balta

Exchange Offer Company Disclosure

2 February 2021

Balta has entered into an agreement with noteholders representing c. 52% of the aggregate principal amount of the 7.75% Senior Secured Notes due 2022 (the "Existing Notes") issued by LSF9 Balta Issuer S.à r.l (the "Issuer"), to tender their Existing Notes in an exchange offer (the "Exchange Offer") for new Senior Secured Notes with a maturity of December 31, 2024 (the "New Notes"), to vote in favour of certain amendments to the terms of the Existing Notes and the indenture governing the Existing Notes (the "Existing Indenture") by way of a consent solicitation ("Consent Solicitation") and to support commencement of a scheme of arrangement under Part 26 of the UK Companies Act 2006 or an analogous legal process in the United Kingdom (the "Scheme") (the "Scheme Solicitation").

The Exchange Offer, Consent Solicitation and Scheme Solicitation have been launched today. If successfully consummated, the transactions contemplated by the Exchange Offer, Consent Solicitation and Scheme Solicitation will materially extend the maturity profile of Balta's major financial liabilities from 2022 to 2024, allowing it to continue its steady recovery from the COVID-19 disruptions experienced in the first half of 2020 and focus on delivering value for its stakeholders.

Balta is providing the additional information contained herein regarding its business and the Exchange Offer. Capitalized terms used but not defined herein shall have the meanings given thereto in Balta's press release as of 1900CET on February 2, 2021.

This release does not constitute an offer to sell or the solicitation of an offer to buy the 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 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. Accordingly, the New Notes will be offered and sold only to (i) qualified institutional buyers in accordance with Rule 144A under the Securities Act, (ii) institutional "accredited investors" (within the meaning of Rule 501(a)((1), (2), (3), (7), (8), (9), (12) or (13), under the Securities Act and (ii) to non-U.S. persons outside the United States in offshore transactions in accordance with Regulation S under the Securities Act.

Promotion of the New Notes in the United Kingdom is restricted by the Financial Services and Markets Act 2000 (the "FSMA"), and accordingly, the New Notes are not being promoted to the general public in the United Kingdom. This announcement is only addressed to and directed at persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, or (iv) to the extent that doing so does not prejudice the lawful distribution of the

announcement to the foregoing, are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any New Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The New Notes will only be available to relevant persons and this announcement must not be acted on or relied on by anyone who is not a relevant person.

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MIFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MIFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The offer and sale of the New Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of securities. Consequently, no key information document required by Regulation (EU) no 1286/2014 (as amended, the "PRIIPS Regulation") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPS Regulation. References to regulations or directives include, in relation to the United Kingdom, those regulations or directives as they form part of U.K. domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in U.K. domestic law, as appropriate.

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

Balta's financial information presented for the quarter and year ended 31 December 2020 has not been audited, is not intended to be a comprehensive statement of our financial or operational results and is subject to confirmation in our audited consolidated financial statements and audit report for the full year 2020. Consequently, upon publication of our full year 2020 audited results, we may report results that are materially different from the ones set forth in this release.

Rounding adjustments have been made in calculating some of the financial information included in this 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 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 announcement may constitute a public disclosure of inside information by Balta under Regulation (EU) 596/2014 (16 April 2014).

FORWARD LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of applicable securities laws. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "*believes*," "*estimates*," "*aims*," "*targets*," "*anticipates*," "*expects*," "*intends*," "*plans*," "*continues*," "*ongoing*," "*potential*," "*projects*," "*guidance*," "*seeks*," "*may*," "*will*," "*could*," "*would*," "*should*," "*predicts*" or, in each case, their negative, or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this release and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, among other things, its or the Group's results of operations, financial condition, liquidity, prospects, competition in areas of its or the Group's business, outlook and growth prospects, strategies and the industry in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. In addition, even if the Issuer's results of operations, financial condition, liquidity, prospects, competition in areas of its business, outlook and growth prospects, strategies and the industry in which it operates, are consistent with the forward-looking statements contained in this release, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements include (but are not limited to) those in the risk factors described herein and elsewhere in this release Due to such uncertainties and risks, Noteholders or other potential investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this release. In light of these risks, uncertainties and assumptions, the forward-looking events described in this release may not occur. Moreover, the Group operates in a very competitive and rapidly changing environment. The Group may face new risks from time to time, and it is not possible for the Issuer to predict all such risks; nor can the Issuer assess the impact of all such risks on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Given these risks and uncertainties, Noteholders should not place undue reliance on forward-looking statements as a prediction of actual results or performance.

Certain forward-looking statements are based on plans, estimates and projections as they are currently available to management. Neither the Issuer nor the Group undertakes any obligation, and does not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable, neither the Issuer nor the Group gives any assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to the Issuer, the Group or to persons acting on either of their behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this release.

QUESTIONS AND ANSWERS RELATING TO THE EXCHANGE OFFER, CONSENT SOLICITATION AND SCHEME SOLICITATION

Q: Why is the Issuer proposing the Exchange Offer?

A: The Issuer is proposing the Exchange Offer to address the upcoming maturity profile of its existing indebtedness, including the Existing Notes, which mature on September 15, 2022. The Issuer and certain of its subsidiaries have agreement with the lenders under its €61 million super senior revolving credit facility (the "**European SSRCF**") for a maturity of no earlier than June 2022. This maturity will be extended to June 2024 if the Existing Notes or their replacement instruments are extended to December 31, 2024 or later, including if the New Notes are issued. The upcoming maturity and COVID-19 disruptions placed operational pressure on the business, with factors such as subdued credit insurance and less favorable available payment terms requiring the business to be managed for cash preservation at the expense of profit. Addressing maturities early through an extension is intended to create positive cash flow benefits for the Group and relieve operational pressure on the business. The Group would like to extend maturities of its financial liabilities to provide it with more stability over its capital structure so it can continue to implement its operational improvement programs to allow the Group to continue to delever and implement a full refinancing in more favorable performance and market conditions. We believe the amendment and extension of the Existing Notes will improve the market's perception of our company and improve customer and supplier relationships. We believe the amendment and extension of the Existing Notes addresses refinancing risk, allowing us to concentrate on delivering recovery and value growth for all stakeholders.

Q: How do Eligible Holders benefit from participating in the Exchange Offer?

A: The Issuer believes that Participating Holders would benefit from a successful completion of the Exchange Offer in the following ways:

- *Alleviate operational pressure on the Group and facilitate long-term growth potential*. Addressing maturities early through an extension is intended to allow the Group to continue operational improvement programs and relieve operational pressure on the business. The Group believes the amendment and extension of the Existing Notes will improve the market's perception of the business and customer and supplier relationships.

- *Allow for the European SSRCF to be extended to* 2024. The Group believes the Exchange Offer would alleviate near-term refinancing risk, allowing the Group to concentrate on recovery from the COVID-19 pandemic and value growth for all stakeholders. Extension of maturity of the Existing Notes will result in the Group's European SSRCF to be extended to June 30, 2024, as per the terms agreed with the lenders thereof, instead of its current maturity of June 30, 2022.

- *Increased effective interest rate and consideration for participation*. In addition to the existing cash interest of 7.75%, the New Notes will also pay PIK Interest (as defined herein) at 1.00% per annum, from the Issue Date until (but excluding) March 15, 2024 and 3.00% per annum thereafter, until maturity. Prior to the date that is six months after the Settlement Date, the New Notes will be subject to a soft call and the Issuer may redeem the New Notes on one or more occasions at any time in whole or in part at a redemption price equal to (i) 102% of the principal amount thereof in the case of a redemption as part of a refinancing using the proceeds of new indebtedness, or 100% if otherwise (including using cash on balance sheet or the proceeds of any other transaction) *plus* (ii) accrued and unpaid interest and additional

amounts, if any, to (but excluding) the date of redemption. A call premium of 2.00% of the principal amount of New Notes to be redeemed will be applied for optional redemptions on or after March 15, 2023, along with accrued and unpaid interest and additional amounts, if any, to (but excluding) the date of redemption.

Further, Participating Holders opting to receive the Notes Consideration will be entitled to receive the Settlement Consent Payment. In addition, any Participating Holder opting to receive the Notes Consideration, who validly submits an Exchange, Consent and Scheme Instruction (and in case of Noteholders other than Initial Participating Holders, a validly executed Scheme Support Agreement) prior to the Early Consent Deadline and does not validly submit a Withdrawal Notice, will receive the Early Consent Consideration. Subject to the Maximum Cash Consideration and the other terms and considerations for Cash Consideration, Participating Holders who opt for the Cash Consideration prior to the Early Consent Deadline will receive a cash payment for the Existing Notes they tender and which the Issuer accepts for repurchase, with the remainder of Existing Notes tendered prior to the Early Consent Deadline but not accepted for Cash Consideration to be exchanged for New Notes at full face value, along with Settlement Consent Payment and, Early Consent Consideration.

- *Enhanced security package and covenant structure.* The New Notes will have security over certain of the Group's real estate assets in Wielsbeke, Belgium and Waregem, Belgium, up to an amount of approximately €46 million in aggregate (which corresponds to a recent valuation of such real estate assets), and, in addition, the New Indenture will include (i) a negative pledge over certain Belgian real estate, subject to permitted purposes in support of strategic objectives, and (ii) an undertaking by the Issuer to comply with a guarantor coverage test substantially the same as the guarantor coverage test under the European SSRCF. The New Indenture will also disallow the designation of restricted subsidiaries as unrestricted subsidiaries.

Q: What is likely to happen if the Exchange Offer is not completed?

A: For the Exchange Offer to complete, at least 90% in aggregate principal amount of the Existing Notes are required to be tendered and not withdrawn prior to the Expiration Time. In the event such threshold is not met or should the Issuer otherwise not be able to successfully complete the Exchange Offer, it will implement the Scheme if it receives 75% consents in the Scheme Solicitation. We anticipate that the Scheme implementation will result in increased fees and expenses for the Group and may take several months to complete. As a result, the Group believes that it is in the best interests of holders of Existing Notes if the Issuer receives the requisite consents to implement the Exchange Offer and does not have to pursue the Scheme. If the Issuer does not receive sufficient consents to implement the Scheme or the Exchange Offer, the Group's option to further extend the maturity of the European SSRCF to June 30, 2024 would not be implemented and the Group would face a tighter timeline to attempt to refinance its capital structure prior to the maturity of the European SSRCF on June 30, 2022. The Group may have to restrict capital expenditure investments and expenditures on operational improvement measures in favor of conserving cash in support of a refinancing, which would slow the Group's improvement plan. The Group may have to take other actions that may impact the holders of the Existing Notes, including by selling assets or contributing them to special purpose subsidiaries so that other financing can be raised.

Q: What risks remain after the Exchange Offer is completed?

A: If the Exchange Offer is completed, the Issuer will seek, subject to market conditions, to refinance its financial liabilities prior to their maturity dates. However, there can be no assurance that if the Exchange Offer is completed, the Group will be able to fully refinance the New Notes during the tenor of the New Notes.

Q: How do the New Notes differ from the Existing Notes?

A: The New Notes are substantially similar to the Existing Notes (without giving effect to the Proposed Amendments). However, the New Notes will have a different issue date, a different interest mechanism, will be listed on a different exchange to the Existing Notes, different optional redemption provisions, different change of control provisions, certain more restrictive covenants (including an undertaking to comply with a guarantor coverage test and a prohibition on the creation or designation of unrestricted subsidiaries). The New Notes will also benefit from security over Belgian real estate valued at €46 million, which was also provided as additional security to the European SSRCF.

SUMMARY

The information relating to our performance for the quarter and year ended December 31, 2020 included in this section is derived from internal management accounts. This information has been prepared by management and has not been audited, reviewed, verified or subject to any procedures by our auditors, and you should not place undue reliance on it. Because this information is preliminary, it is subject to change and those changes could be material. See "Forward-Looking Statements" and the risk factors described herein for a discussion of certain of the factors that could affect our future performance and results of operations.

Overview

We are a leading producer of textile floor coverings for the European and international markets, manufacturing rugs, residential broadloom, commercial broadloom, carpet tiles and non-woven fabrics. Founded in 1964, we benefit from extensive know-how built over 55 years and a strong heritage of textiles craftsmanship. We primarily operate in our core markets of the United States, the United Kingdom, Germany and France, while still having a significant presence in Central and Eastern Europe. With nearly 4,000 employees, we manufacture our products across ten manufacturing sites and distribution centers in Belgium, Turkey and the United States and sell our products to over 130 countries worldwide. We serve a broad range of customers, with no external customers representing more than 10% of our revenue in 2020. In the twelve months ended December 31, 2020, we generated consolidated revenue of €562 million and Adjusted EBITDA of €68 million, with an Adjusted EBITDA margin of 12.1%.

The Group operates its business through four segments:

- **Rugs**, which generated €183 million of revenue and €17 million of Adjusted EBITDA (9.6% Adjusted EBITDA Margin), for the twelve months ended December 31, 2020. We design, manufacture and distribute a broad range of woven and tufted area rugs under the *Balta home* and *Papilio* brands.

- **Residential**, which generated €171 million of revenue and €19 million of Adjusted EBITDA (11.1% Adjusted EBITDA Margin), for the twelve months ended December, 2020. We design, manufacture and distribute wall-to-wall carpet and carpet tiles for private use, through the *Balta carpets*, *ITC* and *LCT* brands.

- **Commercial**, which generated €190 million of revenue and €31 million of Adjusted EBITDA (16.1% Adjusted EBITDA Margin), for the twelve months ended December 31, 2020. We design, manufacture and distribute wall-to-wall carpet and carpet tiles for commercial use under the *arc edition*, *Bentley* and *modulyss* brands.

- **Non-Woven**, which generated €17 million of revenue and €1 million of Adjusted EBITDA, for the twelve months ended December 31, 2020 (5.0% Adjusted EBITDA Margin). We design, manufacture and distribute specialized fabrics, such as needle felt, carpet backing and technical non-wovens, under the *Captiqs* brand.

We are focused on continuing to transform our business by improving operating performance and implementing prudent cost management. In 2018, we embarked Group-wide on NEXT, our three-year transformation and earnings enhancement program. Through NEXT, we aim to unlock the full value of our businesses and are confident about the significant impact the program will have on our earnings, despite the impact of uncertainties created by the COVID-19 pandemic. There has been good progress in improving margins through our NEXT program, which incorporates the introduction of higher margin

products and channels as well as Lean and procurement savings. Our Lean program has been rolled out across all our plants, generating an expected profit improvement of €6 million in 2020 compared to FY 2019.

Recent Developments

Background and rationale for the Exchange Offer, Consent Solicitation and Scheme Solicitation

The outbreak of the novel strain of coronavirus, COVID-19, has had a significant impact on our operations in 2020. Six out of eight of our factories were temporarily shut down for periods in Q2 2020 in line with reduced demand, leading to declines in year-on-year revenue in Q2 2020. To combat this, in March and April 2020, we adapted our business to the challenges created by COVID-19. We implemented a variety of cost and cash saving initiatives to minimize losses and preserve liquidity, including temporarily shutting down certain plants to mirror production needs. We initiated active working capital management, utilizing 13-week cash flow forecasts to plan and manage liquidity. We also secured a financial covenant waiver with lenders under the European SSRCF. Our efforts resulted in around break-even profitability in Q2 2020.

In May and June 2020, we focused on stabilizing and growing our business post-COVID-19 disruptions. Our factories re-opened during Q2 2020, with an encouraging ramp-up phase leading to Q3 2020 and Q4 2020 Adjusted EBITDA being well ahead of the prior year. The increase in Adjusted EBITDA was driven largely by margin improvement, although growth has been delayed by set-backs from COVID-19. We expect that our longer-term performance will be strong as markets recover and strategic and operational initiatives bear fruit, allowing us to continue our deleveraging trajectory. We also began assessing our capital structure options.

In Q3 2020, we experienced a ramp up and sustained recovery of our business performance. Revenue further recovered from the downturn in Q2 2020 and Adjusted EBITDA was well above that of Q3 2019, driven by significantly improved margins and reduced fixed costs. However, we considered our debt maturities to remain a drag on our performance levels.

On October 9, 2020, we announced that we signed agreements with each of our lenders under the European SSRCF to amend and extend the maturity date from August 11, 2021 to at least June 30, 2022. The maturity date may be further extended to a date no later than June 30, 2024, subject to a refinancing or an extension of the Existing Notes. The maturity extension under the European SSRCF will provide us with a stable liquidity platform until 2024, subject to the terms of the Existing Notes.

While COVID-19 has created a setback in our performance, we believe we have managed the impact of COVID-19 on our business well and we expect we are well-placed to recover, particularly if we obtain flexibility in terms of the maturity of the Existing Notes.

The Existing Notes mature in September 2022 and the European SSRCF in June 2022. We believe that optimal conditions for a refinancing will require continued performance improvement and deleveraging and relieving of the pressure associated with nearer term maturities. We experienced peak leverage of 5.9x in Q2 2020, and while our leverage progression was set back by COVID-19-related disruptions, our leverage is expected to have fallen to 4.2x for Q4 2020 and we are seeking to continue to drive Adjusted EBITDA improvements through a combination of growth and operational improvements, which alongside continued recovery from the COVID-19 pandemic, is expected to further reduce our leverage to below 4.0x by the end of FY 2021 or early FY 2022.

Against this backdrop, the Group would like to extend maturities of its financial liabilities so that it can pursue a full refinancing when performance and market conditions are more favorable. We believe the amendment and extension of the Existing Notes will improve the market's perception of our company and improve customer and supplier relationships. We believe the amendment and extension of the Existing Notes addresses near-term refinancing risk, allowing us to concentrate on delivering recovery

and value growth for all stakeholders.

Consequently, the Issuer is proposing the Exchange Offer, Consent Solicitation and Scheme Solicitation in order to address the maturity of the Existing Notes. Accordingly, we engaged in discussions with the Initial Participating Holders, who hold approximately 52% of the outstanding Existing Notes as of the date of the exchange and have agreed the terms of the transactions set forth in the exchange. The amendment and extension of the Existing Notes that we are seeking to effect pursuant to the Exchange Offer, Consent Solicitation and Scheme Solicitation would provide noteholders with an immediate return on their Existing Notes in the form of cash consideration, an enhanced package with negative pledges, additional covenants and a step-up PIK interest scheme, and the opportunity towards par recovery on their investments on the Existing Notes by participating in the future economic upside of our Group as the business continues to recover from COVID-19 impacts. The effect of the Exchange Offer would be to replace the Existing Notes held by Participating Holders with the New Notes, which will mature on December 31, 2024. As a result, the maturity profile of the Group's existing indebtedness would be significantly improved, which would allow the Group to focus on continuing to implement its strategy to drive results.

Recent Trading of the Group

Our fourth quarter of 2020 saw a continuation of the same trends from the third quarter, with continued improvement in trading through the remainder of 2020. Full year performance will remain impacted by months affected by the COVID-19 crisis. Our current expectation is that full year revenues for the year ended December 31, 2020 will be around €562 million and Adjusted EBITDA for the same period will be around €68 million. As of December 31, 2020, we had approximately €106 million of cash on hand and approximately €7 million of availability under undrawn facilities.

As of the end of December 2020, we had liquidity of approximately €114 million, totaling approximately €43 million in excess of the €70 million committed under our existing revolving credit facilities.

On the Group level, we believe we will see a contribution margin improvement of more than two percentage points in FY 2020 compared to FY 2019, as a result of a favorable product mix, lower raw material prices, cost savings initiatives and the impact of our NEXT program.

Our inventory levels were lower than FY 2019 at the end of Q2, Q3 and Q4 2020, as a result of tight inventory control. We expect inventory levels to increase in the near term as we continue to ramp up production. However, we expect inventory to remain below historic levels, driven by optimized material planning in our divisions. Our continued initiatives will aim to reduce raw materials, work in progress and finished good stock holdings.

Current Forecast of the Group

As part of evaluating our financing options, we have developed certain planning scenarios, which we are providing for informational purposes only and which are not intended to induce reliance by any investors, but rather to disclose certain estimates and plans for the near to medium-term that have been used by management for internal planning purposes. Investors should not factor these scenarios into any investment decision made by them. These plans have not been reviewed, audited or subject to any testing by any third parties and the large capital expenditures that form the basis for our plans are subject to future approval by our board of directors. A wide range of factors, many of which are outside our control, could affect our actual results, including the COVID-19 pandemic and those other risks we have identified in our previous annual and quarterly reports such as general economic conditions, consumer preferences and competition. In this current forecast, we have not factored in any potential near-term disruption to our business as a result of the recent COVID-19 resurgence and resultant lockdowns across our markets and we undertake no obligation to update our forecasts due to a change in circumstances resulting from COVID-19. Our business and our actual results will almost certainly differ from the information presented below and our results may not be as favorable as described below.

We do not currently plan to update this information or release similar information in the future.

We currently believe we will have revenue growth and margin improvement in FY 2021, but, due primarily to the set-backs we have faced from COVID-19, we do not believe our revenues will reach FY 2019 levels until FY 2022. We expect our medium-term performance to continue to strengthen as markets recover and strategic and operational initiatives materialize, with the goal of achieving an average annual revenue growth rate of 3% to 4% in the medium term following FY 2022. We currently assume we will have growth in each of our segments in the next several years. Our plan is for our e-commerce business in our Rugs segment to continue to grow strongly, with margins improving as we reach critical mass in this channel, together with strict cost control and NEXT initiatives. Within our Commercial segment, we expect volumes to benefit from a resumption of construction projects post-COVID-19 disruptions, with a corresponding improvement in margins, which are also expected to benefit from a shift in our European sales mix towards direct routes to market and new collections. We currently believe that our residential sales will benefit from continued market recovery, with improved product mix and NEXT savings driving margin improvement.

We currently believe our contribution margin will continue to improve in FY 2021 (compared to FY 2019 and FY 2020), driven primarily by a more favorable divisional mix, the continued effect of prior year lower raw material prices on profitability and continued NEXT improvements, partially offset at the Adjusted EBITDA level by normalizing fixed costs as a result of growing sales and government economic unemployment support measures ending. We are targeting a contribution margin of mid-30s% from the end of FY 2022 or in FY 2023.

We currently believe our Adjusted EBITDA will recover to FY 2019 levels by FY 2021 in spite of lower revenue during FY 2021, driven primarily by higher contribution margins across all of our divisions. We currently believe our Adjusted EBITDA margin will continue to improve in FY 2021 (and is targeted to exceed FY 2019 on a percentage basis), driven by continued implementation of our strategic NEXT plan and continuing to seek favorable product mix, tight control of fixed and other cost and operational leverage objectives, as well as the continued benefits of the lower raw material prices experienced in FY 2020 on profitability. Through our improvement measures, we are seeking to increase Adjusted EBITDA margins year on year, with a goal of reaching a level of approximately 15% in a few years. For the twelve months ended December 31, 2020, we had no external customers representing more than 10% of our revenue.

We expect that the continued effects of the lower raw material price environment experienced in FY 2020 will continue to support margins in FY 2021 (by an incremental one percentage point). The processing time of our materials is four to six months, which provides us with time to adapt to price increases, which we are currently experiencing and which industry forecasts predict will continue in the near term. Our estimates generally do not assume further movement in margins as a result of raw material price changes given the actions we intend to take to mitigate the impact.

We are expecting an additional €5 million to €7 million permanent savings from 2021 or early 2022 onwards from our Lean program and we also expect additional procurement savings in 2021. In connection with our NEXT program, we incurred €1 million of incremental operating expenses, €2 million of non-recurring expenses and €3 million of capital expenditures in 2020. In 2021, we expect to incur similar operating expenses to FY 2020, no non-recurring expenses and €5 million in capital expenditure relating to NEXT.

During FY 2020, we delayed spending on non-essential projects to preserve cash during the COVID-19 crisis and spent approximately €26 million of capital expenditures in FY 2020. In FY 2021 and FY 2022, we identified specific growth and improvement projects. We currently estimate we will have annual capital expenditures in the mid-€30 millions in FY 2021 and a low €40 million range on average during FY 2022 and FY 2023, with capital expenditures reducing in FY 2024 and stabilizing at historic levels of approximately 4% of revenue (in line with FY 2019). No material discretionary capital

expenditure is currently committed.

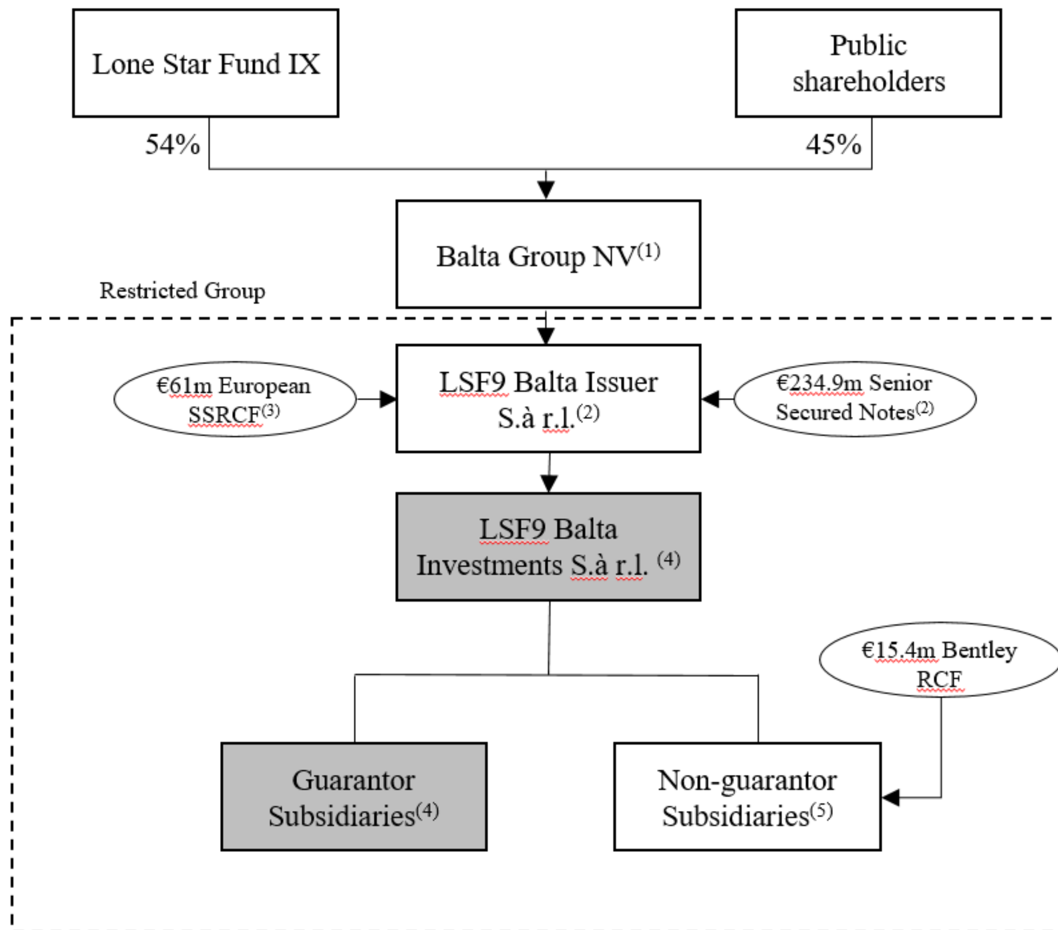
Due to these investments in our business in FY21 and FY22, and our current assumption that working capital grows approximately in line with business growth in FY21, we expect net cash flow generation during those years to be limited. We expect cash flow to increase from FY22 onwards as profits continue to improve and capital expenditures stabilize at historic levels, with minimal working capital movements.

Our leverage levels have been negatively impacted by the COVID-19 disruption, but we are targeting our leverage to be below 4x towards the end of FY 2021 or the beginning of FY 2022.

Our financial performance is highly contingent on a broad number of variables, many of which are beyond our control. We continuously analyze a wide range of scenarios driven by selected key variables, including: (i) the macroeconomic situation and market growth in our end-markets, (ii) our ability to increase prices and gain market share, (iii) our ability to reduce costs through further restructuring measures and (iv) the impact of the COVID-19 pandemic on our markets.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram provides a simplified overview of our corporate structure and principal indebtedness after giving effect to the Exchange Offer and assuming that all outstanding Existing Notes will be exchanged for New Notes.



(1) Balta Group NV is a Belgian incorporated public company listed on Euronext Brussels.

(2) The Issuer is offering Eligible Holders the opportunity to elect to exchange all of their outstanding Existing Notes for either (i) an equal aggregate principal amount of the New Notes; or (ii) Cash Consideration, each on the terms and subject to the conditions in the exchange. The New Notes will: (i) be general senior secured obligations of the Issuer; (ii) rank *pari passu* in right of payment with any and all existing and future obligations of the Issuer that are not subordinated in right of payment to the New Notes, including its obligations under the European SSRCF; (iii) rank senior in right of payment to any and all existing and future obligations of the Issuer that are expressly subordinated in right of payment to the New Notes; (iv) subject to the Agreed Security Principles (as defined in the Intercreditor Agreement), be secured by first-priority liens over the Collateral, but will receive proceeds from the enforcement of security over the Collateral only after any obligations secured on a super-priority basis, including obligations outstanding under the European SSRCF, certain hedging obligations and certain other indebtedness have been repaid in full; (v) subject to the Agreed Security Principles, be unconditionally guaranteed on a senior basis by the Guarantors (as defined herein); (vi) be effectively subordinated to any and all existing or future indebtedness or obligation of the Issuer that is secured by property and assets that do not secure the New Notes, to the extent of the value of the property and assets securing such indebtedness or obligation; and (vii) be structurally subordinated to any and all existing and future obligations of the Issuer's subsidiaries that are not Guarantors.

(3) The European SSRCF provides for borrowings in a principal amount of up to €61 million, and has a maturity of June 2022. This maturity will be extended to June 2024 if the Existing Notes or their replacement instruments are extended to December 31, 2024 or later, including if the New Notes are issued. The European SSRCF is secured on the Collateral and guaranteed by the Guarantors, but will receive priority from the enforcement of security, over the New Notes.

(4) The New Notes will be guaranteed on a senior basis, by the Guarantors, being LSF9 Balta Investments S.à r.l., LSF9 Balta Luxembourg S.à r.l., Balta NV, Balta Industries NV, Balta Oudenaarde NV and Modulyss NV. Our subsidiaries in the United States are subject to restrictive covenants under the Bentley RCF and therefore are not guarantors of the Existing Notes and will not be Guarantors of the New Notes. However, the New Notes benefit from a pledge of the shares of the ultimate parent entity that holds our Bentley business.

(5) Certain of the subsidiaries of LSF9 Balta Investments S.à r.l. do not guarantee the Existing Notes and will not guarantee the New Notes. These non-Guarantor subsidiaries are incorporated in Luxembourg, Belgium, England, Turkey and the United States. One of these subsidiaries in the United States is a borrower under the Bentley RCF, meaning the New Notes and the Guarantees will be structurally subordinated to such subsidiary's obligations under the Bentley RCF. Each of the Issuer's non-Guarantor subsidiaries will be restricted subsidiaries under the New Indenture and subject to the covenants therein. The Issuer will not have the ability, under the New Indenture, to designate any restricted subsidiary to be an unrestricted subsidiary and each of its subsidiaries will be a restricted subsidiary under the New Indenture.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables should be read in conjunction with, and are qualified in their entirety by our historical financial statements.

Certain data included herein is for information purposes only, and does not purport to present what our results of operations and financial condition would have been, nor does it project our results of operations for any future period or financial condition at any future date. While certain of the adjusted financial data has been derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for our historical financial information. Non-IFRS Metrics should not be considered to be alternative to cash flow from operating activities, as measures of liquidity or as alternatives to operating profit or any other measure of performance derived in accordance with IFRS for the applicable periods.

Consolidated Income Statement

	For the year ended December 31,		**For the nine months ended September 30,**	
(€ thousands)	**2018**	**2019**	**2019**	**2020**
Revenue	646,197	671,151	507,012	410,781
Raw material expenses	(306,640)	(317,005)	(238,721)	(170,102)
Changes in inventories	5,826	(278)	(4,146)	(20,609)
Employee benefit expenses	(159,099)	(167,286)	(125,000)	(109,772)
Other income	3,350	3,970	2,166	1,753
Other expenses	(117,501)	(116,270)	(86,995)	(72,037)
Depreciation/ amortization	(32,430)	(39,602)	(28,953)	(29,568)
Adjusted Operating Profit	**39,704**	**34,680**	**25,362**	**10,446**
Gains on asset disposals	—	—	–	–
Integration and restructuring expenses	(7,699)	(6,641)	(5,585)	(3,805)
Operating profit / (loss)	**32,004**	**28,039**	**19,777**	**6,641**
Finance income	51	205	190	1
Finance expenses	(25,881)	(25,357)	(17,869)	(21,554)
Net finance expenses	**(25,830)**	**(25,152)**	**(17,679)**	**(21,554)**
Profit / (loss) before income taxes	**6,174**	**2,888**	**2,098**	**(14,912)**
Income tax benefit / (expense)	996	7,472	506	(1,189)
Profit / (loss) for the period from continuing operations	**7,171**	**10,360**	**2,603**	**(16,101)**
Profit/ (loss) for the period from discontinued operations	—	—	–	–
Profit/(loss) for the period	**7,171**	**10,360**	**2,603**	**(16,101)**
Attributable to:				
Equity holders	7,171	10,360	2,603	(16,101)
Non-controlling interest	—	—	—	—

Consolidated Statement of Financial Position

(€ thousands)	As at December 31, 2018	As at December 31, 2019	As at September 30, 2020
Property, plant and equipment	301,258	337,594	316,746
(Of which IFRS 16 related right-of-use assets)	—	*42,072*	*40,861*
Land and buildings	153,752	186,173	176,914
Plant and machinery	132,632	138,807	129,065
Other fixtures and fittings, tools and equipment	14,875	12,614	10,766
Goodwill	194,643	195,991	193,097
Other intangible assets	11,399	10,357	9,869
Deferred income tax assets	4,927	10,680	8,859
Trade and other receivables	996	1,121	976
Total non-current assets	**513,222**	**555,742**	**529,547**
Inventory	153,894	152,948	120,737
Derivative financial instruments	119	3	220
Trade and other receivables	60,745	58,966	54,872
Current income tax assets	278	259	7
Cash and cash equivalents	26,853	19,241	117,855
Total current assets	**241,889**	**231,417**	**293,691**
Total assets	**755,111**	**787,159**	**823,238**
Share capital	137,848	137,848	137,848
Share premium	155,486	155,486	155,486
Other comprehensive income	(33,386)	(37,112)	(53,354)
Retained earnings	6,286	15,115	(1,020)
Other reserves	(14,283)	(14,283)	(14,283)
Total equity	**251,951**	**257,055**	**224,677**
Senior Secured Notes	230,065	232,001	232,755
Senior Term Loan Facility	34,908	–	–
Bank and Other Borrowings	12,225	48,963	79,415
Of which IFRS 16 related lease liabilities	—	*37,318*	*32,649*
Deferred income tax liabilities	47,837	41,004	37,894
Provisions for other liabilities and charges	2,458	2,729	2,678
Employee benefit obligations	3,106	4,106	3,725
Total non-current liabilities	**330,598**	**328,802**	**356,467**
Senior Secured Notes	3,425	3,425	(1,210)
Senior Term Loan Facility	(118)	34,927	–
Bank and Other Borrowings	1,261	8,680	84,168
Of which IFRS 16 related lease liabilities	–	*7,357*	*7,759*
Provisions for other liabilities and charges	1,165	164	50
Derivative financial instruments	55	413	–
Other payroll and social related payables	36,655	36,928	49,415
Trade and other payables	125,940	112,072	105,857
Income tax liabilities	4,178	4,694	3,814
Total current liabilities	**172,562**	**201,302**	**242,094**
Total liabilities	**503,160**	**530,104**	**598,561**
Total equity and liabilities	**755,111**	**787,159**	**823,238**

Consolidated Cash Flow Statement Data

(in € thousands)	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
Net cash inflow from operating activities	43,667	49,252	25,690	69,590
Net cash inflow/(outflow) from investing activities	(30,828)	(27,396)	(18,081)	(16,460)
Net cash inflow/(outflow) from financing activities	(23,168)	(29,469)	(27,865)	45,484
Net increase/(decrease) in cash and cash equivalents	(10,329)	(7,612)	(20,256)	98,613
Cash and cash equivalents at the beginning of the period	37,182	26,853	26,853	19,241
Cash and cash equivalents at the end of the period	26,853	19,241	6,597	117,855

Other Financial Data

(in € million)	For the year ended December 31,		For the nine months ended September 30,		For the twelve months ended 30 September
	2018	2019	2019	2020	2020
Revenue................................	646.2	671.2	507.0	410.8	575.0
Adjusted EBITDA[(1)]	72.1	74.3	54.3	40.0	60.0
Adjusted EBITDA margin[(2)]	11.2%	11.1%	10.7%	9.7%	10.4%
Net Debt[(3)]	256.3	263.1	276.0	239.6	239.6
Net Senior Secured Debt[(4)]	243.0	250.7	263.3	173.1	173.1
Adjusted EBITDA (excluding impact of IFRS 16)[(1)]	72.1	66.8	48.9	33.5	51.3
Ratio of Net Debt to Adjusted EBITDA (excluding impact of IFRS 16)................................	3.6x	3.9x	—	—	4.7x
Ratio of Net Senior Secured Debt to Adjusted EBITDA(excluding impact of IFRS 16)................................	3.4x	3.8x	—	—	3.4x
Pro forma Net Senior Secured Debt[(5)]...					174.9
Pro forma cash interest expense[(6)]...					25.3
Ratio of *pro forma* Net Senior Secured Debt to Adjusted EBITDA (excluding impact of IFRS 16).					3.4x
Ratio of Adjusted EBITDA (excluding impact of IFRS 16) to *pro forma* cash interest expense					2.0x

(1) We define Adjusted EBITDA as operating profit/(loss) adjusted for (i) the impact of the purchase price allocation mainly on change in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) depreciation/amortization and (v) impairment and write-off.

Adjusted EBITDA is not a measurement of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of our operating results, profitability and ability to service debt. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered in isolation or as an alternative to any other measures of performance derived in accordance with IFRS. EBITDA and Adjusted EBITDA and may not be comparable to similarly titled measures reported by other companies. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

The following table is a reconciliation of our operating profit/(loss) to Adjusted EBITDA for the periods indicated:

	For the year ended December 31,		**For the nine months ended September 30,**		**For the twelve months ended September 30,**
(in € million)	**2018**	**2019**	**2019**	**2020**	**2020**
Operating profit /(loss)	32.0	28.0	19.8	6.6	14.8
Integration and restructuring expenses[(a)]	(7.7)	(6.6)	(5.6)	(3.8)	(4.8)
Gains on asset disposals	—	—	—	—	—
Depreciation/amortization	(32.4)	(39.6)	(29.0)	(29.6)	(40.2)
Adjusted EBITDA..	**72.1**	**74.3**	**54.3**	**40.0**	**60.0**

(a)Integration and restructuring expenses consisted of: (i) in the nine months ended September 30, 2020 and the year ended December 31, 2019, mainly expenses relating to the Group's NEXT program and other non-recurring advisory services; (ii) in the year ended December 31, 2018, expenses related to optimization of the residential operational footprint (€4.2 million), one-off expense related to strategic and operational evaluation of the business (€2.7 million) and one-off expense related to changes in executive leadership (€1.1 million).

(2) Represents Adjusted EBITDA, divided by revenue.

(3) Excludes leases that would have been operating leases prior to the adoption of IFRS 16, and excludes accrued interest.

(4) Senior Secured Debt consists of all debt secured on the Collateral, excluding accrued interest.

(5) Pro forma Net Senior Secured Debt represents (a) indebtedness under the European SSRCF and the New Notes less (b) cash and cash equivalents as of September 30, 2020 after giving effect to the payment of consent fees and interest on the Settlement Date, in each case, as if the Settlement Date had occurred on September 30, 2020, assuming that: (i) all Participating Holders submit an Exchange, Consent and Scheme Instruction (and in case of Noteholders other than Initial Participating Holders, a validly executed Scheme Support Agreement) prior to the Early Consent Deadline and not validly submit a Withdrawal Notice, (ii) the Maximum Consideration Amount is paid in respect of Cash Consideration, and that, as a result, accrued and unpaid interest will be paid in cash in respect of €40.0 million in aggregate principal amount of Existing Notes that receive Cash Consideration on the Settlement Date and (iii) the remainder of Existing Notes outstanding are exchanged for New Notes.

(6) Pro forma cash interest expense represents actual cash interest expense for the twelve-month period ended September 30, 2020, less cash interest expense attributable to the Existing Notes during such period, plus cash interest expense attributable to the New Notes during such period, as if the Settlement Date had occurred on October 1, 2019, assuming that: (i) the Maximum Consideration Amount is paid in respect of Cash Consideration, (ii) the remainder of Existing Notes outstanding are exchanged for New Notes, and (iii) that accrued PIK Interest during such period is paid in cash.

Risks Relating to our Business

In addition to the risks below, you should refer to the risk factors highlighted in our annual report for the year ended December 31, 2019.

The COVID-19 pandemic and possible future outbreaks could disrupt our business operations.

The ongoing COVID-19 pandemic and any possible future outbreaks have had and could continue to have, an adverse effect on us. COVID-19 continues to represent an unprecedented disruption to our industry and has had a significant impact on our operations. Six out of eight of our factories were temporarily shut down for periods in the second quarter of 2020 in line with reduced demand, leading to declines in year-on-year revenue in Q2 2020. Due to the set-backs we have faced from COVID-19, we do not believe our revenues will reach FY 2019 levels until FY 2022.
The COVID-19 pandemic or any possible future outbreaks or COVID-19 or of other viruses could continue to negatively affect the demand of our products. Further, the ongoing COVID-19 pandemic and any possible future outbreaks of the virus among our employees, or if employees are unable to work as a result of being quarantined, may have an adverse effect on our operations and could lead to significant interruptions of production. In addition, the current pandemic or any possible future outbreaks of the virus could have an adverse effect on our suppliers, distributors, logistics and other supply chain operations, resulting in a deficit of supplies necessary to carry out our operations, and therefore possibly disrupting output deliveries to customers. Any failure to successfully adapt our business operations or strategy to the changing operating conditions caused by the COVID-19 pandemic or any future outbreaks or materialization of any other risks mentioned above, may have a material adverse effect on our business, financial condition and results of operations.

We are impacted by volatility and uncertainty in the prices of raw materials utilized for our products.

Costs of raw materials accounted for 47.2% of our revenues in the year ended December 31, 2019. The principal raw materials we use in our business are polypropylene, yam, latex and polyamide, which together represented approximately 70% of our total raw material expenses. Raw material prices can be volatile and depend on a number of factors that are often beyond our control. Our ability to pass on price increases to our customers is dependent, to a large extent, upon market conditions and, where we have contractual relationships with our existing customers, the terms of such contracts. However, the majority of our contracts do not have include raw material price indexation mechanisms. We may be unable to increase prices for our products if our customers or their end-customers do not agree to a price increase, in particular in our markets where competition is intense, in which case our margins will be impacted, which could have a material adverse effect on our business, financial condition or results of operations.

We may be unable to successfully implement our business strategies, including cost savings and other initiatives.

Our future financial performance and success largely depend on our ability to implement our business strategies, including cost savings measures. We may be unable to successfully implement the business strategies described herein or those otherwise developed by our business, and these strategies may not sustain or improve our results of operations. In particular, we may be unable to reduce our fixed costs, increase our manufacturing efficiency or asset utilization, achieve other fixed or variable cost savings or successfully implement intended operational improvements.
The costs involved in implementing our strategies may be significantly greater that we currently anticipate. We may sell assets as a part of realizing our strategies, some of which may constitute collateral for the New Notes,

or we may enter into transactions that have a long payback period. If one or more of our underlying assumptions regarding our measures proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to realize fully, or realize in the anticipated timeframe, the expected benefits from our cost saving and operational measures. These factors may offset the cost savings and growth initiatives we anticipate and our inability to realize our anticipated cost savings and growth initiatives could have a material adverse effect on our business, financial condition and results of operation.

The result of the United Kingdom's withdrawal from the EU, may have an adverse effect on our business, financial condition or results of operations.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the EU (commonly referred to as Brexit), which caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. dollar against the British pound and foreign currencies in which we conduct business. While the EU and the United Kingdom agreed a comprehensive, zero-tariff, zero-quota free trade agreement on December 24, 2020, which was ratified by the United Kingdom parliament on December 30, 2020 and came into force provisionally on January 1, 2021, the end of the transition period on that date has, among other things, led to increased customs, health and safety checks at the UK border, which has delayed and disrupted the movement of goods between the EU and the United Kingdom and may undermine bilateral cooperation in key policy areas, significantly disrupt trade between the United Kingdom and the EU and cause political and economic instability in other countries of the EU. The impact of the new trade agreement between the United Kingdom and the EU and the resulting effects on the political and economic future of the United Kingdom, remain uncertain. Economic instability and uncertainty in Europe, has and may continue to adversely affect our business, financial condition or results of operations.

We are exposed to currency fluctuation risks that could adversely affect our profitability

Our results of operations may be affected by both, the transaction and the translation effects of foreign currency exchange rate fluctuations. The primary currencies in which we generate sales include the euro, pound sterling, US dollar and the Turkish Lira. We may be exposed to currency fluctuation when we convert currencies into currencies in which we purchase raw materials, pay for our fixed costs or services or have incurred debt, which could result in a loss depending on fluctuations in exchange rates. Where we are unable to match sales received in foreign currencies with costs paid in the same currency, our results of operations will be consequently impacted by currency exchange rate fluctuations. Significant and sustained movements in exchange rates could have a material adverse effect on our business, financial condition and results of operations.

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents and capitalization of the Issuer and its subsidiaries as at September 30, 2020 on an actual basis and as adjusted to give effect to the Exchange Offer as if the Settlement Date had occurred on September 30, 2020, and assuming that: (i) all Participating Holders submit an Exchange, Consent and Scheme Instruction (and in case of Noteholders other than Initial Participating Holders, a validly executed Scheme Support Agreement) prior to the Early Consent Deadline and do not validly submit a Withdrawal Notice, (ii) the Maximum Consideration Amount is paid in respect of Cash Consideration, and that, as a result, accrued and unpaid interest will be paid in cash in respect of €40.0 million in aggregate principal amount of Existing Notes that receive Cash Consideration on the Settlement Date, and (iii) the remainder of Existing Notes outstanding are exchanged for New Notes.

The actual consolidated financial information presented below has been derived from our historical financial statements.

	As of September 30, 2020	
	Actual	As adjusted
	(in € million)	
Cash and cash equivalents[1]	117.9	116.0
Existing debt*:*		
European SSRCF[2]	56.0	56.0
Bentley RCF[3]	15.4	15.4
Existing Notes[4]	234.9	—
Capital leases[5]	51.2	51.2
New debt:		
New Notes[4]	—	234.9
Total debt	**357.5**	**357.5**
Shareholder's equity[6]	**224.7**	**222.8**
Total capitalization	**582.2**	**580.3**

(1) As-adjusted cash and cash equivalents gives effect to the payment of consent fees and interest on the Settlement Date, as if the Settlement Date had occurred on September 30, 2020, assuming that: (i) all Participating Holders submit an Exchange, Consent and Scheme Instruction (and in case of Noteholders other than Initial Participating Holders, a validly executed Scheme Support Agreement) prior to the Early Consent Deadline and do not validly submit a Withdrawal Notice, (ii) the Maximum Consideration Amount is paid in respect of Cash Consideration, and that, as a result, accrued and unpaid interest will be paid in cash in respect of €40.0 million in aggregate principal amount of Existing Notes that receive Cash Consideration on the Settlement Date and (iii) the remainder of Existing Notes outstanding are exchanged for New Notes.

(2) Represents the principal amount of the European SSRCF (€61.0 million) and excludes €4.4 million in trade finance and accrued interest of €0.6 million as of September 30, 2020.

(3) Represents the principal amount of the Bentley RCF, and excludes accrued interest as of September 30, 2020.

(4) Pursuant to the Exchange Offer, the Issuer is offering Eligible Holders the opportunity to exchange all of their Existing Notes for an equal aggregate principal amount of New Notes to be issued by the Issuer, on the terms and subject to the conditions in the exchange The amount of Existing Notes presented in the table above represents the aggregate principal amount of Existing Notes outstanding as of September 30, 2020, and excludes accrued and unpaid interest of €0.8 million as of September 30, 2020. The amount of New Notes presented in the table above represents the aggregate principal amount of New Notes outstanding as of September 30, 2020, as if the Settlement Date had occurred on September 30, 2020, assuming that (i) the Maximum Consideration Amount is paid in respect of Cash Consideration and (ii) the remainder of Existing Notes outstanding are exchanged for New Notes.

(5) Excludes leases that would have been operating leases prior to the adoption of IFRS 16, and excludes accrued interest.

(6) As adjusted shareholder's equity gives effect to the payment of consent fees and interest on the Settlement Date, as if the Settlement Date had occurred on September 30, 2020, assuming that: (i) all Participating Holders submit an Exchange, Consent and Scheme Instruction (and in case of Noteholders other than Initial Participating Holders, a validly executed Scheme Support Agreement) prior to the Early Consent Deadline and do not validly submit a Withdrawal Notice, (ii) the Maximum Consideration Amount is paid in respect of Cash Consideration, and that, as a result, accrued and unpaid interest will be paid in cash in respect of €40.0 million in aggregate principal amount of Existing Notes that receive Cash Consideration on the Settlement Date and (iii) the remainder of Existing Notes outstanding are exchanged for New Notes.