Hedging Interest Rate Risk
Final Report

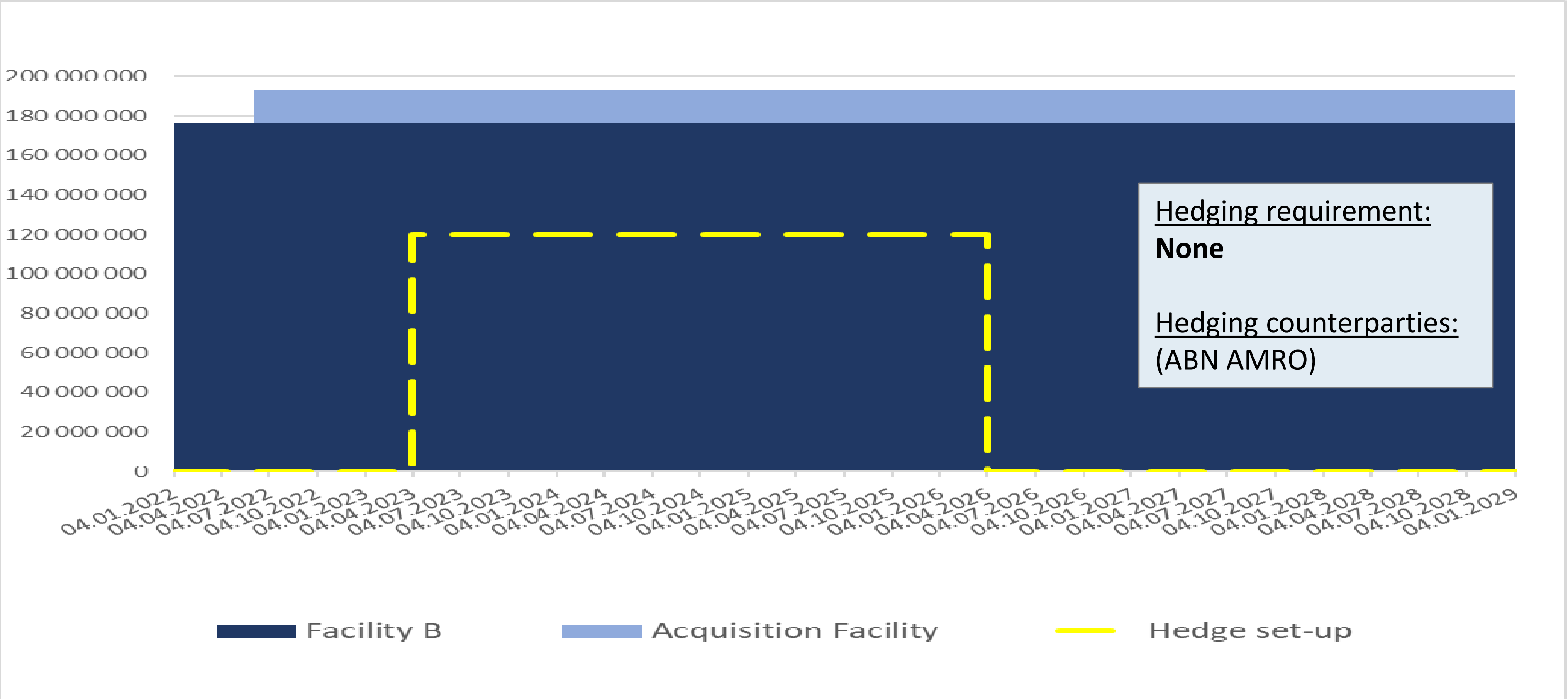
February 6th 2023

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 3-year horizon to mitigate the sensitivity of the group to interest rates variations, including the impact of negatives rates.
- A cap with a protection rate (strike) at 2,5% has been set up to limit the financing rate on the hedged part. Those products take into account the 0% floor on the debt.

Debt Mapping



Financing: (ABN AMRO Bank) Facilities of **€193’000’000, drawn on 04/01/2022 :**

- Facility B: €176’500’000 drawn on **04/01/2022,** in fine, maturity : 04/01/2029, **floor 0%** on Euribor 3 + 7%.

- Acquisition Facility : €16’500’000 drawn on **05/06/2022 ,** in fine, maturity : 04/01/2029, **floor 0%** on Euribor 3 + 7%.

- Hedges set up: Purchased Cap 2,5% for 3 years.
- Banking split : ABN AMRO Bank 100%

Details of hedges set up

Product	: **Cap with Premium**
Strike price	: 2,50%
Trade Date	: 24/01/2023
Start Date	: 04/04/2023
End date	: 04/04/2026
Index	: Euribor 3 Months
Base	: ACTUAL/360

ABN AMRO Hedge

Notional Principal : € 120,000,000 amortization as set out in the table

Annual Premium to pay on a quarterly basis until 04/04/2026 : **0.7970%,** corresponding to an upfront premium of **€ 2,919,677.00**

Running Premium to be paid

Fixing	Start	End	Payment	Notional	Premium to be paid	Remaining to be paid in case of settlement
31.03.2023	04.04.2023	04.07.2023	04.07.2023	120 000 000	241 757	-2 677 920
30.06.2023	04.07.2023	04.10.2023	04.10.2023	120 000 000	244 413	-2 433 507
02.10.2023	04.10.2023	04.01.2024	04.01.2024	120 000 000	244 413	-2 189 093
02.01.2024	04.01.2024	04.04.2024	04.04.2024	120 000 000	241 757	-1 947 337
02.04.2024	04.04.2024	04.07.2024	04.07.2024	120 000 000	241 757	-1 705 580
02.07.2024	04.07.2024	04.10.2024	04.10.2024	120 000 000	244 413	-1 461 167
02.10.2024	04.10.2024	06.01.2025	06.01.2025	120 000 000	249 727	-1 211 440
02.01.2025	06.01.2025	04.04.2025	04.04.2025	120 000 000	233 787	-977 653
02.04.2025	04.04.2025	04.07.2025	04.07.2025	120 000 000	241 757	-735 897
02.07.2025	04.07.2025	06.10.2025	06.10.2025	120 000 000	249 727	-486 170
02.10.2025	06.10.2025	05.01.2026	05.01.2026	120 000 000	241 757	-244 413
01.01.2026	05.01.2026	07.04.2026	07.04.2026	120 000 000	244 413	0

Running premium	0,7970%

Total	2 919 677

Amortization table

FIXING DATE	START DATE	END DATE	PAYMENT DATE	Facility B		Acquisition Facility		DEBT TOTAL	Hedge Set up
				Amort.	CRD	Amort.	CRD		
31.12.2021	04.01.2022	04.04.2022	04.04.2022	0	176 500 000	0	0	176 500 000	0
31.03.2022	04.04.2022	06.06.2022	06.06.2022	0	176 500 000	0	0	176 500 000	0
02.06.2022	06.06.2022	04.07.2022	04.07.2022	0	176 500 000	-16 500 000	16 500 000	193 000 000	0
30.06.2022	04.07.2022	04.10.2022	04.10.2022	0	176 500 000	0	16 500 000	193 000 000	0
30.09.2022	04.10.2022	04.01.2023	04.01.2023	0	176 500 000	0	16 500 000	193 000 000	0
02.01.2023	04.01.2023	04.04.2023	04.04.2023	0	176 500 000	0	16 500 000	193 000 000	0
31.03.2023	04.04.2023	04.07.2023	04.07.2023	0	176 500 000	0	16 500 000	193 000 000	120 000 000
30.06.2023	04.07.2023	04.10.2023	04.10.2023	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.10.2023	04.10.2023	04.01.2024	04.01.2024	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.01.2024	04.01.2024	04.04.2024	04.04.2024	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.04.2024	04.04.2024	04.07.2024	04.07.2024	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.07.2024	04.07.2024	04.10.2024	04.10.2024	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.10.2024	04.10.2024	06.01.2025	06.01.2025	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.01.2025	06.01.2025	04.04.2025	04.04.2025	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.04.2025	04.04.2025	04.07.2025	04.07.2025	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.07.2025	04.07.2025	06.10.2025	06.10.2025	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.10.2025	06.10.2025	05.01.2026	05.01.2026	0	176 500 000	0	16 500 000	193 000 000	120 000 000
01.01.2026	05.01.2026	06.04.2026	06.04.2026	0	176 500 000	0	16 500 000	193 000 000	120 000 000
02.04.2026	06.04.2026	06.07.2026	06.07.2026	0	176 500 000	0	16 500 000	193 000 000	0
02.07.2026	06.07.2026	05.10.2026	05.10.2026	0	176 500 000	0	16 500 000	193 000 000	0
01.10.2026	05.10.2026	04.01.2027	04.01.2027	0	176 500 000	0	16 500 000	193 000 000	0
31.12.2026	04.01.2027	05.04.2027	05.04.2027	0	176 500 000	0	16 500 000	193 000 000	0
01.04.2027	05.04.2027	05.07.2027	05.07.2027	0	176 500 000	0	16 500 000	193 000 000	0
01.07.2027	05.07.2027	04.10.2027	04.10.2027	0	176 500 000	0	16 500 000	193 000 000	0
30.09.2027	04.10.2027	04.01.2028	04.01.2028	0	176 500 000	0	16 500 000	193 000 000	0
31.12.2027	04.01.2028	04.04.2028	04.04.2028	0	176 500 000	0	16 500 000	193 000 000	0
31.03.2028	04.04.2028	04.07.2028	04.07.2028	0	176 500 000	0	16 500 000	193 000 000	0
30.06.2028	04.07.2028	04.10.2028	04.10.2028	0	176 500 000	0	16 500 000	193 000 000	0
02.10.2028	04.10.2028	04.01.2029	04.01.2029	0	176 500 000	0	16 500 000	193 000 000	0
02.01.2029	04.01.2029	04.04.2029	04.04.2029	176 500 000	0	16 500 000	0	0	0

Broken Period

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	36 533

	ABN
Total savings	**481 111**
Market price without bank margin	2 662 128
Price with standard bank margin *	3 392 788
Standard bank margin (20 basis points) *	730 660
Final price	2 911 677
Final margin	249 549

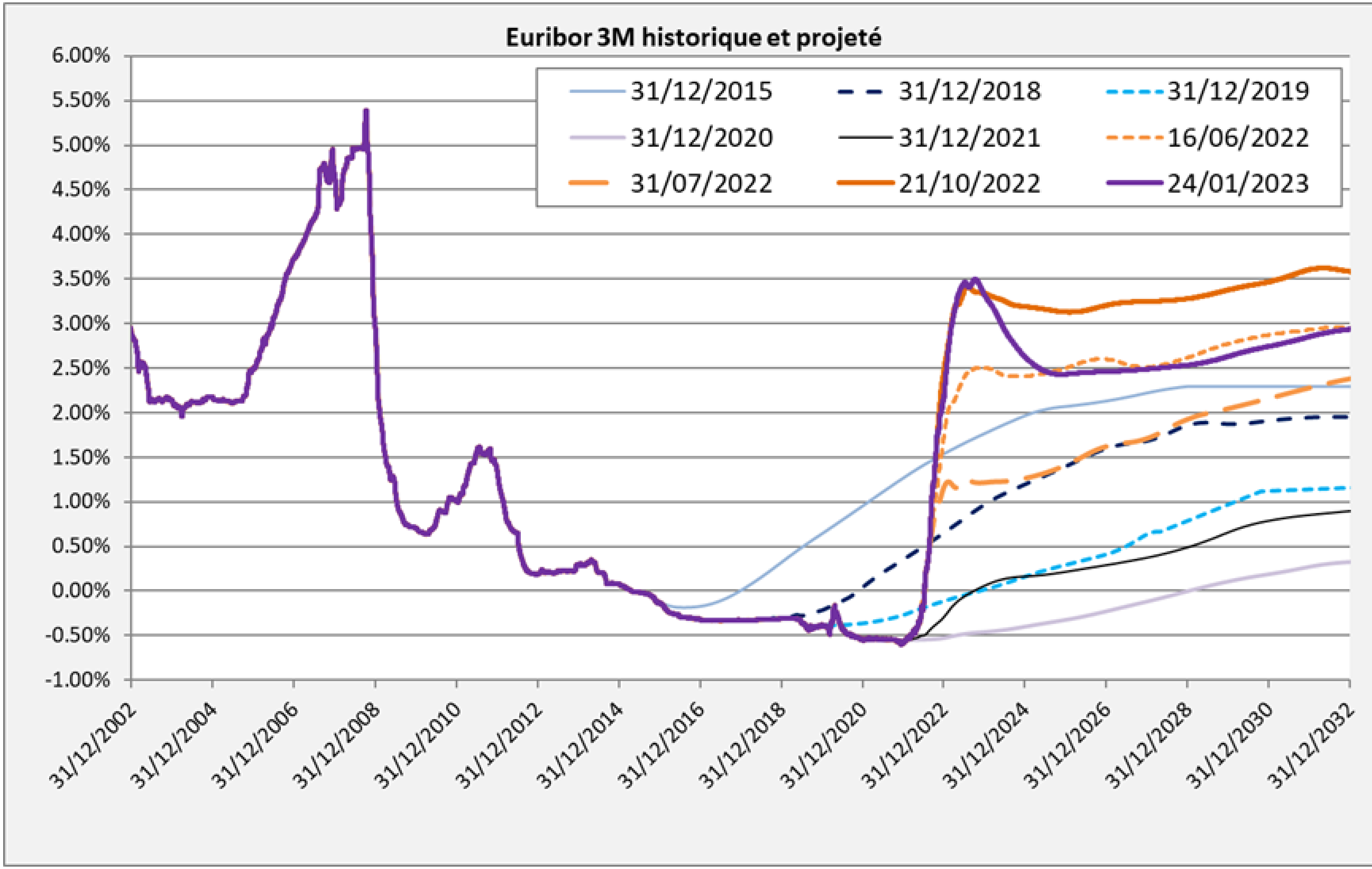
* The standard margin taken by banks in this context is 20 to 25 basis points over the fixed rate or running premium compared to the rate / price without margin used above. A margin of 20 basis points is used for this comparison.

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

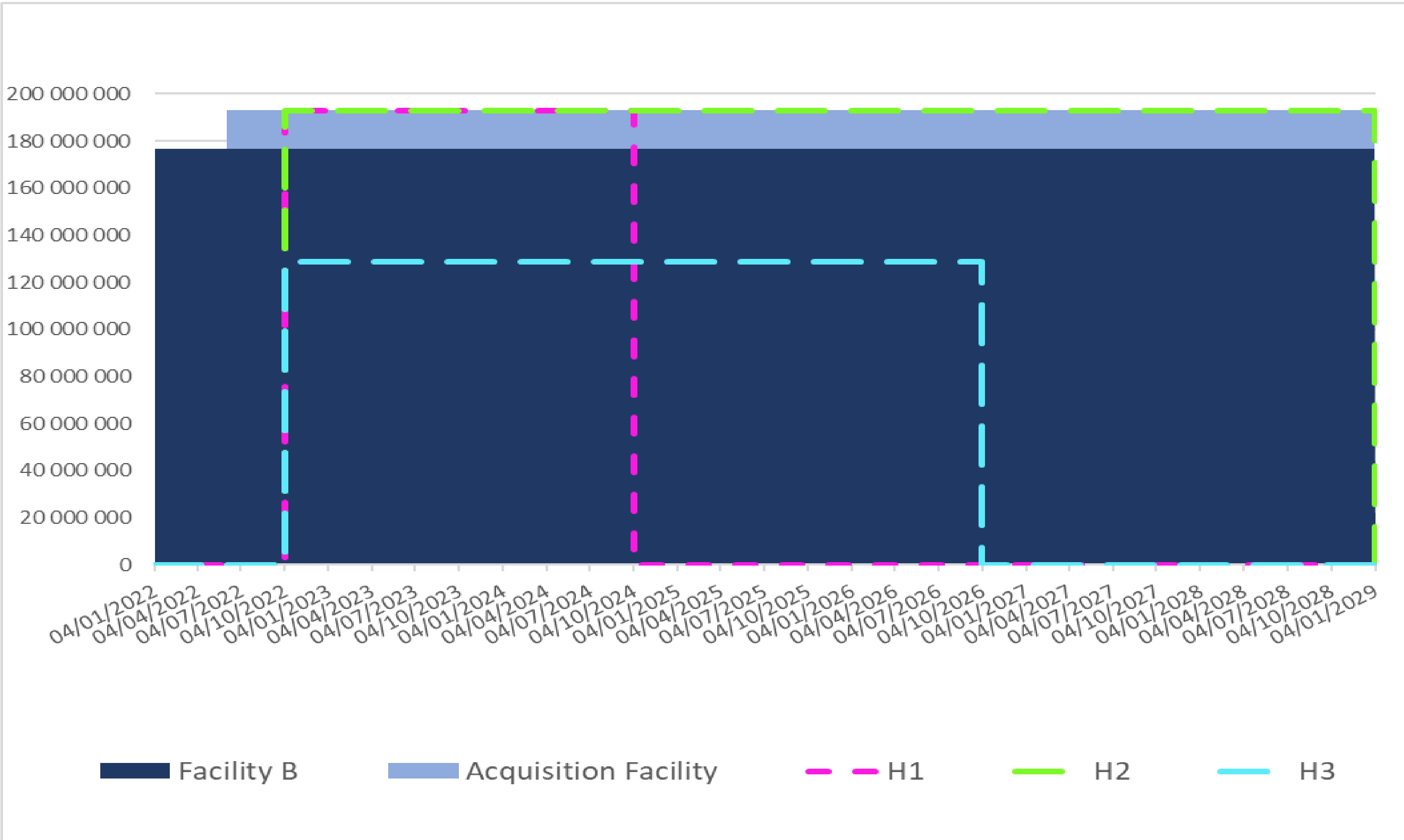
Appendices

- Market Data : Historic and projected Euribor
- Recall: Situation before new hedges
- Recall : Financial expenses simulation
- Financing terms
- Recall : impact of negative rates on swaps
- Recall : Profiles at maturity of different types of hedge

Market data

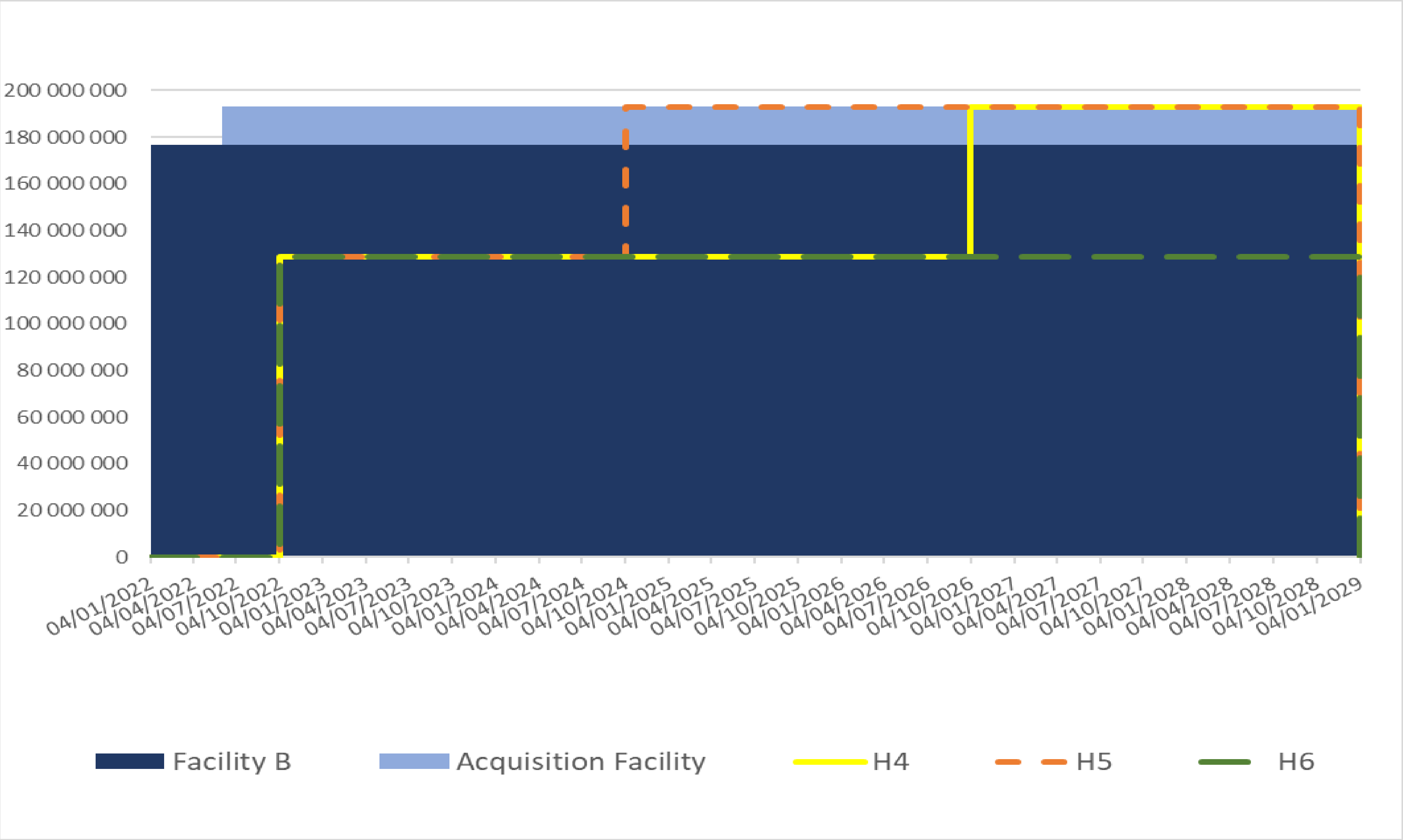

Euribor 3M historique et projeté
6.00%
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
-0.50%
-1.00%
31/12/2015
31/12/2018
31/12/2019
31/12/2020
31/12/2021
16/06/2022
31/07/2022
21/10/2022
24/01/2023
31/12/2002
31/12/2004
31/12/2006
31/12/2008
31/12/2010
31/12/2012
31/12/2014
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

New hedges:
Various amounts and maturities possible

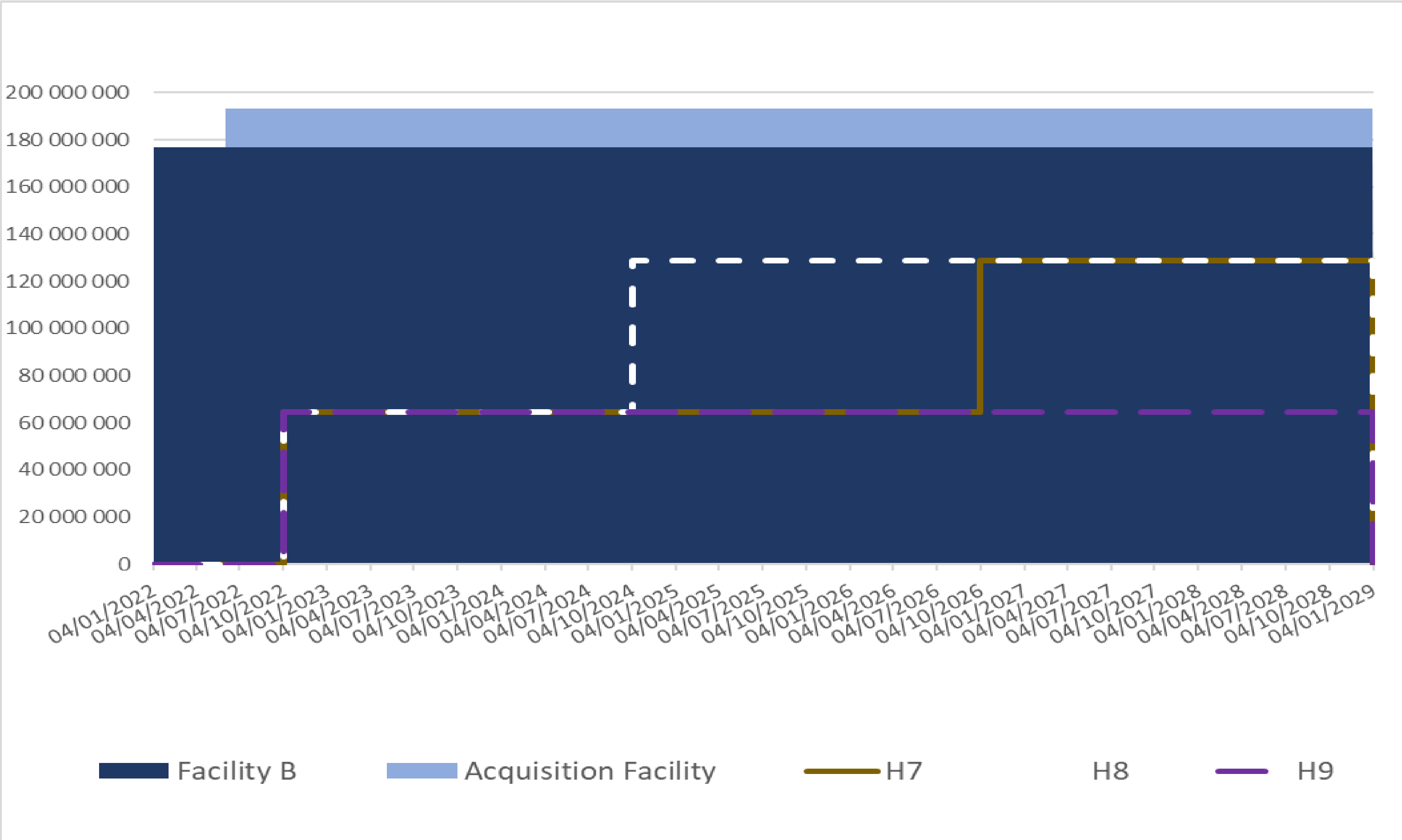


Extract from past reports

New hedges:
Various amounts and maturities possible



New hedges:
Various amounts and maturities possible



Extract from past reports

Indicatives quotations

Hedging	H1	H2	H3	H4	H5	H6	H7	H8	H9
Duration	**2 years**	**6,25 years**	**4 years**	**6,25 years**	**6,25 years**	**6,25 years**	**6,25 years**	**6,25 years**	**6,25 years**
Index	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M
Starting Notional Amount	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
Start of Period	04/10/2022	04/10/2022	04/10/2022	04/10/2022	04/10/2022	04/10/2022	04/10/2022	04/10/2022	04/10/2022
End of Period	04/10/2024	04/01/2029	05/10/2026	04/01/2029	04/01/2029	04/01/2029	04/01/2029	04/01/2029	04/01/2029
Value of 1bp in EUR	39 190	122 448	52 217	96 339	109 385	81 632	55 523	68 569	40 816
Swap Rate (rf appendice about Constraints related to negative rates)									
Swap without Floor	2,88%	2,99%	2,92%	2,89%	2,90%	2,89%	2,88%	2,90%	2,90%
Floor 0%	0,09%	0,19%	0,15%	0,21%	0,21%	0,20%	0,22%	0,22%	0,20%
Swap with Floor	**2,97%**	**3,18%**	**3,07%**	**3,10%**	**3,11%**	**3,09%**	**3,10%**	**3,12%**	**3,10%**
Annualised Premium									
Cap 0% annualised	**2,97%**	**3,18%**	**3,07%**	**3,10%**	**3,11%**	**3,09%**	**3,10%**	**3,12%**	**3,10%**
Max Financing Rate	2,97%	3,18%	3,07%	3,10%	3,11%	3,09%	3,10%	3,12%	3,10%
Cap 1% annualised	**2,01%**	**2,32%**	**2,17%**	**2,26%**	**2,27%**	**2,24%**	**2,27%**	**2,29%**	**2,25%**
Max Financing Rate	3,01%	3,32%	3,17%	3,26%	3,27%	3,24%	3,27%	3,29%	3,25%
Cap 1,5% annualised	**1,58%**	**1,93%**	**1,78%**	**1,90%**	**1,90%**	**1,87%**	**1,91%**	**1,93%**	**1,88%**
Max Financing Rate	3,08%	3,43%	3,28%	3,40%	3,40%	3,37%	3,41%	3,43%	3,38%
Cap 2% annualised	**1,22%**	**1,58%**	**1,44%**	**1,58%**	**1,59%**	**1,54%**	**1,59%**	**1,61%**	**1,55%**
Max Financing Rate	3,22%	3,58%	3,44%	3,58%	3,59%	3,54%	3,59%	3,61%	3,55%
Premium in EUR									
Cap 0%	11 332 600	35 527 300	15 147 100	27 123 600	30 927 100	23 109 200	15 559 800	19 377 300	11 594 700
Cap 1%	7 673 300	25 880 400	10 725 900	19 769 800	22 582 500	16 735 600	11 393 400	14 218 800	8 403 200
Cap 1.5%	6 045 700	21 505 600	8 777 000	16 561 000	18 941 000	13 948 300	9 579 000	11 970 700	7 006 600
Cap 2%	4 674 700	17 591 900	7 104 000	13 779 000	15 778 100	11 537 100	8 003 300	10 012 900	5 797 800

Estimated Bank Margin in Basis Points (BP) included in the prices	**7**
****Cost of floor 0% included in the facility contract**	2 108 300

** the phrase in the financing contract "if euribor is negative then it shall be deemed to be equal to 0%" represents a cost to the borrower which is measured by the value of a 0% floor on the entire financing on the day of the initial drawdown.

Indicatives quotations

See profil at expiry in appendix

Quotation without 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.

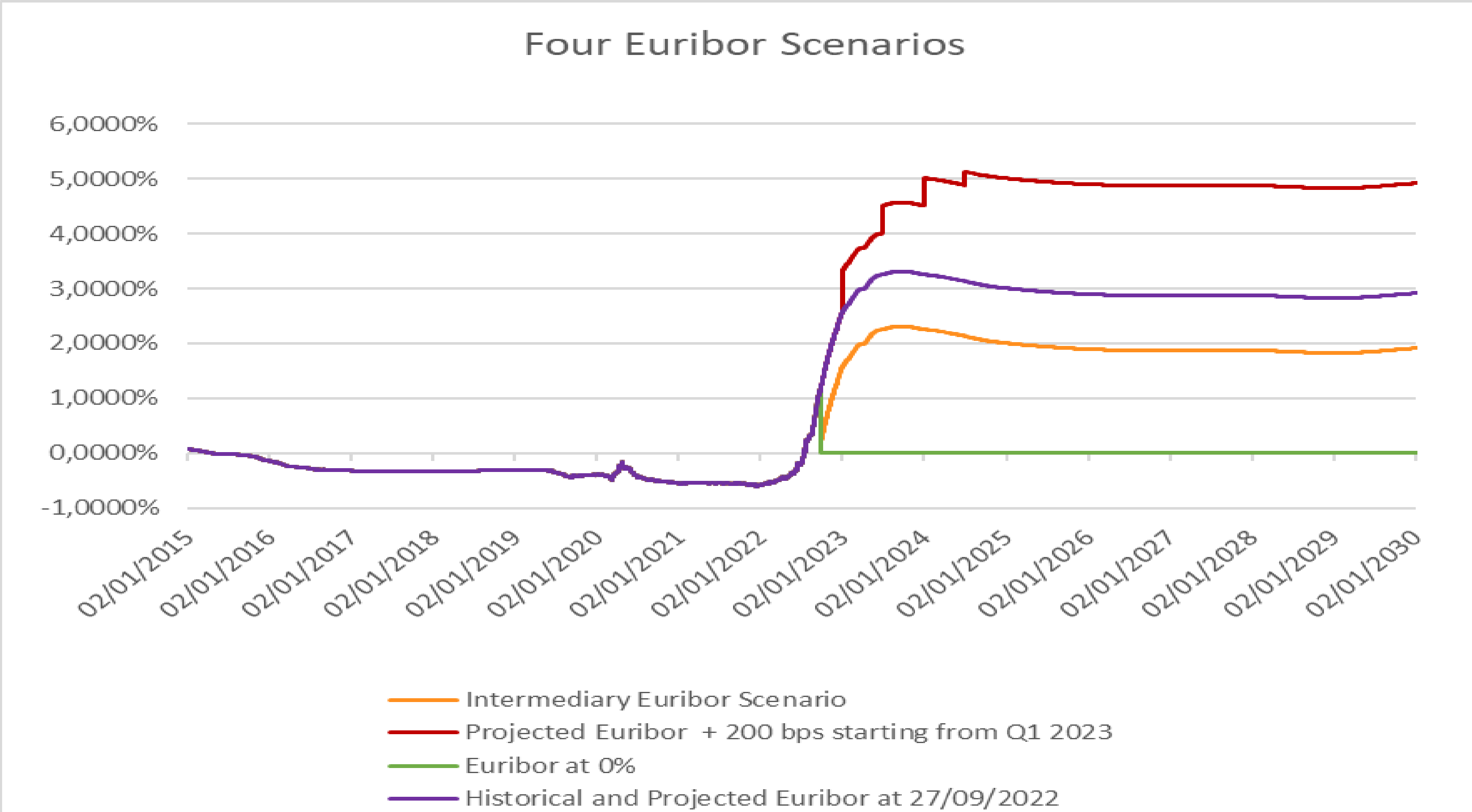
Example of annualized premium payments: H2 Cap 0%

Fixing	Start	End	Payment	Notional	Premium to be paid	Remaining to be paid in case of settlement
30/09/2022	04/10/2022	04/01/2023	04/01/2023	193 000 000	1 431 047	-34 096 253
02/01/2023	04/01/2023	04/04/2023	04/04/2023	193 000 000	1 399 937	-32 696 315
31/03/2023	04/04/2023	04/07/2023	04/07/2023	193 000 000	1 415 492	-31 280 823
30/06/2023	04/07/2023	04/10/2023	04/10/2023	193 000 000	1 431 047	-29 849 776
02/10/2023	04/10/2023	04/01/2024	04/01/2024	193 000 000	1 431 047	-28 418 729
02/01/2024	04/01/2024	04/04/2024	04/04/2024	193 000 000	1 415 492	-27 003 237
02/04/2024	04/04/2024	04/07/2024	04/07/2024	193 000 000	1 415 492	-25 587 745
02/07/2024	04/07/2024	04/10/2024	04/10/2024	193 000 000	1 431 047	-24 156 697
02/10/2024	04/10/2024	06/01/2025	06/01/2025	193 000 000	1 462 157	-22 694 541
02/01/2025	06/01/2025	04/04/2025	04/04/2025	193 000 000	1 368 828	-21 325 713
02/04/2025	04/04/2025	04/07/2025	04/07/2025	193 000 000	1 415 492	-19 910 221
02/07/2025	04/07/2025	06/10/2025	06/10/2025	193 000 000	1 462 157	-18 448 064
02/10/2025	06/10/2025	05/01/2026	05/01/2026	193 000 000	1 415 492	-17 032 572
01/01/2026	05/01/2026	06/04/2026	06/04/2026	193 000 000	1 415 492	-15 617 079
02/04/2026	06/04/2026	06/07/2026	06/07/2026	193 000 000	1 415 492	-14 201 587
02/07/2026	06/07/2026	05/10/2026	05/10/2026	193 000 000	1 415 492	-12 786 095
01/10/2026	05/10/2026	04/01/2027	04/01/2027	193 000 000	1 415 492	-11 370 603
31/12/2026	04/01/2027	05/04/2027	05/04/2027	193 000 000	1 415 492	-9 955 110
01/04/2027	05/04/2027	05/07/2027	05/07/2027	193 000 000	1 415 492	-8 539 618
01/07/2027	05/07/2027	04/10/2027	04/10/2027	193 000 000	1 415 492	-7 124 126
30/09/2027	04/10/2027	04/01/2028	04/01/2028	193 000 000	1 431 047	-5 693 079
31/12/2027	04/01/2028	04/04/2028	04/04/2028	193 000 000	1 415 492	-4 277 586
31/03/2028	04/04/2028	04/07/2028	04/07/2028	193 000 000	1 415 492	-2 862 094
30/06/2028	04/07/2028	04/10/2028	04/10/2028	193 000 000	1 431 047	-1 431 047
02/10/2028	04/10/2028	04/01/2029	04/01/2029	193 000 000	1 431 047	0

Running Premium	3,18%

Total	35 527 300

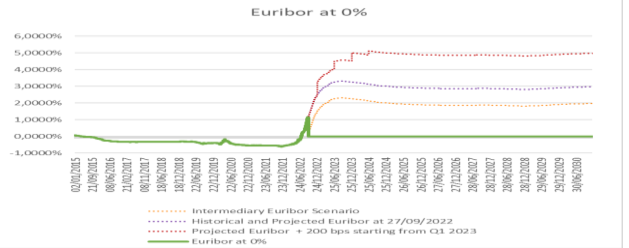
Simulation of financial expenses with four Euribor evolution scenarios

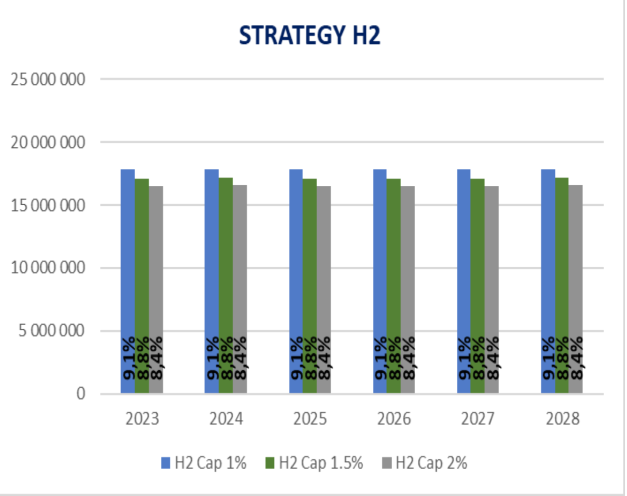


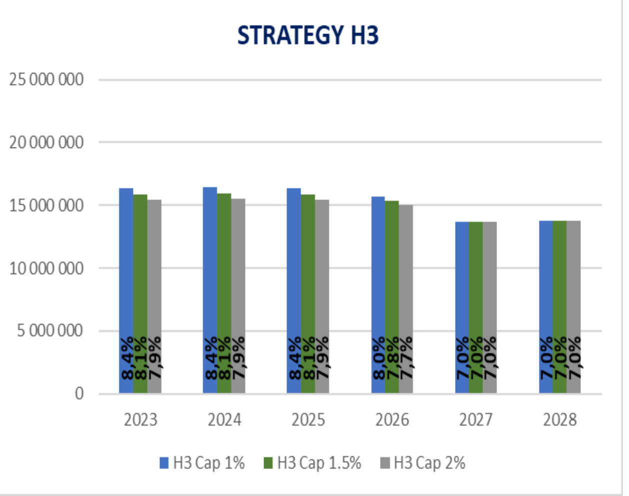
All financial expenses simulations start in 2023 and include the credit margin **7%** (Facility B), **7%** (Acquisition Facility), Euribor3m variations' impact and the cost of setting up the new hedge

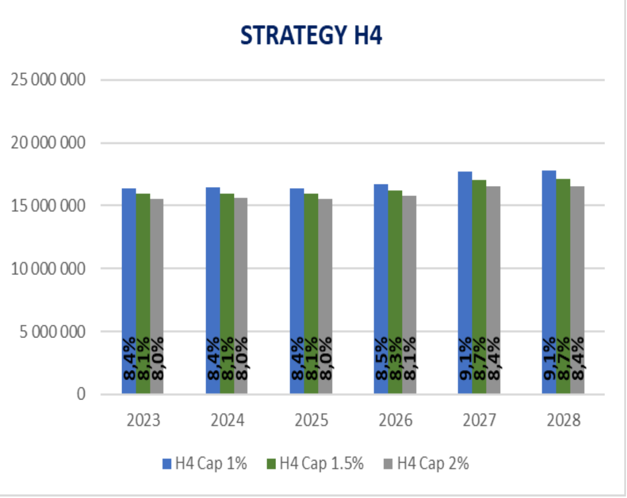
Extract from past reports

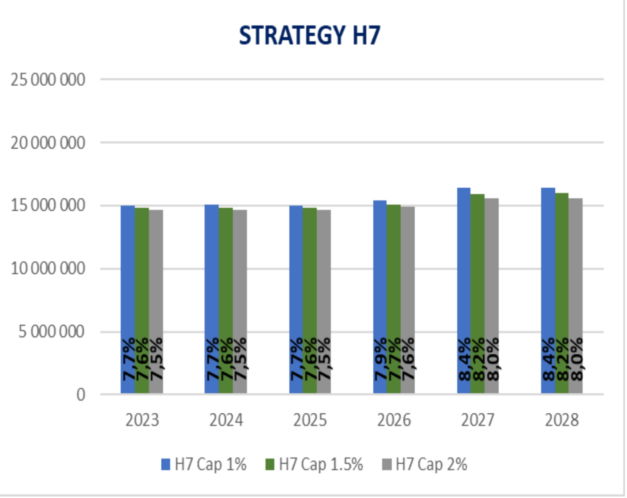
Financial expenses simulation with Euribor at 0%

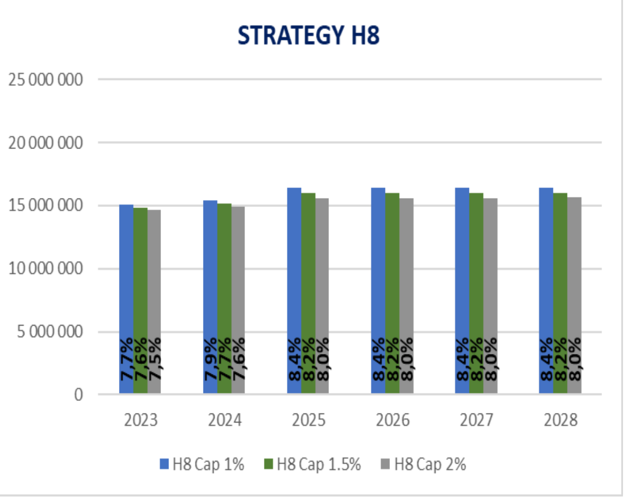






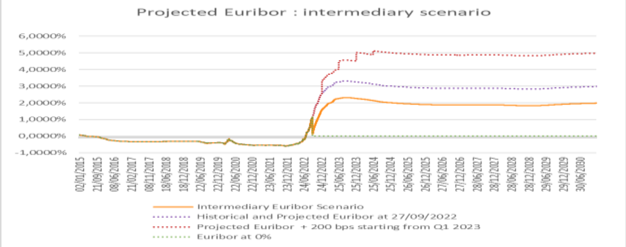


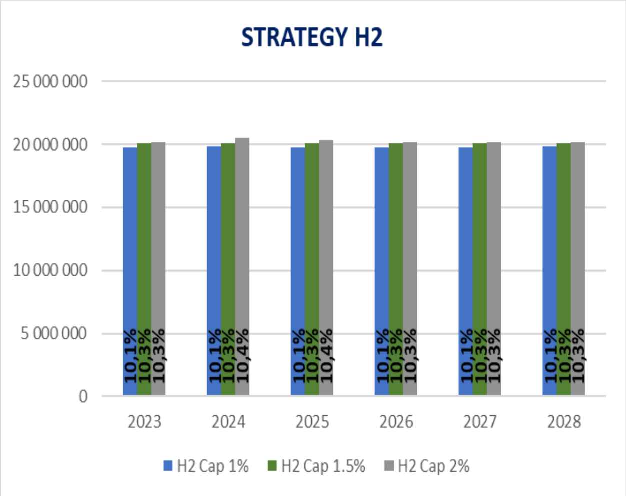


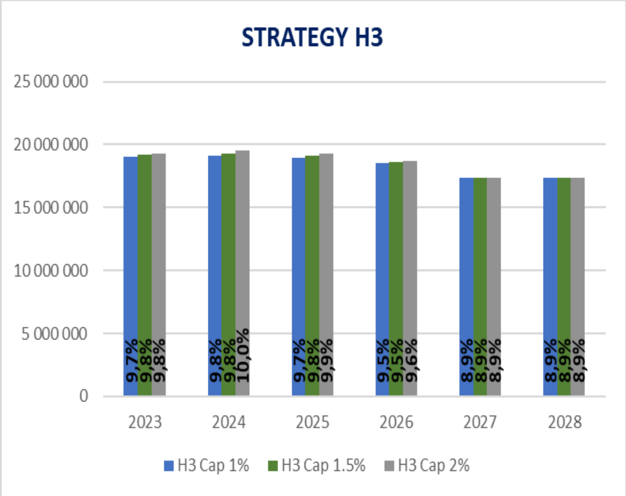


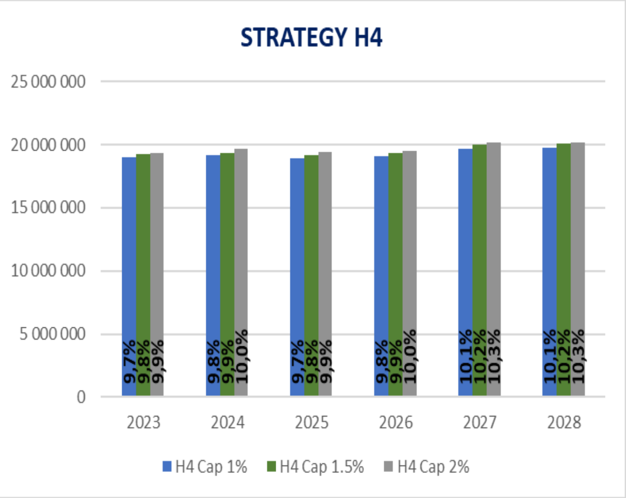
Extract from past reports

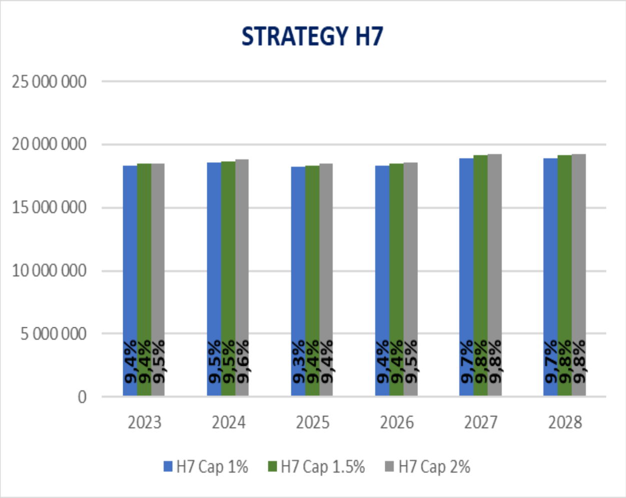
Financial expenses simulation in intermediary Euribor Scenario

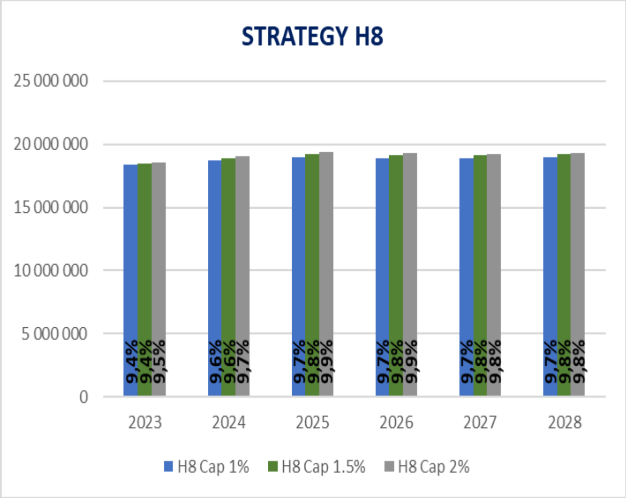






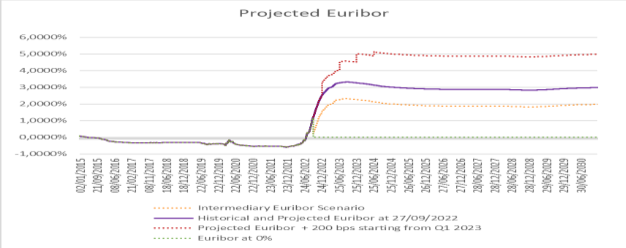


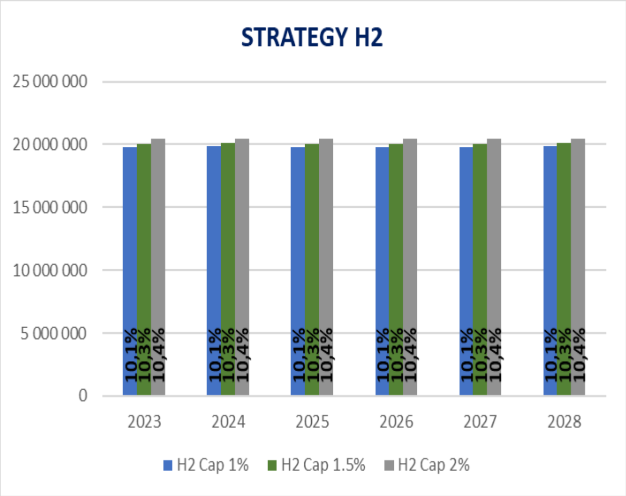


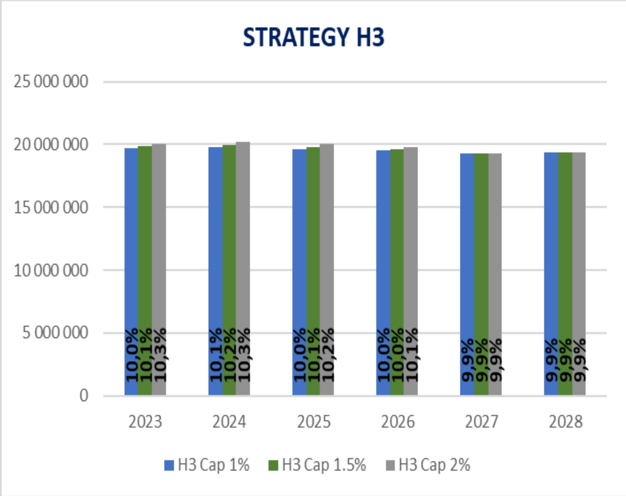


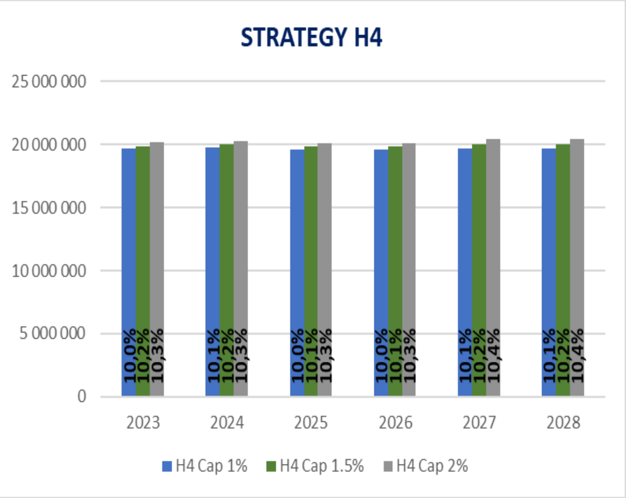
Extract from past reports

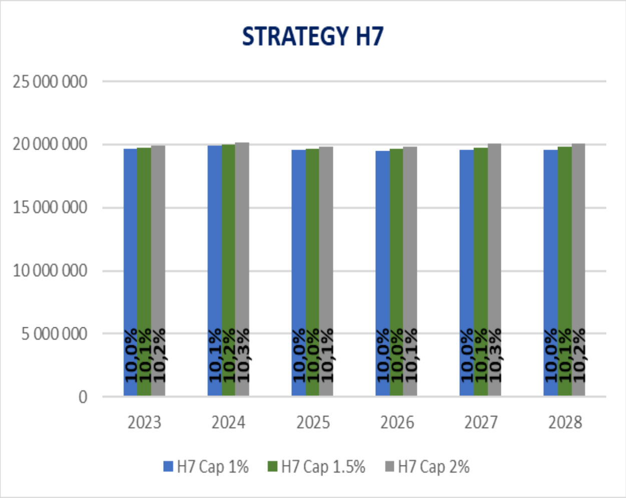
Financial expenses simulation in Projected Euribor Scenario

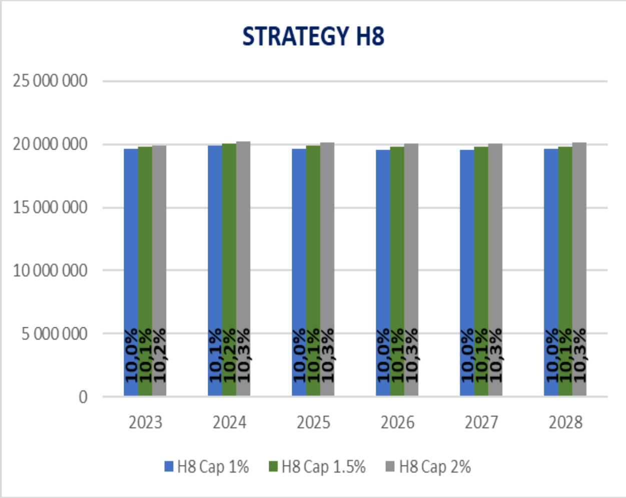






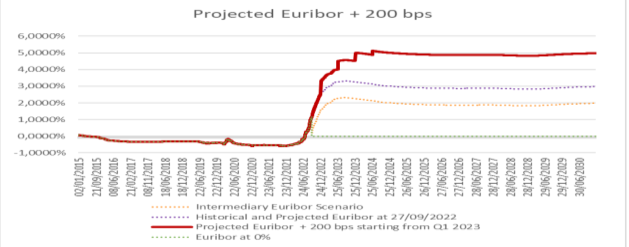


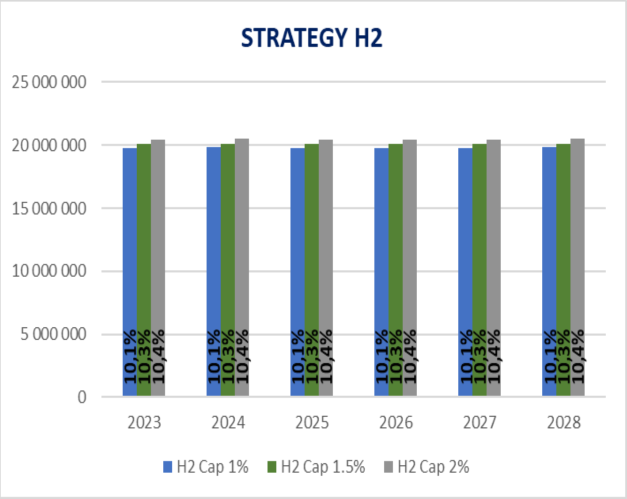


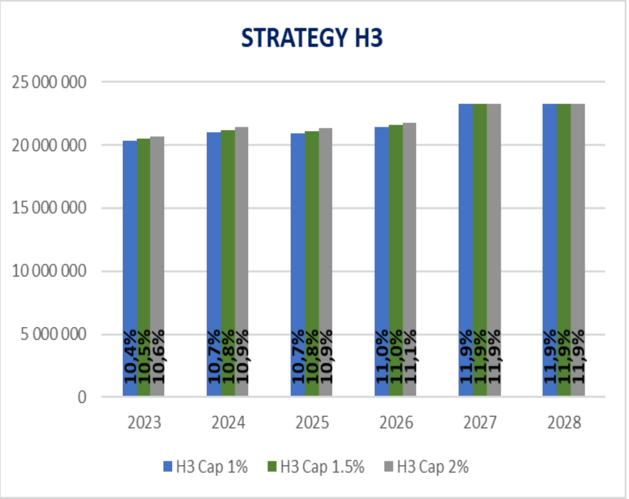


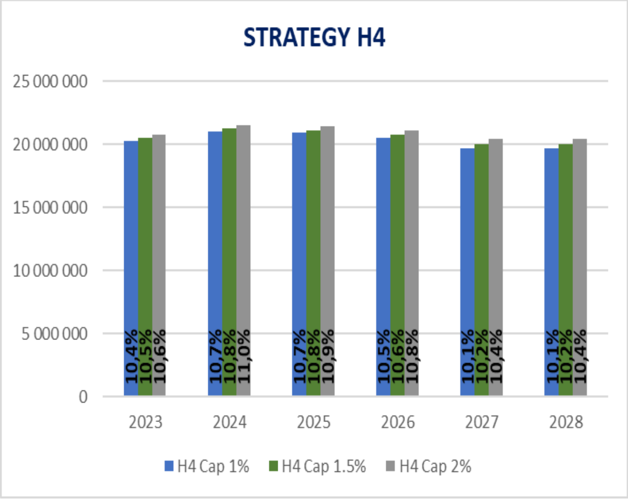
Extract from past reports

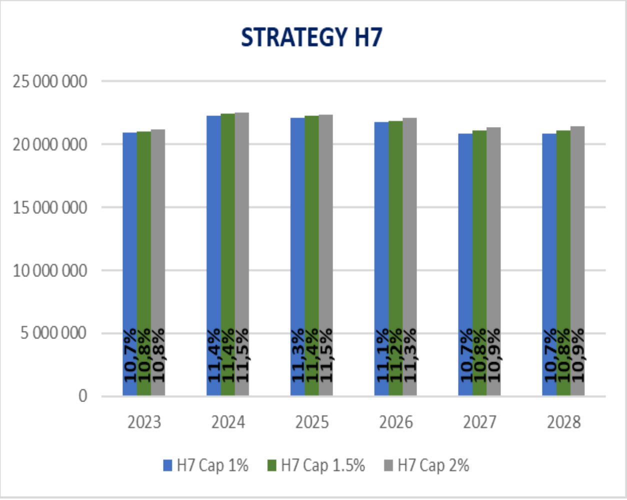
Financial expenses simulation in expected Euribor + 2% Scenario

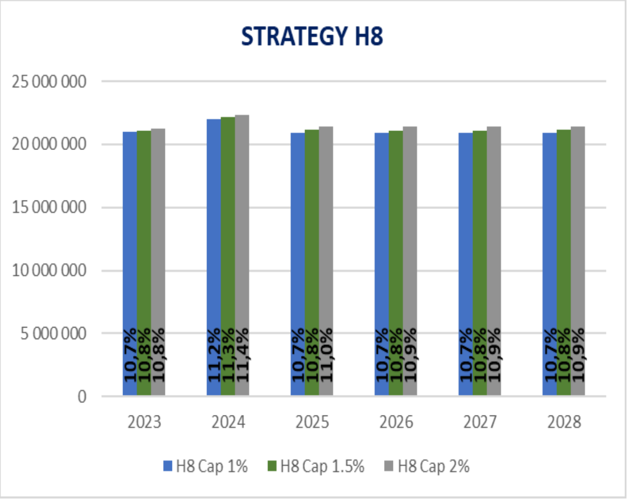






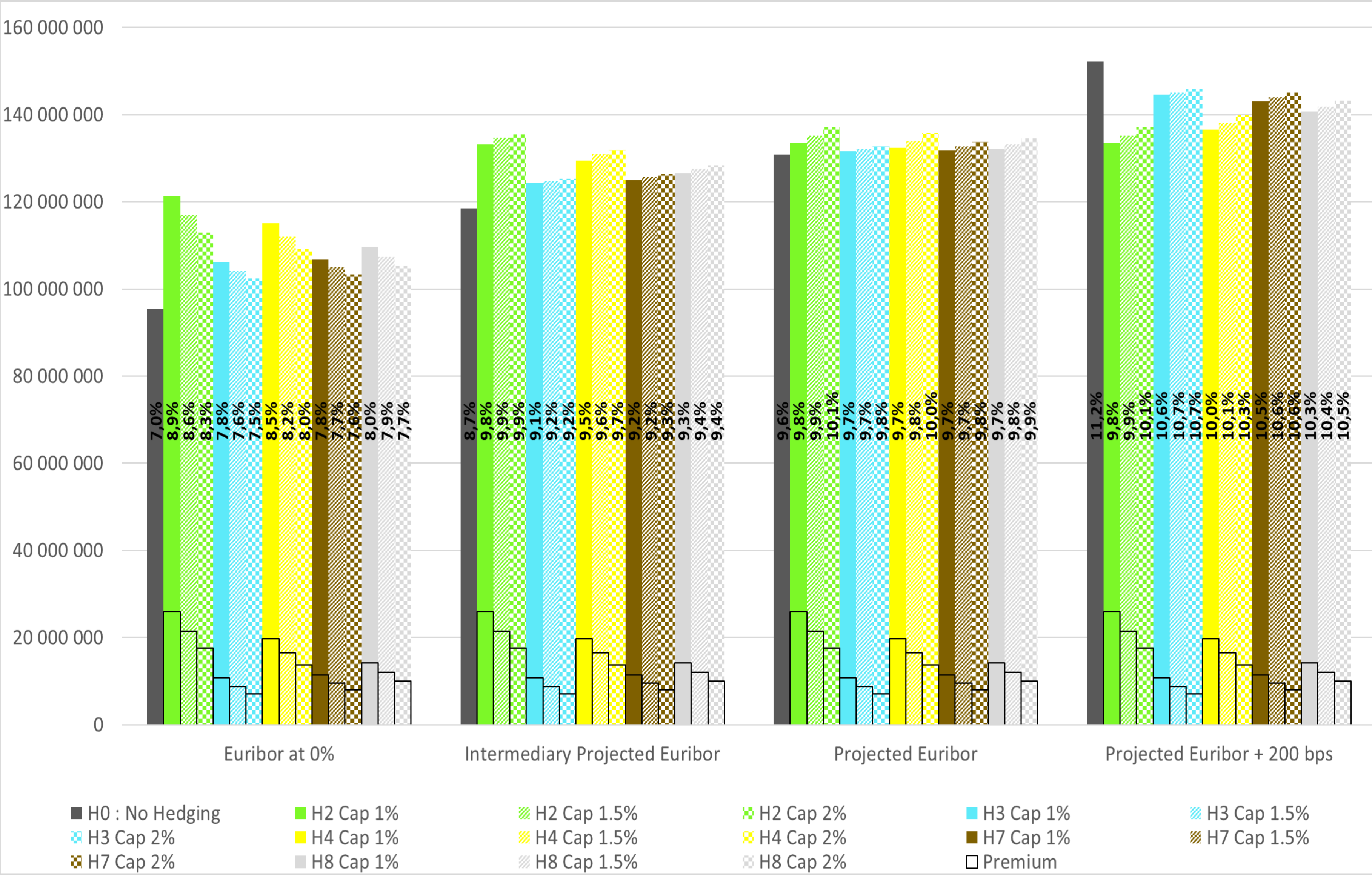






Extract from past reports

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



Extract from past reports

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

	STRATEGY H0 : No Hedging	STRATEGY H2			STRATEGY H3		
	H0	H2 Cap 1%	H2 Cap 1.5%	H2 Cap 2%	H3 Cap 1%	H3 Cap 1.5%	H3 Cap 2%
Euribor at 0%	95 377 819	121 258 219	116 883 419	112 969 719	106 103 719	104 154 819	102 481 819
Intermediary Projected Euribor	118 535 334	133 137 228	134 638 206	135 528 039	124 284 408	124 781 962	125 239 871
Projected Euribor	130 780 112	133 502 997	135 131 428	137 093 506	131 551 310	132 133 832	132 907 286
Projected Euribor + 200 bps	152 086 508	133 502 997	135 131 428	137 093 506	144 536 368	145 118 890	145 892 344

	STRATEGY H4			STRATEGY H7			STRATEGY H8		
	H4 Cap 1%	H4 Cap 1.5%	H4 Cap 2%	H7 Cap 1%	H7 Cap 1.5%	H7 Cap 2%	H8 Cap 1%	H8 Cap 1.5%	H8 Cap 2%
Euribor at 0%	115 147 619	111 938 819	109 156 819	106 771 219	104 956 819	103 381 119	109 596 619	107 348 519	105 390 719
Intermediary Projected Euribor	129 515 041	130 958 792	131 914 871	124 898 143	125 777 701	126 338 902	126 495 425	127 593 552	128 339 773
Projected Euribor	132 369 748	133 898 468	135 769 018	131 712 520	132 634 562	133 752 821	132 005 265	133 145 876	134 534 303
Projected Euribor + 200 bps	136 530 417	138 059 137	139 929 687	142 975 321	143 897 363	145 015 621	140 658 992	141 799 603	143 188 030

Extract from past reports

Amortization table

FIXING DATE	START DATE	END DATE	PAYMENT DATE	Facility B		Acquisition Facility		DEBT TOTAL	H1	H2
				Amort.	CRD	Amort.	CRD			
31/12/2021	04/01/2022	04/04/2022	04/04/2022	0	176 500 000	0	16 500 000	193 000 000	0	0
31/03/2022	04/04/2022	04/07/2022	04/07/2022	0	176 500 000	0	16 500 000	193 000 000	0	0
30/06/2022	04/07/2022	04/10/2022	04/10/2022	0	176 500 000	0	16 500 000	193 000 000	0	0
30/09/2022	04/10/2022	04/01/2023	04/01/2023	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
02/01/2023	04/01/2023	04/04/2023	04/04/2023	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
31/03/2023	04/04/2023	04/07/2023	04/07/2023	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
30/06/2023	04/07/2023	04/10/2023	04/10/2023	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
02/10/2023	04/10/2023	04/01/2024	04/01/2024	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
02/01/2024	04/01/2024	04/04/2024	04/04/2024	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
02/04/2024	04/04/2024	04/07/2024	04/07/2024	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
02/07/2024	04/07/2024	04/10/2024	04/10/2024	0	176 500 000	0	16 500 000	193 000 000	193 000 000	193 000 000
02/10/2024	04/10/2024	06/01/2025	06/01/2025	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/01/2025	06/01/2025	04/04/2025	04/04/2025	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/04/2025	04/04/2025	04/07/2025	04/07/2025	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/07/2025	04/07/2025	06/10/2025	06/10/2025	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/10/2025	06/10/2025	05/01/2026	05/01/2026	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
01/01/2026	05/01/2026	06/04/2026	06/04/2026	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/04/2026	06/04/2026	06/07/2026	06/07/2026	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/07/2026	06/07/2026	05/10/2026	05/10/2026	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
01/10/2026	05/10/2026	04/01/2027	04/01/2027	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
31/12/2026	04/01/2027	05/04/2027	05/04/2027	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
01/04/2027	05/04/2027	05/07/2027	05/07/2027	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
01/07/2027	05/07/2027	04/10/2027	04/10/2027	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
30/09/2027	04/10/2027	04/01/2028	04/01/2028	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
31/12/2027	04/01/2028	04/04/2028	04/04/2028	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
31/03/2028	04/04/2028	04/07/2028	04/07/2028	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
30/06/2028	04/07/2028	04/10/2028	04/10/2028	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/10/2028	04/10/2028	04/01/2029	04/01/2029	0	176 500 000	0	16 500 000	193 000 000	0	193 000 000
02/01/2029	04/01/2029	04/04/2029	04/04/2029	176 500 000	0	16 500 000	0	0	0	0

Kerius finance

Amortization table

Blauwtrust Groep

FIXING DATE	START DATE	END DATE	PAYMENT DATE	H3	H4	H5	H6	H7	H8	H9
31/12/2021	04/01/2022	04/04/2022	04/04/2022	0	0	0	0	0	0	0
31/03/2022	04/04/2022	04/07/2022	04/07/2022	0	0	0	0	0	0	0
30/06/2022	04/07/2022	04/10/2022	04/10/2022	0	0	0	0	0	0	0
30/09/2022	04/10/2022	04/01/2023	04/01/2023	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
02/01/2023	04/01/2023	04/04/2023	04/04/2023	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
31/03/2023	04/04/2023	04/07/2023	04/07/2023	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
30/06/2023	04/07/2023	04/10/2023	04/10/2023	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
02/10/2023	04/10/2023	04/01/2024	04/01/2024	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
02/01/2024	04/01/2024	04/04/2024	04/04/2024	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
02/04/2024	04/04/2024	04/07/2024	04/07/2024	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
02/07/2024	04/07/2024	04/10/2024	04/10/2024	128 666 667	128 666 667	128 666 667	128 666 667	64 333 333	64 333 333	64 333 333
02/10/2024	04/10/2024	06/01/2025	06/01/2025	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
02/01/2025	06/01/2025	04/04/2025	04/04/2025	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
02/04/2025	04/04/2025	04/07/2025	04/07/2025	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
02/07/2025	04/07/2025	06/10/2025	06/10/2025	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
02/10/2025	06/10/2025	05/01/2026	05/01/2026	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
01/01/2026	05/01/2026	06/04/2026	06/04/2026	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
02/04/2026	06/04/2026	06/07/2026	06/07/2026	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
02/07/2026	06/07/2026	05/10/2026	05/10/2026	128 666 667	128 666 667	193 000 000	128 666 667	64 333 333	128 666 667	64 333 333
01/10/2026	05/10/2026	04/01/2027	04/01/2027	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
31/12/2026	04/01/2027	05/04/2027	05/04/2027	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
01/04/2027	05/04/2027	05/07/2027	05/07/2027	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
01/07/2027	05/07/2027	04/10/2027	04/10/2027	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
30/09/2027	04/10/2027	04/01/2028	04/01/2028	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
31/12/2027	04/01/2028	04/04/2028	04/04/2028	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
31/03/2028	04/04/2028	04/07/2028	04/07/2028	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
30/06/2028	04/07/2028	04/10/2028	04/10/2028	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
02/10/2028	04/10/2028	04/01/2029	04/01/2029	0	193 000 000	193 000 000	128 666 667	128 666 667	128 666 667	64 333 333
02/01/2029	04/01/2029	04/04/2029	04/04/2029	0	0	0	0	0	0	0

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
- Financing terms
- Profiles at maturity of different types of hedge

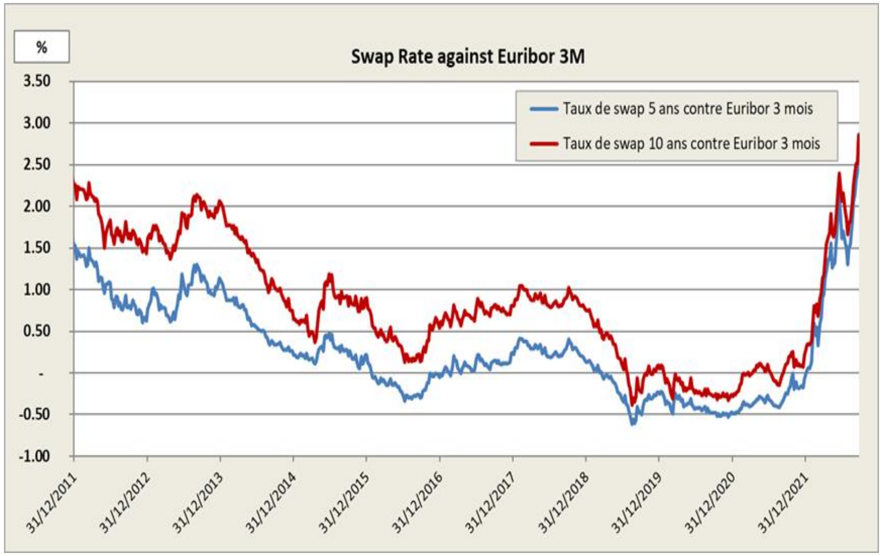
Negative Interest rates issue

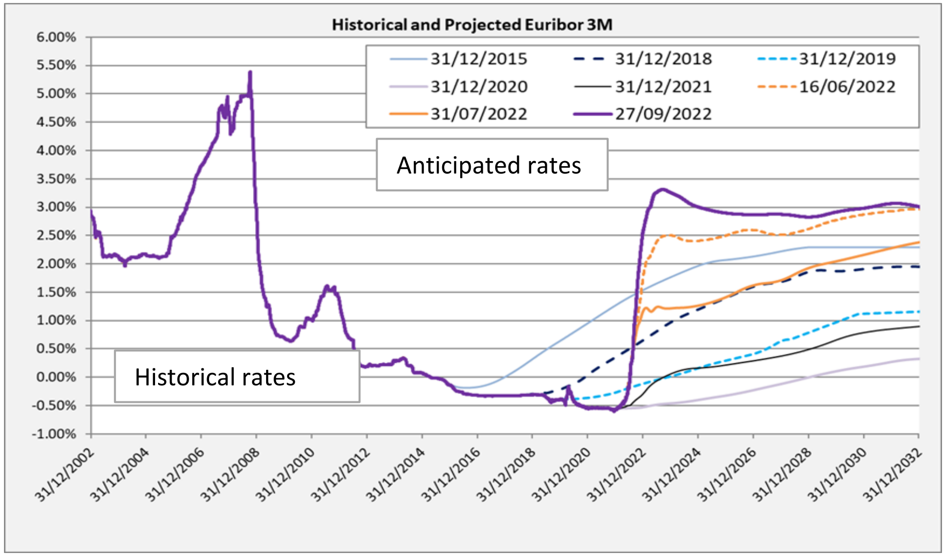
Short and medium term euro rates are at historic lows due to continued weak growth and "quantitative" actions of many central banks, including the ECB, to try to boost inflation: negative money rates, massive bond buybacks to lower supply and demand rates and liquidity injections to encourage lending.

As a result:

- Euribor 3 months is positive.
- Swap rates are positives now.
- 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.

Kerius finance

Financing clauses

Blauwtrust Groep

Facilities

BLACKFIN HOLDING B.V. (TO BE RENAMED BLAUWTRUST HOLDING B.V.)
as Company

Arranged by

ARES MANAGEMENT LIMITED
and
ABN AMRO BANK N.V.
as Mandated Lead Arrangers

- with -

ARES MANAGEMENT LIMITED
acting as Agent and Security Agent

FACILITIES AGREEMENT

The Facilities

(a) Subject to the terms of this Agreement, the Lenders make available to the relevant Borrowers:

(i) a term loan facility in an aggregate amount equal to the Total Facility B Commitments;

(ii) a term loan facility in an aggregate amount equal to the Total Acquisition Facility Commitments; and

(iii) a revolving credit facility in an aggregate amount of the Revolving Facility Commitments.

(b) Facility B will be available to the Company.

(c) The Acquisition Facility and the Revolving Facility will be available to each Borrower.

(d) Subject to the terms of this Agreement and the Ancillary Documents, an Ancillary Lender may make all or part of its Revolving Facility Commitment available to any Borrower as an Ancillary Facility.

"**Total Acquisition Facility Commitments**" means the aggregate of the Acquisition Commitments, being EUR 20,000,000 at the date of this Agreement.

"**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, Total Facility B Commitments, the Total Acquisition Facility Commitments and the Total Revolving Facility Commitments.

"**Total Facility B Commitments**" means the aggregate of the Facility B Commitments, being EUR 176,500,000 at the date of this Agreement.

"**Total Net Debt**" has the meaning given to that term in Clause 23.1 (*Financial definitions*).

"**Total Revolving Facility Commitments**" means the aggregate of the Revolving Facility Commitments, being EUR 15,000,000 at the date of this Agreement.

Financing clauses

Reimbursement

REPAYMENT

Repayment of Term 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 the Acquisition Facility shall repay the aggregate Acquisition Facility Loans on the Termination Date for the Acquisition Facility.

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

(d) 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.

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

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

(b) the Acquisition Facility, the date falling seven (7) years after the Closing Date;

(c) the Revolving Facility, the date falling seven (7) years after the Closing Date; and

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

Financing clauses

Hedging Requirement

Financing clauses

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).

Payment of interest

Subject to the PIK Toggle, 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).

PIK Toggle

(a) The Company may, at any time, and at least five Business Days before the proposed Toggle Date (as defined below), elect by notice to the Agent (a "**Toggle Election**") to convert part of the Margin element of the interest in respect of any Term Loan payable in cash under Clause 12.2 (*Payment of interest*) into payment-in-kind interest in accordance with the terms of this Clause ("**PIK Margin**") payable in accordance with this Clause 12.3 (the "**PIK Toggle**"), provided that following such Toggle Election:

(i) the Margin element of the interest in respect of any Term Loan payable in cash ("**Cash Margin**") in respect of such Term Loan remains at least 4.00 % per annum; and

(ii) the maximum amount of Margin which is converted into PIK Margin is 3.00 % per annum.

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 is a Term Loan and has already been borrowed) in a Selection Notice.

(b) Each selection notice for a Term Loan is irrevocable and must be delivered to the Agent by the Borrower to which that Term 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 Term Loan and 1, 3 or 6 Months for a Revolving Facility Loan or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders under the relevant Facility).

"**Margin**" means:

(a) in relation to any Facility B Loan, 7.00 % per annum;

(b) in relation to any Acquisition Facility Loan, 7.00 % per annum;

(c) in relation to any Revolving Facility Loan, 3.75% per annum;

(d) 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*);

Financing clauses

Cross default

25.5 **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 2,000,000 (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).

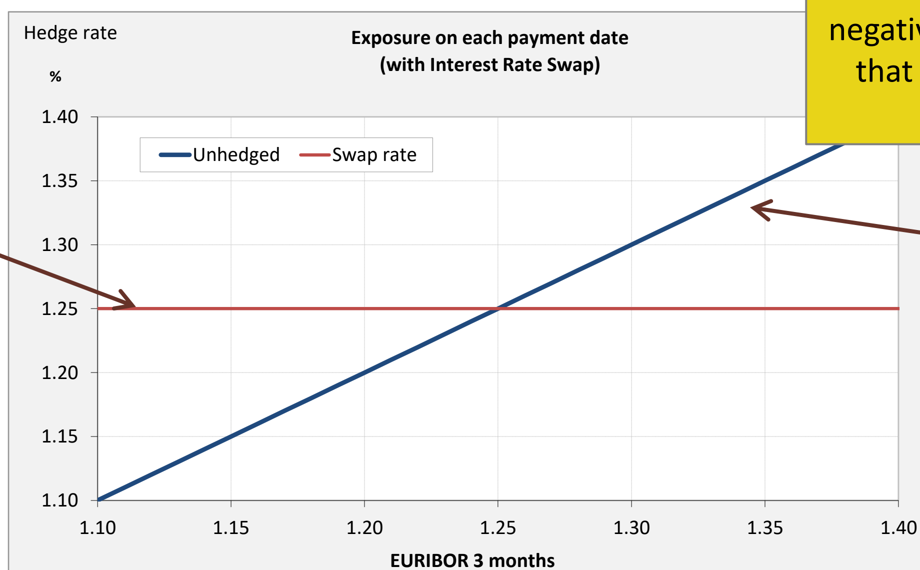
Disadvantages:

- 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

Illustrative graph: non-updated data

Various types of hedges

Interest rate Cap: 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:

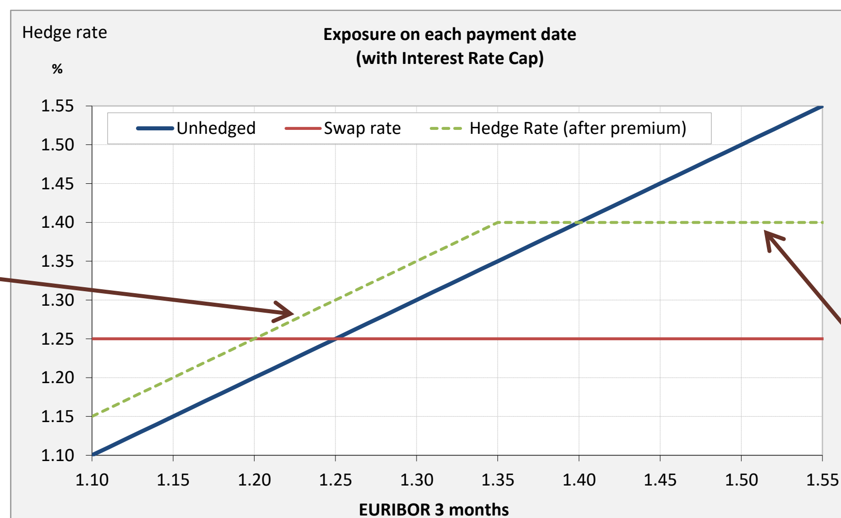
- Fully flexible to modify or cancel the hedge in case of modification of the exposure;
- Opportunity to benefit from favorable fluctuations of market rates;
- Risk of loss limited to the premium paid initially, in case of hedge modification before expiry

Disadvantages:

- 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

Illustrative graph: non-updated data



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

Various types of hedges

Collars (combinations of options purchased and sold):

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:

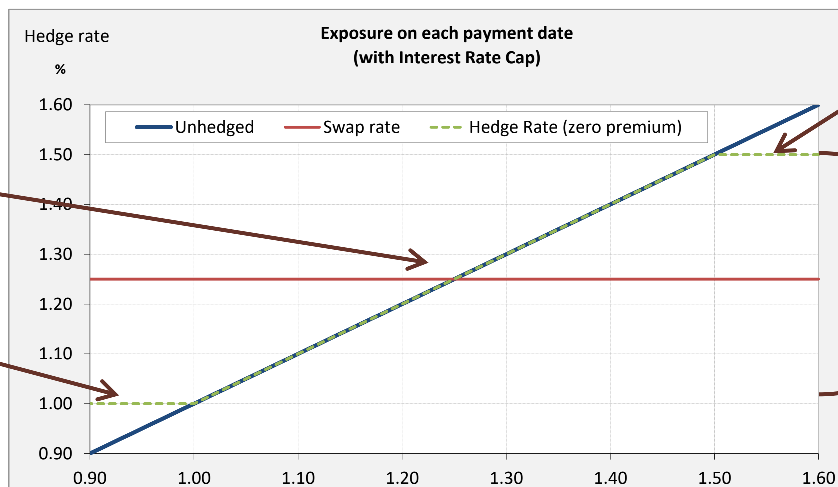
- Cost of opportunity if the rates move in a favorable direction after inception of the hedge

➢ 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.

Zero premium collar

Minimum rate paid(floor)

Illustrative graph: non-updated data



Maximum rate paid(cap)

Floating index between the two agreed exercise rates

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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