

Rosier SA
Société anonyme
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 7911 Frasnes-lez-Anvaing
 0401.256.237 (RLE Tournai)

(the **Company**)

**SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES
 7:179 *JUNCTO* 7:197 OF THE BELGIAN CODE OF COMPANIES AND ASSOCIATIONS**

1. INTRODUCTION

This special report (the **Special Report**) has been prepared in accordance with articles 7:179 §1 *juncto* 7:197 §1 of the Belgian Code of Companies and Associations (the **BCCA**).

According to articles 7:179 §1 *juncto* 7:197 §1 of the BCCA, when a company envisages a capital increase by way of a contribution in kind against the issuance of new shares, the board of directors must draft a special report in which it (i) justifies the issue price of the newly issued shares, (ii) describes the consequences of the transaction on the economic and voting rights of the shareholders, (iii) sets out the interest which the contribution in kind represents for the Company, (iv) describes the contribution in kind, (v) provides a reasoned valuation thereof and (vi) indicates the consideration granted in exchange for the contribution in kind. If applicable, the board of directors must also justify in its special report the reasons for departing from the conclusions of the Statutory Auditor Report (as defined below).

The statutory auditor of the Company, PwC – Réviseurs d’entreprises SCRL, represented by Peter Van den Eynde (the **Statutory Auditor**), was requested to draw up a report in accordance with articles 7:179 §1 *juncto* 7:197 §1 of the BCCA, in which the Statutory Auditor (i) assesses whether the financial and accounting data contained in the Special Report are true and sufficient in all material respects to inform the general shareholders’ meeting called upon to vote on the capital increase by way of contribution in kind and (ii) examines the description made by the board of directors of the contribution in kind, the valuation adopted and the methods of valuation applied (the **Statutory Auditor Report**). This Special Report shall be read together with the Statutory Auditor Report, which is attached to this Report as Annex 1.

This Special Report has been prepared in the context of the board of directors’ proposal to recapitalize the Company through a capital increase by contribution in kind (the **Contribution in Kind**) by Borealis AG (**Borealis**), the Company’s controlling shareholder, (i) its receivables under the following shareholder loans that Borealis (as lender) entered into with the Company (as borrower): (A) the EUR 25 million intercompany loan agreement dated 16 July 2020, effective as from 22 July 2020, amended for the last time in February 2021 and expiring on 30 June 2022 and (B) the EUR 25 million intercompany loan agreement dated 16 July 2020, effective as from 28 August 2020, amended for the last time in February 2021 and expiring on 30 June 2022 (together, the **Borealis’ Loans**) and (ii) a portion of the receivables under the current account (the **Current Account**) between Borealis Financial Services NV and the Company (receivables assigned by Borealis Financial Services NV to Borealis). The receivables under the Borealis’ Loans and the Current Account would each be contributed at nominal value in the Company’s capital, for an aggregate amount of EUR 55 million and against the issuance of 2,750,000 new ordinary shares (the **Capital Increase**). Following the proposed Capital Increase, a debt of approx. EUR 5 million shall be outstanding under the Current Account. This debt, together with any accrued interests on the Borealis’ Loans up to the termination of the Borealis’ Loans (see below) and any accrued interests on the Current Account shall be repaid by the Company through the new intra-group financing facility as described in more detail below.

This Special Report shall be submitted to the extraordinary general shareholders' meeting of the Company to be held on (or shortly after) 14 March 2022, before the notary public Robberechts Emmanuelle, at the registered office of the Company (the **Extraordinary General Meeting**).

The agenda of the Extraordinary General Meeting shall include the approval of the Capital Increase as a proposed resolution.

2. DESCRIPTION OF THE CONTRIBUTION IN KIND

Pursuant to article 7:197 of the BCCA, this Special Report must include a description of the Contribution in Kind, give a reasoned valuation of this Contribution in Kind, specify the remuneration granted in exchange for this Contribution in Kind and indicate the interest of the Company in it.

2.1 Description and valuation of the Contribution in Kind

(a) Description of the Contribution in Kind

The board of directors of the Company (the **Board**) is considering a recapitalization of the Company that will consist of the Capital Increase through the Contribution in Kind. The Contribution in Kind consists of the contribution by Borealis of (part of) its receivables under the Borealis' Loans and the Current Account.

The portion of the receivables under the Current Account that will be contributed shall be assigned by Borealis Financial Services NV to Borealis pursuant to an assignment agreement prior to the Capital Increase. The remaining outstanding debt balance towards Borealis Financial Services NV under the Current Account of approx. EUR 5 million shall be repaid through a new committed (unsecured) intra-group financing facility of up to EUR 15 million which will be entered into between Borealis and the Company.

(b) Valuation of the Contribution in Kind

The Board considers that the receivables of Borealis under the Borealis' Loans and the Current Account must be contributed in kind to the capital of the Company at their nominal value, i.e. respectively, (i) EUR 25 million, (ii) EUR 25 million and (iii) EUR 5 million and EUR 55 million in aggregate, taking into account the overall financial terms of the Capital Increase.

2.2 Consideration for the contribution

In exchange for the Contribution in Kind, 2,750,000 new ordinary shares without nominal value would be issued (the **New Shares**), at an issue price of EUR 20 per New Share (the **Issue Price**), to Borealis.

The New Shares will be of the same nature and will be accorded the same rights and obligations as the existing shares of the Company at the time of their issuance (including dividend rights). At the time of the issuance, the New Shares will take the form of registered shares.

The New Shares will be of the same kind and with the same rights and benefits as the existing shares and participating in the profits as from 1 January 2022. The New Shares shall be fully subscribed to by Borealis. The New Shares shall be fully paid up.

2.3 Justification of the Contribution in Kind

The Capital Increase by Contribution in Kind is being proposed in the context of the intended recapitalisation of the Company. The Capital Increase would improve the equity and solvency position of the Company.

On the basis of the (unaudited) annual results for the financial year ending 31 December 2021, it has been established that the net assets of the Company have fallen below one quarter of its share capital (*i.e.* the Company's share capital currently amounts to EUR 2,550,000), which triggers the application of the "alarm bell procedure" in accordance with article 7:228 of BCCA. The net assets of the Company have also fallen below EUR 61,500. According to article 7:229 of the BCCA, if the net assets have fallen below EUR 61,500, any interested party or the public prosecutor may apply to the court for the dissolution of the Company, but if this was the case the court might, if necessary, grant the Company a binding time limit to regularise its situation.

The Capital Increase is being proposed as a major recovery measure to ensure the continuity of the Company, given the financial difficulties it is facing, the "alarm bell procedure" (see above) and in view of improving the Company's current debt level situation, which is untenable. The Capital Increase would restore the net assets of the Company to above EUR 61,500. As a result of the Capital Increase, the Company's share capital will amount to EUR 30,050,000 and, hence, the amount of the net assets will be above half of the Company's share capital. Reference is made to the separate special report prepared by the Board in application of the alarm bell procedure in accordance with article 7:228 of the BCCA.

Therefore, and in accordance with article 7:197 of the BCCA, the Board believes that the proposed Capital Increase by Contribution in Kind is in the interest of both the Company and its shareholders.

3. JUSTIFICATION OF THE ISSUE PRICE AND CONSEQUENCES FOR THE ECONOMIC AND VOTING RIGHTS OF THE SHAREHOLDERS

In accordance with article 7:179 of the BCCA, this Special Report must justify the Issue Price of the New Shares issued in the context of the Capital Increase and describe the consequences of this Capital Increase for the shareholders' economic and voting rights.

3.1 Justification of the Issue Price

The New Shares shall be issued at the Issue Price.

The valuation report provided to the committee of independent directors by KBC Securities in the framework of article 7:97 §3 of the BCCA states that:

"KBC Securities has assessed the equity value of the Company to be negative. KBC Securities has come to its valuation conclusions based on three valuation methodologies, i) a Discounted Cash Flows Analysis on the cash flows forecast as per the final draft of the business plan of the Company, ii) a Comparable Trading Analysis using a peer group of listed peers on 2021 actual and 2022 expected EBITDA adjusted for one-offs and, lastly, iii) a Previous Transaction Analysis on 2021 actual EBITDA adjusted for one-offs."

The EUR 20 per New Share represents a discount of 67.74% to the market price of EUR 62 per share on 18 January 2022 (ie the last trading day before the trading in the Rosier shares were suspended). However, especially given the financial difficulties the Company is currently facing, the market price is not representative of the actual value of the Company. This is further the case because of the limited liquidity of the Company's share. The discount vis-à-vis the current market price reflects this and has to be considered as a necessary recovery measure in order to ensure the continuity of the Company. The disconnect between the issue price and the market price of the Company's shares is further to be considered in the context that the

new BCCA has generally relaxed requirements in this respect to allow for this type of financial rescue operations.

The Issue Price offered by Borealis in the framework of the Capital Increase is significantly higher than the (negative) equity value of the Company set out in the Valuation Report.

3.2 Consequences for the economic and voting rights of the shareholders

On the date of this Special Report, the Company's share capital amounts to EUR 2,550,000 and is represented by 255,000 existing shares, without nominal value, each representing a par value of EUR 10 per share. Each share in the Company represents an equal portion of the share capital of the Company and carries economic- and voting rights in proportion to the share capital it represents.

As a consequence of the contemplated Contribution in Kind and the subsequent issuance of New Shares, the Company will have 3,005,000 shares outstanding. The ownership of Borealis in the Company will increase from approximately 77.47% (197,550 shares) to approximately 98.09% (2,947,550 shares).

- As a result of the issuance of New Shares in the context of the Capital Increase, the economic and voting rights of the existing shareholders would be diluted with 91.51% (*i.e.* as determined on the basis of the following formula: $1 - (255,000 \text{ shares prior to the Capital Increase} \div 3,005,000 \text{ shares after the Capital Increase})$).
- The existing shares would also be subject to financial dilution as a result of the issuance of the New Shares. This dilution could be determined on the basis of the following formula:

$$1 - \frac{(\text{market price} \times \text{number of existing Shares} + \text{Issue Price} \times \text{number of New Shares})}{(\text{number of existing shares} + \text{number of New Shares}) \times \text{market price}}$$

Assuming a hypothetical market price of EUR 62 per share (*i.e.* market price at closing of market on 18 January 2022), this formula would result in 61.99% financial dilution.

- Based on the (unaudited) 2021 annual results, the net equity value of the existing shares of the Company before the Capital Increase amounted to approx. EUR -129 per share. After the Capital Increase, the net equity value of the then existing shares of the Company (including the New Shares) will amount to approx. EUR 7.35 per share.
- From an accounting perspective, the aggregate amount of the Capital Increase (with issue premium) resulting from the issue of the New Shares shall be allocated for an amount of EUR 27,500,000 to the Company's share capital and EUR 27,500,000 as issue premium.
- As a result of the Capital Increase, Borealis would become the holder of more than 95% of the share capital of the Company (*i.e.* 98.09%). As a consequence, Borealis would have the right (but not the obligation) to launch a "naked" squeeze-out bid pursuant to applicable Belgian takeover regulations at any time following the Capital Increase, and to delist the Company from Euronext Brussels. No concrete steps have been taken in this respect.

4. STATUTORY AUDITOR REPORT

On 8 February 2022, the Statutory Auditor prepared its Statutory Auditor Report concerning the Contribution in Kind. A copy of the Statutory Auditor Report is attached as Annex 1.

The conclusion of the Statutory Auditor Report is as follows:

5. Conclusions

5.1. Auditor's conclusion to the extraordinary general meeting of shareholders of Rosier SA regarding the contribution in kind (art. 7:179 and 7:197)

Pursuant to Article 7:179 of the Companies and Associations Code, we hereby present our conclusion to the extraordinary general meeting of shareholders of Rosier SA under our audit assignment, for which we were appointed by engagement letter dated 22 November 2022.

We have performed our assignment in accordance with the Standard on the auditor's assignment concerning a contribution in kind and a quasi-contribution of the *Institut des Réviseurs d'Entreprises* [Institute of Company Auditors]. Our responsibilities under this standard are described below in the section "Responsibilities of the statutory auditor regarding the contribution in kind and the share issue."

Concerning the contribution in kind

Pursuant to Article 7:179 of the Companies and Associations Code, we have examined the matters described below as set forth in the draft special report of the board of directors of 8 February 2022 and we have no significant findings to report concerning:

- the description of the assets to be contributed;
- the valuation applied;
- the valuation methods used for this purpose.

We note that the capital increase is subject to the assignment of the current account for an amount of EUR 5 millions from Borealis Financial Services to Borealis AG before the General assembly on the present transaction.

We have also concluded that the valuation methods applied for the contribution in kind result in the value of the contribution being at least equal to the number and nominal value or, in the absence thereof, to the accounting par value of the shares and the increase in the share premium account to be issued in consideration.

The actual consideration shall consist of the issue of 2.750.000 shares at a subscription price of EUR 20 per Share.

Regarding the share issue

Based on our assessment of the accounting and financial data in the special report of the board of directors, we have not identified any facts that would lead us to believe that said data, which include the justification of the issue price and the consequences for the property and corporate rights of the shareholders, are not fair and sufficient in all material respects to inform the general meeting of shareholders convened to vote in favour of this proposal.

No fairness opinion

Pursuant to Article 7:179 of the Companies and Associations Code, our engagement does not include expressing an opinion on the appropriate and opportune nature of the transaction, nor on the valuation of the remuneration granted in consideration of the contribution, nor on the legitimacy and fairness of this transaction ("no fairness opinion"). So we do not either express a fairness opinion.

Responsibility of the board of directors

- In the contribution in kind, the board of directors is responsible for:
 - explaining the interest that the contribution entails for the company;
 - the description and reasoned valuation of each contribution in kind; and
 - mentioning the remuneration granted in consideration.
- In the issuance of share, the board of directors is responsible for:
 - the justification of the issue price; and

- the description of the consequences of the transaction on the property and corporate rights of the shareholders.

Responsibility of the statutory auditor

- In the contribution in kind, the statutory auditor is responsible for:
 - examining the description provided by the board of directors of each contribution in kind;
 - examining the valuation adopted and the valuation methods applied for this purpose;
 - indicating whether the values arrived at by these valuation methods correspond at least to the value of the contribution mentioned in the deed; and
 - mentioning the actual remuneration attributed in consideration of the contribution.
- In the issuance of share, the statutory auditor is responsible for reaching a conclusion as to whether:
 - the accounting and financial data contained in the special report of the board of directors, which includes the justification of the issue price and the consequences on the property and corporate rights of the shareholders, are true and sufficient in all material respects to inform the general meeting of shareholders convened to vote for this proposal.

6. Restriction on the use of our report

This report has been prepared solely in view of what is provided in articles 7:179 juncto 7:197 of the Companies' and Associations' Code in relation to the contribution in kind and may not be used for any other purpose.

The Board takes note of the decision of the Statutory Auditor that (i) the valuation method applied for the valuation of the Contribution in Kind, on the basis of which the Contribution in Kind is considered economically justified, is correct and that the Contribution in Kind has therefore not been overvalued and (ii) the financial and accounting data contained in this Special Report are fair and sufficient in all material respects to inform the general shareholders' meeting called upon to vote on the Capital Increase proposal. Accordingly, the Board does not depart from the conclusions of the Statutory Auditor.

The Special Report and the Statutory Auditor Report will be deposited with the clerk's office of the business court of the registered office of the Company in accordance with articles 2:8 and 2:14, 4° of the BCCA.

5. CONCLUSION

For the purpose of articles 7:179 *juncto* 7:197 of the BCCA, the Board is of the opinion that the proposed Contribution in Kind is in the interest of the Company for the reasons stated in this Special Report.

The Board invites the shareholders of the Company to approve the proposed Capital Increase by Contribution in Kind.

[Signature page follows]

Signed at Moustier on 8 February 2022.

On behalf of the Board,

DocuSigned by:
Willy Raymaekers
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Name: Willy Raymaekers

Title: Director

ANNEX 1
STATUTORY AUDITOR REPORT