

## Press Release

Sint-Baafs-Vijve, 3 March 2022, 08:00 a.m. CET  
Inside information  
For immediate publication

# Announcement of Launch of Tender Offer, Exchange Offer and Consent Solicitation for Senior Secured Notes

## Tender Offer, Exchange Offer and Consent Solicitation

On 28 November 2021, Balta entered into a binding agreement to sell its Rugs, Residential polypropylene and Non-Woven businesses, together with the *Balta* brand (the "Disposal"). In preparation of and conditioned upon completion of the Disposal, LSF9 Balta Issuer S.à r.l (the "Offeror") announces today that it is offering to purchase for cash (the "Tender Offer") any and all of its €234,027,888 Senior Secured Notes due 2024 (the "Notes"), exchange any and all of the Notes for new senior secured notes (the "New Notes") and soliciting consents (the "Consent Solicitation") to vote in favour of certain amendments to the terms of the Notes and the indenture governing the Notes (the "Proposed Amendments") from holders of the Notes ("Noteholders"), as further described in the tender offer, exchange offer and consent solicitation memorandum dated as of 3 March 2022 (the "Tender Offer, Exchange Offer and Consent Solicitation Memorandum").

In connection with the Disposal, the transactions contemplated by the Tender Offer, Exchange Offer and Consent Solicitation will allow Balta to repay a portion of the Notes and/or implement the Proposed Amendments which will make it clear that the Disposal is permitted under the Indenture.

This announcement is a summary of the Tender Offer, Exchange Offer and Consent Solicitation Memorandum only. It highlights selected information contained in the Tender Offer, Exchange Offer and Consent Solicitation Memorandum and does not contain all of the information that Eligible Holders should consider before making a determination with respect to the Tender Offer, Exchange Offer and Consent Solicitation. The Tender Offer, Exchange Offer and Consent Solicitation Memorandum sets forth full details of the transactions summarised in this announcement and Eligible Holders (as defined below) are urged to read the Tender Offer, Exchange Offer and Consent Solicitation Memorandum in its entirety. Capitalised terms used but not defined in this announcement have the meanings given to them in the Tender Offer, Exchange Offer and Consent Solicitation Memorandum.

The key terms of the Tender Offer, Exchange Offer and Consent Solicitation are as follows:

- *Eligibility to Participate* - the Tender Offer, Exchange Offer and Consent Solicitation are directed only to those Noteholders who are either (A)(i) "qualified institutional buyers" (as that term is defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")) transacting in a private transaction in reliance upon an exemption from the registration requirements of the U.S. Securities Act, (ii) institutional "accredited investors" (within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9), (12) or (13) under the U.S. Securities Act) or (iii) holders who are not "U.S. persons" (as that term is defined in Rule 902 under the U.S. Securities Act) that are outside the United States transacting in an offshore transaction in accordance with Regulation S under the U.S. Securities Act

(and if they are resident in any member state of the European Economic Area (“EEA”) or the United Kingdom, they are not “retail investors” in the EEA or the United Kingdom) (each such Noteholder, an “Eligible Holder”).

- *The Tender Offer*

- The Offeror is making an offer to Eligible Holders to tender all of their Notes for an amount equal to 100.000% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the Settlement Date, which includes a 2.000% early tender payment for Eligible Holders who tender their Notes prior to the Early Tender Deadline.
- Holders of Notes who tender their Notes after the Early Tender Deadline will receive consideration equal to 98.000% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the Settlement Date.
- Tenders of Notes may be validly revoked at any time prior to the earlier of the Effective Time or the Early Tender Deadline, but not thereafter.
- Eligible Holders who tender their Notes in the Tender Offer will be deemed to have consented to the Proposed Amendments (but will not receive any additional consideration in respect of such consent).

- *The Exchange Offer*

- The Offeror is making an offer to Eligible Holders to exchange their Notes for New Notes. The New Notes will reflect various amendments to the indenture governing the Notes, including waiver of the application of the Asset Sales, Offer to Repurchase Upon Change of Control and Merger, Consolidation or Sale of Assets covenants in order to make clear that the Disposal is permitted under the Indenture. Holders of the New Notes will also benefit from credit enhancing amendments to the Indenture to (i) add the Bentley Mills Entities and ITC Co BV as guarantors, (ii) grant customary all asset security by the Bentley Mills Entities and ITC Co BV, including pledges over the entire issued share capital of the Bentley Mills Entities and ITC Co BV, as collateral, (iii) increase the redemption price during the period from the Settlement Date to March 14, 2023, to 101% of the principal amount plus accrued and unpaid interest and Additional Amounts and (iv) reduce the sizes of certain baskets to reflect the new capital structure (together, the “Credit Enhancing Amendments”). For the year ended December 31, 2021, the Bentley Mills Entities generated 30% of Balta’s EBITDA and, as of December 31, 2021, held 25% of Balta’s total assets. On a *pro forma* basis for the Disposal, for the year ended December 31, 2021, the Bentley Mills Entities generated 60% of the Ongoing Business’ EBITDA and, as of December 31, 2021, held 50% of the Ongoing Business’ total assets, and as a result the Offeror and the Guarantors would have generated 60% of our EBITDA and held 41% of our total assets on a *pro forma* basis.
- The New Notes will also reflect a decrease in the redemption price during the period on or after March 15, 2023 to (but excluding) the date of redemption, to 100% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts.
- Eligible Holders who validly tender their Notes for exchange in the Exchange Offer prior to the Early Tender Deadline will be entitled to a Rollover Consideration of 1.00% of the principal amount of the Notes exchanged in the Exchange Offer. No Rollover Consideration will be paid to Noteholders who tender their Notes for exchange after the Early Tender Deadline or with respect to Notes that are redeemed in the Optional Redemption.

- Eligible Holders who tender their Notes for exchange in the Exchange Offer will be deemed to have consented to the Proposed Amendments. Any tender of notes for exchange in the Exchange Offer may be validly revoked at any time prior to the earlier of the Effective Time or the Early Tender Deadline, but not thereafter.
- *The Consent Solicitation*
  - The Offeror is seeking consents to:
    - The Proposed 50% Amendments, which, if effected and operative, will amend the Indenture to waive the application of the Asset Sales, Offer to Repurchase Upon Change of Control and Merger, Consolidation or Sale of Assets covenants in the Indenture in order to make clear that the Disposal is permitted under the Indenture and, unless the Proposed 90% Amendments become operative, will amend the Indenture to remove all of the covenants that can be removed with consent of holders of a majority of the principal amount of the Notes.
    - The Proposed 90% Amendments, which, if effected and operative, will amend the Indenture to decrease the redemption price of the Notes during the period on or after March 15, 2023 to (but excluding) the date of redemption, to 100% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts. If the Proposed 90% Amendments are approved by Noteholders who hold at least 90% of the aggregate principal amount of the Notes, on the Settlement Date, the Offer will also make the Credit Enhancing Amendments to the Indenture.
  - A Noteholder seeking to participate in the Tender Offer or the Exchange Offer will be automatically deemed to have submitted a consent to the Proposed Amendments in their entirety.
  - If holders of more than 90% of the aggregate principal amount outstanding of the Notes participate in the Tender Offer and/or the Exchange Offer, the Proposed 90% Amendments will become operative on the Settlement Date and the Offeror will not exchange any Notes for new Notes, but rather Notes will remain outstanding as a single tranche, as amended by the Proposed Amendments, including the Proposed 90% Amendments. In such scenario, the removal of covenants in the Supplemental Indenture giving effect to the Proposed 50% Amendments shall not come into effect.

*Optional Redemption* - If holders of less than €105,198,028 in principal amount of Notes of the €235,198,028 in principal amount of Notes that the Offeror expects to be outstanding on the Settlement Date tender their Notes pursuant to the Tender Offer, then promptly following the Early Tender Deadline or the Expiration Time the Offeror will issue an optional redemption notice to repurchase on the Settlement Date a principal amount of Notes such that, together with any Notes being tendered in the Tender Offer, the Offeror is repurchasing €105,198,028 in principal amount of Notes in connection with the Tender Offer, Exchange Offer and Consent Solicitation. As a result, following the Tender Offer, Exchange Offer and Consent Solicitation, the Offeror will have €130.0 million in principal amount of Notes (including, if applicable, the New Notes) outstanding. The Offeror expects that this Optional Redemption would be used to repurchase all or a portion of the Notes of Noteholders who do not respond to the Tender Offer, Exchange Offer and Consent Solicitation; however, if more than €130.0 million in principal amount of Notes are exchanged in the Exchange Offer, the Offeror will redeem the excess of such Notes over €130.0 million in the Optional Redemption.

- *Timing and Conditions*

- The Tender Offer, Exchange Offer and Consent Solicitation will have an Early Tender Deadline of 5:00 p.m. London time on March 16, 2022 and will expire at 5:00 p.m. London time on March 30, 2022, in each case, unless amended, extended or terminated by the Offeror in accordance with the Tender Offer, Exchange Offer and Consent Solicitation Memorandum.
- The settlement of the Tender Offer, Exchange Offer and Consent Solicitation is conditioned upon, among other things, the (i) a majority in aggregate principal amount of the holders of the then outstanding Notes having either tendered their Notes in the Tender Offer or for exchange in the Exchange Offer (the “Minimum Condition”), (ii) closing of the Disposal and (iii) other customary conditions.
- The Settlement Date in respect of the Tender Offer, Exchange Offer and Consent Solicitation and any related Optional Redemption undertaken by the Offeror, will be promptly after the Expiration Time, subject to satisfaction of the Settlement Conditions, including closing of the Disposal. The earliest we may complete the Disposal under the Share Purchase Agreement is April 4, 2022, but the Disposal may not be completed until as late as June 30, 2022. If the Disposal is not completed on April 4, 2022, the Offeror will likely extend the Expiration Time so that the Settlement Date occurs on the date of the Disposal.
- To the extent we do not satisfy the Minimum Condition, we plan to use a combination of cash from the Disposal and the funds committed to us by Albacore Capital LLP to redeem the Notes in full. As a result, Albacore Capital LLP will purchase €130 million of privately placed New Notes.
- The deadlines set by the clearing systems for submission of Instructions may be earlier than the relevant deadlines specified in the Tender Offer, Exchange Offer and Consent Solicitation Memorandum.

The earliest we may complete the Disposal is April 4, 2022 (which is the earliest date the Disposal can be completed in accordance with the share purchase agreement providing for the Disposal), but it is possible that the Disposal may not be completed until as late as June 30, 2022, which is the latest possible date the Disposal can be completed in accordance with the share purchase agreement. If the Disposal is not completed by June 30, 2022, then either we would be required to reach an agreement with the Buyer to defer completion beyond June 30, 2022 or the share purchase agreement may be terminated. If the Disposal is not completed on April 4, 2022, the Offeror will likely extend the Expiration Time so that the Settlement Date occurs on the date of the Disposal. In such a case, if the Expiration Time is extended after the Effective Time or the Early Tender Deadline, Notes that have been tendered by an Eligible Holder pursuant to the Tender Offer or in respect of which a consent has been submitted by an Eligible Holder pursuant to the Consent Solicitation may not be withdrawn from the Tender Offer or Consent Solicitation and will not be eligible for trading.

The Offeror may, at its option and in its discretion, at any time, subject to applicable laws and certain conditions set forth in the Tender Offer, Exchange Offer and Consent Solicitation Memorandum, extend, re-open or amend the Tender Offer, Exchange Offer and Consent Solicitation in any respect.

## Additional Information

The Tender Offer, Exchange Offer and Consent Solicitation Memorandum will also be made available to all Eligible Holders through the tender and information agent:

Lucid Issuer Services Limited

Address: The Shard, 32 London Bridge Street, SE1 9SG, London, UK

Telephone: +44 207 704 0880

Email: [balta@lucid-is.com](mailto:balta@lucid-is.com)

Webpage: <https://deals.lucid-is.com/balta>

Attention: Jacek Kusion/ Paul Kamminga

## For other information, please contact

Margo Desmedt

Communication manager

[Investor.Relations@baltagroup.com](mailto:Investor.Relations@baltagroup.com)

## About Balta

Balta is a leading manufacturer of textile floor coverings, selling to over 125 countries worldwide. The Balta divisions are Balta Rugs (Balta home), Balta Residential Carpets & Tiles (under the brands Balta carpets, ITC and Balta carpet tiles), Balta Commercial Carpets & Tiles (under the brands modulyss, arc edition and Bentley), and Balta Non-Woven (under the brand Captiqs). Balta employs nearly 4,000 people in 10 manufacturing sites and distribution centers in Belgium, Turkey and the United States.

## Important notice

*This press release does not constitute an offer to sell or the solicitation of an offer to buy the Notes, New Notes or any other security in any jurisdiction and shall, in any circumstance, not constitute an offer, solicitation or sale in the United States or in any jurisdiction in which, or to any persons to whom, such offering, solicitation or sale would be unlawful. The Notes or the New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state and local securities laws.*

*This press release, the Tender Offer, Exchange Offer and Consent Solicitation Memorandum and any other documents or materials relating to the Tender Offer, Exchange Offer and Consent Solicitation are not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may only be communicated to (1) persons who have professional experience in matters relating to investments, being "investment professionals" as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (2) persons who fall within Article 43(2) of the Order; (3) high net worth companies, and other persons to whom it may lawfully be communicated, falling within*



*Article 49(2)(a) to (d) of the Order; or (4) any other persons to whom these documents and/or materials may lawfully be communicated. Any investment or investment activity to which the Tender Offer, Exchange Offer and Consent Solicitation Memorandum relates is available only to such persons or will be engaged in only with such persons and other persons should not rely on it.*

*The distribution of the Tender Offer, Exchange Offer and Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Tender Offer, Exchange Offer and Consent Solicitation Memorandum comes are required by the Offeror and the Tender and Information Agent to inform themselves about, and to observe, any such restrictions.*

*Balta is issuing this statement on a one-off basis to update its investors, and does not currently anticipate that it will issue similar annual or quarterly recent developments updates in the future.*

*Rounding adjustments have been made in calculating some of the financial information included in this press release. As a result, figures shown as totals may not be exact arithmetic aggregations of the figures that precede them.*

*Certain financial data included in this press release are “non-IFRS financial measures.” These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Balta believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this presentation.*

*This press release includes certain unaudited pro forma financial information, giving effect to the Disposal, including estimates for the year-ended December 31, 2021. While we believe the estimates and assumptions to produce such information to be reasonable, such estimates and assumptions may prove to be inaccurate over time. Accordingly, such pro forma financial information may not reflect what our results of operations and financial condition would have been without the Disposal during the periods presented, or what our results of operations and financial condition will be in the future. Investors should make their own independent investigation of our financial condition and affairs following the Disposal, and their own appraisal of our creditworthiness following the Disposal.*

*This press release may include projections and other “forward-looking” statements. Any such projections or statements reflect the current views of the Offeror about further events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.*

*This announcement may constitute a public disclosure of inside information by Balta under Regulation (EU) 596/2014 (16 April 2014).*

