Mint Closes the Debt Conversion Transaction, Strengthens Its Balance Sheet and Reduces Its Debt By $39 Million

written by Igor Makarov | June 1, 2018

May 31, 2018 (Source) — The Mint Corporation (TSX VENTURE:MIT) ("Mint" or the "Company") announces that it has today completed its debt conversion transaction with the holders (the "Debentureholders") of the Series A debentures and Series C debentures of Mint pursuant to which the debt under the Series A and Series C debentures has been reduced to $20 million of restructured Series A debentures from the previous combined debt of approximately $59 million.

"*Closing of this debt conversion agreement strengthens Mint's balance sheet and is an important milestone for Mint. The market is recognizing the world class mobile enabled payments technology platform we have built. The company is now well positioned to realise on the significant opportunities that are present within UAE and beyond. The Mint team would like to thank the Debentureholders and Mint's advisors for their efforts in successfully closing this debt conversion agreement,*" said Vishy Karamadam, CEO of Mint.

On March 1, 2018, Mint announced that it had entered into a definitive debt restructuring agreement with the Debentureholders, providing for a conversion and restructuring of the debt owing to the Debentureholders. The amount owing on the Series A debentures was $49,019,962 in principal plus accrued interest. The amount owing on the Series C debentures was $10,000,000 in principal plus accrued interest.

As a result of the conversion of the Series A and Series C debentures, the debt owed to the Debentureholders was reduced to $20 million of restructured Series A debentures (the "Series A Debt"). The Debentureholders also received (a) 17,300,000 common shares of Mint, (b) 11,700,000 common share purchase warrants of Mint, and (c) subscription receipts to acquire, for no additional consideration, 16,000,000 common shares of Mint. Each common share purchase warrant will be exercisable on or after January 1, 2019 and on or before December 31, 2021 for one common share of Mint at an exercise price of $0.10. The subscription receipts are convertible in installments of 2,000,000 shares. The first two such installments became convertible today with additional installments becoming convertible on June 30, 2018 and every three months thereafter until September 30, 2019. The subscription receipts may be converted at the election of the holder on or after the date they become convertible and will expire on December 31, 2022. The common shares, common share purchase warrants and subscription receipts, and any common shares issued upon exercise or conversion of the common share purchase warrants and subscription receipts, will be subject to a four month hold period from today's closing. In addition, the common shares received upon conversion of the subscription receipts will be subject to a contractual one-year hold period commencing on the date such subscription receipts become convertible.

In total, Mint has issued 17,300,00 common shares and may issue up to an additional 27,700,000 common shares (including up to 11.7 million shares issuable upon exercise of common share purchase warrants at an exercise price of $0.10 per share) in exchange for approximately $39 million of debt reduction.

The Series A Debt of $20 million is to mature on December 31, 2021 and, commencing on October 1, 2019, will bear cash interest at 10% per annum, payable quarterly. If Mint does not have sufficient funds to pay cash interest when required, the shortfall will be paid by the issuance of subscription receipts convertible into Mint common shares priced at the greater of 95% of the 10-day volume-weighted average price of the common shares preceding the interest payment date and the minimum price permitted by the TSX Venture Exchange for such issuance. Each such subscription receipt will convert, for no additional consideration, into one common share of Mint at the election of the holder, and may be converted within one year from issue. These interest payment subscription receipts, and any common shares issued under them, will be subject to a four month hold period from the date on which the interest payment subscription receipts are issued. The Series A Debt and any accrued interest will become due and payable in cash within 30 days following a change of control of Mint (other than through a treasury issuance).

In connection with the conversion and restructuring of Mint’s Series A and C Debentures, Mint received strategic and financial advice from Clariti Strategic Advisors, an independent Toronto-based investment banking and strategic advisory firm founded by Mr. Rahul Suri.

About The Mint Corporation

The Mint Corporation (TSXV:MIT), through its majority owned subsidiaries (the “Mint Group”), is a globally certified payments company headquartered in Toronto, Canada with its primary business in Dubai, United Arab Emirates (UAE). The Mint Group is approved by the UAE Central Bank, MasterCard and UnionPay as a third-party payment processor. Mint processes over US$1 billion in payroll annually for hundreds of corporate clients and financial institutions and the Mint community consists of approximately 400,000 cardholders. Mint’s clients include some of the leading blue-chip companies in the UAE.

Mint provides employers with automated payroll services and a proprietary Automated Teller Machine (ATM) network for their unbanked employees. Mint community members are issued a personalized, globally accepted, MasterCard or UnionPay card and a linked mobile wallet, where their salaries are deposited. This mobile wallet effectively becomes the employee’s bank account.

Mint intends to offer a comprehensive suite of services through the mobile wallet, including remittance, overdraft, loans, mobile phone top-up, rewards, and insurance, among others. The mobile wallet enables unbanked employees to purchase services and spend through the wallet.