adverse effect on the Group's financial position.

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Risk factors (5/9)

Employee reductions

In the event that a customer contract is terminated, the Group may no longer require the services of its employees in a given jurisdiction. There is a risk that the Group may need to make the remainder of such employees redundant and in some cases cover the cost of such redundancy. Furthermore, in the event of an unplanned termination of a contract, the Group may not be able to plan such redundancy process and may not be able to complete the process within the term of the contract, in which case the Group has continuing personnel costs which are not covered by the related contract until it can finalise such redundancy process. Any such exposure to additional costs in relation to a redundancy situation, or prolonged employment of redundant employees entails an economic exposure for the Group which may have a material adverse effect on the Group's business, results, earnings and financial position.

Potential employment related issues in different geographical areas

The Group employs employees in many of different countries, and is subject to several different employment requirements to comply with in the different jurisdictions regarding, inter alia, pensions, salaries, work hours, vacation, restructuring, termination etc. In addition, the Group also needs to cooperate and maintain good relationships with trade unions and works councils in the different jurisdictions. Should the Group not comply with mandatory employment regulations or demands from employees and trade unions, there is a risk that strikes, work stoppages, disputes and other actions are arranged, which may negatively affect the Group and its activities. A breach of mandatory employment regulations could also result in sanctions, damages and/or negative publicity.

Work environment issues

The nature of the Group's business carries certain risks from a work environmental perspective. The Group has compliance functions in place, such as risk assessment, employees working exclusively with work environmental matters and incident reporting systems. However, given the Group's business activities, it cannot be ruled out that work environment incidents and work place accidents will occur in the future, which could lead to claims or penalties against Group companies, which may have a material adverse effect on the Group's business, financial position and results.

Work stoppages or strikes

Several Group Companies are bound by collective bargaining agreements. Upon the expiration of existing collective bargaining agreements, the Group may be subject to work stoppages, strikes or similar industrial actions. Also, it cannot be ruled out that the Group may encounter strikes or other disturbances occasioned by the Group's unionized employees.

In addition, since several Group Companies are bound by collective bargaining agreements, the Group has an obligation to ensure that benefits put forth in such collective bargaining agreement are provided. Collective bargaining agreements also normally imply that the Group has a comprehensive requirement to consult and inform the trade unions regarding, inter alia, significant employment related changes which the Group intends to impose. Failure to comply with this obligation to consult with relevant trade unions may imply a liability to pay punitive and economic damages, and if realised, may have a material adverse effect on the Group's financial position.

Disputes and litigations

From time to time, the Group may be subject to legal proceedings, claims and disputes in the ordinary course of business. There is a risk that the Group becomes involved in disputes which materially adversely affect the Group's business, financial condition and/or results of operations. The Group may, for example, need to incur significant costs, including settlement payments, in response to proceedings, claims and disputes. It may also be difficult for the Group to predict the outcome of any investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments. In addition, if an unfavourable decision were to be given against the Group, significant fines, damages and/or negative publicity risk adversely affecting the Group's business, financial condition, reputation and results of operations. In the case of employee related matters, these claims include wrongful termination and employment related injuries, among other claims. Customer related claims include claims related to performance and quality of the Group's services, among other claims.

The Group is not involved in any material disputes. However, there is a risk that the Group will become involved in additional disputes or subject to other litigation in the future. There is a risk that eventual negative outcomes of any further material disputes may have a material adverse effect on the Group's business, results, earnings or financial position.

Bribes, corruption and competition authorities

The Group and the sub contractors used by the Group, operate in several different industries and markets in its provision of maintenance services, and accordingly may be exposed to a risk of unethical or illegal behaviour. The Group´s operations could be adversely affected if the Group were to become associated, even if based on unfounded claims or tenuous connections, with illegal activities or otherwise unethical business methods or become the subject of investigations by competition authorities or other regulatory authorities. Such association or investigation could result in, inter alia, a negative perception of the Group among its current and future customers, problems in relationships with important contracting parties, an adverse effect on the Group's ability to conduct major acquisitions or fines or sanctions from competition authorities or other regulatory authorities. Any of these circumstances, if materialised, may have a material adverse effect on the Group's business, earnings or financial position.

Risk factors (6/9)

Insurance coverage

The Group has insurance coverage that it considers in line with industry standards and sufficient for the purposes of its business, but there is a risk that the scope of the coverage will not cover all risks that materialise within the Group’s business resulting in the total amount of the Group’s losses not being compensated by the Group’s insurances in case of damages. Further, certain types of losses are not possible to insure and will, thus, not be covered by the Group’s insurances. Hence, there is a risk that the Group will be required to pay for losses, damages and liabilities leading to adverse effects on the Group’s business, earnings or financial position. Further, inability to implement adequate procedures regarding filing and notification to the relevant insurance company may lead to claims, although covered by the insurance, being barred and the Group thus not receiving any compensation. If the Group is unable to maintain adequate insurance coverage and/or adequate compliance procedures, this could have a material adverse effect on the Group’s business, earnings and financial position.

Transaction and exchange rate risks in the cash flow, income statement and balance sheet

The Group reports in EUR but has revenues in several currencies, such as BRL (Brazilian real), CLP (Chilean peso) and SEK (Swedish krona) being main currencies in addition to EUR, based on the jurisdictions in which the Group has contracts. While most costs in relation to a specific contract will arise in the same currency as the contract currency, the Group is exposed through its global operations to unfavourable fluctuations in currency exchange rates, on the profits included in the Group’s consolidated financials. Any significant adverse fluctuations in exchange rates in relation to the currency of material contracts may have a material adverse effect on the Group’s operations, financial position and results. The Group does not currently hedge its transaction and translation foreign exchange exposure.

The Group’s consolidated annual financial statements for the year ended 31 December 2023 contain a sensitivity analysis on exchange rate risk. The sensitivity analysis estimates that if currencies, significant for the Group’s earning and cash flow, are weakened by 10 per cent. against the Group’s reporting currency EUR, the Group’s EBITDA is affected by 7 per cent.

Tax related risks

Due to the international nature of its business, the Group is subject to a wide variety of tax laws and regulations in the jurisdictions where it operates. While the Group conducts its business in accordance with its own interpretation of applicable tax laws and regulations and applicable requirements and decisions, there is a risk that the Group’s or its advisers’ interpretation, and the Group’s application of, laws, provisions and judicial practice has not been, or will in the future not be, correct or that such laws, provisions and practice will be changed, potentially with retroactive effect. In addition, the Group faces the risk of increased taxes due to the implementation of new tax rules or regulations.

If such an event should occur, the Group’s tax liabilities can increase, which may have a material adverse effect on the Group’s results and financial position. Revisions to tax regulations could for example comprise denied interest deductions, additional taxes on the direct or indirect sale of property and/or tax losses carried forward being forfeited, which may have a material adverse effect on the Group’s results and financial position in the future.

Reputational risk

Reputational risk is the risk that an event or circumstance adversely impacts the Group’s reputation among customers, owners, employees and other parties resulting in reduced income. The Group’s reputation may also be affected by a number of factors outside the Group’s control, such as changes in customer preferences and customer perception. Negative publicity or announcement relating to the Group may, regardless of whether justified, deteriorate the brands’ value and adversely affect the Group’s relationship with existing customers and the receptiveness of potential future customers. In addition, unsatisfied employees may also potentially damage the Group’s brand. Any such damage on the reputation of the Group may have a material adverse effect on its operations, financial position, earnings and results.

Geographic breadth, political and economic risks related hereto and compliance with existing laws and regulations

The Group operates its business in various countries, including emerging markets, and must accordingly observe several different regulatory systems across many jurisdictions. Further, in developing countries in particular, the political, economic and legal systems are less predictable than in countries with well-established economies and political systems and institutional structures. Accordingly, the Group’s business in developing countries may be subject to various political, economic and social conditions and risks, which include nationalisation of assets, sanctions, social, political or economic instability, volatility in currency exchange rates and in gross domestic product, the materialisation of any of which could have a material adverse effect on the Group’s business, financial position and results. Operating in emerging markets also includes risks associated with the protection of intellectual property and reputation as an ethical corporation. Political or economic upheaval, changes to or failure to comply with laws, regulations and permits may have a material adverse effect on the Group’s business, financial position and results.

Changes in legislation

Various pieces of legislations and regulations (including, without limitation, competition regulations, land law, environmental regulations and taxes) affect the business conducted by the Group. New or amended legislation and regulations could call for unexpected costs or impose restrictions on the development of the business operations which may have a material adverse effect on the Group’s business, operations, earnings, results and financial position.

Risk factors (7/9)

Intellectual property rights

The Group is actively working to protect its brands, names and domain names in the jurisdictions in which the Group operates. If the Group's protection of its trademarks and names is not sufficient or if the Group infringes (knowingly or otherwise) third party intellectual property rights, this may result in unforeseen litigation costs, penalties or other expenses any of which may have a material adverse effect on the Group's net sales, earnings and financial position.

Risks related to IT infrastructure

The Group depends on information technology ("IT") to manage critical business processes, including administrative functions. The Group uses IT systems for internal purposes and externally in relation to its customers. Extensive downtime of network servers, cyber attacks or other disruptions or failures of information technology systems may occur and could have a negative impact on the Group's operations. Failure of the Group's information technology systems could cause transaction errors and loss of customers as well as sales, and could have negative consequences for the Group, its employees, and those with whom the Group does business.

Safety

Hazard risks include occupational health and safety related risks, personnel security risks, environmental, fire and other catastrophe risks, natural phenomenon risks and premise security risks. The Group has taken precautions against hazard risks through occupational health and safety standards, guidelines, education, certification principles, travel safety guidelines, emergency planning, information management security instructions as well as continuous monitoring and risk assessment work on all levels of operations. The Group has also sought to protect against hazard risks in its insurance coverage. The occurrence of any of these risks could result in death or injury to employees, damage to property and liability for the Group as well as substantially harm the Group's reputation. Accordingly, this is a risk that, if materialized, may have a material adverse effect on the Group's operations, financial position and results.

Risks in relation to the Recapitalisation Transaction and the HoldCo Bonds

Market Risk

The Group's ability to successfully implement the Recapitalisation Transaction and achieve financial stability is contingent on broader market and economic conditions. Adverse changes in the market or economic environment, such as economic downturns, changes in interest rates, or shifts in industry dynamics, could negatively impact the Group's performance and the value of the new HoldCo Bonds.

Operational Risk

The success of the Recapitalisation Transaction heavily depends on the Group's ability to effectively implement its operational and financial restructuring plans. There is no assurance that these efforts will be successful, and failure to achieve the desired turnaround could result in further financial distress or insolvency. Bondholders should be aware that the Group's strategic initiatives may face significant execution challenges, including market conditions, operational disruptions, and internal mismanagement.

The completion of the Recapitalisation Transaction will necessitate the appointment of new and/or amended boards of directors for HoldCo and OpCo. These initial boards will be elected based on the authority granted to the Ad Hoc Committee pursuant to the Request. As of the date of this Written Procedure, the members of these boards have neither been identified nor appointed for election. Furthermore, there can be no assurance that the new boards of directors will successfully achieve a turnaround of the Group once appointed.

Admission to Trading and Liquidity of the HoldCo Bonds

While the HoldCo Bonds are intended to be listed on a regulated market (such as the Luxembourg Stock Exchange or Nasdaq Stockholm) or a multilateral trading facility (such as Nasdaq Transfer Market or the Frankfurt Open Market) within 60 days of the First Issue Date and in any event on a regulated market within 12 months of the First Issue Date, there is no guarantee that an active and liquid trading market will develop or be sustained. Even if a market does develop, it may not be sufficiently liquid to allow Bondholders to sell their HoldCo Bonds quickly or at favorable prices. The liquidity of the HoldCo Bonds may be influenced by various factors, including the Group's financial performance, market conditions, investor sentiment, and the broader economic environment. In periods of market stress, the trading volume of the HoldCo Bonds could decline significantly, further limiting Bondholders' ability to dispose of their holdings without adversely affecting the market price. Additionally, the HoldCo Bonds' market price may be volatile and subject to significant fluctuations, which could result in Bondholders realizing losses if they need to sell their HoldCo Bonds under unfavorable conditions.

Additionally, there can be no assurance that HoldCo will successfully have the HoldCo Bonds admitted to trading. The admission process may take longer than anticipated, or the HoldCo Bonds may not remain admitted to trading for the entire duration they are outstanding. Bondholders will not have the right to demand that HoldCo or the Issuer repurchase any HoldCo Bonds if admission to trading does not occur or if the admission process is delayed.

Risk factors (8/9)

The shares in HoldCo

The shares in HoldCo allocated to Bondholders as part of the Recapitalisation Transaction are not intended to be listed on a regulated market, multilateral trading facility, or any other securities exchange. Consequently, trading in these shares will be very difficult, and it is unlikely that a market for such shares will develop. This lack of listing is expected to render the shares highly illiquid, thereby negatively impacting the Bondholders' ability to sell the shares at an acceptable price, or at all.

Additionally, certain Bondholders and savings structures may face restrictions on their ability to hold and transfer these shares. This may be particularly relevant for Bondholders who hold their investments in Investment Savings Accounts (Sw. investeringssparkonto – ISK) or through insurance products such as capital or pension insurance (Sw. kapital- eller pensionsförsäkring), or similar saving structures. In such cases, the shares may need to be sold in an illiquid market upon exchange, which could adversely affect their value.

Further, the shares in HoldCo are subordinated to the existing and future debt obligations of HoldCo and the Group, including the obligations towards the Secured Creditors (as defined below). The value of the shares in HoldCo will depend on, inter alia, HoldCo's and the Group's ability to service its debt and the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. Consequently, there is no guarantee that the shares in the HoldCo will have any value or that Bondholders will receive any return on their shares.

Risks relating to the intercreditor agreement, subordination and transaction security

The obligations under the HoldCo Bonds and certain other obligations of the Group towards holders of the Senior Secured Bonds, any future provider of a new Super Senior RCF, any Hedging Counterparty and certain other creditors (jointly the "Secured Creditors") will, as described above, be secured by Security that is expected to in all material respects be equivalent to the current Transaction Security.

Although the obligations towards all Secured Creditors will be secured by first priority Security, there is a risk that the proceeds of any enforcement sale of the security assets will not be sufficient to satisfy all amounts then owed to the Secured Creditors. Upon an enforcement of any Security in accordance with the provisions of the Intercreditor Agreement, holders of the HoldCo Bonds will receive proceeds from such enforcement only after the obligations under any Super Senior RCF, Hedging Obligations and the Senior Secured Bonds have been repaid in full.

Pursuant to the Intercreditor Agreement, the Security Agent will take enforcement instructions primarily from New Bonds Agent representing the holders of the Senior Secured Bonds and the agent representing the provider of a Super Senior RCF (if any). The Intercreditor Agreement will prevent the New Bonds Agent representing the holders of HoldCo Bonds from giving enforcement instructions for as long as any liabilities ranking senior to the HoldCo Bonds are outstanding.

The Secured Creditors will be represented by the Security Agent in all matters relating to the Security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Security. The Security may be subject to certain hardening periods during which times the Secured Creditors do not fully benefit from the Security, or at all.

Subject to the terms of the Intercreditor Agreement, the Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing Security or for the purpose of settling, among others, the holders of HoldCo Bonds' rights to the Security. Although there is a restriction that such actions shall not be taken if the Security Agent deems the action to be detrimental to the interests of the holders of the HoldCo Bonds, actions might be taken that may be considered to be detrimental in the view of some or all of the holders of HoldCo Bonds.

Further, the Intercreditor Agreement will contain restrictions that prohibit the holders of HoldCo Bonds to independently accelerate, seek payment and exercise other rights and powers to take enforcement actions under the Finance Documents.

As a general principle under the Intercreditor Agreement, no payments (including redemption payments) will be possible to be made on the HoldCo Bonds for as long as liabilities ranking ahead of the HoldCo Bonds are outstanding. Interest on the HoldCo Bonds will be paid in kind only and deferred up until the Final Maturity Date (as defined in the HoldCo Bond Terms) (subject only to limited provisions on early redemption). There is no guarantee that that it will be possible to redeem the HoldCo Bonds, in full or in part, on the Final Maturity Date.

Potential conflicts of interest between different stakeholder groups

Although the shares in HoldCo and the HoldCo Bonds will, at the time of the contemplated Recapitalisation Transaction, be owned by the same group of current Bondholders (with equal respective holdings pro rata of shares in HoldCo and HoldCo Bonds), not all Bondholders will subscribe for the new Senior Secured Bonds. Furthermore, it should be noted that the shares in HoldCo, the HoldCo Bonds, and the Senior Secured Notes will be owned independently of each other and will all be freely transferable. Consequently, Bondholders should be aware that the shares in HoldCo, the HoldCo Bonds, and the Senior Secured Bonds may be held by overlapping but not identical groups of investors. This divergence in ownership may give rise to different interests, priorities, and incentives among holders of shares in HoldCo, the HoldCo Bonds, and the Senior Secured Bonds, particularly in scenarios involving financial distress, restructuring, or enforcement of security.

Risk factors (9/9)

Legal and Regulatory Risks

The Recapitalisation Transaction may be subject to various regulatory approvals or legal challenges. Any delays or obstacles in obtaining necessary approvals could negatively impact the completion and effectiveness of the Recapitalisation Transaction, potentially jeopardising the financial position of the Group and the value of the HoldCo Bonds and, if subscribed for, the Senior Secured Bonds to be issued to Bondholders. Regulatory changes or legal actions could also impose additional costs and operational burdens on the Group.

Final transaction documentation

The terms and conditions of the Senior Secured Bonds will be based substantially on the Senior Secured Bond Terms set forth in Schedule 3 of the notice of the Written Procedure, the terms and conditions for the HoldCo bonds will be based substantially on the HoldCo Bond Terms set forth in Schedule 4 of the notice of the Written Procedure and the Intercreditor Agreement will be based substantially on the draft Intercreditor Agreement set forth in Schedule 5 of the notice of the Written Procedure. The final Transaction Documents may include changes, updates, or adjustments not reflected in this Notice or in any documents distributed in connection herewith, which may be attributable to, inter alia, regulatory review, additional due diligence, changes in market conditions or other circumstances. Therefore, the terms, structure, and other details presented in this document should be considered preliminary and may not fully represent the final Transaction Documents.

Pending Conditions Precedent

The Recapitalisation Transaction will be made subject to certain conditions precedent, which have not been fully determined or finalized as of the date of this Notice. These conditions, which may include specific financial, regulatory, documentary, or operational requirements, will be detailed in a separate agreement to be entered into between, inter alia, the Issuer and the Agent (acting on the instructions of the Ad Hoc Committee). Bondholders should be aware that the satisfaction of these conditions is necessary for the Recapitalisation Transaction to occur, and any failure to meet or agree these conditions may delay, alter, or prevent all or parts of the Recapitalisation Transaction.

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