



Press release¹

Rosier publishes its 2021 Annual Report, updates on current situation and convenes annual and extraordinary general meeting

2021 Annual Report

Rosier SA (the Company) has published its 2021 Annual Report in the “*Financial information*” section of its website. The 2021 Annual Report can be accessed through the following link: <https://www.rosier.eu/en/financial-informations/reports/>.

Update on current situation (following the press release of 12 March 2022)

On 12 March 2022, following the outbreak of war in Ukraine, the Company issued a press release to inform its shareholders and the market on the negative impact of the war in Ukraine on its business and on the on-going assessments being made at that time to determine whether measures should be taken in addition to the initially proposed rescue package announced in the press release of 9 February 2022 (the Initial Rescue Package) in order to ensure the short-term financing of the Company.

In view thereof and pending such on-going assessments of potential additional measures for the Company, the board of directors (the Board) proposed to the shareholders at the extraordinary general meeting of 14 March 2022 to postpone the deliberation and decisions on the agenda items relating to the capital increase (that was proposed as part of the Initial Rescue Package) to a future extraordinary general meeting. The extraordinary general meeting resolved to follow the Board’s proposal and, hence, vote in favor of such postponement (see press release of 14 March 2022).

As the aforementioned investigations have been completed in the meantime, there is now a better view on the impact of the war in Ukraine on the Company’s operations, which can be summarized as follows:

- Prices of raw materials have stabilised at a high historic level. Other sources for raw materials have been secured in the meantime, replacing supplies from Russia and Belarus. The Company’s supplies from these two countries represented approximately 18% of the total supply quantities consumed in financial year 2021. Also energy costs have come down from the peak levels around 210 EUR/MWh during the first weeks of the war to 95 EUR/MWh this month.

¹ Also available on the website www.rosier.eu under the heading “Financial information”

- As a result of Russian fertilizer producers being banned from the European market, demand has picked up compensating for the loss of business in Ukraine.
- Due to the limited supply from Russia, and backed by the high price level for the raw materials, the Company has been able to pass on the increase in raw material costs to its customers.

In the context of article 3:69 of the BCCA procedure initiated by the Company's statutory auditor, PwC – Réviseurs d'entreprises SRL, represented by Peter Van den Eynde (the Statutory Auditor), as referred to in the press release of 12 March 2022, the Company has discussed its current financial situation with the Statutory Auditor and, taking into account the availability of the rescue package offered by Borealis AG (the Rescue Package), has decided to report in going concern.

The Statutory Auditor has confirmed that the audit of the consolidated financial statements adopted by the Board has been completed and that, although the audit did not reveal any material misstatement in the accounts, the annual audit report includes an emphasis-of-matter paragraph related to going concern, as follows:

"We draw your attention to note 5.2 (b) Preparation of financial statements - going concern of the consolidated financial statements, mentioning that the Group suffered a net loss for the period of EUR 36,930 thousand and presents negative equity of EUR 31,097 thousand during the financial year ended December 31, 2021. As indicated in note 5.2 (b), the new financing line of EUR 15 million is subject to the approval, by the extraordinary general meeting of 16 June 2022, of a capital increase of EUR 55 million (by contribution in kind of a shareholder receivable), only covers the Group's needs until July 2023 provided that the assumptions relating the 2022-2026 cash flow forecasts, reviewed by the Board on April 28, 2022, materialise. Furthermore, this note specifies that this proposal for a capital increase by contribution in kind of a shareholder receivable will strengthen the solvency of the Company and that the Board of Directors will make its best efforts to find alternative sources of financing before July 2023. As indicated in note 5.2. (b), these events and these conditions reveal, as well as the other points explained in note 5.2 (b), the existence of a material uncertainty likely to cast significant doubt as to the ability of the Group to continue its activities. Our opinion is not modified on this point."

The Statutory Auditor has also confirmed that the accounting data reported in the present press release is consistent, in all material respects, with the accounts from which it has been derived.

Recapitalization and new extraordinary general meeting

Given the current financial situation of the Company and the more stable financial outlook, the Company believes that implementation of the Rescue Package is justified and required in light of the decision to report in a going concern. Therefore, the Board proposes to proceed with the transactions proposed as part of the Rescue Package, on substantially the same terms and conditions as those presented in February 2022, *i.e.* the following transactions:

- a recapitalisation of the Company consisting of a capital increase through contribution in kind by Borealis AG of (i) its receivables under the following shareholder loans that Borealis AG (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), and (B) the EUR 25 million intercompany loan agreement dated 16 July 2020 (effective as from 28 August 2020) (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 AG) (the Capital Increase); and
- the entry by the Company into a committed (unsecured) intra-group financing facility of up to EUR 15 million with Borealis AG which will, amongst others be used to refinance the remaining

outstanding current account receivables between the Company and Borealis Financial Services NV, currently approximately at EUR 7 million, following the Capital Increase (the New Committed Facility and together with the Capital Increase, the Transaction).

The Board specifically notes that, if approved, the Transaction will be implemented by 31 July 2022.

For this purpose, the Board has convened a new extraordinary general meeting to resolve on the proposed Capital Increase that will be held together with the annual general shareholders' meeting on 16 June 2022 (the Extraordinary General Meeting).

For further detail, reference is made to below and the convening materials for the Extraordinary General Meeting, including the related special board reports and the auditor report, as made available on the Company's website (www.rosier.eu).

Related party transactions

General

The Board has decided on 12 May 2022 (i) to propose to the Extraordinary General Meeting the approval of the Capital Increase (as defined above) and (ii) to enter into the New Committed Facility (as defined above).

Borealis AG, as controlling shareholder of the Company (with a participation of approx. 77.47% in the Company), is a "related party" of the Company within the meaning of IAS 24. Borealis Financial Services NV, as a wholly owned subsidiary of Borealis AG, is also a "related party" of the Company within the meaning of IAS 24.

While the envisaged Transaction will be on substantially the same terms and conditions as those presented in February 2022 and were already covered by the written advice of the Committee of Independent Directors dated 8 February 2022 that was prepared in accordance with article 7:97 of the BCCA (the Initial Advice), the Board decided to re-apply, insofar as needed, the procedure pursuant in article 7:97 of the BCCA before any decision is made in the context of the Capital Increase or in relation to the envisaged New Committed Facility.

Accordingly, in accordance with article 7:97 §3 of the BCCA, the envisaged Transaction was re-submitted beforehand to the Committee of Independent Directors (composed of the Company's three independent directors) (the Committee). This Committee issued an update to its Initial Advice in respect of the Transaction taking into account the Company's current situation and outlook.

The Committee re-appointed KBC Securities as independent financial expert in accordance with article 7:97 §3 of the BCCA to provide the Committee with an update of the valuation report prepared in February 2022 relating to the Company (the Updated Valuation Report). Such Updated Valuation Report replaces the valuation report prepared in February 2022. For more information on the independence of KBC Securities, reference is made to the additional information that can be consulted on the Company's website through the following link: <https://www.rosier.eu/en/financial-informations/share-and-shareholders/special-reports/>.

Capital Increase

As indicated above and in line with the terms of the Initial Rescue Package (as set out in the press release of 9 February 2022), the Capital Increase will consist of a contribution in kind by Borealis AG of part of its receivables vis-à-vis the Company (under the existing shareholder loans and internal current account) in the Company's capital, each at their nominal value and for an aggregate amount of EUR 55 million. In exchange

for this contribution in kind, the Board proposes the issuance of 2,750,000 new ordinary shares (the New Shares), at an issuance price of EUR 20 per New Share to Borealis AG.

The New Shares will be fully subscribed to by Borealis AG. As a result of the Capital Increase, the Company's share capital will be increased with an aggregate amount of EUR 27.5 million (with EUR 27.5 million being booked as issue premium), resulting in a total share capital of EUR 30,050,000 (represented by a total of 3,005,000 shares).

As a result of completion of the Capital Increase, Borealis AG's stake in the Company will increase from approx. 77.47% (197,550 shares) to approx. 98% (2,947,550 shares).

The Capital Increase, together with the New Committed Facility, is being proposed (again) as a major recovery measure to ensure the continuity of the Company, given the financial difficulties it is still facing, its alarm bell situation (see press release of 9 February 2022) and in view of improving the Company's current debt level situation, which is still untenable. As a result of the Capital Increase, the Company's debt position would be reduced significantly, which would be expected to also have a positive impact on the financing costs related to these debts, *i.e.* such financing costs would expectedly decrease as a result of the decrease in debts.

The Company is currently still not in a position to raise funds by way of a rights issue, as this would involve a lengthy, cumbersome and costly procedure and without guarantee of success as its results would be subject to market risks. Contrary to a rights issue, the Capital Increase offers a more short-term solution for the Company's current situation with a certain result. Given the current financial difficulties the Company is facing, the very high level of debt and the alarm bell situation, short-term redress measures are required by the Company.

Given the financial difficulties the Company is currently still facing, the limited liquidity of the Company's share and the recent suspension of the Company's trading, the Company's market price is not representative of the actual value, which is lower (negative), of the Company.

Valuation conclusions of KBC Securities

KBC Securities has presented the conclusions of the Updated Valuation Report to the Committee on 11 May 2022. KBC Securities has assessed the equity value of the Company to be negative.

A redacted version of the Updated Valuation Report has been made available on the Company's website and can be accessed through the following link: <https://www.rosier.eu/en/financial-informations/share-and-shareholders/special-reports/>.

New Committed Facility

The New Committed Facility between Borealis AG (as lender) and the Company (as borrower) will be for a maximum amount of EUR 15 million and is part of the Rescue Package.

Other than the maturity date and certain additional information undertakings for the Company, the key terms of the New Committed Facility are the same as those presented in February 2022, *i.e.*:

- The New Committed Facility will provide a Euribor rate of 3m (with a floor of 0) and a spread of 230 bps.
- No security package needs to be provided by the Company to secure the repayment of its obligations under the New Committed Facility.
- The Company will have the option to voluntary prepay all or part of the New Committed Facility without any break costs due to Borealis AG.

- The maturity date of the New Committed Facility will be the earliest of (i) 12 months following the effective date of the New Committed Facility (as defined in the New Committed Facility), but not later than 31 July 2023, or (ii) the date of any refinancing agreement between the Company and a third party creditor/investor.
- As a condition precedent to the New Committed Facility, the Board of Directors has confirmed that the Company shall undertake its best efforts to secure external financing within 12 months following the effective date of the New Committed Facility (as defined in the New Committed Facility). The New Committed Facility is also subject to the resolution of the general meeting of shareholders of the Company approving the contribution in kind relating to the Capital Increase and to an amendment agreement between Borealis Financial Services NV and the Company whereby the maximum limit under the current account existing between the parties is set at zero.

As was the case in February 2022, the New Committed Facility is being proposed to safeguard the Company's liquidity position and ensure the Company's ability to continue as a going concern until such maturity date, including for the purposes of article 3:69 and 7:228 of the BCCA, without relying on any other financial support from the Borealis Group going forward (including under the existing support letter which will terminate on 30 June 2022).

Conclusions of the Committee

The conclusions of the (updated) written advice of the Committee are as follows:

“Taking into account the various elements of the rescue package by Borealis (being the Capital Increase and the New Committed Facility), the Updated Valuation Report, the current financial situation of the Company and the fact that the issue price of EUR 20 per share offered in the framework of the Capital Increase is significantly higher than the (negative) equity value of the Company set out in the Updated Valuation Report, the Committee has re-assessed the envisaged Transaction in the light of the criteria included in article 7:97 of the BCCA and concluded that, in line with its Initial Advice, the expected advantages of the Transaction exceed the expected disadvantages thereof, which leads to the conclusion that the Transaction is to the advantage and in the interest of the Company, in particular, considering the current solvency and liquidity needs and the alarm bell situation of the Company. The Transaction is in line with the Company's strategic policy and is not manifestly unreasonable. Therefore, the Committee reaffirms its positive advice in relation to the Transaction.”

The Board followed the advice of the Committee.

Assessment of the Statutory Auditor

The Board has entrusted the Statutory Auditor with the task of providing an update to its initial opinion prepared in February 2022 in accordance with article 7:97 §4 of the BCCA.

The Statutory Auditor's assessment of the Committee's advice and the minutes of the Board of 12 May 2022 is as follows:

“In conclusion, we declare that our control procedures did not reveal any element that could have a significant influence on the accuracy of the data mentioned in the opinion of the Committee of Independent Directors and in the minutes of the Board of Directors held on 12 May 2022. Our report may only be used within the scope of Article 7:97 of the Companies and Associations Code and may not be used for any other purpose. It is intended to be appended to the minutes of the Board of Directors called to deliberate on the operation and to be included in the management report.”

On behalf of the Board of Directors.

Willy Raymaekers
Chairman and CEO of Rosier Group

Important information about forward-looking statements

Certain statements in this press release may be considered “forward-looking”. Such forward-looking statements are based on current expectations, and, accordingly, entail and are influenced by various risks and uncertainties. The Company therefore cannot provide any assurance that such forward-looking statements will materialize and does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or any other reason.