Kerius finance

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Hedging Interest Rate Risk
Final Report

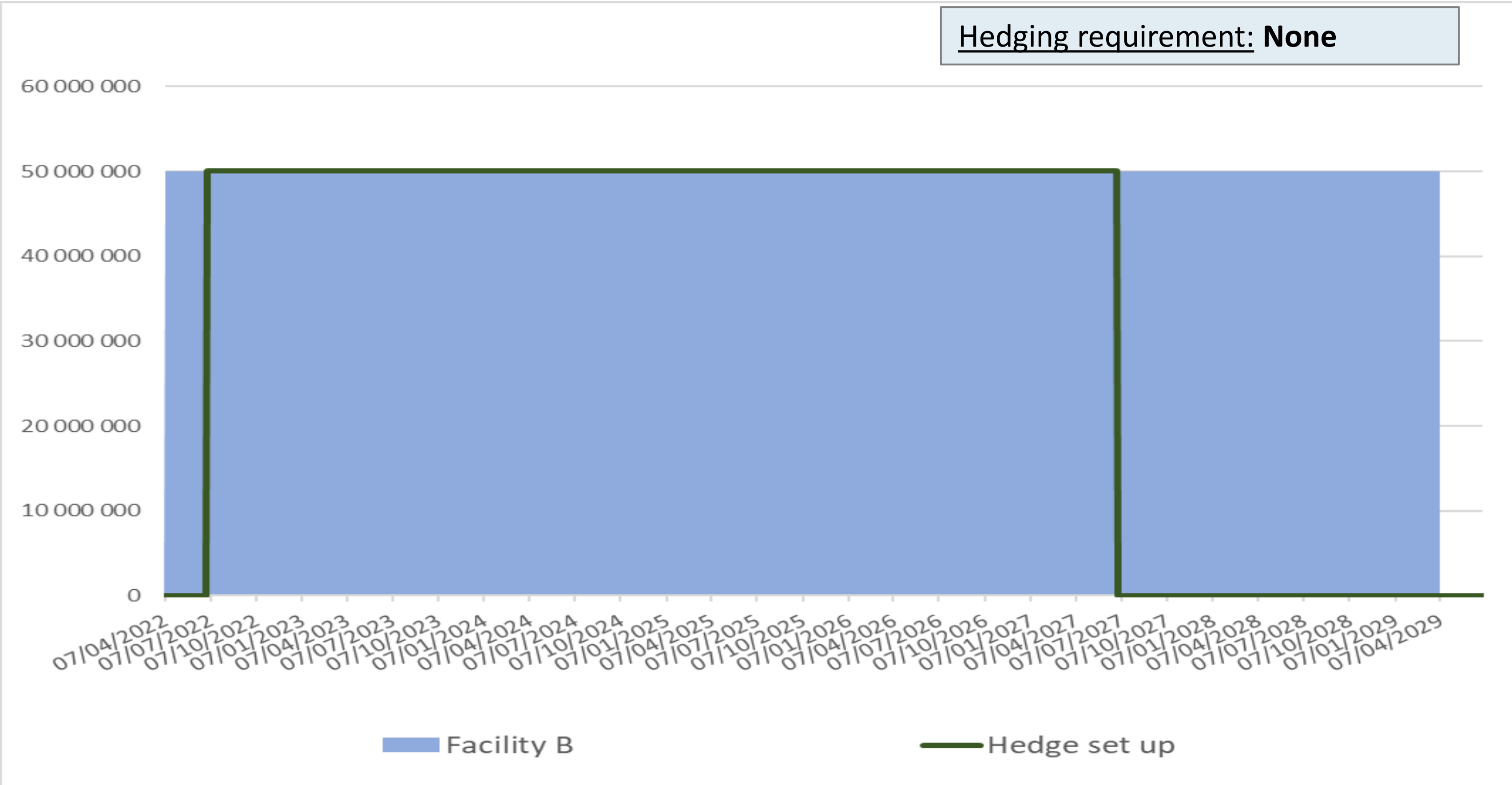
31 May 2022

KERIUS Finance SAS
Conseiller en Investissements Financiers
Membre de l'ANACOFI CIF- Association agréée par l'AMF - ORIAS N° 13000716

Summary of hedging decisions

- New hedge set up on a 5-year horizon to mitigate the sensitivity of the group to interest rate variations, including the impact of negative rates with a cash flow hedge objective.
- A cap with a protection rate (strike) at 1,50% has been set up to limit the financing rate on the hedged part. This product takes into account the 0% floor on the debt.

Map after hedge inception



Financing: (APERA) Facility B of **€50'000'000, drawn on 07/04/2022:**

Facility B: €50'000'000, in fine, maturing 07/04/2029, **floor 0%** on Euribor 3 months.

- Hedges set up: Purchased Cap 1,5% for 5 years.
- Banking split : Rabobank 100%

Details of hedges set up

Product	: **Cap**
Strike price	: 1,50%
Trade Date	: 25/05/2022
Start Date	: 07/07/2022
End date	: 07/07/2027
Index	: Euribor 3 Months
Base	: ACTUAL/360

Rabobank hedging

Notional Principal: € 50,000,000 amortization as set out in the table.

Upfront Premium of € 1,569,000 to pay on 31/05/2022.

Accounting deferral of the premium

Fixing	Start	End	Payment	Notional Amount	Accounting deferral
05/07/2022	07/07/2022	07/10/2022	07/10/2022	50 000 000	79 051
05/10/2022	07/10/2022	09/01/2023	09/01/2023	50 000 000	80 770
05/01/2023	09/01/2023	07/04/2023	07/04/2023	50 000 000	75 614
05/04/2023	07/04/2023	07/07/2023	07/07/2023	50 000 000	78 192
05/07/2023	07/07/2023	09/10/2023	09/10/2023	50 000 000	80 770
05/10/2023	09/10/2023	08/01/2024	08/01/2024	50 000 000	78 192
04/01/2024	08/01/2024	08/04/2024	08/04/2024	50 000 000	78 192
04/04/2024	08/04/2024	08/07/2024	08/07/2024	50 000 000	78 192
04/07/2024	08/07/2024	07/10/2024	07/10/2024	50 000 000	78 192
03/10/2024	07/10/2024	07/01/2025	07/01/2025	50 000 000	79 051
03/01/2025	07/01/2025	07/04/2025	07/04/2025	50 000 000	77 333
03/04/2025	07/04/2025	07/07/2025	07/07/2025	50 000 000	78 192
03/07/2025	07/07/2025	07/10/2025	07/10/2025	50 000 000	79 051
03/10/2025	07/10/2025	07/01/2026	07/01/2026	50 000 000	79 051
05/01/2026	07/01/2026	07/04/2026	07/04/2026	50 000 000	77 333
03/04/2026	07/04/2026	07/07/2026	07/07/2026	50 000 000	78 192
03/07/2026	07/07/2026	07/10/2026	07/10/2026	50 000 000	79 051
05/10/2026	07/10/2026	07/01/2027	07/01/2027	50 000 000	79 051
05/01/2027	07/01/2027	07/04/2027	07/04/2027	50 000 000	77 333
05/04/2027	07/04/2027	07/07/2027	07/07/2027	50 000 000	78 192

Corresponding annualised premium	0,6187%

Total	1 569 000

Amortization table

FIXING FIXING	START DATE	END DATE	PAYMENT DATE	Facility B		TOTAL DEBT	Hedge Set Up
				Amort.	CRD		
05/04/2022	07/04/2022	07/07/2022	07/07/2022	0	50 000 000	50 000 000	0
05/07/2022	07/07/2022	07/10/2022	07/10/2022	0	50 000 000	50 000 000	50 000 000
05/10/2022	07/10/2022	07/01/2023	07/01/2023	0	50 000 000	50 000 000	50 000 000
05/01/2023	07/01/2023	07/04/2023	07/04/2023	0	50 000 000	50 000 000	50 000 000
05/04/2023	07/04/2023	07/07/2023	07/07/2023	0	50 000 000	50 000 000	50 000 000
05/07/2023	07/07/2023	07/10/2023	07/10/2023	0	50 000 000	50 000 000	50 000 000
05/10/2023	07/10/2023	07/01/2024	07/01/2024	0	50 000 000	50 000 000	50 000 000
04/01/2024	07/01/2024	07/04/2024	07/04/2024	0	50 000 000	50 000 000	50 000 000
04/04/2024	07/04/2024	07/07/2024	07/07/2024	0	50 000 000	50 000 000	50 000 000
04/07/2024	07/07/2024	07/10/2024	07/10/2024	0	50 000 000	50 000 000	50 000 000
03/10/2024	07/10/2024	07/01/2025	07/01/2025	0	50 000 000	50 000 000	50 000 000
03/01/2025	07/01/2025	07/04/2025	07/04/2025	0	50 000 000	50 000 000	50 000 000
03/04/2025	07/04/2025	07/07/2025	07/07/2025	0	50 000 000	50 000 000	50 000 000
03/07/2025	07/07/2025	07/10/2025	07/10/2025	0	50 000 000	50 000 000	50 000 000
03/10/2025	07/10/2025	07/01/2026	07/01/2026	0	50 000 000	50 000 000	50 000 000
05/01/2026	07/01/2026	07/04/2026	07/04/2026	0	50 000 000	50 000 000	50 000 000
03/04/2026	07/04/2026	07/07/2026	07/07/2026	0	50 000 000	50 000 000	50 000 000
03/07/2026	07/07/2026	07/10/2026	07/10/2026	0	50 000 000	50 000 000	50 000 000
05/10/2026	07/10/2026	07/01/2027	07/01/2027	0	50 000 000	50 000 000	50 000 000
05/01/2027	07/01/2027	07/04/2027	07/04/2027	0	50 000 000	50 000 000	50 000 000
05/04/2027	07/04/2027	07/07/2027	07/07/2027	0	50 000 000	50 000 000	50 000 000
05/07/2027	07/07/2027	07/10/2027	07/10/2027	0	50 000 000	50 000 000	0
05/10/2027	07/10/2027	07/01/2028	07/01/2028	0	50 000 000	50 000 000	0
05/01/2028	07/01/2028	07/04/2028	07/04/2028	0	50 000 000	50 000 000	0
05/04/2028	07/04/2028	07/07/2028	07/07/2028	0	50 000 000	50 000 000	0
05/07/2028	07/07/2028	07/10/2028	07/10/2028	0	50 000 000	50 000 000	0
05/10/2028	07/10/2028	07/01/2029	07/01/2029	0	50 000 000	50 000 000	0
04/01/2029	07/01/2029	07/04/2029	07/04/2029	0	50 000 000	50 000 000	0
05/04/2029	07/04/2029	07/07/2029	07/07/2029	50 000 000	0	0	0

ROI analysis

In addition to the qualitative aspects (analysis and choice of the most appropriate strategy) and the time saved during the process, the KERIUS Finance service generated the following savings:

Value of 1 BP	25 361

	Rabobank
Total savings	**129 611**
Market price without bank margin	1 445 000
Price with standard bank margin *	1 698 611
Standard bank margin (10 basis points) *	253 611
Final price	1 569 000
Final margin	124 000

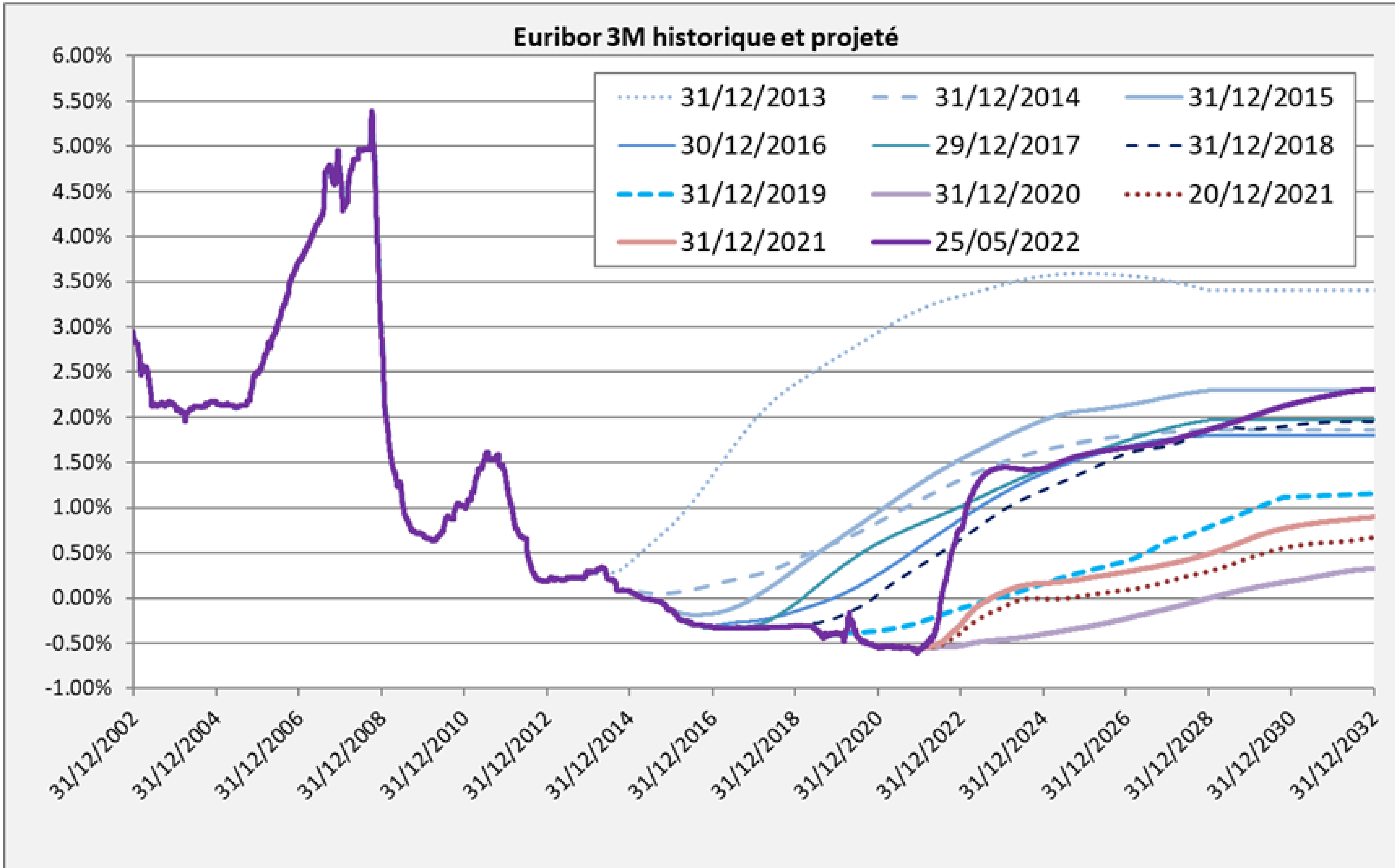
* The standard margin taken by banks in this context is 10 to 15 basis points over the fixed rate or running premium compared to the rate / price without margin used above. A margin of 10 basis points is used for this comparison.

The total savings are made in three stages in a "cooperative" way with the bank:
- Choosing the optimal product: similar or identical products are often "priced" differently
- Preliminary negotiations before quotes tender (explanation of KERIUS method and target margin to be selected)
- Final negotiation at the end of the process

Appendices

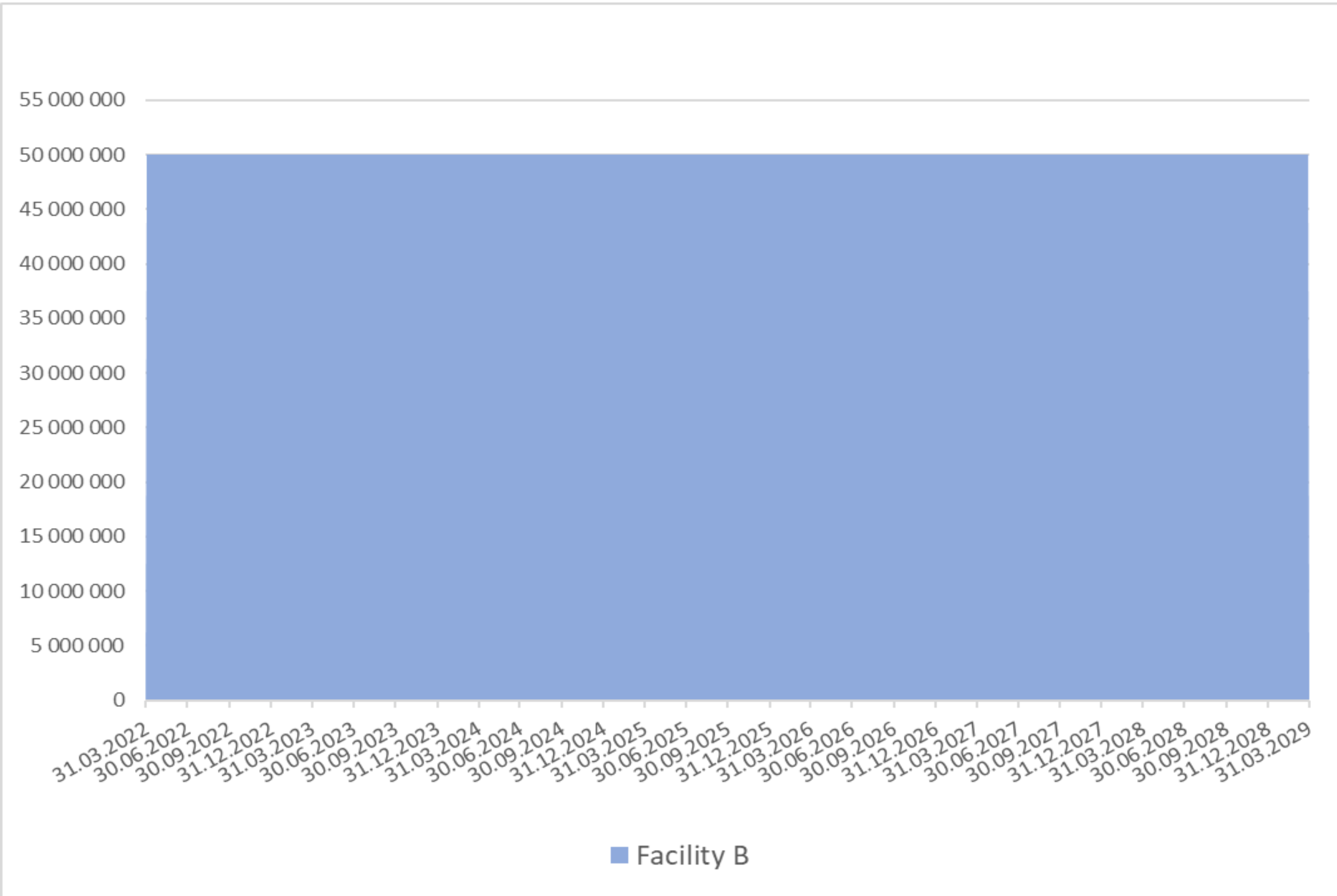
- ❑ Market Data : Historic and projected Euribor
- ❑ Financing terms
- ❑ Recall : impact of negative rates on swaps
- ❑ Recall : Profiles at maturity of different types of hedge

Market data



Euribor 3M historique et projeté
31/12/2013
31/12/2014
31/12/2015
30/12/2016
29/12/2017
31/12/2018
31/12/2019
31/12/2020
20/12/2021
31/12/2021
25/05/2022
6.00%
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
-0.50%
-1.00%
31/12/2002
31/12/2004
31/12/2006
31/12/2008
31/12/2010
31/12/2012
31/12/2014
31/12/2016
31/12/2018
31/12/2020
31/12/2022
31/12/2024
31/12/2026
31/12/2028
31/12/2030
31/12/2032

Debt Mapping

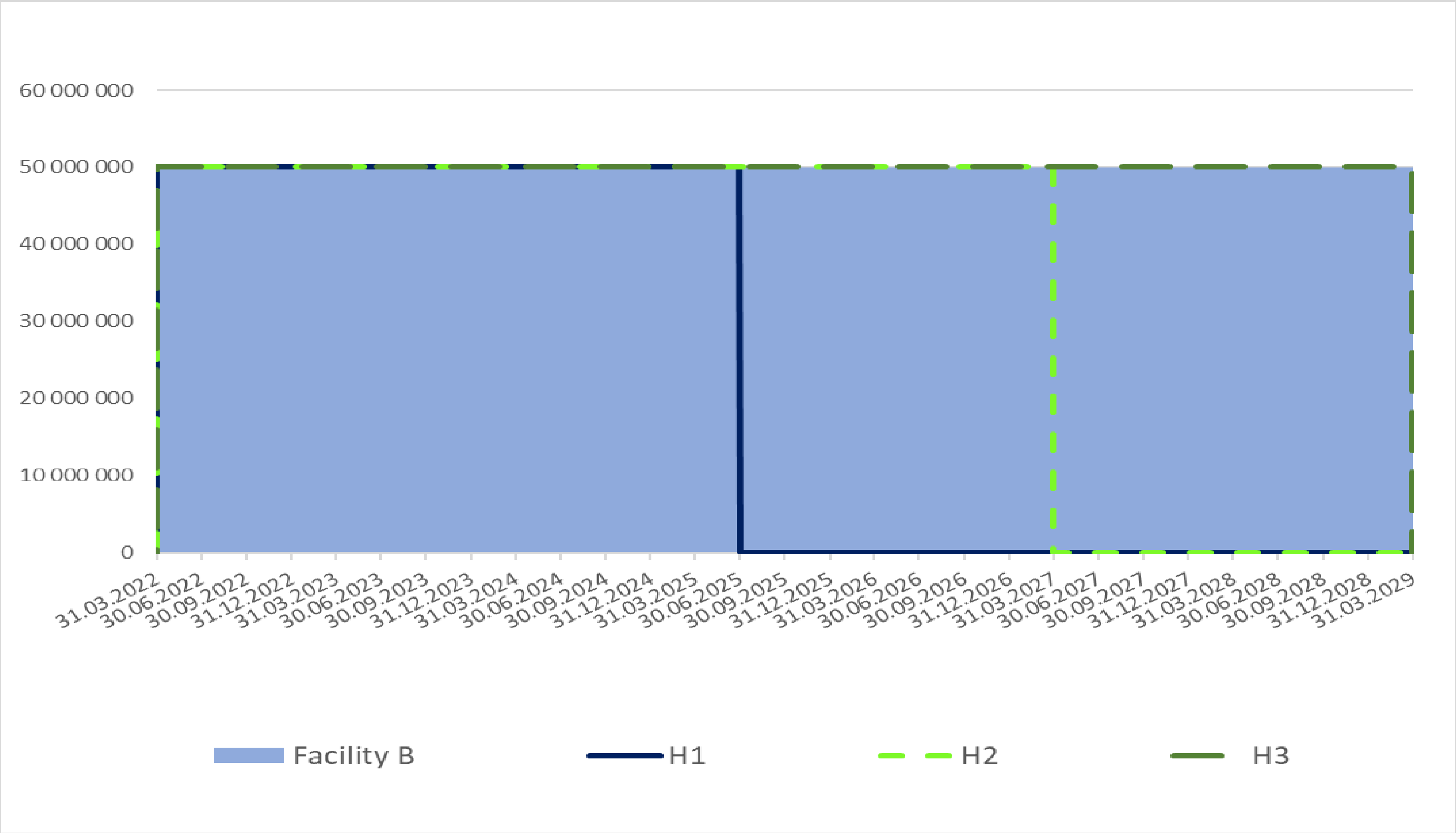


<u>Hedging requirement:</u>
None

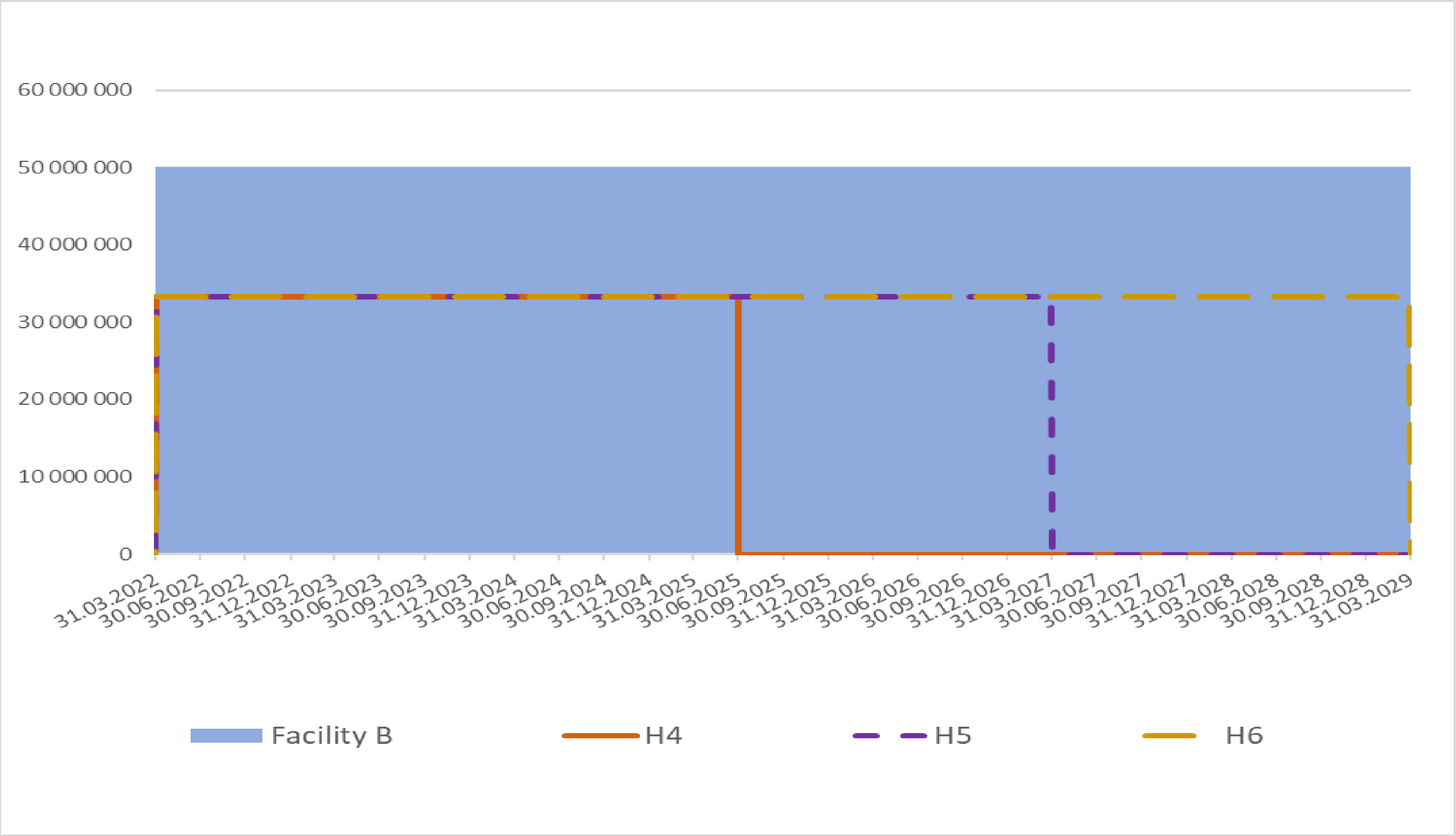
<u>Hedging counterparties:</u>
Deutsche Bank, ING and Rabobank

<u>Financing:</u> (APERA) Facility B of **€50’000’000, scheduled for 31/03/2022:**
Facility B: €50’000’000, in fine, maturing 31/03/2029, **floor 0%** on Euribor 3 months.

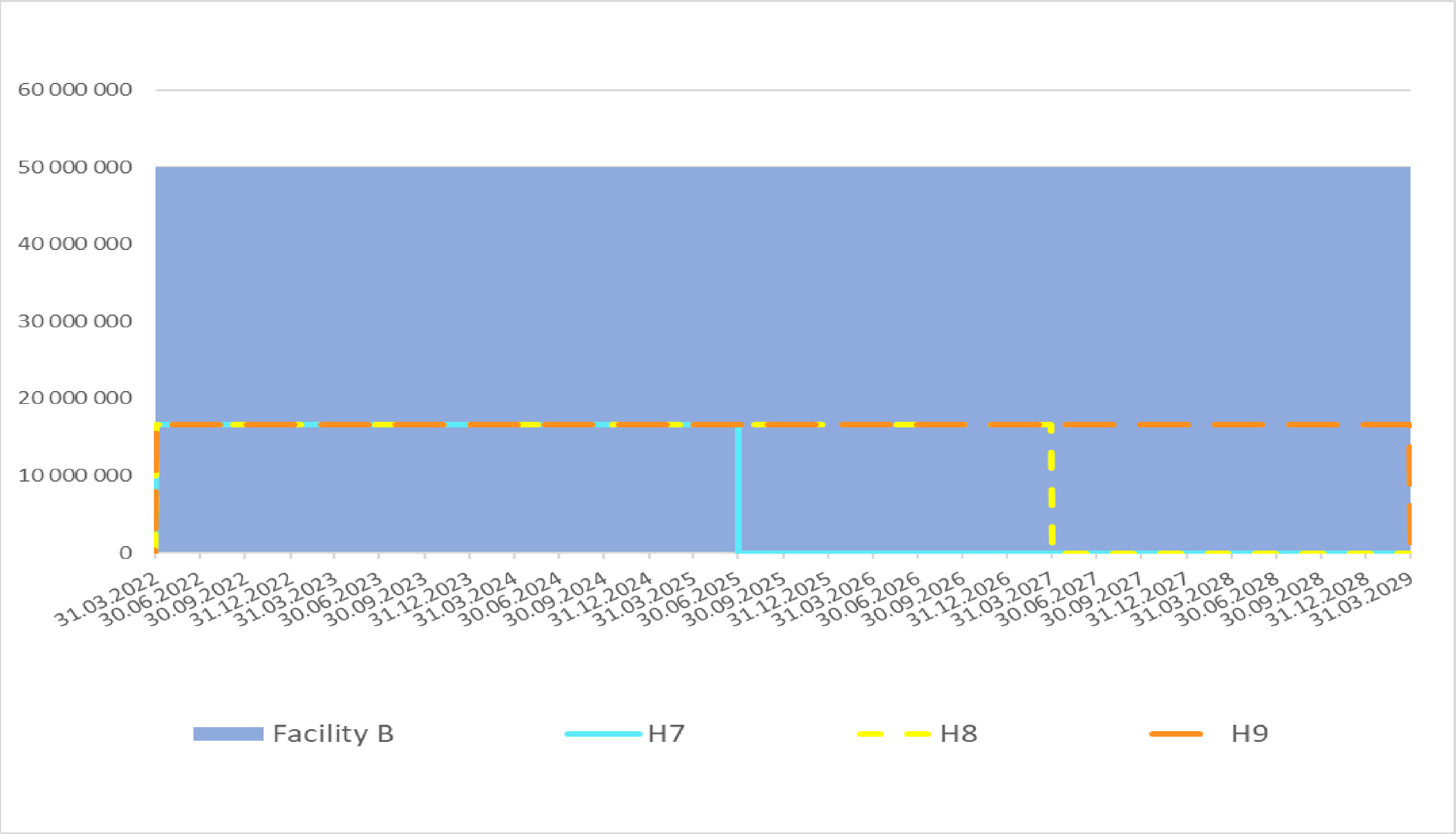
New hedges:
Various amounts and maturities possible



New hedges:
Various amounts and maturities possible



New hedges:
Various amounts and maturities possible



Analysis Extracts from past reports

Indicatives Quotations

Hedging	H1	H2	H3	H4	H5	H6	H7	H8	H9
Duration	**3,25 years**	**5 years**	**7 years**	**3,25 years**	**5 years**	**7 years**	**3,25 years**	**5 years**	**7 years**
Index	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M
Starting Notional Amount	50 000 000	50 000 000	50 000 000	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
Start of Period	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022
End of Period	30.06.2025	31.03.2027	31.03.2029	30.06.2025	31.03.2027	31.03.2029	30.06.2025	31.03.2027	31.03.2029
Value of 1bp in EUR	16 486	25 361	35 514	10 991	16 907	23 676	5 495	8 454	11 838
Swap Rate (rf appendice about Constraints related to negative rates)									
Swap without Floor	0,49%	0,68%	0,80%	0,49%	0,68%	0,80%	0,49%	0,67%	0,79%
Floor 0%	0,33%	0,36%	0,38%	0,33%	0,36%	0,38%	0,33%	0,36%	0,38%
Swap with Floor	**0,82%**	**1,04%**	**1,18%**	**0,82%**	**1,04%**	**1,17%**	**0,82%**	**1,03%**	**1,17%**
Annualised Premium									
Cap 0% annualised	**0,82%**	**1,04%**	**1,18%**	**0,82%**	**1,04%**	**1,17%**	**0,82%**	**1,03%**	**1,17%**
Max Financing Rate	0,82%	1,04%	1,18%	0,82%	1,04%	1,17%	0,82%	1,03%	1,17%
Cap 0.5% annualised	**0,60%**	**0,79%**	**0,91%**	**0,60%**	**0,79%**	**0,90%**	**0,60%**	**0,78%**	**0,90%**
Max Financing Rate	1,10%	1,29%	1,41%	1,10%	1,29%	1,40%	1,10%	1,28%	1,40%
Cap 1% annualised	**0,46%**	**0,62%**	**0,73%**	**0,46%**	**0,62%**	**0,72%**	**0,46%**	**0,61%**	**0,72%**
Max Financing Rate	1,46%	1,62%	1,73%	1,46%	1,62%	1,72%	1,46%	1,61%	1,72%
Premium in EUR									
Cap 0%	1 356 900	2 625 400	4 135 000	905 600	1 743 800	2 747 600	452 700	868 900	1 373 300
Cap 0.5%	984 100	1 991 100	3 207 700	656 700	1 321 900	2 130 500	328 200	658 200	1 064 800
Cap 1%	750 500	1 563 400	2 549 700	500 800	1 037 800	1 693 100	250 200	516 600	846 200

Estimated Bank Margin in Basis Points (BP) included in the prices	**10**

****Cost of floor 0% included in the facility contract**	1 334 200

** the sentence from the facility contract « if the Euribor is negative, then it will be considered as 0% » represents a cost for the borrower which is assessed by the value of a floor 0% on the facility's total amount, on the day of issuance.

Indicatives Quotations

See profiles at expiry in appendix

Quotation without bank margin or with estimated bank margin. Final price could be higher by 0,10% to 0,20% according to banks credit margins.

Markets are currently very volatile and these prices can strongly fluctuate.

Indications for comparing the quotations:

- The swap rate represents the financing rate of the hedged portion of the debt (excluding the specific floor problem in the event of negative rates).
- The annualized premium for the cap represents the cost to be paid over the duration to benefit from the protection. The overall funding rate is then capped at strike + annualized premium. The cap enables to benefit from Euribor rates lower than the strike, provided that the strike is greater than the floor included in the hedged financing.
- In the event of a resale of the cap before maturity, the unpaid premium remain due; but from this amount will be deducted the residual value (mark to market / fair value) of the cap, which may exceed the amount of the premium remaining due if rates have risen.

Analysis Extracts from past reports

Example of annualized premium payments:

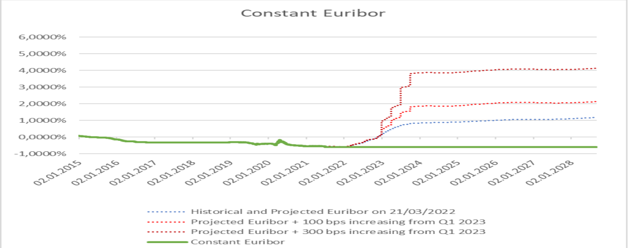
H3 Cap 0%

Fixing	Start	End	Payment	Notional Amount	Premium to be paid	Remaining to be paid in case of settlement
29.03.2022	31.03.2022	30.06.2022	30.06.2022	50 000 000	147 159	-3 987 841
28.06.2022	30.06.2022	30.09.2022	30.09.2022	50 000 000	148 776	-3 839 065
28.09.2022	30.09.2022	31.12.2022	31.12.2022	50 000 000	148 776	-3 690 289
29.12.2022	31.12.2022	31.03.2023	31.03.2023	50 000 000	145 542	-3 544 748
29.03.2023	31.03.2023	30.06.2023	30.06.2023	50 000 000	147 159	-3 397 589
28.06.2023	30.06.2023	30.09.2023	30.09.2023	50 000 000	148 776	-3 248 813
28.09.2023	30.09.2023	31.12.2023	31.12.2023	50 000 000	148 776	-3 100 037
28.12.2023	31.12.2023	31.03.2024	31.03.2024	50 000 000	147 159	-2 952 878
28.03.2024	31.03.2024	30.06.2024	30.06.2024	50 000 000	147 159	-2 805 720
27.06.2024	30.06.2024	30.09.2024	30.09.2024	50 000 000	148 776	-2 656 944
26.09.2024	30.09.2024	31.12.2024	31.12.2024	50 000 000	148 776	-2 508 168
27.12.2024	31.12.2024	31.03.2025	31.03.2025	50 000 000	145 542	-2 362 626
27.03.2025	31.03.2025	30.06.2025	30.06.2025	50 000 000	147 159	-2 215 467
26.06.2025	30.06.2025	30.09.2025	30.09.2025	50 000 000	148 776	-2 066 691
26.09.2025	30.09.2025	31.12.2025	31.12.2025	50 000 000	148 776	-1 917 916
29.12.2025	31.12.2025	31.03.2026	31.03.2026	50 000 000	145 542	-1 772 374
27.03.2026	31.03.2026	30.06.2026	30.06.2026	50 000 000	147 159	-1 625 215
26.06.2026	30.06.2026	30.09.2026	30.09.2026	50 000 000	148 776	-1 476 439
28.09.2026	30.09.2026	31.12.2026	31.12.2026	50 000 000	148 776	-1 327 663
29.12.2026	31.12.2026	31.03.2027	31.03.2027	50 000 000	145 542	-1 182 122
29.03.2027	31.03.2027	30.06.2027	30.06.2027	50 000 000	147 159	-1 034 963
28.06.2027	30.06.2027	30.09.2027	30.09.2027	50 000 000	148 776	-886 187
28.09.2027	30.09.2027	31.12.2027	31.12.2027	50 000 000	148 776	-737 411
29.12.2027	31.12.2027	31.03.2028	31.03.2028	50 000 000	147 159	-590 252
29.03.2028	31.03.2028	30.06.2028	30.06.2028	50 000 000	147 159	-443 093
28.06.2028	30.06.2028	30.09.2028	30.09.2028	50 000 000	148 776	-294 318
28.09.2028	30.09.2028	31.12.2028	31.12.2028	50 000 000	148 776	-145 542
28.12.2028	31.12.2028	31.03.2029	31.03.2029	50 000 000	145 542	0

Annualised Premium	1,18%

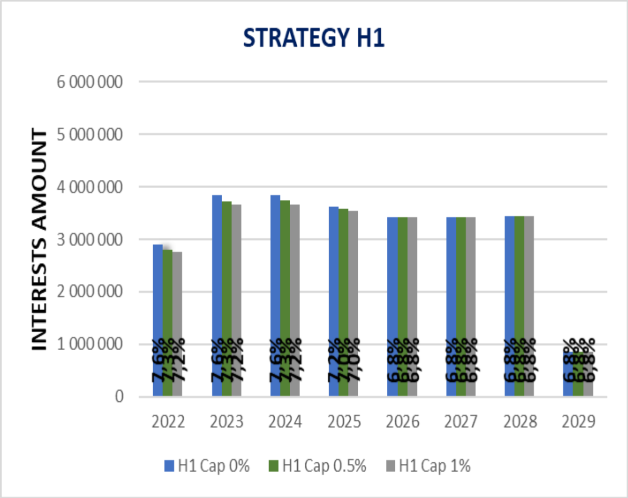
Total to be paid	4 135 000

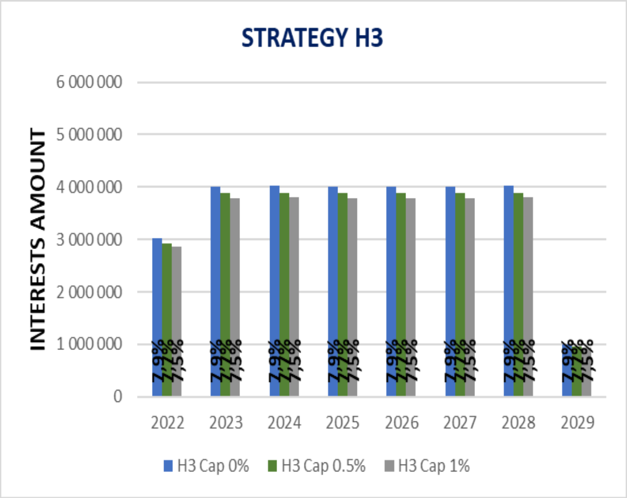
Financial expenses simulation in constant Euribor Scenario

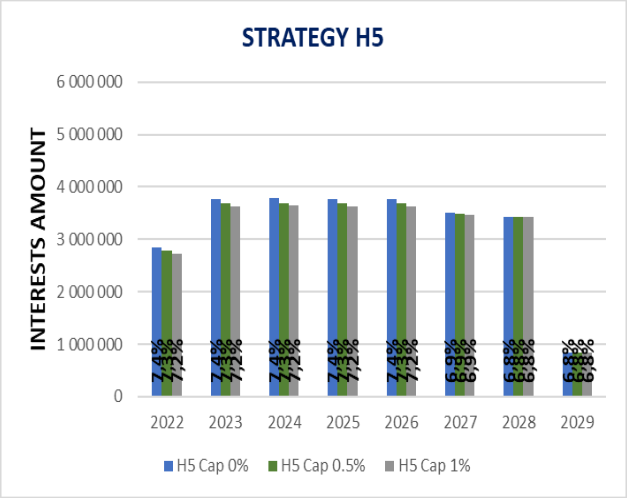


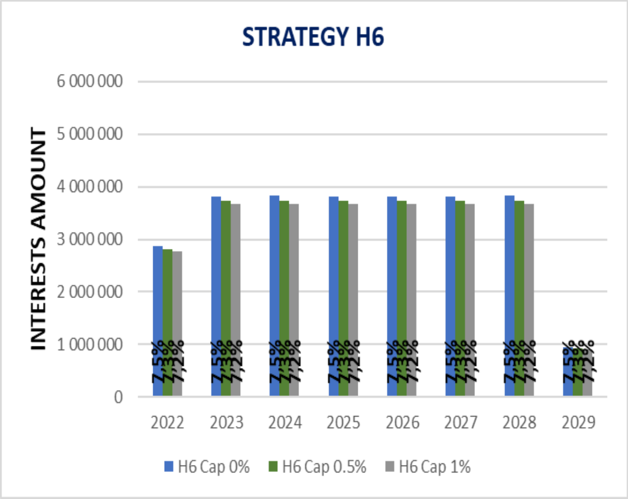
Analysis Extracts from past reports

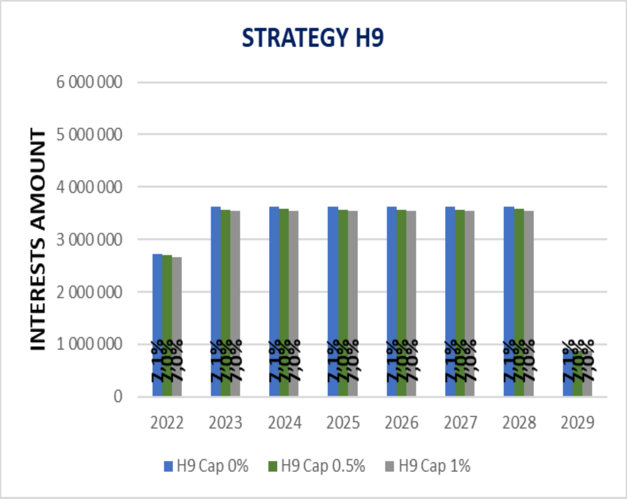
All financial expenses simulations include the credit margin **6,75%** (Facility B), Euribor3m variations' impact, existing hedge related costs and the cost of setting up the new hedge.











Financial expenses simulation in projected Euribor Scenario

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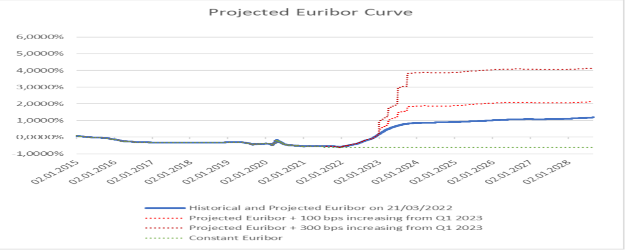
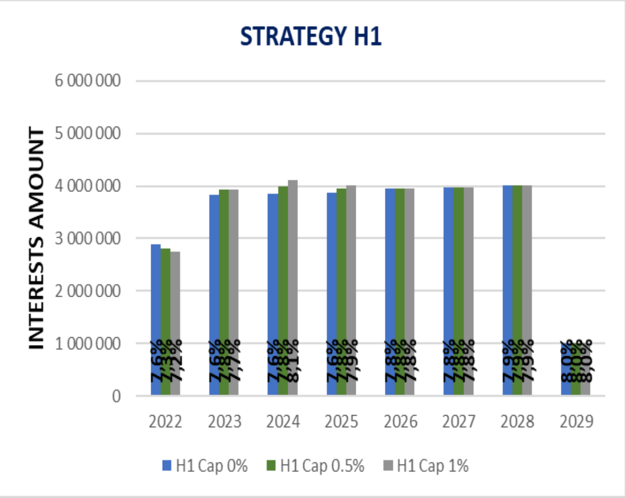
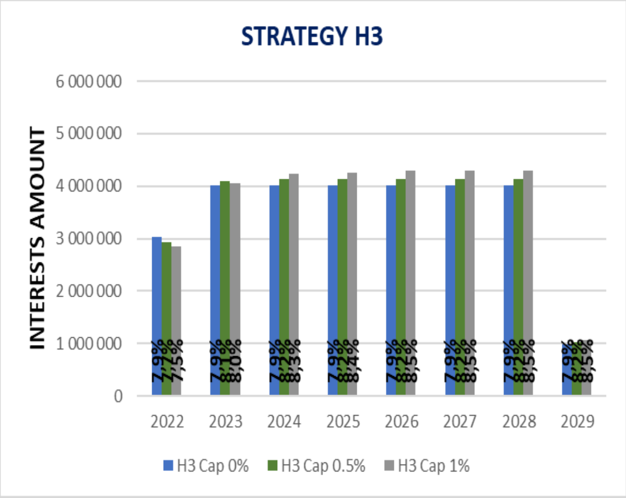
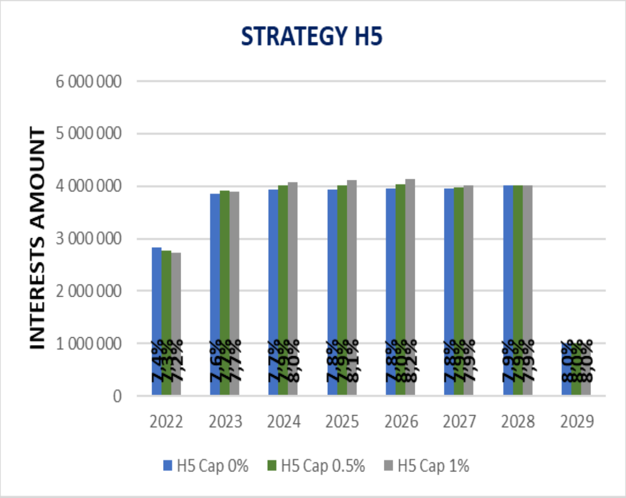
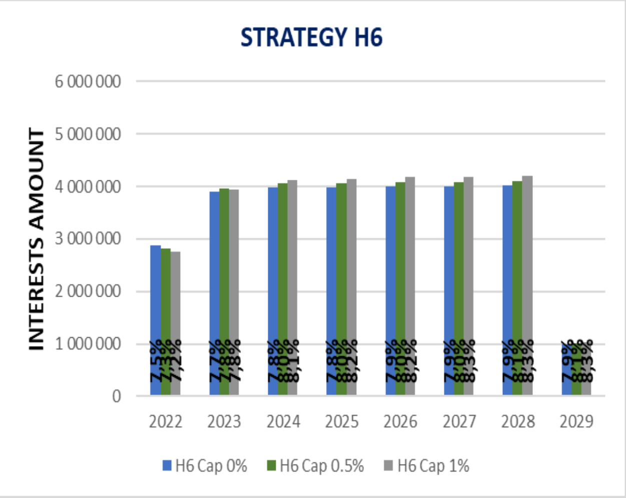
Analysis Extracts from past reports

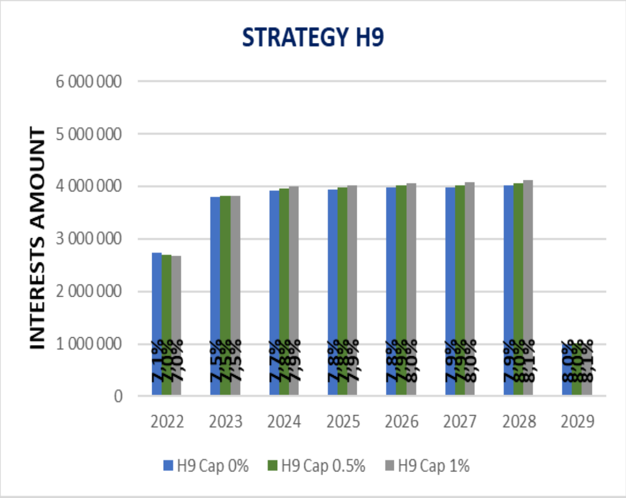






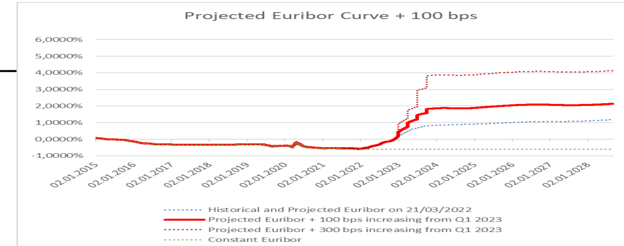


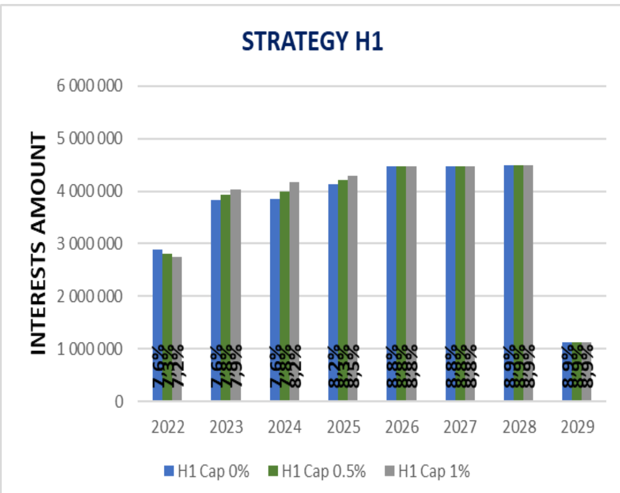


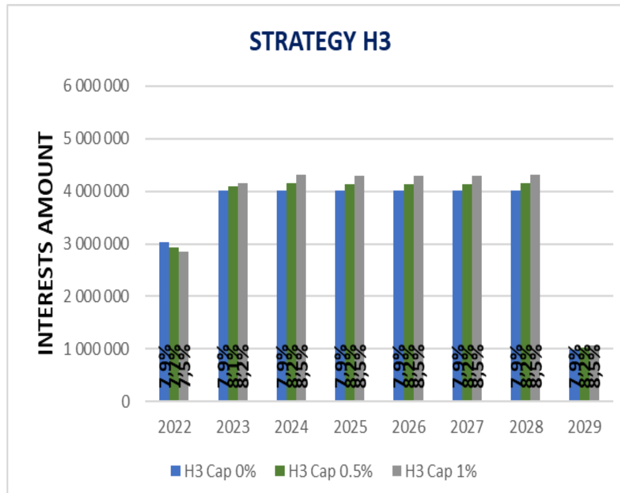


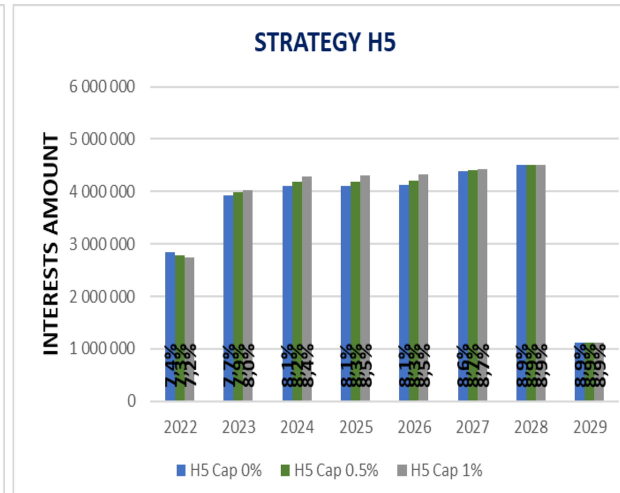
Financial expenses simulation in projected Euribor + 1% Scenario

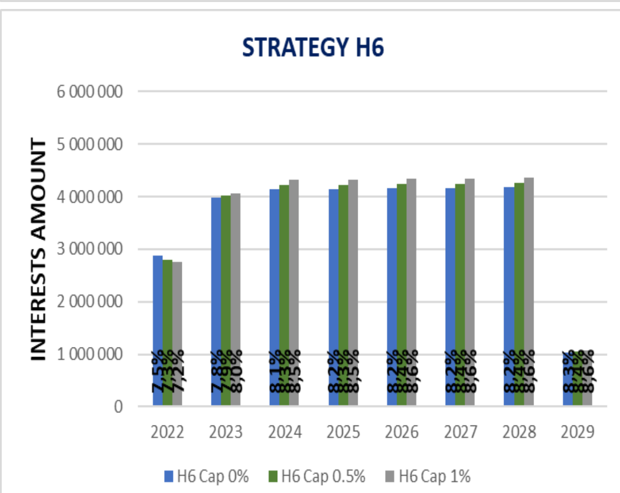
Analysis Extracts from past reports

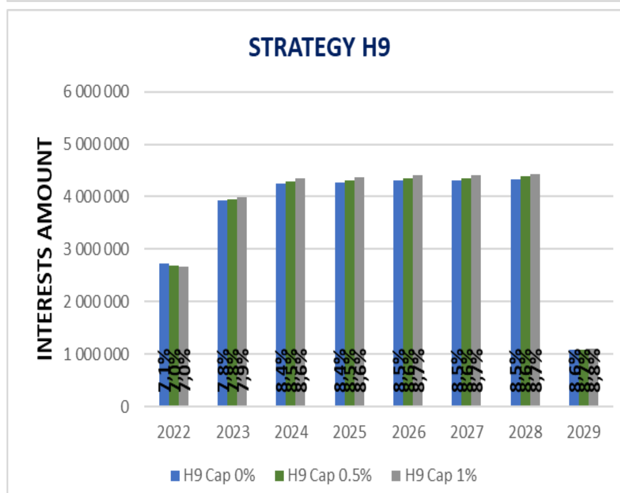






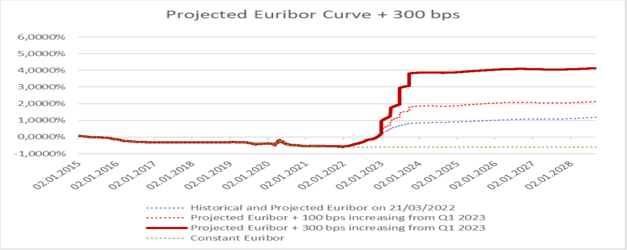


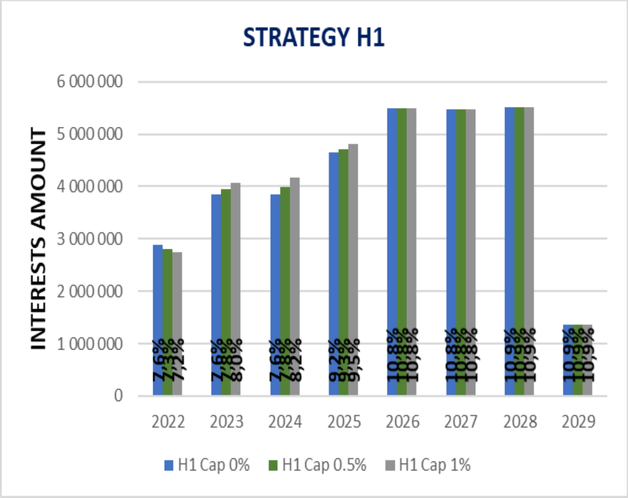


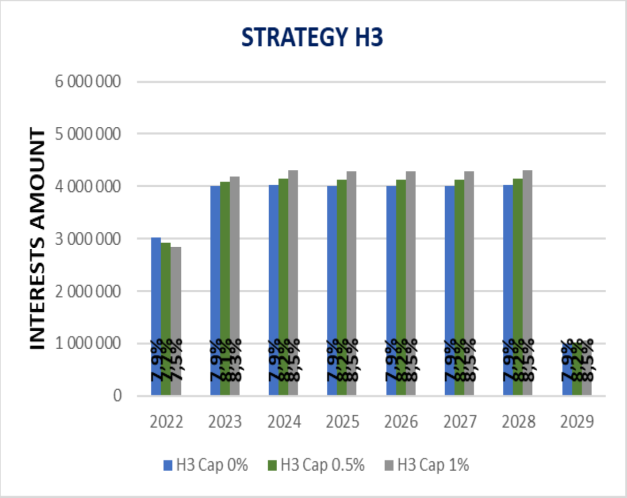


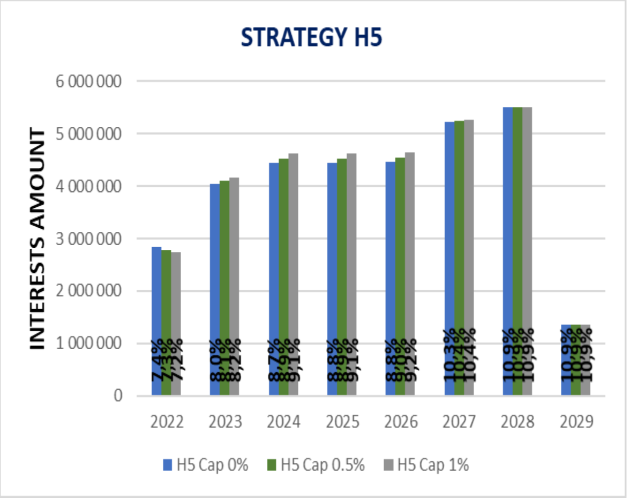
Financial expenses simulation in projected Euribor + 3% Scenario

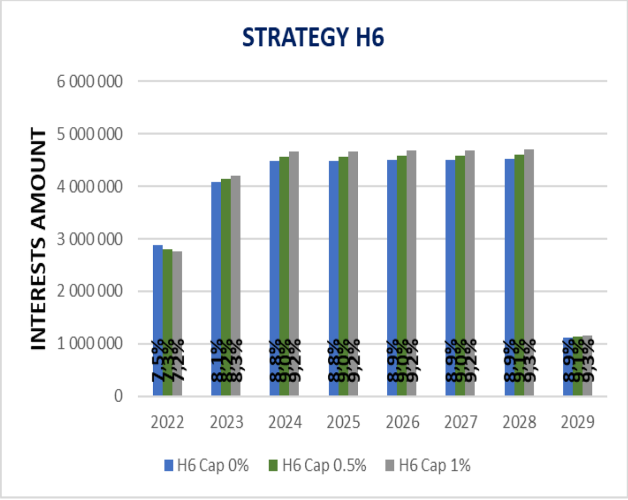
Analysis Extracts from past reports

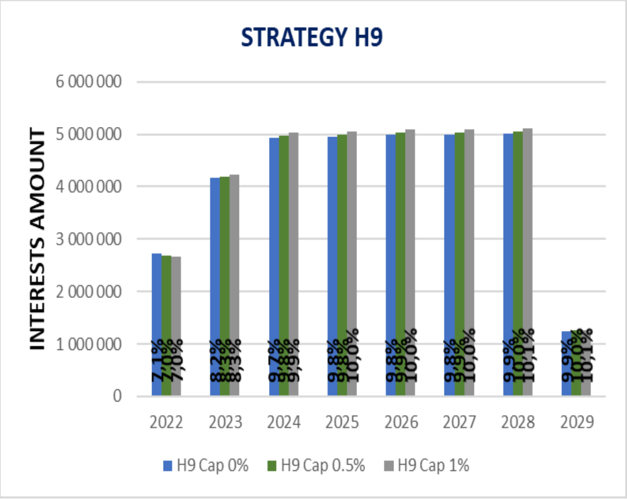




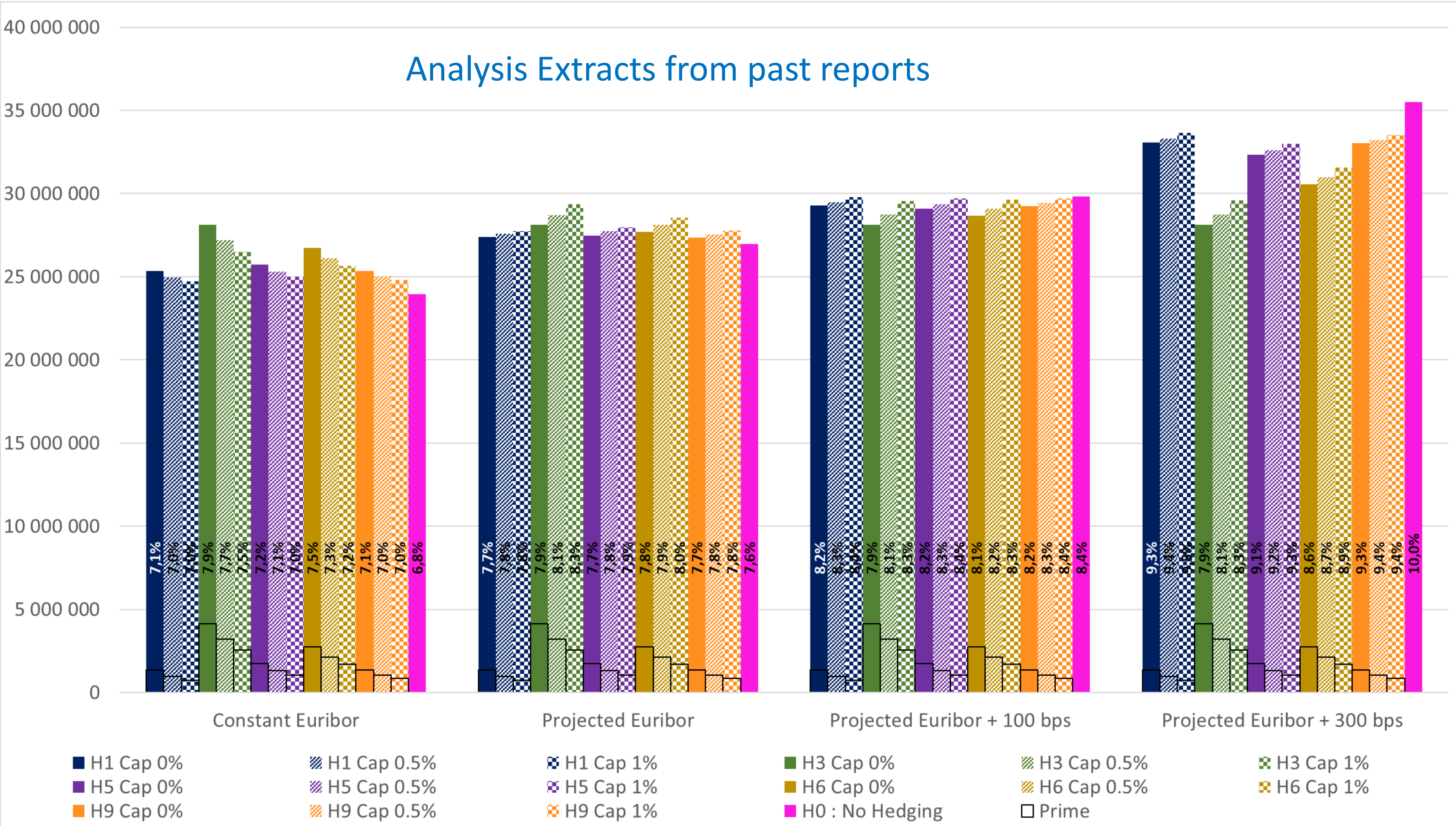








Synthesis of financial costs simulation (over the total duration of the financing, hedging cost included – APR approach)



Synthesis of financial costs simulation (over the total duration of the financing, hedging cost included – APR approach)

Analysis Extracts from past reports

	STRATEGY H1			STRATEGY H3			STRATEGY H5		
	H1 Cap 0%	H1 Cap 0.5%	H1 Cap 1%	H3 Cap 0%	H3 Cap 0.5%	H3 Cap 1%	H5 Cap 0%	H5 Cap 0.5%	H5 Cap 1%
Constant Euribor	**25 328 775**	**24 955 975**	**24 722 375**	**28 106 875**	**27 179 575**	**26 521 575**	**25 715 675**	**25 293 775**	**25 009 675**
Projected Euribor	**27 385 598**	**27 601 702**	**27 722 847**	**28 106 875**	**28 719 868**	**29 358 794**	**27 481 233**	**27 747 769**	**27 989 861**
Projected Euribor + 100 bps	**29 271 430**	**29 493 007**	**29 797 155**	**28 106 875**	**28 725 340**	**29 556 477**	**29 079 537**	**29 349 722**	**29 719 954**
Projected Euribor + 300 bps	**33 076 986**	**33 298 563**	**33 635 796**	**28 106 875**	**28 725 340**	**29 589 563**	**32 325 139**	**32 595 324**	**32 987 613**

	STRATEGY H6			STRATEGY H9			STRATEGY H0 : No Hedging
	H6 Cap 0%	H6 Cap 0.5%	H6 Cap 1%	H9 Cap 0%	H9 Cap 0.5%	H9 Cap 1%	H0 : No Hedging
Constant Euribor	**26 719 475**	**26 102 375**	**25 664 975**	**25 345 175**	**25 036 675**	**24 818 075**	**23 971 875**
Projected Euribor	**27 719 632**	**28 129 394**	**28 556 612**	**27 345 489**	**27 550 420**	**27 764 129**	**26 972 347**
Projected Euribor + 100 bps	**28 665 784**	**29 079 194**	**29 634 552**	**29 237 793**	**29 444 548**	**29 722 327**	**29 810 802**
Projected Euribor + 300 bps	**30 557 682**	**30 971 092**	**31 548 507**	**33 021 589**	**33 228 344**	**33 517 152**	**35 486 496**

Analysis Extracts from past reports

Amortization table

FIXING DATE	START DATE	END DATE	PAYMENT DATE	Facility B		TOTAL DEBT	H1	H2	H3
				Amort.	CRD				
29.03.2022	31.03.2022	30.06.2022	30.06.2022	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
28.06.2022	30.06.2022	30.09.2022	30.09.2022	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
28.09.2022	30.09.2022	31.12.2022	31.12.2022	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
29.12.2022	31.12.2022	31.03.2023	31.03.2023	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
29.03.2023	31.03.2023	30.06.2023	30.06.2023	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
28.06.2023	30.06.2023	30.09.2023	30.09.2023	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
28.09.2023	30.09.2023	31.12.2023	31.12.2023	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
28.12.2023	31.12.2023	31.03.2024	31.03.2024	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
28.03.2024	31.03.2024	30.06.2024	30.06.2024	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
27.06.2024	30.06.2024	30.09.2024	30.09.2024	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
26.09.2024	30.09.2024	31.12.2024	31.12.2024	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
27.12.2024	31.12.2024	31.03.2025	31.03.2025	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
27.03.2025	31.03.2025	30.06.2025	30.06.2025	0	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
26.06.2025	30.06.2025	30.09.2025	30.09.2025	0	50 000 000	50 000 000	0	50 000 000	50 000 000
26.09.2025	30.09.2025	31.12.2025	31.12.2025	0	50 000 000	50 000 000	0	50 000 000	50 000 000
29.12.2025	31.12.2025	31.03.2026	31.03.2026	0	50 000 000	50 000 000	0	50 000 000	50 000 000
27.03.2026	31.03.2026	30.06.2026	30.06.2026	0	50 000 000	50 000 000	0	50 000 000	50 000 000
26.06.2026	30.06.2026	30.09.2026	30.09.2026	0	50 000 000	50 000 000	0	50 000 000	50 000 000
28.09.2026	30.09.2026	31.12.2026	31.12.2026	0	50 000 000	50 000 000	0	50 000 000	50 000 000
29.12.2026	31.12.2026	31.03.2027	31.03.2027	0	50 000 000	50 000 000	0	50 000 000	50 000 000
29.03.2027	31.03.2027	30.06.2027	30.06.2027	0	50 000 000	50 000 000	0	0	50 000 000
28.06.2027	30.06.2027	30.09.2027	30.09.2027	0	50 000 000	50 000 000	0	0	50 000 000
28.09.2027	30.09.2027	31.12.2027	31.12.2027	0	50 000 000	50 000 000	0	0	50 000 000
29.12.2027	31.12.2027	31.03.2028	31.03.2028	0	50 000 000	50 000 000	0	0	50 000 000
29.03.2028	31.03.2028	30.06.2028	30.06.2028	0	50 000 000	50 000 000	0	0	50 000 000
28.06.2028	30.06.2028	30.09.2028	30.09.2028	0	50 000 000	50 000 000	0	0	50 000 000
28.09.2028	30.09.2028	31.12.2028	31.12.2028	0	50 000 000	50 000 000	0	0	50 000 000
28.12.2028	31.12.2028	31.03.2029	31.03.2029	0	50 000 000	50 000 000	0	0	50 000 000
29.03.2029	31.03.2029	30.06.2029	30.06.2029	50 000 000	0	0	0	0	0

Analysis Extracts from past reports

Amortization table

FIXING DATE	START DATE	END DATE	PAYMENT DATE	H4	H5	H6	H7	H8	H9
29.03.2022	31.03.2022	30.06.2022	30.06.2022	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
28.06.2022	30.06.2022	30.09.2022	30.09.2022	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
28.09.2022	30.09.2022	31.12.2022	31.12.2022	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
29.12.2022	31.12.2022	31.03.2023	31.03.2023	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
29.03.2023	31.03.2023	30.06.2023	30.06.2023	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
28.06.2023	30.06.2023	30.09.2023	30.09.2023	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
28.09.2023	30.09.2023	31.12.2023	31.12.2023	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
28.12.2023	31.12.2023	31.03.2024	31.03.2024	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
28.03.2024	31.03.2024	30.06.2024	30.06.2024	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
27.06.2024	30.06.2024	30.09.2024	30.09.2024	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
26.09.2024	30.09.2024	31.12.2024	31.12.2024	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
27.12.2024	31.12.2024	31.03.2025	31.03.2025	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
27.03.2025	31.03.2025	30.06.2025	30.06.2025	33 333 333	33 333 333	33 333 333	16 666 667	16 666 667	16 666 667
26.06.2025	30.06.2025	30.09.2025	30.09.2025	0	33 333 333	33 333 333	0	16 666 667	16 666 667
26.09.2025	30.09.2025	31.12.2025	31.12.2025	0	33 333 333	33 333 333	0	16 666 667	16 666 667
29.12.2025	31.12.2025	31.03.2026	31.03.2026	0	33 333 333	33 333 333	0	16 666 667	16 666 667
27.03.2026	31.03.2026	30.06.2026	30.06.2026	0	33 333 333	33 333 333	0	16 666 667	16 666 667
26.06.2026	30.06.2026	30.09.2026	30.09.2026	0	33 333 333	33 333 333	0	16 666 667	16 666 667
28.09.2026	30.09.2026	31.12.2026	31.12.2026	0	33 333 333	33 333 333	0	16 666 667	16 666 667
29.12.2026	31.12.2026	31.03.2027	31.03.2027	0	33 333 333	33 333 333	0	16 666 667	16 666 667
29.03.2027	31.03.2027	30.06.2027	30.06.2027	0	0	33 333 333	0	0	16 666 667
28.06.2027	30.06.2027	30.09.2027	30.09.2027	0	0	33 333 333	0	0	16 666 667
28.09.2027	30.09.2027	31.12.2027	31.12.2027	0	0	33 333 333	0	0	16 666 667
29.12.2027	31.12.2027	31.03.2028	31.03.2028	0	0	33 333 333	0	0	16 666 667
29.03.2028	31.03.2028	30.06.2028	30.06.2028	0	0	33 333 333	0	0	16 666 667
28.06.2028	30.06.2028	30.09.2028	30.09.2028	0	0	33 333 333	0	0	16 666 667
28.09.2028	30.09.2028	31.12.2028	31.12.2028	0	0	33 333 333	0	0	16 666 667
28.12.2028	31.12.2028	31.03.2029	31.03.2029	0	0	33 333 333	0	0	16 666 667
29.03.2029	31.03.2029	30.06.2029	30.06.2029	0	0	0	0	0	0

Recommended strategy (at this stage): Instrument

Cap 0%

- *The premium of an option can be paid in full at the option's inception or smoothed over time by expressing it as a percentage of the financing, as for the rate of a swap. This second solution makes it possible to spread the payment of the premium over time.*

Advantages of the proposed instrument :

Compared to the swap:

- No risk of negative valuation unlike swap, so no risk of having to pay an unexpected cash flow in case of early unwinding (only remain to pay the spread of the premium for years to come).
- Very fair financing rate (see quotations above), which reproduces the swap rate with floor (excluding bank margin). Including bank margins (lower on caps than swaps with floors of about 10bps for technical reasons), the cap rate may be more advantageous than that of the swap with floor 0%.

Compared to caps 0,50% or 1% :

- Better ratio between the minimum and maximum level of financial charges due to the 0% floor on financing that prevents the benefit of an additional rate cut.

Disadvantages :

Compared to swap with floor 0% :

Premium to be paid, however, the overall financing rate is similar or better than that of the swap with floor and the premium can be spread to replicate the financial expenses of a swap and cancel this disadvantage.

Compared with caps 0,50% or 1% :

Higher premium, but the premium / cap ratio is more advantageous if rates rise faster than expected by the market. On the other hand, the 0.50% or 1% cap will be more advantageous if rates do not go up or go down (principle of the insurance deductible which is advantageous when there is no claim).

Next steps

- Finalize a choice of strategy
- Initiate discussions with banks to ensure they are prepared to address the type of strategy being considered and finalize regulatory documentation.
- Ask them for indicative quotations
- Organize the transaction

Appendices

- Constraints related to negative rates
- Euribor curves used for the financial expenses simulation
- Financing terms
- Profiles at maturity of different types of hedge

Negative Interest rates issue

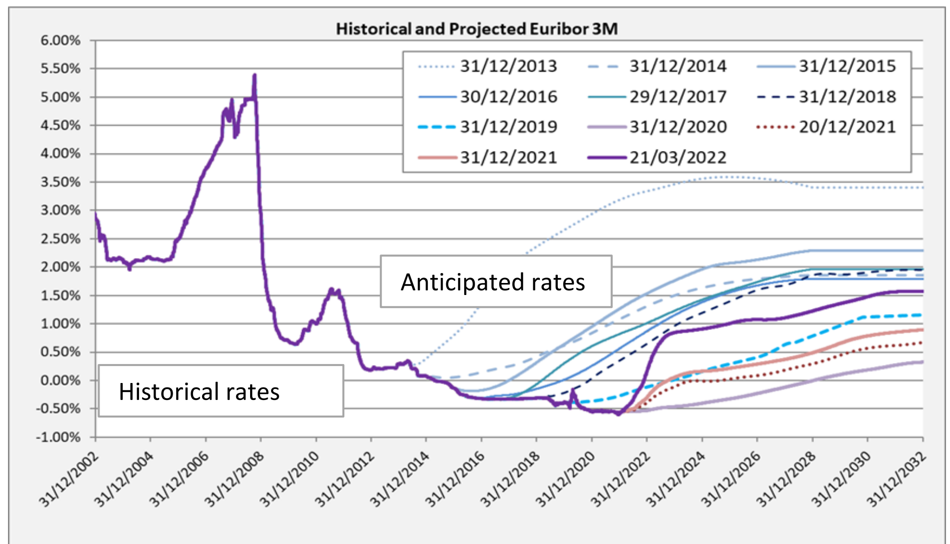
Short and medium term euro rates are at historic lows due to continued weak growth and "quantitative" actions of many central banks, including the ECB, to try to boost inflation: negative money rates, massive bond buybacks to lower supply and demand rates and liquidity injections to encourage lending.

As a result:

- Euribor 3 months rate is expected to be negative until 2022
- Swap rates are negatives up to a 1 year maturity

Faced with these negative rates, which normally have to be passed on to the borrowers' loans, which should receive interest on the amounts borrowed, **banks have set up a floor on the remuneration of their financing.**

As a consequence, these **floors offset the effectiveness of swaps (and tunnels/collars)** that are not expected to replicate this situation with **negative variable rates**.



Ineffectiveness of simple swaps (and tunnels/collars) in case of a floor in the financing

A video detailing this concern is visible on the blog of KERIUS Finance by clicking here.

The financing contract provides that the Libor cannot be negative, therefore the bank will not pay interest to the borrower.

An Interest Rate swap which allows to fix the rate of a debt is a contract by which the company undertakes to:

- Receive a floating rate on the amount of the hedged debt (to cancel the floating rate of the financing contract)
- Pay a fixed rate on the same amount.

A conventional swap, which does not replicate this floor, that is to say whose variable "leg" does not also include a floor, has two disadvantages when the index (Libor/Euribor) is negative :

- No cap on the overall financing rate: the negative Libor rate is added to the fixed rate to be paid by the company.
- Potential problem with hedge accounting: if hedges are no longer considered as effective by the Auditors as a result of this issue, all mark-to-market swap fluctuations will be recorded In financial result (i.e. not deferred in time).

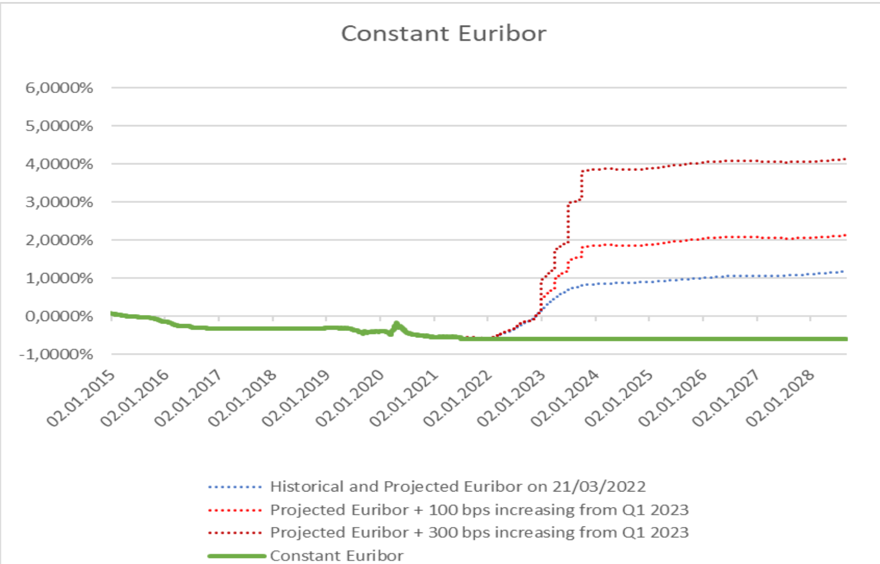
A similar problem arises with the collar: the floor of the collar doubles the floor of the financing. In the event of negative rates, it induces a loss which increases the financial expenses beyond the threshold rate (cap).

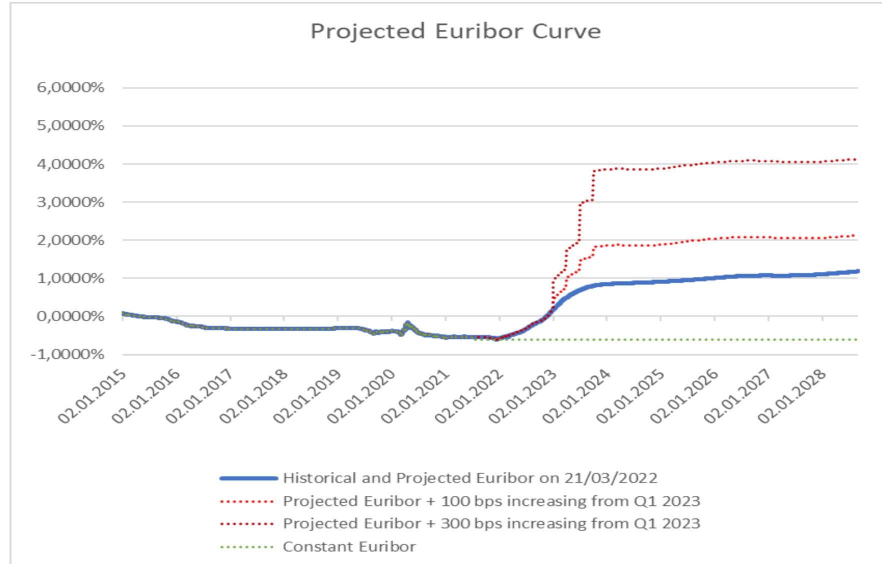
Technical solutions:

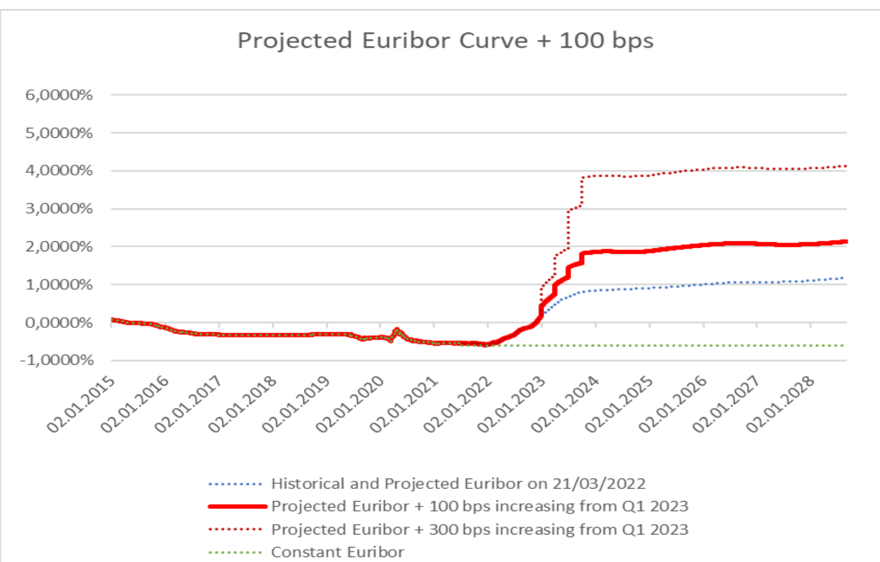
- Include in the swap a floor replicating that of the financing, but this has a cost. See simulations.
- Opt for a hedging with a **Cap**, which cannot generate negative valuation in the event of negative rates.

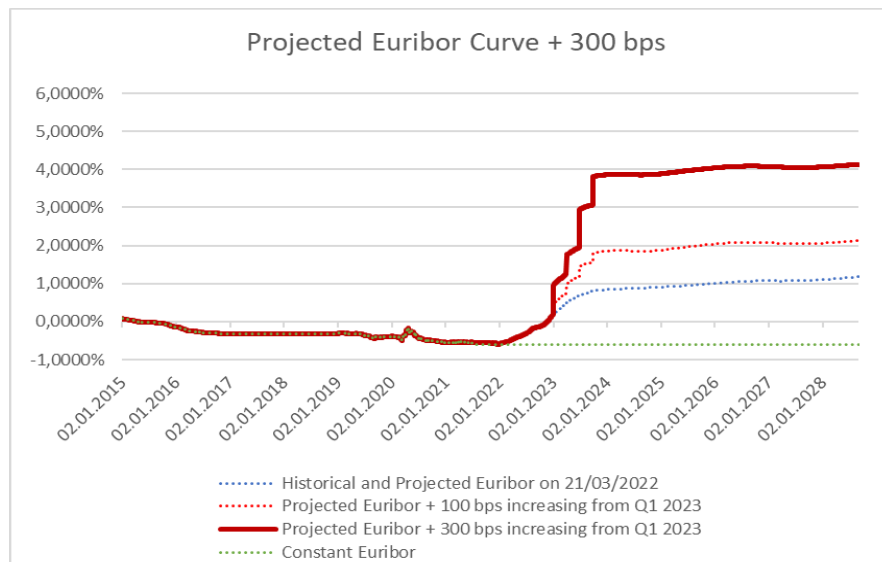
Analysis Extracts from past reports

Euribor curves used for the financial expenses simulation









Facilities

BLUE MIDCO B.V.[1]
As Company and Original Guarantor

BLUE BIDCO B.V.
As Original Borrower and Original Guarantor

Arranged by
APERA PRIVATE DEBT GP II S.À R.L AND APERA PRIVATE DEBT GP I S.À R.L
as Mandated Lead Arranger

- with -

[AETHER FINANCIAL SERVICES]
acting as Agent and Security Agent

"**Total Additional Facility Commitments**" means the aggregate of the Additional Facility Commitments, being EUR 0 at the date of this Agreement.

"**Total Commitments**" means the aggregate of the Total Additional Facility Commitments and the Total Facility B Commitments.

"**Total Facility B Commitments**" means the aggregate of the Facility B Commitments, being EUR 50,000,000 at the date of this Agreement.

Facility B

Subject to the terms of this Agreement, the Lenders make available to the Company, a term loan facility in an aggregate amount equal to the Total Facility B Commitments.

Reimbursement

"**Termination Date**" means in respect of:

(a) Facility B, the date falling seven (7) years after the Closing Date; and

(b) an Additional Facility, the date specified as such in the Additional Facility Request relating to that Additional Facility.

Repayment of Loans

(a) The Borrowers under Facility B shall repay the aggregate Facility B Loans on the Termination Date for Facility B.

(b) The Borrowers under an Additional Facility shall repay the aggregate Additional Facility Loans on the Termination Date for that Additional Facility.

(c) Notwithstanding any other Clause of this Agreement, all amounts outstanding under a Facility must be repaid no later than the Termination Date for that Facility.

(d) No Borrower may reborrow any part of a Facility which is repaid.

Financing clauses

Hedging Requirement

Kerius finance

Financing clauses

BUCKAROO

Interest

"**EURIBOR**" means, in relation to any Loan in euro:

(a) the applicable Screen Rate as of the Specified Time and for a period equal in length to the Interest Period of that Loan; or

(b) as otherwise determined pursuant to Clause 14.1 (*Unavailability of Screen Rate*),

and if that rate is less than zero, EURIBOR shall be deemed to be zero.
"**Margin**" means:

(a) in relation to any Facility B Loan, 6.75 % per annum;

(b) in relation to any Additional Facility Loan, the percentage rate per annum specified in the Additional Facility Request applicable to the relevant Additional Facility delivered by the Company to the Agent in accordance with Clause 3 (*Additional Facility*);

(c) in relation to any Unpaid Sum relating or referable to a Facility, the rate per annum specified above for that Facility; and

(d) in relation to any other Unpaid Sum, the highest rate specified above,

Leverage	**Facility B Margin** (per cent per annum)
Greater than or equal to 5.25:1	6.75
Less than 5.25:1 but greater than or equal to 4.50:1	6.50
Less than 4.50:1 but greater than or equal to 3.75:1	6.25
Less than 3.75:1	6.00

"**PIK Interest**" has the meaning given to that term in Clause 12.3 (*Capitalisation or payment of interest*).

"**PIK Margin**" has the meaning given to that term in Clause 12.3 (*Capitalisation or payment of interest*).

Calculation of interest

(a) The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(i) Margin; and

(ii) EURIBOR (and if that rate is less than zero, EURIBOR shall be deemed to be zero).

(b) If the Compliance Certificate received by the Agent which relates to the relevant annual financial statements shows that a higher Margin should have applied during a certain period, then the Company shall (or shall ensure the relevant Borrower shall) promptly pay to the Lenders directly any amounts necessary to put the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period.

(c) If the Compliance Certificate received by the Agent which relates to the relevant annual financial statements shows that a lower Margin in respect of a Loan should have applied during a certain period, the next payments of interest falling due on that Loan shall be reduced to the extent necessary to put the Obligors in the position they would have been in if the Margin had been reduced for that period. Such payments to a Lender will only be reduced to the extent it was a Lender of that Loan during the part of that Interest Period when a lower Margin should have applied.

Payment of interest

The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than 6 Months, on the dates falling at 6 Monthly intervals after the first day of the Interest Period).

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Financing clauses

BUCKAROO

Interest

Capitalisation or payment of interest

(a) Except as provided in paragraph (b) below, interest on each Loan shall be payable entirely in cash ("**Cash Interest**").

(b) During the period from and including the Closing Date to and including the date falling 36 months after the Closing Date for any Interest Period of any Loan starting in that period, the Company may, at its option elect that up to 2.00% per annum of the Cash Interest, provided that the Cash Interest may never reduce below 4.50% per annum (the elected Cash Interest being, the "**Toggled Cash Margin**") for such Interest Period on the outstanding principal amount of the relevant Loan shall be paid by increasing the principal amount by an amount equal to the Toggled Cash Margin plus 0.25% per annum of the relevant Loan (the "**PIK Margin**") on the last day of the relevant Interest Period (the aggregate of the PIK Margin for the remaining Interest Periods being the "**PIK Interest**").[13]

(c) Any election by the Company on behalf of any Borrower to pay PIK Interest for an Interest Period shall be made in a selection notice or by the Company delivering a notice to the Agent not less than three Business Days prior to the commencement of the relevant Interest Period (or, in relation to any Interest Period commencing on the Closing Date, on or before the Closing Date), which notice shall state the total amount of the Margin component of the interest to be paid on the applicable Interest payment date and the amount of such interest to be converted to PIK Interest.

(d) If a Borrower pays the interest on the Loans as a portion of Cash Interest and a portion of PIK Interest, such Cash Interest and PIK Interest shall be paid to the Lenders pro rata in accordance with their Commitments under the relevant Facility.

INTEREST PERIODS

Selection of Interest Periods and Terms

(a) A Borrower or the Company on behalf of a Borrower may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan has already been borrowed) in a selection notice.

(b) Each selection notice for a Loan is irrevocable and must be delivered to the Agent by the Borrower to which that Loan was made not later than the Specified Time.

(c) If a Borrower fails to deliver a selection notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be 3 Months.

(d) Subject to this Clause 13, a Borrower (or the Company) may select an Interest Period of 3 or 6 Months for a Loan or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders under the relevant Facility).

(e) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.

(f) Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.

Financing clauses

Cross default

Cross acceleration

(a) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(b) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

(c) No Event of Default will occur under this Clause 25.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness under this Clause 25.5 is less than EUR 250,000 (or its equivalent in any other currency or currencies) at any time.

Various types of hedges

<u>Interest rate swap (example: fixed interest swap vs Euribor 3 months):</u>

Definition: exchange of a stream of fixed interest payments against a stream of floating interest payments (denominated in a particular currency). The objective is to fix a charge of interests linked to a debt facility.

Advantages:

- No premium to pay at inception (the value of the swap is nil on the trade date)
- Simplicity to trade
- Financial charge is known in advance

Swaps must be kept for the part of the exposure that cannot be reduced (risk of unlimited loss).

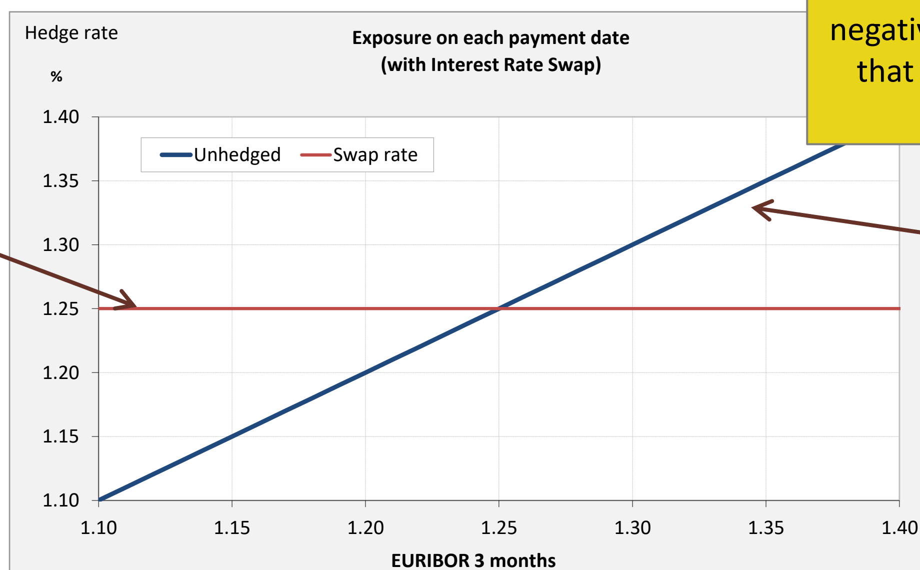
Disadvantages:

- Cost of opportunity if the rates move in a favorable direction after inception of the hedge;
- Potential unlimited loss (mark to market)

➢ Simple but <u>risky</u> product <u>in case</u> of unanticipated <u>reduction of the underlying exposure</u> (debt repayment for example) after inception of the hedge <u>in case of negative mark to market valuation</u>.

Product that does not guarantee a financing rate in a context of negative rates for financing facilities that include a floor on the index (Euribor or else).

Rate fixed by the swap



Floating rate of unhedged underlying

Various types of hedges

<u>Interest rate Cap</u>: Hedge in which the buyer of the cap receives payments from the bank at the end of each period (fixing date) if the market rate (Euribor or Libor for instance) exceeds the exercise rate of the cap (i.e. strike).
=> The "strike" is the protection rate of the cap.

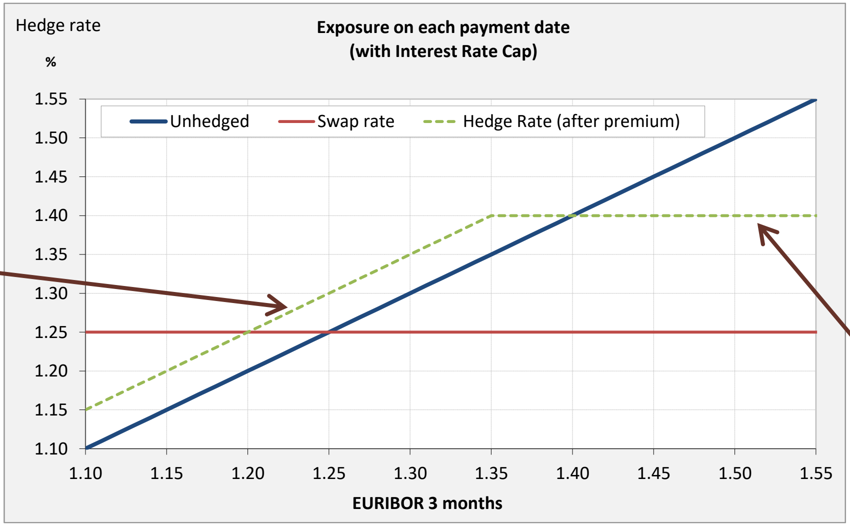
Advantages:

- Fully flexible to modify or cancel the hedge in case of modification of the exposure;
- Opportunity to benefit from favorable fluctuations of market rates;
- Risk of loss limited to the premium paid initially, in case of hedge modification before expiry

Disadvantage:

- Premium to pay at inception. The premium can be paid upfront to the bank or spread over the life of the hedge if the bank authorized this credit. The premium is then called "running premium" or "running margin".

The cap option captures favorable variations of the underlying



Maximum hedge rate provided by the cap (protection = strike)

Various types of hedges

<u>Collars (combinations of options purchased and sold):</u>

Simultaneous purchase of an interest rate cap and sale of an interest rate floor. The buyer's effective interest rate paid fluctuates between the two agreed exercise rates (strikes) of the options, depending on the underlying index. A collar profile is a mix of option profile and swap profile.

Collars must be kept for the part of the exposure that cannot be reduced.

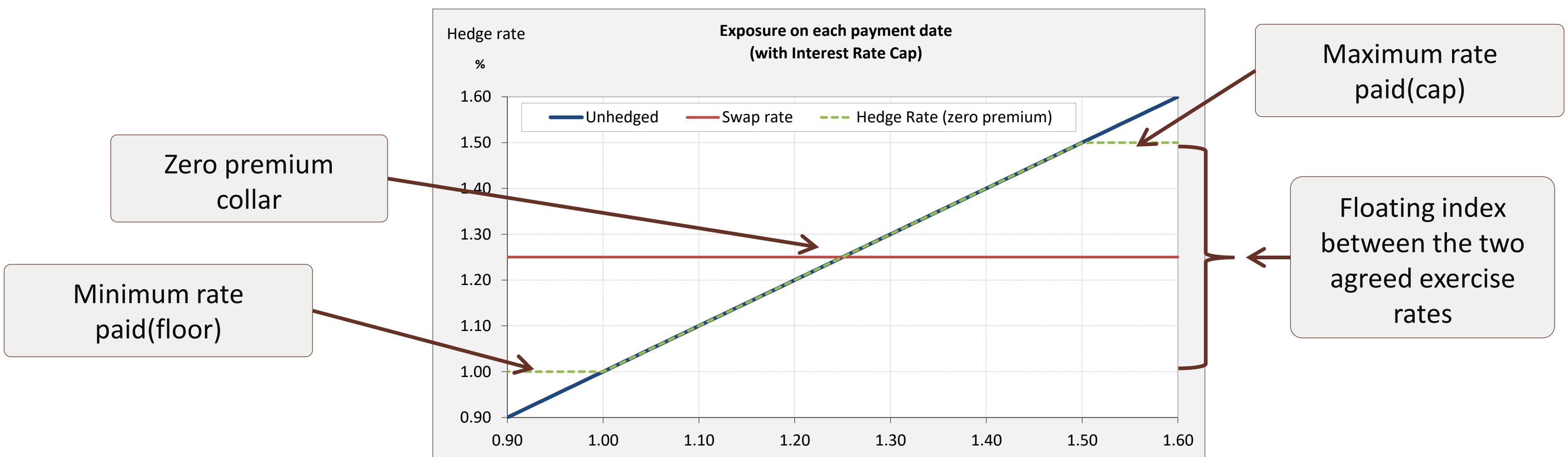
Advantages:

- Flexibility as long as the market rate fluctuates between the exercise rates (strikes)
- Protection if the market rate rises above the exercise rate (strike) at maturity of each period
- Opportunity to offset the cost of the cap with the option sold (floor)

Disadvantages:

- Cost of opportunity if the rates move in a favorable direction after inception of the hedge

➢ Potential unlimited gain or loss (mark to market) in case of unanticipated reduction of the underlying exposure (debt repayment for example) after inception of the hedge or reduction/cancellation of the hedge.



Ineffective product in current market conditions (negative rates) because the floor is too close from the cap.
And the cap is no more guaranteed if the financing contract is floored.

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