This document is an unofficial English-language translation of the response document (note en réponse) on which the French Autorité des Marchés Financiers affixed its visa on 19 September 2023. In the event of any differences between this unofficial English-language translation and the official French response document, the official French-language response document shall prevail.

DOCUMENT

PREPARED BY

BALYO

IN RESPONSE TO THE PROPOSED TENDER OFFER FOR BALYO SHARES AND WARRANTS

INITIATED BY

SVF II STRATEGIC INVESTMENTS AIV LLC

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

Pursuant to Article L. 621-8 of the French Monetary and Financial Code and Article 231-26 of its General Regulation, the Autorité des marchés financiers (the "**AMF**") has affixed approval no. 23-403 dated 19 September 2023 to this Response Document (the "**Response Document**"). The Response Document was prepared by Balyo and is the responsibility of its signatory. AMF granted approval after verifying "*whether the document is complete and comprehensible, and whether the information it contains is consistent,*" in accordance with Article L. 621-8-1, I of the French Monetary and Financial Code. Approval of the Response Document does not imply that the AMF deems the transaction appropriate or has verified the accounting and financial information presented herein.

IMPORTANT NOTICE

Pursuant to the provisions of articles 231-19 and 261-1 of the general regulation of the AMF, the report of Eight Advisory (as supplemented by an addendum), represented by Mr Geoffroy Bizard, acting as independent expert (the "**Independent Expert**"), is included in the Response Document.

The Response Document is available on the Balyo website (www.balyo.com) and of the AMF (www.amf-france.org) and is available to the public free of charge at Balyo's head office, 74 Avenue Vladimir Illitch Lenine, 94110 Arcueil.

In accordance with article 231-28 of the general regulation of the AMF, information relating to the legal, financial and accounting characteristics of Balyo will be filed with the AMF and made available to the public, in the same way, no later than the day before the opening of the tender offer.

A press release will be issued, no later than the day before the opening of the tender offer, to inform the public of the procedures for making these documents available.

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1. PRESENTATION OF THE OFFER

Pursuant to Title III of Book II, and in particular articles 231-13 and 232-1 et seq. of the general regulation of the AMF (the "**General Regulation of the AMF"),** SVF II STRATEGIC INVESTMENTS AIV LLC, a Delaware corporation (United States), having its registered office at Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, USA, registered under number 6207806 ("**SVF AIV**" or the "**Offeror"**) has irrevocably undertaken to offer to the shareholders and to warrants holder of Balyo, a société anonyme with a Board of Directors and a share capital of 2,749,258.96 euros, having its registered office at 74 Avenue Vladimir Illitch Lenine, 94110 Arcueil, France, registered under number 483 563 029 with the Créteil Trade and Companies Register ("**Balyo**" or the "**Company**" and together with its direct or indirect subsidiaries, the "**Group**"), whose shares are listed on compartment C of the Euronext Paris regulated market under ISIN code FR0013258399, mnemonic "BALYO", to acquire in cash (i) all their Ordinary Shares (as this term is defined below, subject to the exceptions below) at a price of 0,85 per Ordinary Share (the "**Ordinary Share Offer Price**"), (ii) all of their ADP (as this term is defined below, subject to the exceptions below) at a price of 0.01 euro per ADP (the "**Offer Price per ADP**"), and (iii) all of their Warrants (as defined below) at a price of 0.07 euro per Warrant (the " **Warrant Offer Price"** together with the Offer Price per Ordinary Share and the Offer Price per ADP, the "**Offer Price**"), as part of a public tender offer, the terms of which are set out below and described in greater detail in the offer document prepared by the Offeror and filed with the AMF (the "**Offer Document**") (hereinafter the "**Offer"**).

The Offer targets :

- the ordinary shares already issued, other than the Excluded Shares (as defined below), i.e., as of 16 August 2023, a number of 34,141,873 ordinary shares;
- the ordinary shares likely to be issued before the closing of the Offer or the Reopened Offer as a result of the exercise of the 830,000 stock-option (*bons de souscription de parts de créateur d'entreprise*, the "**BSPCE**") which have not been waived by their holders (it being specified that such BSPCE are out of the money as their exercise price is higher than the Offer Price of the Ordinary Shares, and that they will become null and void at the closing of the Offer (in the event of success)) and represent, to the best of the Company's knowledge, as of the date of this Response Document, a maximum of 830,000 Ordinary Shares, i.e. around 2.42% of the share capital and voting rights (together with the ordinary shares already issued by the Company, the "Ordinary Shares")

- 6,270 preferred shares issued by the Company, i.e., as of 16 August 2023, 2,090 ADP T3, 2,090 ADP T4, and 2,090 ADP T5 (the "**ADP"**)[1] ; and
- all the warrants issued by the Company on 22 February 2019 to Amazon, i.e., 11,753,581 warrants as of 16 August 2023 (the "**Warrants**");

(together the "**Target Securities"**).

It is specified that the Offer does not target:

- the Ordinary Shares held in treasury by the Company, representing 34,894 Ordinary Shares as of 16 August 2023 (the "**Treasury Shares**");

- the 180,000 Ordinary Shares resulting from the conversion of 900 ADP T1 and 900 ADP T2 , the 900 ADP T3, the 900 ADP T4 and the 900 ADP T5 held by Mr. Pascal Rialland subject to the constraints provided for by article L. 225-197-1. II §4 of the French Commercial Code, pursuant to which (i) Balyo's Board of Directors imposed to Mr. Pascal Rialland, an obligation to retain a percentage of his shares and (ii) such shares which are subject to retention obligation are covered by a liquidity mechanism (the "**Unavailable Shares**" and together with the Treasury Shares, the "**Excluded Shares**"); and

- the 830,000 BSPCE issued by the Company, which are non-transferable by virtue of the provisions of article 163bis G of the French General Tax Code.

As of the date of this Offer Document, there are no other equity securities or other financial instruments issued by the Company or rights conferred by the Company that may give access, immediately or in the future, to the Company's capital or voting rights, subject to the issuance and, if any, conversion of the Bonds as described in section **7.3. Interim Financing**.

The Ordinary Shares already issued are listed on compartment C of the Euronext Paris regulated market under ISIN code FR0013258399 (mnemonic "BALYO"). The Preferred Shares and Company Warrants are not listed on any market.

[1] It should be noted that the Ordinary Shares that could result from the conversion of the 2,090 ADP T3, 2,090 ADP T4 and 2,090 ADP T5 are not targeted by the Offer, as the 6,270 preferred shares (i) are not convertible prior to the closing of the Offer, or, as the case may be, of the Reopened Offer, and (ii) are all subject to undertakings to tender from their holders.

2. CONTEXT AND CHARACTERISTICS OF THE OFFER

2.1 Background and reasons for the Offer

Balyo's activities consist of research and development (R&D), the design of technologies enabling standard forklifts for horizontal or vertical pallet transport to be automated, and the marketing and sale of these robots and related services. With a strong product offering of lift trucks with both vertical and horizontal transport applications long-standing relationships with its partners (warehouse operators and suppliers) and experience in this sector, the Offeror considers the Balyo Group as being one of the best in this robotics sector.

The Offeror, SVF AIV, is a wholly owned direct subsidiary of the Japanese company SoftBank Group Corp. (hereinafter "**SBG**"), which was founded in 1981 by Mr. Masayoshi Son. The SoftBank Group invests in breakthrough technology to improve the quality of life for people around the world. The SoftBank Group is comprised of SBG (TOKYO: 9984), an investment holding company that includes stakes in AI, smart robotics, IoT, telecommunications, internet services, and clean energy technology providers, the SoftBank Vision Funds and SoftBank Latin America Funds, which are investing more than US$160 billion to help entrepreneurs transform industries and shape new ones.

The Company's Board of Directors (the "**Board of Directors**") met on 13 June 2023 to review the proposed Offer. At this meeting, the Company's Board of Directors unanimously approved the proposed transaction and authorized the Company to enter into a *tender offer agreement* with the Offeror (the "**TOA"**).

In accordance with the provisions of article 261-1, III of the General Regulation of the AMF, the Company's Board of Directors, at its meeting on 13 June 2023 decided to set up an *ad hoc* committee, composed the following Directors:

- Ms Corinne Jouanny, independent Director;
- Bénédicte Huot de Luze, independent Director ; and
- Alexandre Pelletier, Director ;

a majority of independent Directors, whose mission is to (i) make a recommendation to the Company's Board of Directors on the appointment of the independent expert, (ii) examine the conditions of the Offer and monitor the follow up of independent expert's work and (iii) prepare the draft reasoned opinion for the Company's Board of Directors on the proposed Offer in accordance with the provisions of article 261-1, III of the General Regulation of the AMF.

On 13 June 2023, the Company's Board of Directors, on the recommendation of the *ad hoc* committee, appointed Eight Advisory, represented by Geoffroy Bizard, as independent expert in connection with the proposed Offer, with the task of preparing a report including a fairness opinion on the financial terms of the Offer, including the squeeze-out, in accordance with the provisions of article 261-1, I, 2°, 4°, 5° and II of the General Regulation of the AMF.

On 13 June 2023, the Offeror entered into agreements with FPCI FSN PME - Ambition Numérique represented by Bpifrance Investissement,, Hyster-Yale UK Limited, SSUG PIPE Fund SCSp, SICAVRAIF (fund managed by Serpentine Ventures), Linde Material Handling, GmbH, Financière Arbevel and Thomas Duval, and on 14 June 2023 with Invus Public Equities, L.P., each of which is a shareholder of the Company, pursuant to which each such shareholder undertakes to tender the Targeted Securities held by it to the Offer pursuant to the terms and conditions of such agreement.

On 14 June 2023, the Company and the Offeror entered into the TOA, under the terms of which the Offeror undertook to tender the Offer to the Company, and the Company undertook to cooperate with the Offeror in connection with the Offer. The main terms of the TOA are described in section **7.1 Tender Offer Agreement between the Company and the Offeror** of this Response Document.

On 14 June 2023, the Company and the Offeror announced, by way of a joint press release, (i) the execution of the TOA, (ii) SBG's intention to file a tender offer through a 100%-owned subsidiary to acquire the Target Securities, (iii) the provision of the Intermediary Financing (as such term is defined below) described in section **7.3. Interim Financing** below, (iv) the signature of the agreement with the shareholders as described in section **7.2.1. Undertakings to tender entered into with shareholders** below, and (v) the fact that the Company entered into an agreement with its senior lenders on 13 June 2023 concerning the extension of the existing senior financing agreement.

If the conditions are met, the Offeror also intends to implement a squeeze-out procedure, pursuant to articles L. 433-4, II of the French Monetary and Financial Code and 237-1 to 237-10 of the General Regulation of the AMF, with a view to obtaining the transfer of the Target Securities not tendered to the Offer in consideration for an indemnity equal to the Offer Price.

On 15 June 2023, the Company initiated the information-consultation procedure with its works council (the "*Comité Social et Economique*" (the "**CSE"**)), which met for the first time on 16 June 2023. On 21 June 2023, the CSE held its first hearing with SBG, followed by a second exchange of views on 5 July 2023, in accordance with article 2312-42, paragraph 3 of the French Labor Code. On 5 July 2023, the CSE issued a favorable opinion on the Offer.

2.2 Reminder of the terms of the Offer

2.2.1 Main terms of the Offer

The Offer is voluntary and will be carried out in accordance with the normal procedure pursuant to articles 232-1 et seq. of the General Regulation of the AMF.

In accordance with the provisions of article 232-4 of the General Regulation of the AMF, unless the Offer is not successful, it will be automatically reopened within ten (10) trading days of the publication of the definitive result of the Offer, on terms identical to those of the Offer (the "**Reopened Offer"**).

Pursuant to articles L. 433-4 II of the French Monetary and Financial Code and 232-4 and 237-1 et seq. of the General Regulation of the AMF, the Offeror has indicated that it intends to file a request with the AMF to implement, within ten (10) trading days of the publication of the result of the Offer or, as the case may be, within three (3) months of the closing of the Reopened Offer, of a , a squeeze-out procedure for Balyo's Ordinary Shares, Warrant and Preferred Shares not tendered to the Offer and insofar as the thresholds provided for in Article 237-1 et seq. of the General Regulation of the AMF have been reached.

The Offer is subject to the acceptance threshold referred to in article 231-9, I of the General Regulation of the AMF, as described in section **2.3.1. Acceptance Threshold.**

The Offer also includes a waiver threshold, in accordance with article 231-9, II of the General Regulation of the AMF, as specified in section **2.3.2. Waiver Threshold**.

The Offer is presented by Alantra Capital Markets (the "**Presenting Institution**"), which guarantees the content and irrevocable nature of the commitments made by the Offeror in connection with the Offer in accordance with the provisions of article 231-13 of the General Regulation of the AMF.

2.2.2 Terms of the Offer

The Tender Offer was filed with the AMF on 16 August 2023. A notice of filing was published by the AMF on its website (www.amf-france.org) on 16 August 2023. The draft response document are available on Balyo's website (www.balyo.com) and of the AMF (www.amf-france.org) and are available to the public free of charge at Balyo's registered office, 74 Avenue Vladimir Illitch Lenine, 94110 Arcueil.

The Company filed the raft response document with the AMF on 16 August 2023 (the "**Draft Response Document**"). The AMF has published a notice of filing relating to the Draft Response Document on its website (www.amf-france.org) on 16 August 2023. The Draft Response Document, as filed with the AMF, was made available to the public free of charge at the Company's registered office, and was posted on the AMF's website (www.amf-france.org) and the Company's website (www.balyo.com).

In accordance with the provisions of article 231-26 of the General Regulation of the AMF, a press release setting out the main elements of the Draft Response Document and specifying the terms and conditions for making the Draft Response Document available was published on the Company's website (www.balyo.com) on 16 August 2023.

The AMF has published on the 19 September 2023 on its website (www.amf-france.org) a clearance decision of the Offer after having verified its conformity with the legal and regulatory applicable provisions. Pursuant to the provisions of Article 231-23 of the General Regulation of the AMF, this clearance decision also constitutes the approval (“visa”) of the Offer Document.

In accordance with the provisions of Article 231-26 of General Regulation of the AMF, this decision of compliance entails approval by the AMF of the Response Document drawn up by the Company.

The Response Document having thus received the AMF’s approval (“visa”) will, in accordance with the provisions of Article 231-27 of the General Regulation of the AMF, be made available to the public free of charge, at the Company's registered office This document will also be published on the websites of the AMF (www.amf-france.org) and of the Company (www.balyo.com).

In accordance with the provisions of article 231-28 of the General Regulation of the AMF, the the document containing the "Other Information" ("*Autres Informations*") relating to the Company's legal, financial and accounting characteristics will be made available to the public free of charge, no later than the day before the opening of the Offer, at the Company's registered office. These documents will also be posted on the AMF website (www.amf-france.org) and on the Company's website (www.balyo.com).

A press release releases specifying the details for obtaining or consulting these documents made available to the public, will published on the website of the Company (www.balyo.com), in accordance with the provisions of articles 231-27 and 231-28 of the General Regulation of the AMF.

Prior to the opening of the Offer, the AMF will publish a notice of the opening and the timetable with respect to the Offer, and Euronext Paris will publish a notice setting out the content of the Offer and specifying the timetableof its realization.

2.3 Terms of the Offer

2.3.1. Acceptance Threshold

In accordance with the provisions of article 231-9, I of the General Regulation of the AMF, the Offer will lapse if, at its closing date, the Offeror does not hold, directly or indirectly, a number of Shares representing a fraction of the Company's share capital or voting rights in excess of 50% (this threshold is hereinafter referred to as the "**Acceptance Threshold**").

This threshold is determined in accordance with the provisions set out in article 234-1 of the General Regulation of the AMF.

The reaching the Acceptance Threshold will not be known before the publication by the AMF of the final result of the Offer, which will take place after the closing of the Offer and prior to its potential reopening.

If the Acceptance Threshold is not reached, the Offer will lapse and the Target Securities tendered to the Offer will be returned to their owners after publication of the notice of result informing of the lapse of the Offer, without any interest, indemnity or other payment of any nature whatsoever being due to such owners.

2.3.2. Waiver Threshold

In addition to the Acceptance Threshold, pursuant to the provisions of article 231-9, II of the General Regulation of the AMF, the Offer will lapse if, at the closing date of the Offer, the Offeror does not hold, alone or in concert, directly or indirectly, a number of shares representing a fraction of the share capital and theoretical voting rights of the Company in excess of 66.67% on a diluted basis and on a fully diluted basis (the "**Waiver Threshold**").

On a non-diluted basis, the Waiver Threshold will be calculated as follows:

(a) in the numerator, will be included (i) all the Ordinary Shares and Preferred Shares held by the Offeror alone or in concert, directly or indirectly, on the date of the closing of the Offer, pursuant to acquisitions on the market as well as all the Ordinary Shares assimilated to those of the Offeror in accordance with Article L. 233-9 of the French Commercial Code including the 34,894 Treasury Shares and the 180,000 Ordinary Shares and the 900 ADP T3, 900 ADP T4, 900 ADP T5 held by Mr. Pascal Rialland, subject to the liquidity agreement and (ii) all the Ordinary Shares and Preferred Shares of the Company validly tendered in the Offer as at the date of the closing of the Offer; and

(b) in the denominator, all the existing Ordinary Shares and Preferred Shares issued by the Company making up the share capital on the date of the closing of the Offer.

On a fully diluted basis, the Waiver Threshold will be calculated as follows:

(a) in the numerator, will be included (i) the Ordinary Shares and Preferred Shares held by the Offeror alone or in concert, directly or indirectly, on the date of the closing of the Offer, pursuant to acquisitions on the market as well as all the Ordinary Shares assimilated to those of the Offeror in accordance with Article L. 233-9 of the French Commercial Code including the 34,894 Treasury Shares and the 180,000 Ordinary Shares, and the 900 ADP T3, 900 ADP T4, 900 ADP T5 held by Mr. Pascal Rialland subject to the liquidity agreement (ii) all the Ordinary Shares and Preferred Shares of the Company validly tendered in the Offer as at the date of the closing of the Offer and (iii) all the Ordinary Shares of the Company likely to be issued by exercise of the Company Warrants validly tendered in the Offer as at the date of the closing of the Offer - excluding any shares which may be subscribed or held by the Offeror pursuant to the conversion of the Bonds;

(b) in the denominator, (i) all the existing Ordinary Shares and Preferred Shares issued by the Company making up the capital on the date of the closing of the Offer, (ii) all the Ordinary Shares of the Company likely to be issued by exercise of the Company Warrants on the date of the closing of the Offer and (iii) all the Ordinary Shares likely to be issued by the Company on the date of the closing of the Offer (excluding all Ordinary Shares likely to be subscribed or held by the Offeror pursuant to the conversion of the Bonds).

The reaching of the Waiver Threshold will not be known before the publication by the AMF of the result of the Offer, which will take place at the end of the Offer and prior to its potential reopening.

In accordance with article 231-9, II of the General Regulation of the AMF, if the Waiver Threshold (calculated as indicated above) is not reached, and unless the Offeror has decided to waive the Waiver Threshold in accordance with the conditions set out in the following paragraphs, the Securities of the Company tendered in the Offer (excluding shares acquired on the market) will be returned to their owners without any interest, indemnity or other payment of any kind being due to the said owners.

However, the Offeror reserves the right to waive the Waiver Threshold until the date of publication by the AMF of the result of the Offer, which will take place at the end of the Offer and prior to its potential reopening.

In addition, the Offeror also reserves the right to remove or lower the Waiver Threshold by filing an improved offer at the latest five (5) trading days before the closing of the Offer, in accordance with the provisions of articles 232-6 and 232-7 of the General Regulation of the AMF.

2.3.3. Regulatory authorizations

The Offer is not subject to any regulatory authorization, it being specified that prior to this Response Document, the Offer gave rise to a decision by the Ministry of the Economy, Finance and Industrial and Digital Sovereignty, in accordance with Article L.151-3 of the French Monetary and Financial Code relating to foreign investments made in France, dated 1 August 2023, pursuant to which the Offer was considered outside the scope of the provisions of Article L.151-3 of the Monetary and Financial Code.

2.4 Offer restrictions abroad

The Offer Document states that:

"The Offer is made exclusively in France. This Offer Document is not distributed in countries other than France.

The Offer will not be registered or approved outside of France and no action will be taken to register or approve it abroad. This Offer Document and the other documents relating to the Offer do not constitute an offer to sell or purchase transferable securities or a solicitation of *such an offer in any other country in which such an offer or solicitation is illegal or to any person to whom such an offer or solicitation could not be duly made.*

The holders of the shares of the Company located outside of France can only participate in the Offer if permitted by the local laws to which they are subject, without the Offeror having to carry out additional formalities. Participation in the Offer and the distribution of this Offer Document may be subject to particular restrictions applicable in accordance with laws in effect outside France. The Offer will not be made to persons subject to such restrictions, whether directly or indirectly, and cannot be accepted in any way in a country in which the Offer would be subject to such restrictions.

Accordingly, persons in possession of this Offer Document are required to obtain information on any applicable local restrictions and to comply therewith. Failure to comply with these restrictions could constitute a violation of applicable securities and/or stock market laws and regulations in one of these countries. The Offeror will not accept any liability in case of a violation by any person of the local rules and restrictions that are applicable to it.

United States

In the specific case of the United States of America, it is stipulated that the Offer will not be made, directly or indirectly, in the United States of America, or by the use of postal services, or by any other means of communication or instrument (including by fax, telephone or email) concerning trade between States of the United States of America or between other States, or by a stock market or a trading system of the United States of America or to persons having residence in the United States of America or "US persons" (as defined in and in accordance with Regulation S of the US Securities Act of 1933, as amended). No acceptance of the Offer may come from the United States of America. Any acceptance of the Offer that could be assumed as resulting from a violation of these restrictions shall be deemed void.

The subject of this Offer Document is limited to the Offer and no copy of this Offer Document and no other document concerning the Offer or the Offer Document may be sent, communicated, distributed or submitted directly or indirectly in the United States of America other than in the conditions permitted by the laws and regulations in effect in the United States of America.

No holder of the shares of the Company who will be able to tender its shares into the Offer if such holder cannot represent that (i) it has not received a copy of this offer document or any other document relating to the Offer into the United States of America and it has not sent or *otherwise transmitted any such document into the United States of America, (ii) it is not a person having residence in the United States of America and not being a "US person" (as defined in Regulation S of the US Securities Act of 1933, as amended) and that it is not issuing a tender order for the Offer from the United States of America, (iii) it was not located in the United States of America when it has accepted the terms of the Offer or its tender order for the Offer, and (iv) it is acting on a non-discretionary basis for a principal located outside the United States of America that is not giving an order to participate in the Offer from the United States of America.*

For the purposes of this section, "United States of America" means the United States of America, its territories and possessions, any one of these States, and the District of Columbia."

3. REASONED OPINION OF THE BOARD OF DIRECTORS

3.1 Composition of the Board of Directors

As of the date of the Response Document, the Company's Board of Directors is composed as follows:

- Pascal Rialland, Chairman and Chief Executive Officer;
- Ms Bénédicte Huot de Luze, Director ;
- Ms Corinne Jouanny, Director ;
- Mr Christophe Lautray, representing Linde Material Handling, Director;
- Mr Alexandre Pelletier, representing BPI France investissement, Director.

3.2. Prior decisions of the Board of Directors

The Company's Board of Directors met on 13 June 2023 to review the proposed Offer. At this meeting, the Company's Board of Directors unanimously approved the proposed transaction and authorized the signature of a *tender offer* agreement between the Company and the Offeror.

In accordance with the provisions of article 261-1 III of the General Regulation of the AMF, best governance practices and AMF recommendation no. 2006-15, the Board of Directors, at its meeting on 13 June 2023, decided to set up an *ad hoc* committee to monitor the independent expert's mission, comprising three members, including two independent members, namely:

- Ms Corinne Jouanny, independent member of the ad hoc Committee;
- Bénédicte Huot de Luze, independent member of the ad hoc Committee; and
- Alexandre Pelletier, representing BPI France Investissement.

In addition, at its meeting on 13 June 2023, on the recommendation of the *ad hoc* committee, the Company's Board of Directors appointed Eight Advisory, represented by Mr Geoffroy Bizard, as an independent expert in accordance with the provisions of articles 231-19 and 261-1 I, 2° of the General Regulation of the AMF, with the task of preparing a report including a fairness opinion on the financial terms of the Offer.

The *ad hoc* committee was tasked with supervising the work of the independent expert, making recommendations to the Company's Board of Directors concerning the Offer, and preparing the draft reasoned opinion for the Company's Board of Directors on the proposed Offer, in accordance with the provisions of article 261-1, III of the General Regulation of the AMF.

The members of the ad hoc committee met several times with the independent expert, monitored his work and prepared the draft reasoned opinion of the Board of Directors.

3.3. Reasoned opinion of the Board of Directors

In accordance with the provisions of article 231-19 of the General Regulation of the AMF, the members of the Board of Directors met on 4 August 2023, having been convened in accordance with the Company's articles of association, to examine the Offer and to give their reasoned opinion on the interest of the Offer and its consequences for Balyo.

All members of the Company's Board of Directors were present or represented. The discussions and vote on the Board of Directors's reasoned opinion were chaired by Pascal Rialland, in his capacity as Chairman of the Board of Directors.

The reasoned opinion of the Board of Directors was adopted unanimously by the members present or represented, including the independent members.

An extract from the proceedings of this meeting, containing the reasoned opinion of the Board of Directors, is reproduced below:

" *On Friday 4 August, at 6.30 pm, in the year two thousand and twenty-three, the members of the Board of Directors of BALYO, a société anonyme (public limited company) with share capital of 2,749,258.96 euros, whose registered office is at 74 avenue Vladimir Ilitch Lénine - 94110 Arcueil, France, registered in the Créteil Trade and Companies Register under number 483 563 029 (the "Company"), met by videoconference, in accordance with Article 16 III of the Articles of Association and the regulations in force.*

[...]
The Chairman reminded Board members that they had been convened to deliberate on the following agenda:

Agenda

[...]

1. *Final report of the independent expert Eight Advisory*
2. *Minutes of the ad hoc Committee meetings of 22 June, 7 and 12 July and 4 August 2023*
3. *Reasoned opinion of the Board of Directors in connection with the tender offer initiated by SoftBank Group*

The members of the Board of Directors present hereby acknowledge to the Chairman of the Board of Directors that all documents and information necessary for the performance of their duties have been communicated to each of them.

The Chairman proposes to review the items on the agenda for this Board meeting.

1. Final report of the independent expert Eight Advisory

The Chairman gives the floor to Mr Geoffroy Bizard, representing Eight Advisory, the independent expert appointed by the Board of Directors on 13 June for the purposes of the current transaction with SBG.

Geoffroy Bizard presents the final report.

"We have been appointed as independent expert by the ad hoc Committee of Balyo on the basis of Article 261-1 I 2°, 4° and 5° and II of the General Regulation of the AMF.

Our assignment was to express an opinion on the fairness of the price offered by the company SVF II Strategic Investments AIV LLC, a direct subsidiary of SoftBank Group Corp, in the context of the public tender offer procedure with a view to a squeeze-out.

The price offered to Balyo shareholders is 0.85 euro per ordinary share.

Following our review, we note that this price of 0.85 euro represents a premium of:
- 6.3% over the central value derived from the discounted cash flow method (the main valuation method used);
- 3.3% over the central value derived from the market multiples method (the principal valuation method used);

- 58.9% on the last share price before the announcement, 54.9% on the volume-weighted average 30-day share price, and 48.3% on the volume-weighted average 60-day share price (main reference); and
- 21.4% on the central value derived from the analysts' target price method (main reference).

We also note that the Offer price is higher than Balyo's share price at the date of the Offer (0.82 euro on 26 July 2023).

In this context, in view of the elements presented above, we are of the opinion that the price of 0.85 euro per ordinary share proposed by the Offeror in the context of the Tender Offer is fair from a financial point of view for the shareholders of Balyo SA, including in the event of the implementation of a mandatory squeeze-out.

As regards the warrants, we note that the price of 0.07 euro per warrant proposed by the Offeror is consistent with the result of the application of the Black & Scholes method, based on the Offer price of 0.85 euro per share. The price offered is therefore fair to the holder of the warrants and is not likely to affect the equality between the holder of the warrant and the holders of Balyo shares, including in the event of the implementation of a mandatory squeeze-out.

As regards the 6,270 unconverted preferred shares available, we note that the price of €0.01 per preferred shares proposed by the Offeror is consistent with the almost zero probability of the performance conditions of these preferred shares being met and that the overall amount is not material. The price offered is therefore fair to the holders of the preferred shares and is therefore not likely to affect the equality between the holders of the unconverted preferred shares and the holders of Balyo shares, including in the event of the implementation of a mandatory squeeze-out.

Finally, the analysis of the related agreements does not call into question our assessment of the financial terms of the Offer, including in the event of a squeeze-out.

Paris, 4 August 2023."The Chairman thanked Mr Geoffroy Bizard and asked Board members if they had any questions or comments.
An exchange takes place between the members of the Board of Directors and Mr Geoffroy Bizard.

There being no further discussion, the Chairman proposes that we move on to the next item on the agenda.

2. Minutes of the Ad Hoc Committee meetings of 22 June, 7 and 12 July and 4 August 2023

The Chairman gave the floor to Ms. Corinne Jouanny, Chairman of the ad hoc Committee, to present the Committee's work.

Work of the ad hoc committee and interaction with the independent expert

Ms Corinne Jouanny reported on the ad hoc Committee's mission and gave a brief summary of its work:

- *13 June 2023, recommendation of the appointment of Eight Advisory as independent appraiser, it being specified that a letter of engagement was signed with Eight Advisory on the same date;*
- *On 22 June 2023, the ad hoc committee met with the independent expert to discuss the progress of his assignment, his objectives and the envisaged timetable;*
- *On 7 July 2023, the Ad Hoc Committee held a videoconference during which the independent expert presented the preliminary conclusions of his valuation report and discussed his work and their comments with the members of the Ad Hoc Committee;*
- *On 12 July 2023, the Ad Hoc Committee held a videoconference during which the independent expert presented his interim conclusions from his expert report and discussed his work and their comments with the members of the Ad Hoc Committee;*
- *On 4 August 2023, the ad hoc Committee held a videoconference prior to the Board of Directors meeting convened to give its reasoned opinion on the Offer, with the participation of the independent expert. The ad hoc Committee reviewed the latter's final report, took note of and discussed the opinion of the Social and Economic Committee issued on 5 July 2023, and finalized its recommendations to the Board of Directors regarding its opinion on the Offer;*
- *the ad hoc Committee ensured that the independent expert had been provided with all the information required to perform his assignment and that he had been able to carry out his work under satisfactory conditions; and*
- *the ad hoc Committee noted that it had not received any questions or comments from shareholders, either addressed to it or to the independent expert.*

Ms Corinne Jouanny points out that the ad hoc committee has not been informed of or noted any factors that might call into question the proper conduct of the independent expert's work.

The ad hoc Committee noted that Balyo's business plan submitted to the independent expert is the one approved by the Board of Directors on 9 June 2023, that it reflects the best possible estimate of the Company's forecasts and that there are no other relevant forecast data.

Conclusions of the independent expert's report

As indicated above, the Ad Hoc Committee met the independent expert on several occasions and monitored his work.

Eight Advisory, represented by Geoffroy Bizard, presented its findings to the Board of Directors, as set out above.

Conclusions and recommendations of the ad hoc Committee

On August 4, 2023, the ad hoc Committee finalized its recommendation to the Board of Directors, based in particular on the independent expert's final report and the opinion of the Social and Economic Committee on the Offer.

With regard to the interest of the Offer for the Company, its security holders and its employees, the ad hoc Committee notes that:

the Offer is of a friendly nature, as noted by the Board of Directors at its previous meetings. In this context, the Offeror has cooperated with the Company for the purposes of understanding the Offer and the work of the independent expert;

- *the proposed transaction will enable Balyo to benefit from increased financial resources thanks to SoftBank Group Corp.'s financial strength, in particular to continue to meet its working capital requirements;*
- *Balyo's portfolio of forklift robotization technologies complements SoftBank Group Corp.'s existing investments in the transport and logistics sectors;*

- *This partnership will enable Balyo to benefit from SoftBank Group Corp.'s technological and commercial expertise, while providing it with the financial resources needed to achieve its full growth potential;*
- *The acquisition will also give Balyo access to SoftBank Group Corp.'s global network of over 470 technology companies, enabling it to develop new business relationships to the benefit of both parties;*
- *the CSE gave a favourable opinion on 5 July 2023;*
- *the Offeror has undertaken, in connection with the Offer and for a period of 12 months from the close of the initial Offer period, that:*
    - *(i) the Company maintains its head office in France;*
    - *(ii) the Company and its subsidiaries retain current key employees, subject to voluntary redundancy, termination for cause or individual dismissal in the normal course of business; and*
    - *(iii) the Company maintains its R&D functions and IT assets, as well as those of its subsidiaries, in France.*

In view of the foregoing, the Ad Hoc Committee considers that the Offer, which is of a friendly nature, is in the interests of the Company, its shareholders and its employees.
With regard to the financial interest of the Offer for security holders, the Ad Hoc Committee:

- *notes that holders of shares will benefit from immediate liquidity under the Offer at:*
    - *(i) a price per Ordinary Share representing a premium of 57.4% over the closing price prior to the announcement of the Offer (on 12 June 2023), 54.3% over the weighted average price for the 30 trading days prior to that date, and 48% over the weighted average price for the 60 trading days prior to that date;*
    - *(ii) a price per Preference Share of €0.01; and*
    - *(iii) a price per Balyo share warrant of €0.07.*

- *has not identified any provisions in the related agreements or transactions that might be prejudicial to the interests of the securityholders;*
- *takes note of and refers to the conclusions of the independent expert described in the previous resolution;*

In conclusion, the ad hoc Committee:

- *has taken note of the elements resulting from the intentions and objectives declared by the Offeror in its draft offer document;*

- *examined the interest of the proposed Offer for the Company, its shareholders and its employees, and considered that the proposed Offer, which was of a friendly nature, was in the interests of all;*
- *notes, notably on the basis of the work of the independent expert, that the terms of the Offer are fair to the holders of securities;*
- *following its meeting on 4 August 2023, recommends that the Board of Directors take this position and conclude that the Offer is in the interests of the Company, its securityholders and its employees, and recommend that the Company's securityholders tender their securities to the Offer.*

The Chairman thanks M. Corinne Jouanny for her report and the conclusions of the Ad-hoc Committee.

3. Reasoned opinion of the Board of Directors in connection with the tender offer initiated by SoftBank Group

*In accordance with the provisions of Article 231-19 of the General Regulations of the Autorité des Marchés Financiers (the "**AMF"),** the Chairman reminds shareholders that the Board of Directors is meeting today to give a reasoned opinion on the interest represented by, and the consequences for the Company, its shareholders and employees, the proposed public tender offer (the "**Offer"**) for the Company's shares at a price of 0.85 euro per ordinary share, 0.01 euro per preferred share (the "**ADP")** and 0.07 euro per share purchase warrant (the "**BSA")**, initiated by SVF II STRATEGIC INVESTMENTS AIV LLC, a wholly-owned and directly held subsidiary of the Japanese company SoftBank Group Corp. ("**SVF AIV"** or the "**Offeror"**).*
The Chairman notes that the terms of the Offer will be described in the draft offer document to be filed with the AMF by 16 August 2023.

*The Chairman also points out that, in accordance with the provisions of article 261-1, III of the AMF General Regulations ("Règlement général de l**'AMF"**) and AMF recommendation no. 2006-15, the Board of Directors, at its meeting on 13 June 2023, set up an ad hoc committee (the "**Ad Hoc Committee**") to examine the terms and conditions of the proposed transaction, proposing to the Board of Directors the appointment of an independent appraiser under the terms of article 261-1 of the AMF General Regulations, supervising the work carried out by the appraiser until the submission of his valuation report, and preparing in good time the draft reasoned opinion of the Board of Directors.*

The Ad Hoc Committee comprises three members, the majority of whom are independent directors: Corinne Jouanny (Chairwoman of the Ad Hoc Committee and independent member of the Board of Directors), Bénédicte Huot de Luze (independent member of the Board of Directors) and Alexandre Pelletier (member of the Board of Directors representing BPI France Investissement).

The Chairman also points out that, at its meeting on 13 June 2023, the Board of Directors approved the principle of the proposed Offer, pending the conclusions of the work of the independent expert and the opinion of the CSE.

Prior to today's meeting, the members of the Board of Directors were provided with the following documents in order to provide them with all the information they needed to issue a reasoned opinion:

- *The draft offer document drawn up by the Offeror, which will be filed with the AMF by 16 August 2023, containing in particular the background to and reasons for the Offer, the Offeror's intentions, the characteristics of the Offer and the factors for assessing the Offer price drawn up by the presenting institution, Alantra Capital Markets (this institution also being the guarantor of the Offer);*
- *The report of the independent expert, Eight Advisory, which concludes that the financial terms of the Offer, namely the offered price of 0.85 euro per ordinary share, 0.01 euro per ADP and 0.07 euro per warrant of the Company, are fair to the shareholders holding ordinary shares and/or ADP and to Amazon as holder of warrants of the Company;*
- *The opinion of the Comité Social et Economique on the Offer issued on 5 July 2023; and*
- *The draft note in response prepared by the Company for filing with the AMF by 16 August 2023, which remains to be completed with the reasoned opinion of the Board of Directors.*

An independent appraiser has been appointed on the basis of articles (i) 261-1 I, 2° of the AMF General Regulations insofar as certain officers and directors of the Company have entered into an agreement with the Offeror likely to affect their independence, (ii) 261-1 I, 4° because of transactions related to the Offer that are likely to have an impact on the assessment of the financial terms of the Offer, (iii) 261-1 I, 5° because the Offer concerns financial instruments of different categories and (iv) 261-1 II because of the planned squeeze-out.

At its first meeting on 13 June 2023, following the ad hoc Committee's in-depth review of Eight Advisory's detailed proposal, the ad hoc Committee recommended that Eight Advisory *be appointed, primarily in view of (i) the absence of any present or past link between Eight Advisory and the Company that might affect its independence, (ii) its recent experience in market transactions of similar or comparable size, (iii) the financial terms of its proposal, and (iv) more generally, its professional reputation and the human and material resources at its disposal to carry out its assignment.*

Eight Advisory has confirmed that it has no conflicts of interest with any of the parties involved, and that it has sufficient resources and availability to carry out its assignment during the period in question.

In view of the above, the Ad Hoc *Committee decided on 13 June 2023 to recommend the appointment of Eight Advisory to the Board of* Directors *to act as independent expert.*

At its meeting on 13 June 2023, the Company's Board of Directors, on the recommendation of the ad hoc *committee, unanimously appointed Eight Advisory, represented by Mr Geoffroy Bizard, as an independent expert in accordance with the provisions of article 261-1, I 2°, 4° and 5° of the AMF's General Regulations, with the task of preparing a report on the financial terms of the Offer.*

In view of the information submitted, and in particular (i) the objectives and intentions expressed by the Offeror, (ii) the valuation information prepared by the presenting institution, Alantra Capital Markets, (iii) the work of the ad hoc Committee, (iv) the conclusions of the independent expert's report, (v) the opinion of the Conseil Social et Economique and (vi) more generally, of the elements set out above, and in particular of the fact that the Offer is consistent with the long-term viability of Balyo, its managerial continuity, and the preservation of employees' interests, the Board of Directors, having no observations, adopts the following resolution:

FOURTH RESOLUTION

The Board of Directors decides, after deliberation:

- *to endorse in every respect the observations, conclusions and recommendations of the ad hoc Committee;*
- *to issue, in the light of the observations, conclusions and recommendations of the ad hoc Committee, a favorable opinion on the draft Offer as presented to it;*
- *to recommend that holders of the Company's shares tender their shares to the Offer;*

- *take formal note that the Company will not tender its treasury shares to the Offer (which may be reopened);*
- *approve the Company's draft response document;*
- *authorize the Chairman, where necessary, to:*
  - *finalize the draft reply memorandum relating to the Offer, as well as any other documents required in connection with the Offer, in particular the "Other Information" document relating to the legal, financial and accounting characteristics of the Company;*
  - *prepare, sign and file with the AMF all documentation required in connection with the Offer;*
  - *sign all certificates required in connection with the Offer; and*
  - *more generally, to take all steps and measures necessary or useful for the completion of the Offer, including entering into and signing, in the name and on behalf of the Company, all transactions and documents necessary and related to the completion of the Offer, in particular any press release.*

Board members' intentions

The Board of Directors notes that three members of the Board of Directors have undertaken to tender their shares to the Offer:

- *Mr Pascal Rialland ;*
- *Linde Material Handling ; and*
- *BPI France Investissement.*

Linde Material Handling and FPCI FSN PME - Ambition numérique represented by Bpifrance Investissement, holding a total of 6,863,926 ordinary shares, and Pascal Rialland, holding 180,000 available ordinary shares representing approximately 20.87% of the Company's share capital and voting rights, have agreed to tender their ordinary shares to the Offer.

The Company's intentions regarding treasury shares

The Company holds 34,894 of its own shares.
The Board of Directors has decided that these 34,894 treasury shares will not be tendered to the Offer and that the Company will not sell them until the close of the Offer, in accordance with the terms of the Tender Offer Agreement dated 14 June 2023.
***This resolution is adopted unanimously by the directors present and represented.**"*

Following the receipt by EightAdvisory of a number of observations from the AMF, in particular following the updating of Balyo's 2023 financial outlook, subsequent to its report dated 4 August 2023, EightAdvisory has drawn up an addendum dated 12 September 2023 to its report dated August 4, 2023, in order to clarify or assess these observations.

The members of the Ad Hoc Committee met in the presence of EightAdvisory on 18 September 2023 to review the draft addendum to EightAdvisory's report of 4 August 2023. On this occasion, the Ad Hoc Committee, by a majority of its members, has:

(i) noted EightAdvisory's response to the observations made by the AMF, and EightAdvisory's conclusion that the additions and developments set out in its draft addendum do not alter EightAdvisory's conclusion set out in the fairness opinion of August 4, 2023 as to fairness, from a financial point of view, for Balyo shareholders, holders of preference shares and holders of warrants, of the offer price per ordinary share (0.85 euro), the offer price per preference share (0.01 euro) and the offer price per warrant (0.07 euro), including in the event of a squeeze-out, and

(ii) noted that these new elements do not call into question its recommendation to the Board of Directors made on August 4, 2023 that the Offer - insofar as it offers shareholders the possibility of selling their shares at a price deemed fair by the independent expert - is in the interests of the Company, its shareholders and its employees.

The Company's Board of Directors met on 18 September 2023, in the presence of EightAdvisory, to review the addendum dated 12 September 2023 to the EightAdvisory report drawn up on 4 August 2023. All members of the Board of Directors were present or represented by videoconference.

Having examined (i) the addendum dated 12 September 2023 to the EightAdvisory report drawn up on 4 August 2023, (ii) the update to the Offeror's Offer Document, and (iii) the update to the Company's Response Document, and having taken note of the conclusions of the Ad Hoc Committee that the independent expert's addendum does not call into question its recommendation to the Board of Directors dated 4 August 2023, the Board of Directors, by a majority vote, noted that the aforementioned elements do not call into question the reasoned opinion approved by the Board of Directors on 4 August 2023.

4. INTENTION OF BOARD MEMBERS

The Board of Directors has noted that three members of the Board of Directors have undertaken to tender their shares to the Offer:

- Mr Pascal Rialland ;
- Linde Material Handling ; and
- BPI France Investissement.

Indeed, Linde Material Handling and FPCI FSN PME - Ambition Numérique represented by Bpifrance Investissement, holding a total of 6,863,926 shares, and Pascal Rialland, holding a total of 180,000 Ordinary Shares, representing 20.87% of the Company's capital and voting rights, have undertaken to tender their shares to the Offer, as described in section **7.2.1. Undertakings to tender entered into with shareholders.**

5. COMPANY'S INTENTION REGARDING TREASURY SHARES

At the date of this Response Document, the Company held 34,894 Treasury Shares.

As authorized by the Board of Directors, the Company has decided not to tender the 34,894 Treasury Shares.

6. OPINION OF THE WORKS COUNCIL OF THE COMPANY (THE "*COMITÉ SOCIAL ET ECONOMIQUE*", (THE "CSE"))

In accordance with the provisions of articles L. 2332-2 et seq. of the French Labor Code, the CSE was informed of the Offer and met on 16 June 2023 as part of the procedure for informing the Company's employee representative bodies.

Following this meeting, the Company's CSE requested a hearing with the Initiator in accordance with the provisions of article L. 2312-42 of the French Labor Code, which was held on 21 June 2023.

As part of the consultation procedure provided for in article 2312-46 of the French Labor Code, the Company's Works Council has issued its opinion on the proposed Offer.

Said notice, dated 5 July 2023, is reproduced in full below:

"Members present:

Elected members of the CSE Full members	*Claire MONTIGNY* *Kevin GUICHARD (videoconference from Moissy)* *Nicolas DEMIANNAY* *Hélène DELHAYE* *Philippe LAURENT (videoconference from Moissy)*
Elected members of the CSE ***Alternates***	*Antar BELFERROUM*
Direction Balyo	*Pascal RIALLAND, CEO*
Management guests	*Hélène PIERRAT, HRD* *Alexander FORTMULLER (videoconference)*

	Ed GAINER (videoconference) *Anahita BARDALAI (videoconference)*

<u>Members not present:</u>

Elected members of the CSE Full members	*Juba MADJOUR*

Reminder of the meeting agenda

1. Information-Consultation on a proposed public tender offer for Balyo

a. Answers to questions

b. Gathering opinions

Beginning of the meeting: 3:03 p.m.

The members of the CSE met on three occasions, following invitations to extraordinary meetings, to give their opinion at the end of question-and-answer sessions on the proposed tender offer for Balyo.

An initial extraordinary meeting was held on Friday 16 June at 11 a.m., attended by:

- *Juba MADJOUR, full member*
- *Claire MONTIGNY, full member*
- *Kevin GUICHARD, full member*
- *Philippe LAURENT, full member*
- *Lilia MOUNSI, substitute member in Hélène's absence*
- *Nicolas DEMIANNAY, full member*
- *Pascal RIALLAND*
- *Hélène PIERRAT*

A second extraordinary meeting was held on Wednesday 21 June at 6 p.m., attended by:

- *Juba MADJOUR, full member*
- *Philippe LAURENT, full member*
- *Hélène DELHAYE, full member*

- *Nicolas DEMIANNAY, full member*
- *Lilia Mounsi, alternate member*
- *Pascal RIALLAND*
- *Hélène PIERRAT*
- *Alexander FORTMULLER (SBG)*
- *Ed GAINER (SBG)*
- *Anahita BARDALAI (SBG)*

A third extraordinary meeting reported in these minutes.

A multitude of questions were asked by CSE members and answered by Pascal Rialland and Alexander Fortmuller, SBG's (SoftBank Group) main contact at these meetings.

The questions and answers shared during these three meetings will be drafted and made available to Balyo employees promptly by the CSE.

At the end of the meeting, all questions having been answered, CSE members were invited to give their opinion on SBG's proposed tender offer for Balyo. The members of the CSE gave a unanimous favorable opinion on the project".

7. AGREEMENTS LIKELY TO HAVE AN INFLUENCE ON THE ASSESSMENT OR OUTCOME OF THE OFFER

7.1 Tender Offer Agreement between the Company and the Offeror

On 14 June 2023, the Company and the Offeror entered into the *Tender Offer Agreement* (the "**TOA"**). The purpose of the TOA is to govern cooperation between the Company and the Offeror in connection with the Offer.

In particular, TOA provides for:

(i) the terms of the Offer and an undertaking by the Offeror to promptly file the Offer at the price of 0.85 euro per Ordinary Share, 0.01 euro per ADP and 0.07 euro per Warrant, and to make the necessary filings with the competent authorities in order to obtain the authorization relating to the control of foreign investments in France;

(ii) a no-shop undertaking by the Company, prohibiting it from seeking a competing offer, but which does not prohibit the Company's Board of Directors, in accordance with its fiduciary duties, from holding discussions with a third party who has submitted a competing offer;

(iii) an undertaking by the Company to pay an amount of 595,794 euros to the Offeror in certain limited circumstances: (a) a competing offer (as defined in the TOA) is submitted and is recommended and/or accepted by the Company or supported by the Board of Directors, (b) if the AMF declares a superior offer to be success, (c) the Board of Directors does not reiterate, withdraws, materially changes or modifies its initial opinion supporting the Offer, (d) the reasoned opinion of the Board of Directors is not a favourable opinion, (e) the independent expert has not issued its report and fairness opinion or the Board of Directors does not issue its reasoned opinion before 24 July 2023 (f) the Company or its representatives (as this term is defined in the TOA) consent, take steps to solicit, initiate or encourage the submission of an alternative offer, (g) the Company's representatives (as this term is defined in the TOA) consent, take steps to solicit initiate or encourage the submission of an alternative transaction (as this term is defined in the TOA) approved by the Company's Board of Directors and which would have a negative impact on the implementation of the Offer and carried out by Balyo without the Offeror's consent, or (h) the Company fails to comply with its non-shopor conduct of business undertakings;

(iv) cooperation commitments aimed in particular at (a.i.) enabling SoftBank to appoint new representatives to the Company's Board of Directors, representing at least a majority of the members in the event of a successful Offer and (a.ii.) facilitating the refinancing of the existing debt of the Company and its subsidiaries.

(v) an usual commitment to conduct the Company's business in the ordinary course of business and in accordance with past practice, as well as specific commitments that will require the Offeror's prior approval (such as, for example, paying dividends or other distributions, issuing, allotting, allotting new securities...);

(vi) customary representations and warranties given by the Company to the Offeror (existence and structure, securities of the Company, accuracy of material information provided in writing to the Offeror, sanctions, anti-corruption and compliance, etc.) and by the Offeror to the Company (existence and structure, authority, insolvency, etc.);

(vii) the undertaking by the Company not to tender its Treasury Shares to the Offer;

(vii) the undertaking to hold a meeting of the Board of Directors in order to allow the conversion of the Tranche 2 ADP at a ratio of 1 Tranche 2 ADP for 100 Ordinary Shares;

(viii) customary termination rights; and

(ix) more generally, the reciprocal cooperation commitments customary in the context of the Offer.

On 28 July 2023, the Tender Offer Agreement has been amended to replace the date of by 24 July 2023 by 7 August 2023 as the date by which the independent expert shall have issued its report and fairness opinion and the Board of Directors its final opinion. On 9 August 2023, the Tender Offer Agreement has been amended a second time to provide that the time-period to file the Offer shall be extended until 16 August 2023.

7.2. Undertaking to tender

7.2.1. Undertakings to tender entered into with shareholders

On 13 June 2023, FPCI FSN PME - Ambition Numérique represented by Bpifrance Investissement, Hyster-Yale UK Limited, SSUG PIPE Fund SCSp, SICAVRAIF, Linde Material Handling GmbH, Financière Arbevel, Thomas Duval, and on June 14 June 2023 Invus Public Equities, L.P. provided the Offeror with an undertaking to tender to the Offer 13,866,075 shares, representing 41.08% of the Company's share capital at the date of signature of the said commitments to tender.

These undertakings may be revoked in the event of a competing tender offer.

- FPCI FSN PME - Ambition numérique represented by Bpifrance Investissement has committed to contribute 5,053,950 shares representing approximately 14.96% of the Company's share capital and voting rights as of the date of this undertaking to tender;
- SSUG PIPE Fund SCSp, SICAVRAIF, has undertaken to contribute 2,000,000 shares representing approximately 5.92% of the Company's capital and voting rights as of the date of this undertaking to tender;
- Linde Material Handling, GmbH has undertaken to contribute 1,809,976 shares representing approximately 5.37% of the Company's share capital and voting rights as of the date of this undertaking to tender;
- Financière ARBEVEL, which has undertaken to tender to the Offer the Target Securities it will hold at the opening of the Offer, holds 1,334,404 shares at 13 June 2023, representing approximately 3.95% of the Company's capital and voting rights as of the date of this undertaking to tender;
- Hyster-Yale UK Limited, has undertaken to tender 1,216,545 shares representing approximately 3.60% of the Company's share capital and voting rights as of the date of this undertaking to tender;
- Mr Thomas Duval has undertaken to contribute 851,200 shares representing approximately 2.52% of the Company's share capital and voting rights as of the date of this undertaking to tender;
- Invus Public Equities, L.P. has undertaken to contribute 1,600,000 shares representing approximately 4.74% of the Company's share capital and voting rights as of the date of this undertaking to tender.

The Ordinary Shares held by the above-mentioned shareholders, together representing approximately 41.08% of the Company's share capital and voting rights at the date of signature of the said undertakings to tender (and around 40.36% of the share capital and voting rights at 17 July 2023), will be contributed to the Offer at the Offer Price of the Ordinary Shares, less any Ordinary Shares that may be sold by Financière ARBEVEL in advance of the opening of the Offer, without any additional consideration to be paid by the Offeror.

The aforementioned shareholders have also undertaken not to transfer, directly or indirectly, title, ownership or rights, or grant any rights whatsoever in respect of the Ordinary Shares which are the subject of the contribution undertakings in favour of a third party.

In accordance with applicable securities legislation, these contribution undertakings remain revocable in the event of a competing offer filed by a third party approved by the AMF and in the absence of a counter-offer filed by the Offeror.

7.2.2 Undertakings to tender entered into with ADP holders

At 31 December 2022, the Company's share capital consisted of 16,150 preference shares divided into 5 tranches:

- 3,230 ADP T1 ;
- 3,230 ADP T2 ;
- 3,230 ADP T3 ;
- 3,230 ADP T4; and
- 3,230 ADP T5.

These ADP were issued to their holders in the context of a free share plans put in place by the Company which acquisition and conservation periods expired. The ADP are subject to the following cumulative conditions, based on aggregate performance over the period from the date of grant 1 January 2020 up to the 31 December 2024:

- Tranche 1: consolidated turnover exceeding 35 million euros and gross margin exceeding 14 million euros.
- Tranche 2: consolidated turnover exceeding 85 million euros and gross margin exceeding 35 million euros.
- Tranche 3: consolidated turnover exceeding 165 million euros and gross margin exceeding 70 million euros.

- Tranche 4: consolidated turnover exceeding 295 million euros and gross margin exceeding 130 million euros.
- Tranche 5: consolidated turnover exceeding 500 million euros and gross margin exceeding 235 million euros.

Provided that the performance conditions of each Tranche are met, each ADP of the relevant Tranche will be converted into 100 Ordinary Shares of the Company.

Prior to the date of the Response Document, the performance conditions of the ADP T1 were met, as acknowledged by a decision of the Board of Directors dated 27 March 2023.

On 22 June 2023, in accordance with the terms and conditions of the ADP, the Board of Directors, after having received the favorable opinion of the appointment and remuneration committee, acknowledged in advance the fulfilment of the performance conditions of Tranche 2 based on the high probability of reaching the conditions of consolidated turnover and gross margin by the end of the year 2023. In accordance with the terms and conditions of the ADP, the Board of Directors has all powers to determine, to a certain extent, specific conversion ratio and cases notably in the context of a tender offer. Consequently, on 22 June 2023 the Board of Directors, decided that the conversion ratio applicable to the ADP T2 was 1 ADP T2 for 100 Ordinary Shares.

On the 6, 7, 9, 10 and 12 July 2023, the holders of the ADP entered into undertakings to tender with the Offeror pursuant to which they undertook to :

(i) convert all their 2.090 ADP T1 and 2.090 ADP T2 as soon as possible following the Board's decision on the conversion of the ADP T2 and to tender to the Offer 418,000 Ordinary Shares resulting from the conversion of the T1 ADP and the T2 ADP; and resulting from the conversion of ADP T1 and ADP T2; and

(ii) tender all of their 2,090 ADP T3, 2,090 ADP T4 and 2,090 ADP T5 to the Offer.

In accordance with the terms and conditions of the ADP, on 17 July 2023, the Board of Directors acknowledged the automatic conversion of 1,200 ADP into 3,180 Ordinary Shares as a result of the departure of six holders from Balyo (it being specified that the departure of one of the holders occurred after 27 March 2023 and his 20 T1 ADP were converted into 2,000 Ordinary Shares, the other ADP have been converted into one (1) Ordinary Share each). After such conversions, 14,950 ADP (2,990 ADP of each Tranche) remained outstanding.

On 17 July 2023, all the 2,990 ADP T1 and 2,990 ADP T2 have been converted into 598,000 Ordinary Shares at their holders' request.

Pursuant to their terms and conditions the ADP T3, ADP T4 and ADP T5 are transferrable. Following such transfer, they will each be converted into one Ordinary Share in the hands of the Offeror.

Mr. Pascal Rialland entered into a liquidity agreement with the Offeror covering the Ordinary Shares resulting from the conversion of his unavailable ADP T1 and ADP T2 as well as part of his ADP T3, ADP T4 and ADP T5 also unavailable as described in section **7.2.3. Liquidity Agreement** below**.**

7.2.3. Liquidity Agreement

The Offeror entered into a liquidity agreement with Mr. Pascal Rialland for his Ordinary Shares resulting from the conversion of his ADP T1, ADP T2, ADP T3, ADP T4 and ADP T5 which are subject to the constraints provided for by article L. 225-197-1. II §4 of the French Commercial Code, pursuant to which Balyo's Board of Directors has imposed on corporate officers an obligation to retain a percentage of their shares (the "**Unavailable Shares**" and the "**Liquidity Agreement**").
Pursuant to the Liquidity Agreement, provided that the Offer is declared successful by the AMF, the Offeror will have against Mr. Pascal Rialland a call option (the "**Call Option**"), whereby Mr. Pascal Rialland irrevocably undertakes to sell to the Offeror, its Unavailable Shares at the Offeror's request at any time during a two-month period starting on the first Business Day following a Triggering Event (as defined below) (the "**Call Liquidity Period**"), and a put option (the "**Put Option**", together with the Call Option the " **Options**"), whereby, absent any exercise of the Call Option during the Call Liquidity Period, the Offeror irrevocably undertakes to acquire from Mr. Pascal Rialland, the Unavailable Shares, upon request by Mr. Pascal Rialland during a period of two months starting on the first business day following the expiry of the Call Liquidity Period (the "**Put Option Period**").

"**Triggering Event**" shall mean, the date on which Pascal Rialland can freely dispose of his Unavailable Shares in accordance with the French Commercial Code (and in particular article L. 225-197-1).

In case of exercise of an Option, the exercise price per Unavailable Share will be determined in accordance with the following formula: Price Per Unavailable Share transferred = 0.85 x (B/C)

Where:

B = last 12 months revenues preceding the Exercise Date (based on last monthly figures as of the Exercise Date based on the latest management accounts approved by the Board of Directors)

C = EUR 27,831,504.2 (corresponding to the reference revenue for the last twelve months preceding the announcement of the Offer).

As an exception, to the foregoing, within the 9-month period following any tender offer filed by the Offeror (or any of its Affiliates) to acquire Ordinary Shares of the Company, the price per Ordinary Share should be equal to the price offered in the context of such offer.

In the event of the implementation, as the case may be, of the squeeze-out, the Unavailable Shares for which a Liquidity Agreement has been entered into, within the framework of the liquidity mechanism described above, will be assimilated to the Ordinary Shares held by the Offeror in accordance with article L. 233-9 I, 4° of the French Commercial Code, and will not be covered by the said squeeze-out.

In the event of exercise of the Call Option or the Put Option, Mr. Pascal Rialland would not benefit from any mechanism allowing him to obtain a guaranteed sale price. It is specified that no contractual mechanism is likely to (i) be analyzed as a price supplement, (ii) call into question the relevance of the Offer Price per share or the equal treatment of minority shareholders, or (iii) highlight a guaranteed sale price clause in favor of the holder of Unavailable Shares.

7.2.4. Intention to tender expressed by the Company Warrant holder

On 10 July 2023, the holder of the 11,753,581 Company Warrants, Amazon.com NV Investment Holdings LLC, addressed a non-binding letter of intent to Balyo expressing its intention to tender all of the Company Warrants to the Offer and terminate the Transaction Agreement entered into between Amazon and the Company, subject to the AMF's clearance decision relating to the Offer, it being specified that the letter shall be null and void in case (i) the Company's Board of Directors issues a defavorable reasoned opinion on the Offer, (ii) the Price per Warrant is below 0.07 euro, (iii) Offer is declared non-compliant by the AMF, unsuccessful or in case the Offer lapsed, (iv) the Offeror renounces to the Offer, (v) a counter tender offer is launched or (vi) the Offer is not completed on or before 30 November 2023 (such date will be automatically extended if the review of the Offeror's offer document (*note d'information*) is not on the agenda of the first meeting of the AMF college in September or the French foreign investment clearance is still ongoing).

7.3. Interim Financing

On 13 June 2023, the Board of Directors authorized the issuance by the Company of bonds convertible into fully paid-up ordinary shares to be subscribed by the Offeror for an aggregate principal amount of up to EUR 5,000,000 (the "**Bonds**") which will allow Balyo to meet its working capital requirements ("**Financing**"). The Financing was put in place to secure the Balyo Group's financial stability and its business plan until such time as the Offer closes and, as the case may be, the implementation of any squeeze-out procedure.

On 14 June 2023, the Offeror and the Company entered into a subscription agreement providing for the terms and conditions of the issuance of the Bonds and regulate the relations of the Company and the Offeror as for the subscription of the Bonds (the "**Subscription Agreement**").

Pursuant to the Subscription Agreement, the Bonds will be governed by their terms and conditions described hereafter.

On 20 July 2023, the Offeror subscribed to 150 Convertibles Bonds of EUR 10,000 par value each for a total amount of EUR 1,500,000 euros. On 6 September 2023, the Offeror subscribed to 50 bonds convertible into ordinary shares for an amount of EUR 500,000 pursuant to the terms and conditions described below.

Terms and conditions of the issuance

The Bonds may be issued and subscribed in several tranches, for the period starting on 14 June 2023 to 30 September 2024, for an amount per issuance equal to at least 100,000 euros at a par value of 10,000 euros up to an aggregate principal maximum amount of 5,000,000 euros divided into 500 Bonds in the denomination of 10,000 euros each (the "**Commitment Amount**"). It being specified that upon the Offer Termination[2], the maximum Commitment Amount shall be reduced to 3,000,000 euros (less any amounts that have

[2] "**Offer Termination**" shall mean the Tender Offer Agreement entered into between the Offeror and the Company in connection with the Offer being terminated in accordance with its terms for any reason whatsoever.

previously been drawn) (the “**Reduced Commitment Amount**”), without however, any early repayment for any amount in excess of 3,000,000 euros that may have been drawn prior to the Offer Termination. Unless otherwise agreed in writing by the Offeror, the aggregate amount of Bonds issued in any one calendar month may not exceed 500,000 euros.

The Subscription Agreement also provides for customary representations and warranties granted by the Company (existence, authority, capacity, insolvency, encumbrances, compliance and sanctions) to the Offeror.

The Subscription Agreement provide for conditions precedent (which may be waived by the Offeror at its sole discretion) to be met prior to any subscription to the Bonds by the Offeror including notably the provision of evidence (*i.e.,* bank statements) that the Company has cash balances of less than 1,000,000 euros on the requested issue date.

Subject to the conditions precedent described above being satisfied and during the period noted above, the Offeror shall subscribe to the Bonds and pay the subscription price to the Company within five (5) business days following a request from the Company to that effect. Upon receipt of the subscription price, the Company must : (i) allot and issue the Bonds to the Offeror credited as fully paid; (ii) issue the final terms and conditions of the Bonds which shall be binding between the Offeror and the Company; (iii) enter the Offeror in the register as the holder of the Bonds; and (iv) certify to the Offeror that each of the representations and warranties is true and correct as at that date.

The Bonds will and the interest thereon constitute direct unsecured obligations of the Company.

Interest

The Bonds will accrue interest at a rate per annum equal to the higher of (the "**Interest Rate**"):

(i) 10%, or
(ii) the sum of 10% and the euro secured overnight financing rate (SOFR).

At the Company’s choice, the interests will be (i) paid in cash at the end of a one year period from the issue date and one year periods therefrom or (ii) compounded on an annual basis from the issue date (inclusive) and capitalized (added to the principal amount in accordance with Article 1343-2 of the French Civil code).

In case the Company fails to pay any amount due in respect of the Bonds on its due date, interest shall accrue on the overdue amount per Bond from the due date of such amount up to the date of actual payment at a late interest rate equal to the Interest Rate plus two per cent. (2%) per annum.

Redemption or conversion of the Bonds

Each Bond will be automatically redeemed in cash on 31 October 2024 (unless previously converted or redeemed). The terms and conditions of the Bonds provide for early redemptions events (among others, failure by the Company to allot the shares within 10 business days from conversion, material breaches of by the Company of its obligations under the Bonds not remedied within 14 business days, change of control other than the change of control that may result from the completion of the Offer, new financing).

The amount drawn down by Balyo under the Financing is convertible at the Offeror's election, at the following price:

(i) if the conversion is on or after the filing of the Offer but before the earlier of the first settlement-delivery (*règlement-livraison*) of the Offer and the Offer Termination, at the Offer price per share;

(ii) if the conversion is on or after the earlier of: the first settlement-delivery (*règlement-livraison*) of the Offer and the Offer Termination and Balyo's Ordinary Shares are still listed on Euronext Paris, at the lower of (A) the Offer price, and (B) the price corresponding to the last thirty (30) day VWAP preceding the conversion notice reduced by a 20% discount to Balyo's share price; and

(iii) if the conversion is on or after the earlier of: the first settlement-delivery (*règlement-livraison*) of the Offer and the Offer Termination and Balyo's shares have ceased to listed on Euronext Paris following successful completion of a mandatory squeeze-out on the remaining outstanding shares of Balyo, at the lower of (A) the Offer price per share, and (B) a 20% discount to the fair market value of Balyo's shares.

Termination of the Subscription Agreement, adjustments, representation

The Subscription Agreement will automatically terminate in the event of (i) conversion of all Bonds into Ordinary Shares, (ii) mutual agreement by the parties, (iii) repayment of all the Bonds, or (iv) the Offeror and its affiliates no longer holding any Bonds.

The terms and conditions attached of the Bonds also provide for the customary provisions in relation to the representation of the bondholders, the application of the adjustments pursuant to by articles L.228-98 to L. 228-106 and R. 228-87 to R. 228-96 of the French Commercial Code.

8. FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TENDER OFFER

In accordance with article 231-19 of the General Regulation of the AMF, the items mentioned in article L. 22-10-11 of the French Commercial Code are as follows:

8.1. Share capital structure and voting right as of 16 August 2023

Share capital of Balyo

To the knowledge of the Company, and as reflected in article 7 of the Company's bylaws as updated on 17 July 2023, the share capital of the Company amounts to EUR 2,749,258.96, divided into 34,356,767 Ordinary Shares with a par value of EUR 0.08 each and 8,970 preference shares divided in three tranches (ADP T3 to ADP T5) with a par value of EUR 0.08 each.

Composition of Balyo's shareholding structure as of 16 August 2023

The share capital and voting rights of the Company as of 16 August 2023 are as follows[3]:

Shareholders	Number of Shares and theoretical voting rights	Percentage of share capital and voting rights
Ordinary Shares		
FPCI FSN PME – Ambition Numérique[4]	5,053,950	14.71%
SSUG PIPE Funds SCS SICAV RAIF	2,000,000	5.82%
Linde Material Handling, GmbH	1,809,976	5.27%

[3] On the basis of a capital composed of 34,365,737 shares (34,356,767 Ordinary Shares and 8,970 preferred shares) representing 34,356,767 theoretical voting rights as of 2 August 2023, in accordance with the provisions of Article 223-11 of the AMF's General Regulation.

[4] Investment fund managed by Bpifrance Investissement

Seventure Partners	1,624,791	4.73%
Invus Public Equities, L.P.	1,600,000	4.66%
Oddo BHF AIF	1,600,000	4.66%
Financière Arbevel	1,334,404	3.88%
Jean-Luc Barma	1,269,396	3.69%
Hyster-Yale UK Limited	1,216,545	3.54%
Thomas Duval	851,200	2.48%
Pascal Rialland	361,000	1.05%
Fabien Bardinet	74,392	0.22%
Other employees	241,180	0.70%
Treasury Shares	34,894	0.10%
Public	15,285,039	44.48%
Total	34,356,767	/
Preferred Shares		
Individuals (including Pascal Rialland)	2,990 ADP T3 with no voting rights	0.01% of the share capital/ 0% of voting rights
	2,990 ADP T4 with no voting rights	0.01% of the share capital/ 0% of voting rights
	2,990 ADP T5 with no voting rights	0.01% of the share capital/ 0% of voting rights

Total	34,365,737	100%

On 14 June 2023, the Offeror and the Company entered into a subscription agreement providing for the terms and conditions of the issuance of the Convertible Bonds and governing the relationship between the Company and the Offeror in connection with the subscription of the Convertible Bonds as described in section **7.3. Interim Financing**.

On 20 July 2023, the Offeror subscribed to 150 Convertible Bonds of EUR 10,000 par value each for a total amount of EUR 1,500,000 euros. On 6 September 2023, the Offeror subscribed to 50 bonds convertible into ordinary shares for an amount of EUR 500,000 pursuant to the terms and conditions described below.

As of 31 December 2022, the Company issued 1,375,000 BSPCE. Prior to the date of this Offer Document, (i) 18,000 BSPCE lapsed as a result of the departure of their holders from the Company (the exercise of the BSPCE being subject to a presence condition), (ii) the holders of 527,000 BSPCE irrevocably waived their rights to their BSPCE, which lapsed immediately upon signing of such waiver agreements.

The 830,000 BSPCE still in circulation are held by Mr. Fabien Bardinet. These BSPCE are out of the money as their exercise price is EUR 1.60 per Ordinary Shares for 430,000 BSCPCE and EUR 4.11 per Ordinary Share for 400.000 other BSPCE, such amounts being superior to the Ordinary Share Offer Price.

In addition, by a decision of the Board of Directors dated 9 May 2022, the exercise period of the BSPCE has been extended until 90 days following the date of the annual shareholders' meeting approving the financial statements for FY22 (*i.e.,* as from 15 June 2023). In addition, if the Offer is successful, the BSPCE not exercised will lapsed following completion of the Offer. Indeed, the allocation letter relating to such BSPCE provides that in the event of a transfer of more than 50% of the Company's shares (an "**Operation**"), the BSPCE not exercised immediately before the completion of the Operation will lapse.

8.2. Restrictions in the articles of association on the exercise of voting rights and the transfer of shares or clauses in agreements brought to the attention of the Company pursuant to article L. 233-11 of the Commercial Code

8.2.1. Disclosure requirements for major shareholdings

As of the date of preparation of the Response Document, there has been no declaration of crossing of statutory thresholds. The legal requirements set out in article L. 233-7 of the French Commercial Code apply.

8.2.2. Restrictions on share transfers

As of the date of preparation of the Response Document, there are no statutory restrictions on share transfers.

8.2.3. Double voting rights

As of the date of preparation of the Response Document, there are no securities with multiple or special voting rights.

8.3. Direct and indirect shareholdings in the Company's capital that have been reported as having crossed a threshold or been mentioned in a declaration of securities transactions

At the date of preparation of the Response Document, the Company's share capital was distributed as indicated in section **8.1. Share capital structure**.

Since 1 January 2023 and as of the date of the Response Document, the Company has received the following declarations of crossing statutory thresholds:

- On 10 January 2023[5] Financière Arbevel (20 rue de la Baume, 75008 Paris), a société par actions simplifiée, acting on behalf of funds managed by it, declared that it had fallen below the thresholds of 5% of the Company's capital and voting rights and held, on behalf of the said funds, 1,680,909 shares in the Company representing the same number of voting rights, i.e. 4.98% of the Company's capital and voting rights.

[5] AMF, D&I n°223C0053

8.4. List and description of holders of any securities with special control rights

To the best of the Company's knowledge, at the date of preparation of this Response Document, there are no securities with special control rights.

8.5. Control mechanisms provided for in any employee share ownership scheme, when control rights are not exercised by the latter

As of the date of preparation of this Response Document, there are no control mechanisms provided for in any employee shareholding system with control rights that are not exercised by the latter.

8.6. Shareholder agreements of which the Company is aware and which may entail restrictions on the transfer of shares and the exercise of voting rights

To the best of the Company's knowledge, at the date of preparation of this Response Document, there are no shareholders agreement or other commitments between shareholders.

8.7. Rules governing the appointment and replacement of members of the Board of Directors and amendments to the Company's bylaws

8.7.1. Rules governing the appointment and replacement of members of the Board of Directors

Under the terms of article 15 of the Company's articles of association, the Company is managed by a Board of Directors comprising at least three and no more than eighteen members.

The number of Directors (including permanent representatives of corporate Directors) over the age of 70 may not exceed one-third of the Directors in office. When this number is exceeded, the oldest Director is deemed to have resigned at the end of the General Meeting called to approve the financial statements for the year in which the excess occurred.

Directors are appointed for a term of four (4) years. Their term of office expires at the close of the Ordinary General Meeting of shareholders called to approve the financial statements for the previous year, and held in the year in which the term of office of the said Director expires.

They may be dismissed at any time by the Annual Shareholders' Meeting.

The Board of Directors elects a Chairman among its members, who must be a natural person and must not be over 70 years of age. When the Chairman reaches this age limit, he is deemed to have resigned automatically.

The Chairman represents the Board of Directors. He organizes and directs the Board's work, on which he reports to the Annual General Meeting. He ensures that the Company's governing bodies operate smoothly, and in particular that the Directors are able to fulfill their duties.

The Board of Directors may also appoint a Vice-Chairman from among its members, if it sees fit, to preside over the Board meetings and Annual General Meetings, should the Chairman be unable to attend. The Chairman or Vice-Chairman, as the case may be, organizes and directs the work of the Board and reports to the General Meeting.

The Chairman and Vice-Chairman are appointed for a term which may not exceed their term of office as Directors. They may be re-elected, subject to the provisions of the first paragraph of this article. The Board of Directors may remove them from office at any time.

If the Chairman and Vice-Chairman are absent or unable to attend, the Board of Directors appoints one of its members present at each meeting to chair the meeting.

The Board of Directors also appoints the Secretary, who may be chosen outside the Board.

8.7.2. Rules applicable to amendments to the articles of association

The Company's articles of association are amended in accordance with legal and regulatory provisions.

8.8. Powers of the Board of Directors, in particular to issue or buy back shares

The Board of Directors is responsible for determining the direction of the Company's business and overseeing its implementation. Within the limits of the Company's corporate purpose, it may deal with all matters concerning the smooth running of the Company and settle any business that concerns it. The Board of Directors also determines how the Company is to be managed. It decides whether the duties of Chief Executive Officer will be performed by the Chairman of the Board of Directors or by another individual.

The Board of Directors carries out the controls and verifications it deems appropriate. Each Director receives all the information required to perform his or her duties, and may request any documents he or she considers useful. Requests are addressed to the Chairman of the Board of Directors.

In addition to the powers conferred on it by law, the Company's bylaws and internal rules, the Board of Directors is granted the authorizations and delegations listed below.

Type of authorization or delegation granted	**Date of Annual General Meeting (number from resolution)**	**Nominal amount maximum authorized**	**Duration (in months)**	**Use during the exercise**
Delegation of authority granted to the Board of Directors to increase capital, with shareholders' pre-emptive subscription rights maintained	15 June 2023 (12)	2,005,277 euros 100 million euros for debt securities	26	No
Delegation of authority granted to the Board of Directors to increase the share capital for the benefit of a category of beneficiaries, with cancellation of shareholders' preferential subscription rights in their favor	15 June 2023 (13)	945,608 euros 25 million euros for debt securities[6]	18	No
Authorization for the Board of Directors to grant options to subscribe for new shares in the Company or to purchase existing shares, with shareholders automatically waiving their pre-emptive subscription rights.	15 June 2023 (15)	6% of the Company's share capital[7]	38	No
Delegation of authority to the Board of Directors to make bonus issues of existing shares	15 June 2023 (16)	6% of the Company's share capital[8]	38	No

[6] Maximum amount to be deducted from the ceiling of 2,005,277 euros (for equity securities) and 100 million euros for debt securities set by the twelfth resolution of the Annual General Meeting of 15 June 2023.

[7] Maximum amount to be deducted from the ceiling of 2,005,277 euros set by the twelfth resolution of the Annual General Meeting of 15 June 2023.

[8] Maximum amount to be deducted from the ceiling of 2,005,277 euros set by the twelfth resolution of the Annual General Meeting of 15 June 2023.

or shares to be issued, automatically entailing the waiver by shareholders of their pre-emptive subscription rights.				
Delegation of authority to the Board of Directors to carry out a reverse stock-split of the Company's shares by allotting 1 new ordinary share with a par value of 0.80 euro for each 10 ordinary shares with a par value of 0.08 euro held.	15 June 2023 (17)	Not applicable	18	No
Delegation of authority to the Board of Directors to reduce the share capital on the grounds of losses, by reducing the par value of the shares, subject to prior completion of the reverse stock-split covered by the seventeenth resolution submitted to this General Meeting	15 June 2023 (18)	Not applicable	18	No

8.9. Agreements entered into by the Company that are modified or terminated in the event of a change of control of the Company, unless disclosure, except in cases where disclosure is required by law, would seriously harm the Company's interests

To the best of the Company's knowledge, as of the date of preparation of the Response Document, there are no agreements entered into by the Company that would be amended or terminated in the event of a change of control of the Company.

The partnership agreement signed on 8 May 2017 between the Company and Kion Group AG, Linde Material Handling GmbH, as amended on 23 September 2019 and 22 September 2022, provided for automatic termination of the agreement for a change of control. Kion Group AG, Linde Material Handling GmbH waived this automatic termination clause on 17 July 2023.

On 13 June 2023, the Company signed a memorandum of understanding with its senior creditors concerning the extension of its existing senior financing agreements. Under the terms of this agreement, each of the senior creditors will be entitled, if it sees fit, to make payable to the Company all sums still owing to it upon expiry of a period of eight (8) days from notification to the Company of a change of control of the Companý within the meaning of article L. 233-3 of the French Commercial Code.

8.10. Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without just cause, or if their employment is terminated as a result of a tender offer or public exchange offer.

To the best of the Company's knowledge and at the present of the Response Document, in consideration of the undertaking not to engage, for a period of 1 year from the end of his term of office, whatever the cause of his ceasing to hold office, directly or indirectly, in a business competing with that of the Company or the Group, Pascal Rialland will receive a maximum indemnity equal to 35% of his total remuneration (fixed and variable components), paid in the form of 12 equal and successive monthly instalments. In the event of the departure of the executive corporate officer, the Board of Directors will decide whether or not to apply the non-competition agreement and may waive it (in which case the non-competition indemnity will not be due).

9. OTHER INFORMATION ON THE COMPANY

In accordance with article 231-28 of the General Regulation of the AMF, the other information relating to the Company's legal, financial and accounting characteristics (the "Other Information" document) will be the subject of a specific document filed with the AMF and made available to the public in a manner that ensures effective and complete dissemination, no later than the day before the opening of the Offer.

This document will be available on the AMF website (www.amf-france.org) and on the Company's website (www.balyo.com) and may be obtained free of charge from the Company's head office.

10. INDEPENDENT EXPERT'S REPORT

In accordance with the provisions of article 261-1 I, 2° of the General Regulation of the AMF, the Company's Board of Directors, at its meeting of 13 June 2023, appointed Eight Advisory, represented by Mr Geoffroy Bizard, as independent appraiser with the task of preparing a report including a fairness opinion on the financial terms of the Offer, including the squeeze-out.

This reproduced independent expert's report below is an unofficial English-language translation. In the event of any differences between this unofficial English-language translation and the official French independent expert's report, the official French report, reproduced in the French Response Document file with the AMF, shall prevail.

Said report, dated 4 August 2023, and its addendum dated 12 September 2023 are reproduced in full below:

Balyo SA

Tender offer initiated by SVF II Strategic Investments AIV LLC for the shares of Balyo SA, followed by a squeeze-out if appropriate

Independent Expert's Report

August 4, 2023

SVF II Strategic Investments AIV LLC ("SVF AIV" or the "Offeror"), a direct subsidiary of SoftBank Group Corp. ("SoftBank"), announced on June 14, 2023 its intention to file a Tender Offer ("Tender Offer" or the "Offer") for the shares of Balyo SA ("Balyo", the "Company" or the "Group" including its subsidiaries) at a price of €0.85 per ordinary share, €0.01 per preference share and €0.07 per BSA which may, if applicable, be subject to a mandatory squeeze-out (the "Mandatory Squeeze-Out").

In addition to the lapse threshold provided for in article 231-9 I, 1° of the general regulation of the AMF, the Offer will be subject to a waiver threshold pursuant to article 231-9, II of the general regulation of the AMF, allowing SoftBank to waive the Offer if the Offeror does not obtain at least 66.67% of Balyo's share capital and voting rights.

On June 13, 2023, Balyo's Board of Directors set up an *ad hoc* Committee comprising three members, including two independent members. The *ad hoc* Committee has been tasked with monitoring the work of the Independent Expert, who is to assess the fairness of the financial terms offered to the Company's securityholders.

We were appointed Independent Expert on the same day. This report deals exclusively with our assessment of the financial terms of the Offer initiated by SoftBank and the potential squeeze-out.

Our appointment in connection with the Tender Offer has been made on the basis of article (i) 261-1 I, 2° of the general regulation of the *Autorité des Marchés Financiers* ("AMF") insofar as certain senior managers of the Company have entered into an agreement with the Offeror likely to affect their independence, (ii) 261-1 I, 4° because of transactions related to the Tender Offer likely to have a significant impact on the assessment of the financial terms of the Offer, (iii) 261-1 I, 5° because the Offer concerns financial instruments of different categories and (iv) 261-1 II because of the RO envisaged.

We conducted our work in accordance with the requirements of article 262-1 of the general regulation of the AMF and its Application Instruction 2006-08 of July 25, 2006 relating to independent appraisals (itself supplemented by AMF Recommendation 2006-15 of September 28, 2006, amended on October 19, 2006, July 27, 2010 and February 10, 2020). Our procedures are described in Section 2 and Appendix 5 of our report.

Our engagement was not an audit, nor a limited review of the Company's financial statements, nor a due diligence engagement carried out for a lender or an acquirer, and did not include all the work required for these types of engagement. The purpose of this engagement was therefore neither to express an opinion on the financial statements, nor to perform specific verifications concerning compliance with company law. In this context, we did not carry out any due diligence to verify the reliability of the historical data used, relying in this respect on the statutory auditors' report, which includes an unqualified opinion on the annual and consolidated financial statements for the year ended December 31, 2022.

Our work is based on the Draft Information Document and Draft Response Document dated respectively [August 3], 2023 and [August 3], 2023, as well as on certain forward-looking financial information provided by the Company, in particular the business plan prepared by Balyo's management team (the "Management", or the "Executives") and approved by the Board of Directors (the "Business Plan"). These forecasts are the sole responsibility of Management. While we have analyzed the assumptions made, it is not our role to comment on their accuracy. We emphasize here that operating and financial forecasts are by their very nature uncertain. Consequently, we draw the reader's attention to the fact that Balyo's actual performance over the coming months and years may differ, possibly significantly, from the forecasts on which our work is based. In general, in accordance with our engagement letter, the documents provided to us were considered to be reasonably accurate and complete, and were not subject to any specific verification.

SUMMARY

1. PRESENTATION OF THE OFFER

1.1. Background and terms of the Offer

1.1.1. Capital structure

Share capital

At December 31, 2022, Balyo's share capital consisted of 33 755 587 ordinary shares and 16,150 preference shares (divided into five tranches).

The Board of Directors of the Company has granted free shares :

- 16,700 preference shares on September 29, 2020 (the "2020 AGADP"), acquired subject to a one-year presence condition from that date. In fine, 15,150 AGADP were definitively acquired; and
- 1,000 AGADP on March 31, 2021 (the "2021 AGADP"), all of which vest indefeasibly (together with the 2020 AGADP, the "AGADP").

These preference shares are not listed. They are convertible into ordinary shares at a parity based on performance criteria[1] differentiated into 5 tranches, such that :

- if the performance criteria are met, 1 AGADP will be converted into 100 ordinary shares; and
- if the performance criteria are not met, 1 AGADP will be converted into 1 ordinary share.

In view of the Company's performance, the Board of Directors noted that the performance criteria had been met (i) for tranche 1 on March 27, 2023 and (ii) for tranche 2 in advance on June 19, 2023. Holders of AGADP in the Company's workforce converted tranches 1 and 2 of the definitively vested AGADP into ordinary shares, on the basis of a conversion ratio of 1 AGADP for 100 ordinary shares. The AGADP of holders who left the Company before meeting the performance criteria were converted on the basis of a conversion ratio of 1 AGADP for 1 ordinary share.

Conversion des AGADP en actions ordinaires	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
Plan AGADP 2020	3 340	3 340	3 340	3 340	3 340	16 700
Plan AGADP 2021	200	200	200	200	200	1 000
AGADP attribuées	**3 540**	**3540**	**3 540**	**3540**	**3 540**	**17 700**
Plan AGADP 2020	3 030	3 030	3 030	3 030	3 030	15 150
Plan AGADP 2021	200	200	200	200	200	1 000
AGADP définitivement acquises	**3 230**	**3230**	**3 230**	**3230**	**3 230**	**16 150**
AGADP des bénéficiaires présents dans la Société	**2 990**	**2 990**	**2 990**	**2 990**	**2 990**	**14 950**
Objectif de chiffre d'affaires cumulé 2020-2024 (en m€)	> 35	> 85	> 165	> 295	> 500	
Objectif de marge brute cumulée 2020-2024 (en m€)	> 14	> 35	> 70	> 130	> 235	
Atteinte des objectifs au 12 juillet 2023 ?	✓	✓	✗	✗	✗	
Ratio de conversion en action ordinaire	**100**	**100**	**-**	**-**	**-**	
AGADP converties en actions ordinaires (A)	**299 000**	**299 000**	**-**	**-**	**-**	**598 000**
AGADP des bénéficiaires ayant quitté la Société	**220**	**240**	**240**	**240**	**240**	**1 180**
Ratio de conversion en action ordinaire	1	1	1	1	1	
AGADP des bénéficiaires ayant quitté la Société	**20**	**-**	**-**	**-**	**-**	**20**
Ratio de conversion en action ordinaire	100	-	-	-	-	
AGADP converties en actions ordinaires (B)	**2 220**	**240**	**240**	**240**	**240**	**3 180**
Actions ordinaires issues de la conversion (A+B)	**301 220**	**299 240**	**240**	**240**	**240**	**601 180**

Source : Documents de référence de Balyo, Note d'Information

[1] Performance criteria based on cumulative sales and gross margin targets from January 1er 2020 to December 31, 2024.

Following the effective conversion of tranches 1 and 2 of the AGADP and the recognition of automatic conversions of AGADP following the departure of employees at the Company's Board of Directors' meeting on July 17, 2023, 7,180 AGADP were converted into 601,180 ordinary shares, bringing the total number of ordinary shares to 34,356,767. In addition, the number of AGADP not converted into ordinary shares, i.e. those held by holders of tranches 3, 4 and 5 who are still with the Company, amounted to 8,970 as at July 17, 2023 (the "Unconverted AGADP").

BSA

On January 9, 2019, the Company announced a 7-year commercial agreement with the Amazon Group. This agreement came into effect on February 22, 2019, following the decision by Balyo's Board of Directors, acting on delegated authority from the Shareholders' Meeting, to proceed with the free allocation of 11,753,581 Bons de Souscription d'Actions to Amazon (the "BSA"). Each BSA entitles the holder to subscribe for one share in the Company at a price of €3.03 per ordinary share for a period of 7 years, i.e. until February 22, 2026, subject to the satisfaction of certain conditions.

The BSA are not listed.

The BSA are divided into tranches that may be exercised at Amazon's discretion in accordance with the following terms and conditions:

- A first tranche of 1,621,184 BSA may be exercised by Amazon as soon as the amount of payments made by Amazon in respect of orders placed under commercial contracts concluded with[2] is equal to or greater than €10m;
- A second tranche of 405,296 BSA may be exercised by Amazon if the amount of payments made by Amazon for orders placed is equal to or greater than €12m; and
- Twenty-four successive tranches of 405,296 BSA each[3] , exercisable for each additional €12m of payments made by Amazon in respect of orders placed, until the total amount of payments reaches €300m.

In the event of a change of control[4] of the Company, the BSA become fully exercisable provided that Amazon has issued a purchase order or made a direct or indirect payment[5] to Balyo during the 12 months preceding the change of control.

At the date of issue of our report, it should be noted that (i) the amount of orders placed by Amazon under commercial contracts with the Company is less than €5m and (ii) over the past 12 months, Amazon has not issued any purchase orders or made any direct or indirect payments to Balyo.

BSPCE - business creator shares

During the 2015, 2016 and 2017 financial years, the Company issued BSPCE (*bons de souscription de parts de créateur d'entreprise)* to Balyo employees and managers, with each BSPCE giving the right for a period of 10 years to subscribe for one ordinary share in the Company, at a price of (i) €1.60 per

[2] As of January 1er 2017, i.e. retroactively, taking into account all orders placed by Amazon since the initiation of the commercial relationship.
[3] With the exception of the last three tranches, which will each give entitlement to 405,295 BSA.
[4] The notion of change of control being defined in the agreement entered into between Balyo and Amazon on January 9, 2019 as any transaction resulting in any individual or legal entity becoming the owner of 30% or more of the Company's share capital or voting rights.
[5] With the exception of payments for equipment maintenance services.

ordinary share for the BSPCE 8, 9, 10 and 11 plans, and (ii) €4.11 per ordinary share for the BSPCE 13 plan.

Prior to the announcement of the Offer, 1,375,000 BSPCE were outstanding, which could give rise to the issue of the same number of ordinary shares in the Company.

Below is a summary of the various plans and characteristics of the BSPCE in circulation:

Type de BSPCE	Date d'attribution	Prix de souscription	En circulation
BSPCE #8	27-févr.-15	1,60 €	675 000
BSPCE #9	16-déc.-15	1,60 €	50 000
BSPCE #10	12-mai-16	1,60 €	30 000
BSPCE #11	2-déc.-16	1,60 €	50 000
BSPCE #13	8-juin-17	4,11 €	570 000
Total			**1 375 000**

Source : Documents de référence de Balyo

Between the date of the announcement of the Offer and the date of this report, certain holders have renounced their BSPCE and some BSPCE have lapsed due to the departure of their holders, it being specified that the BSPCE are out of the money as their exercise price is higher than the Offer price of €0.85 per ordinary share and that they will lapse at the close of the Offer in the event of its success. At the date of this report, 830,000 are still outstanding.

1.1.2. Reasons for the Offer

The reasons for the Offer are set out in the Offeror's draft offer document dated 3 August 2023 (the "Draft Offer Document").

Balyo will benefit from SoftBank's technological and commercial expertise, while securing part of the financial resources needed for its development. The Offer will bring Balyo closer to the network of 470 companies in which SoftBank is invested. The Company complements SoftBank's existing investments in the transportation and logistics sectors.

1.1.3. Terms of the Offer and scope of our appointment

<u>Terms of Offer</u>

As indicated in the Draft Offer Document, the Offeror irrevocably undertakes to acquire from Balyo shareholders the shares of the Company that will be tendered to the Offer, at a price of €0.85 per ordinary share.

The Offeror also proposes to acquire (i) the Unconverted AGADP available at a price of €0.01 per AGADP and (ii) the BSA at a price of €0.07 per BSA.

<u>Scope of our appointment</u>

On June 13, 2023, Balyo's Board of Directors set up an *Ad Hoc* Committee, comprising Mrs Corinne Jouanny (Chairman of the *Ad Hoc* Committee and independent member of the Board of Directors), Mrs Bénédicte Huot de Luze (independent member of the Board of Directors) and Mr Alexandre Pelletier (member of the Board of Directors representing BPI France Investissement). The *ad hoc* Committee was tasked with monitoring the work of the Independent Expert and preparing a draft reasoned opinion on the Offer.

Pursuant to Articles 261-1 I 2°, 4° and 5° and 261-1 II of the general regulation of the AMF concerning the risk of conflicts of interest, we were appointed on the same day as Independent Expert to assess the fairness of the financial terms of the Offer and the Mandatory Withdrawal.

This report deals exclusively with our assessment of the financial terms of the Offer initiated by SVF AIV, a direct subsidiary of SoftBank, at a price of €0.85 per ordinary share.

1.1.4. Securities covered by the Offer

At the date of filing of the Offer, the Offeror does not hold any Balyo shares.

As stated in the Draft Offer Document submitted to us, the Offer relates to (i) the entire 34,356,767 ordinary shares already issued by Balyo, with the exception of the 34,894 treasury shares held by the Company, which are not covered by the Offer, and a portion of the ordinary shares held by Mr Pascal Rialland, which are subject to the constraints of article L. 225-197-1. II §4 of the French Commercial Code, under which Balyo's Board of Directors has imposed an obligation on corporate officers to retain a percentage of their shares subject to a liquidity mechanism (the "Indisponible AGAs"), and (ii) the potential ordinary shares that could be issued in connection with the exercise of BSPCE still in circulation. Consequently, the Offer concerns a total number of 34,971,873 of the Company's ordinary shares:

Titres visés par l'Offre	
Nombre d'actions ordinaires existantes	**34 356 767**
(-) Nombre d'actions ordinaires auto-détenues	(34 894)
(-) AGA Indisponibles	(180 000)
(+) Actions ordinaires éventuelles liées aux BSPCE	830 000
Actions ordinaires visées par l'Offre	**34 971 873**

Source : Projet de Note d'Information

The Offer also covers 11,753,581 warrants and 6,270 unconverted AGADPs (of the 8,970 unconverted AGADPs, 2,700 are not covered as they are subject to the constraints mentioned above).
Converted, 2,700 are not covered as they are subject to the constraints mentioned above).

1.1.5. The Offeror's intentions over the next 12 months

Through the Offer, the Offeror wishes to expand its investments in the robotics sector. In this sense, SoftBank considers Balyo to be a key player in the sector and wishes to draw on the skills and experience of its management teams and employees to help the Company achieve its full growth potential.

The Offer, which is in line with the Company's strategy of continuing and expanding its business, is not expected to have any particular impact on its employment policy.

As indicated in the Offeror's Draft Offer Document, no operational synergies are anticipated, as the Offeror considers the Company to be a stand-alone investment.

With regard to the squeeze-out, in accordance with articles L. 433-4 II of the French Monetary and Financial Code and 237-1 et seq. of the general regulation of the AMF, the Offeror intends to file with the AMF a request to carry out, within ten trading days of the publication of the notice of result of the

Offer (or, as the case may be, in the event of a reopened Offer, within three months of the closing of the reopened Offer), a squeeze-out procedure for the ordinary shares of the Company not tendered to the Offer, insofar as the thresholds set out in Articles 237-1 et seq. of the general regulation of the AMF are met.
The Offeror also specifies that should it not be in a position, following the Offer, to implement a squeeze-out, it reserves the right to file, in accordance with applicable regulations, a draft public offer followed, if necessary, by a squeeze-out for the shares that it does not hold directly or indirectly or in concert at that date.

If the Offer is followed by a squeeze-out, this will result in the delisting of the ordinary shares from the Euronext Paris regulated market.

1.2. <u>Companies concerned by the Offer</u>

1.2.1. SVF AIV, a direct subsidiary of SoftBank: initiator

The Offeror, SVF AIV, is a wholly-owned direct subsidiary of the Japanese group SoftBank, founded in 1981 by Mr Masayoshi Son. SoftBank is a holding company investing mainly in the technology sector, notably artificial intelligence, automatic robotics, the Internet of Things, telecommunications, Internet services and technologies applicable to the renewable energy sector.

1.2.2. Balyo SA: company subject to the present offer

1.2.2.1. Company shareholders

<u>Initial public offering ("IPO")</u>

On June 8, 2017, Balyo announced the successful completion of its IPO process on the Paris Euronext market. As part of this transaction, the Company issued 11,134,646 shares at a price of €4.11 per ordinary share, representing a capital increase totaling €45.8m. These shares were subscribed by the Company's long-standing shareholders, as well as by new individual and institutional shareholders.

Simultaneously with this financing operation, (i) 860,865 additional shares were created to redeem the nominal value and interest on the bonds redeemable in shares issued at the end of 2016 and subscribed by the Company's historical shareholders, and (ii) 9,300 shares were admitted in view of the exercise BSPCE.

Following all these transactions, Balyo's share capital comprised 27,911,448 shares, compared with 15,906,637 shares at December 31, 2016. The Company's reference shareholders were Seventure Partners with 27.4% of the capital, FPCI FSN PME - Ambition Numérique (a fund managed and represented by Bpifrance Investissement) with 17.2% of the capital, Linde Material Handling with 6.5% of the capital, Financière Arbevel with 4.8% of the capital and Hyster-Yale with 4.4% of the capital.

	31 décembre 2016		30 juin 2017	
Actionnaires	Nombre d'actions	% du capital et des droits de vote	Nombre d'actions	% du capital et des droits de vote
Seventure Partners	7 083 903	44,5%	7 634 664	27,4%
Bpifrance Investissement	4 246 498	26,7%	4 797 259	17,2%
Linde Material Handling	1 656 250	10,4%	1 809 976	6,5%
Financière Arbevel	-	-	1 338 200	4,8%
Hyster-Yale	-	-	1 216 545	4,4%
Autres actionnaires historiques	2 919 986	18,4%	3 100 608	11,1%
Actionnariat flottant	-	-	8 014 196	28,7%
Total	**15 906 637**	**100,0%**	**27 911 448**	**100,0%**

Source : Documents de référence de Balyo, document de base

Capital increase through private placement

On October 15, 2021, the Company carried out a €6.1m capital increase by private placement with qualified French and international investors (hereinafter the "Private Placement Capital Increase"). This operation resulted in the issue of 4,885,089 new ordinary shares, at a price of €1.25 per ordinary share.

In addition, at the same time as the Private Placement Capital Increase, 1,358,911 existing shares held by funds managed by Seventure Partners were sold to these qualified investors.

On completion of the Private Placement Capital Increase, Balyo's share capital comprised 33,675,587 shares, compared with 28,790,498 previously. The Company's reference shareholders were Bpifrance Investissement with 15.0% of the capital, SSUG with 5.9% of the capital, Linde Material Handling with 5.4% of the capital, Financière Arbevel with 4.6% of the capital, Hyster-Yale with 3.6% of the capital and Seventure Partners with 3.0% of the capital.

	Pré Augmentation de Capital		Post Augmentation de Capital	
Actionnaires	Nombre d'actions	% du capital et des droits de vote	Nombre d'actions	% du capital et des droits de vote
Bpifrance Investissement	5 053 950	17,6%	5 053 950	15,0%
SSUG PIPE RAIF	-	-	2 000 000	5,9%
Linde Material Handling	1 809 976	6,3%	1 809 976	5,4%
Financière Arbevel	992 944	3,4%	1 552 944	4,6%
Hyster-Yale	1 216 545	4,2%	1 216 545	3,6%
Seventure Partners	2 371 685	8,2%	1 012 774	3,0%
Autres actionnaires historiques	1 801 320	6,3%	1 801 320	5,3%
Actionnariat flottant	15 544 078	54,0%	19 228 078	57,1%
Total	**28 790 498**	**100,0%**	**33 675 587**	**100,0%**

Source : Documents de référence de Balyo, communiqués de presse

Contribution commitments entered into in connection with the Tender Offer

At the date of announcement of the Tender Offer on June 14, 2023, the Company's share capital consisted of 33,755,587 shares. The Company's reference shareholders were Bpifrance Investissement with 15.0% of the capital, SSUG with 5.9% of the capital, Linde Material Handling with 5.4% of the capital, Financière Arbevel with 5.0% of the capital, Invus Public Equities with 4.7% of the capital, Hyster-Yale with 3.6% of the capital, Seventure Partners with 3.0% of the capital and Thomas Duval with 2.5% of the capital.

	Pré annonce de l'OPA	
Actionnaires	Nombre d'actions ordinaires	% du capital et des droits de vote
Bpifrance Investissement	5 053 950	15,0%
SSUG PIPE RAIF	2 000 000	5,9%
Linde Material Handling	1 809 976	5,4%
Invus Public Equities, L.P.	1 600 000	4,7%
Financière Arbevel	1 334 404	4,0%
Hyster-Yale	1 216 545	3,6%
Seventure Partners	1 012 774	3,0%
Thomas Duval	851 200	2,5%
Autres actionnaires historiques	76 392	0,2%
Autocontrôle	34 940	0,1%
Actionnariat flottant	18 765 406	55,6%
Total	**33 755 587**	**100,0%**

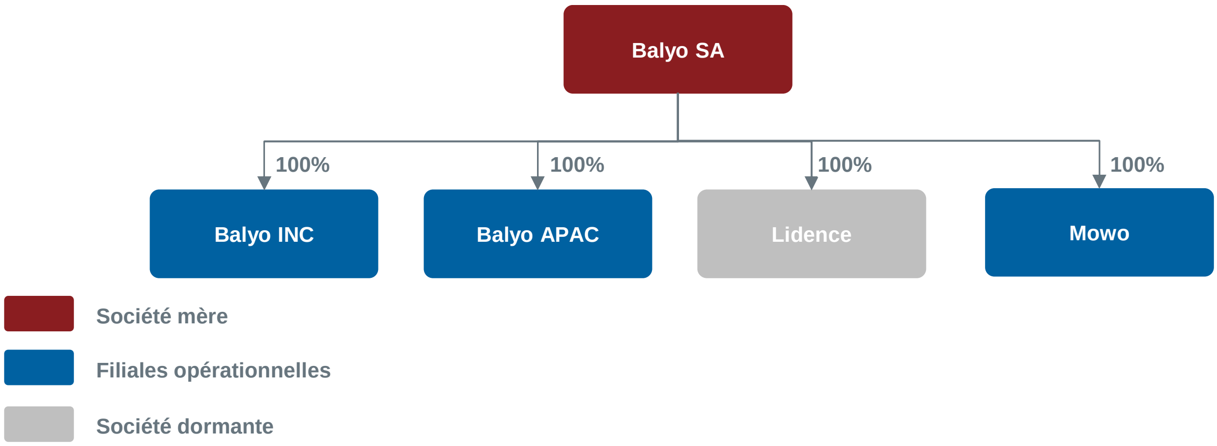
Source : Documents de référence de Balyo, Note d'Information

Concurrently with the Offer, certain Balyo shareholders, including Bpifrance Investissement, SSUG, Linde Material Handling, Invus Public Equities, Financière Arbevel, Hyster-Yale and Thomas Duval, as well as certain employees and legal representatives of Balyo, have undertaken to contribute their shares to the Offer (the "Contribution Undertakings"). These Contribution Undertakings relate to approximately 41.1% of the Company's share capital before issuance of the 601,180 ordinary shares resulting from the conversion of the AGADP.

Following the effective conversion of tranches 1 and 2 of the AGADP and the recognition of automatic conversions of AGADP following the departure of employees at the Company's Board of Directors' meeting on July 17, 2023, 601,180 AGADP were converted into ordinary shares, bringing the total number of ordinary shares to 34,356,767.

It should also be noted that Amazon has sent a letter to the Offeror in which Amazon made known its intention to tender the BSA to the Offer.

1.2.2.2. Organization chart



The Group is organized around Balyo SA, which concentrates the Group's research and development ("R&D") activities, management functions, sales and marketing functions and European operational activities. The Company owns 4 100% subsidiaries:

- Balyo Inc. marketing subsidiary in the United States ;
- Balyo APAC, sales subsidiary in Singapore;
- Lidence, dormant since June 2019; and
- Mowo, the subsidiary hosting the Robot as a Service ("RaaS") business, currently undergoing testing.

1.2.2.3. Business presentation

Founded in 2005, the company designs and develops robotic solutions based on manual forklifts, which it transforms into autonomous handling robots thanks to its proprietary "*Driven by Balyo™* " technology. This technology includes a geo-navigation system enabling robots to locate themselves and navigate autonomously within infrastructures.

This solution enables manufacturers and logisticians not only to reduce pallet handling costs by robotizing their intralogistics activities, but also to improve the safety of the spaces in which they operate, and ensure the smoothing of their flows.

1.2.2.4. Sales partnerships

The company has signed commercial partnership contracts with two of the world's leading manufacturers of handling equipment.

Partnership with Linde Material Handling

The first contract established with Linde Material Handling ("Linde"), a subsidiary of the Kion Group, dates back to November 2014. Subsequently, a new agreement was signed in May 2017 for a period of 6 years as part of a tripartite agreement with the Kion Group. The latter includes Balyo granting Linde exclusive sales rights for robots based on Balyo technology and Linde industrial trucks in the EMEA region[6] . The agreement was amended in September 2019, with Linde committing to order a minimum of 300 robotic kits from the Company during 2020.

In January 2020, the Company signed an agreement with Linde giving Balyo the right to sell its robotic solutions based on Linde forklifts directly to a network of system integrators. In March 2021, Linde signed an agreement with the Company to commit to a minimum order value for 2021. The partnership agreement was extended in May 2022 for a further 4 years, until May 2027. In September 2022, Linde signed a final order commitment of €11.5m for 2023. The collaboration between the two partners continues, but without annual order commitments.

Partnership with Hyster-Yale Materials Handling

The first contract with Hyster-Yale Materials Handling ("Hyster-Yale") dates back to October 2015. A new 10-year contract was signed in November 2018 and amended in June 2020, granting Hyster-Yale worldwide exclusivity for the sale of robots based on Balyo technology and Hyster-Yale industrial trucks. In December 2019, Hyster-Yale committed to ordering a minimum amount of 94 robotic kits during 2020.

No minimum order contract has been signed for 2021. In January 2021, the Company notified Hyster-Yale of the loss of its sales exclusivity, in view of the failure to comply with the order contract signed in 2020.

1.2.2.5. Balyo market dynamics

Balyo operates in the global materials handling equipment market, valued at $119 billion in 2020 and expected to reach $156 billion by 2026[7] , representing a CAGR of 4.7%.

The materials handling equipment sector is divided into three segments:

- Manufacturers of manual forklifts ;
- Companies developing customized solutions based on standard vehicles and requiring dedicated infrastructures to locate and navigate ("*Automated Guided Vehicles"* or "AGVs"); and
- Players such as Balyo, who design and develop autonomous handling robots that do not require dedicated infrastructure to locate and navigate, and specialize in moving pallets ("*Autonomous Mobile Robot*" or "AMR").

The market segment for autonomous robots, i.e. the AGV and AMR categories, is expected to experience strong growth, rising from around $3.3 billion in 2021 to $19 billion in 2027[8] . The main growth drivers identified are :

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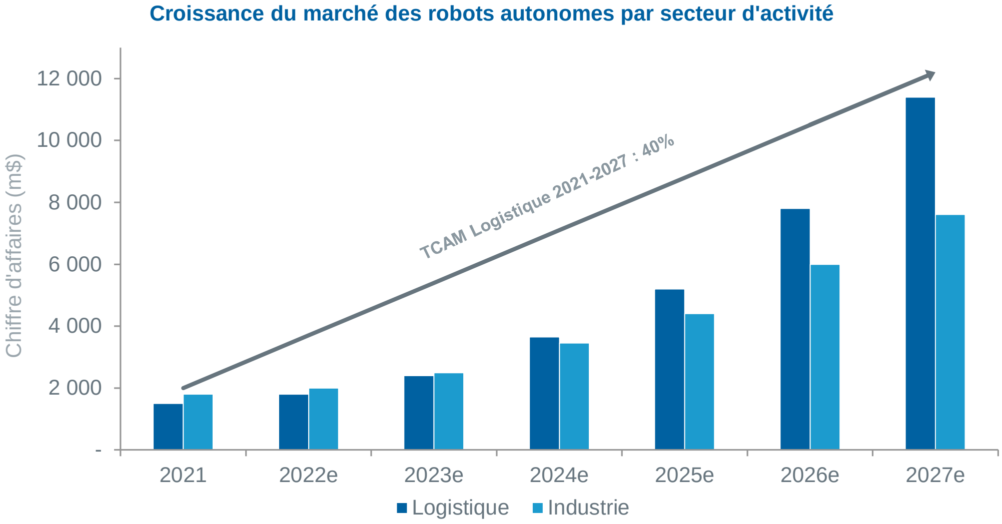
[6] Europe, Middle East and Africa.
[7] https://fr.liftow.com/blogs/news/global-material-handling-equipment-market-to-reach-us-156-billion-by-the-year-2026.
[8] Interact Analysis report (December 2022).

- increased demand for automation to boost productivity;
- increased requirements in terms of workplace safety standards, particularly since the health crisis linked to the Covid-19 pandemic; and
- the lack of forklift truck drivers in certain geographical areas, leading to significant wage inflation in these business lines.

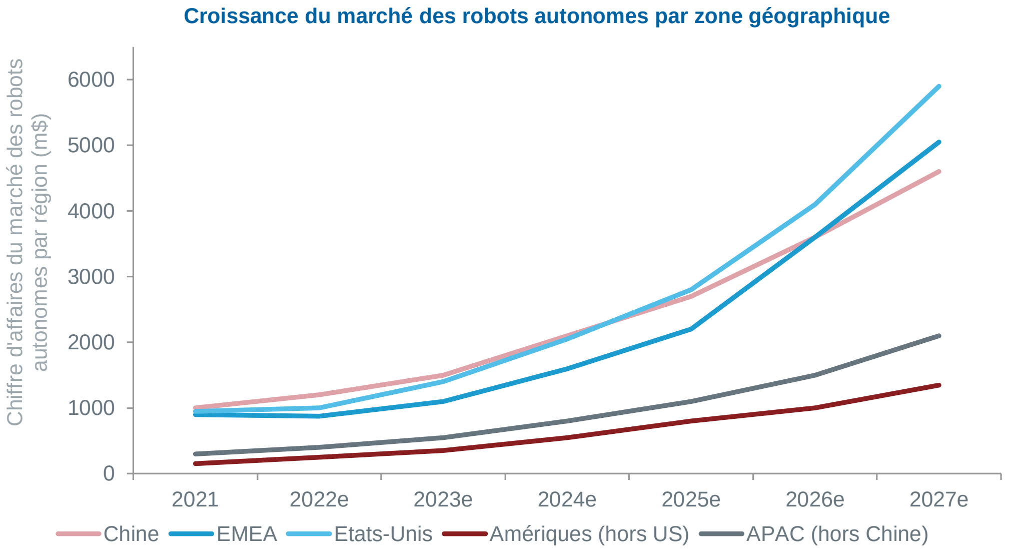
Below, we present the growth of the autonomous robots market by sector of activity:



Source : Rapport Interact Analysis (décembre 2022)

Between 2021 and 2027, the market for autonomous robots in the logistics sector, the market segment in which Balyo operates, is expected to grow at a CAGR of around 40%, driven in particular by the continued growth of e-commerce, a major driver of the logistics market as a whole. Logistics players need to upgrade and automate their flows and facilities to remain competitive.

Between 2021 and 2027, growth in the autonomous robot market will be driven mainly by the USA, EMEA and China.



Source : Rapport Interact Analysis (décembre 2022)

1.2.2.6. Historical financial performance

Balyo prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The balance sheet date is December 31 of each year.

Income statement analysis

	Compte de résultat				
En m€	**déc.-18**	**déc.-19**	**déc.-20**	**déc.-21**	**déc.-22**
Linde Material Handling (ventes directes)	19,9	16,8	19,0	18,3	18,2
Hyster-Yale Group (ventes directes)	2,9	4,0	2,1	1,6	1,4
Ventes directes	0,4	0,4	0,6	1,8	4,6
Ajustement IFRS 2 lié aux émissions de BSA au profit d'Amazon	-	(0,7)	(0,0)	(0,0)	-
Chiffre d'affaires	**23,3**	**20,4**	**21,7**	**21,8**	**24,1**
Coût des ventes	(17,0)	(19,1)	(17,1)	(11,8)	(13,8)
Marge brute	**6,3**	**1,3**	**4,6**	**10,0**	**10,4**
Frais de recherche et développement	(5,7)	(5,9)	(3,9)	(3,9)	(4,5)
Frais de marketing et vente	(4,6)	(5,9)	(2,3)	(2,1)	(2,9)
Frais généraux et administratifs	(6,8)	(7,0)	(6,0)	(6,3)	(7,1)
Paiements en actions	(1,2)	(0,1)	(0,0)	(0,2)	(0,2)
Autres charges et produits opérationnels	-	-	0,1	0,9	-
Résultat opérationnel	**(12,1)**	**(17,6)**	**(7,5)**	**(1,5)**	**(4,5)**
Coût de l'endettement financier net	0,0	(0,3)	(0,3)	(0,3)	(0,3)
Autres produits et charges financières	0,2	0,1	(0,0)	(0,1)	0,2
Charges d'impôts	-	0,1	(0,0)	-	-
Résultat net de la période	**(11,9)**	**(17,7)**	**(7,9)**	**(1,9)**	**(4,6)**

Source : Documents de référence

KPIs					
CA (croissance %)	*41,8%*	*(12,2)%*	*6,1%*	*0,4%*	*10,9%*
Marge brute (% CA)	*27,0%*	*6,3%*	*21,1%*	*46,0%*	*42,9%*
Résultat opérationnel (% CA)	*(52,2)%*	*(86,2)%*	*(34,8)%*	*(6,9)%*	*(18,4)%*
Résultat net (% CA)	*(51,1)%*	*(86,6)%*	*(36,5)%*	*(8,9)%*	*(18,9)%*

Source : Documents de référence

After a year 2018 marked by strong business growth due in particular to a new commercial agreement signed with Linde, the Company encountered operational difficulties in 2019 during the installation of its robots, in particular for the deployment of robots operating in high-bay pallet storage. These difficulties have resulted in a slowdown in activity and higher production costs. In 2019, Balyo's operating profit (EBIT or *Earnings Before Interest and Taxes*) came to (17.6) m€.

The health crisis linked to the Covid-19 pandemic has impacted the Company's sales outlook. In order to avoid a cash impasse in fiscal 2020, cost-cutting measures have been adopted, with headcount falling from 210 to 140 between 2019 and 2020. At the same time, the change in the robot construction scheme to robotic kits that no longer require the purchase and resale of robots has resulted in a sharp rise in gross margin between 2019 and 2020.

The year 2021 was marked by the slight erosion of orders from Linde and Hyster-Yale. During the year, the Company therefore initiated a change of business model from indirect to direct sales. In addition, the pursuit of the operating strategy implemented in fiscal 2020, in particular the switch to the sale of robotic kits, has enabled the Company to once again achieve a very strong increase in gross margin, and to achieve EBIT close to breakeven in 2021.

In 2022, Balyo's sales grew by +10.9% thanks to the development of direct sales, which increased almost threefold compared with fiscal 2021. In an inflationary environment marked by shortages of certain electronic components, the Company maintained a relatively stable gross margin compared with 2021. The deterioration in EBIT compared with 2021 was mainly due to operational investments made by Balyo to support the development of direct sales.

Balance sheet analysis

en m€	déc.-18	déc.-19	déc.-20	déc.-21	déc.-22
	Bilan économique				
Immobilisations incorporelles	0,5	0,2	0,2	0,2	0,2
Immobilisations corporelles	1,4	1,2	0,8	0,9	1,0
Autres actifs financiers non courants	2,1	2,3	2,2	2,3	0,6
Autres créances non courantes	-	-	0,1	-	-
Droits d'utilisation liés aux obligations locatives (IFRS 16)	-	4,5	3,7	3,6	4,2
Actif immobilisé	**4,0**	**8,2**	**7,0**	**6,9**	**6,0**
Stocks	3,2	3,6	3,4	3,4	6,3
Clients et comptes rattachés	19,3	12,7	8,0	6,4	3,8
Dettes fournisseurs et comptes rattachés	(10,9)	(10,0)	(8,5)	(4,7)	(6,8)
BFR exploitation	**11,5**	**6,4**	**2,9**	**5,1**	**3,3**
Autres créances	1,9	0,9	1,6	1,0	1,9
Autres passifs courants	(8,3)	(8,4)	(6,1)	(5,0)	(5,4)
Dettes fiscales et sociales	(2,4)	(3,1)	(2,3)	(2,5)	(3,4)
BFR hors exploitation	**(8,8)**	**(10,6)**	**(6,8)**	**(6,4)**	**(7,0)**
Besoin en fonds de roulement	**2,8**	**(4,3)**	**(3,9)**	**(1,4)**	**(3,6)**
Actif économique	**6,8**	**3,9**	**3,2**	**5,5**	**2,4**
Dette relatives aux obligations locatives (IFRS 16)	**-**	**(4,6)**	**(3,9)**	**(4,2)**	**(4,7)**
Crédit d'impôt recherche	**2,6**	**3,0**	**1,8**	**1,9**	**1,9**
Provisions	**(0,0)**	**(0,0)**	**(1,0)**	**(1,0)**	**(0,9)**
Engagements envers le personnel	**(0,2)**	**(0,4)**	**(0,4)**	**(0,4)**	**(0,2)**
Trésorerie et équivalents de trésorerie	15,0	4,6	8,8	10,2	8,2
Dette financière	(2,0)	(1,3)	(10,7)	(10,1)	(9,1)
Dette financière nette (hors IFRS 16)	**13,0**	**3,3**	**(1,9)**	**0,1**	**(0,8)**
Actif net comptable	**22,2**	**5,3**	**(2,4)**	**1,9**	**(2,4)**

Source : Documents de référence

BFR (% du CA)	*11,9%*	*(20,9)%*	*(17,9)%*	*(6,3)%*	*(15,1)%*

Source : Documents de référence

Fixed assets

The Group leases its various sites. The Group's non-current assets therefore mainly comprise rights of use recognized in accordance with IFRS 16, which requires rights of use relating to leased assets to be recognized in the balance sheet, with a corresponding liability reflecting lease payment commitments.

It also includes property, plant and equipment in the amount of 1.0 m at December 31, 2022 (industrial, office and transport equipment).

Other non-current financial assets (0.6 m at December 31, 2022) mainly comprise security deposits relating to the French company's commercial lease.

Intangible assets are relatively marginal (0.2 m at December 31, 2022) and mainly concern software.

In its current configuration, therefore, the business is not very capital-intensive.

Working capital requirement

Since 2019, the Group has presented a negative working capital requirement ("WCR"), resulting from the renewal of sales partnership contracts with Linde and Hyster-Yale and the associated favorable invoicing conditions.

CIR

Research tax credit ("CIR") receivables amounted to 1.9 m€ at December 31, 2022, some of which are the subject of a dispute with the tax authorities. We understand from our discussions with management that only the amount relating to the 2022 financial year, i.e. 0.9 m€, will be paid in 2023.

Provisions

Provisions booked by the Group mainly comprise provisions for guarantees and taxes (provisions for CIR receivables in dispute with the tax authorities), amounting to (0.9) m at December 31, 2022.

Net financial debt

The Company's cash position has been strengthened on several occasions by fundraising, including its IPO in 2017 (for €45.8m) as well as the Capital Increase by Private Placement in 2021 (for €6.1m).

In fiscal 2020, the Company took out state-guaranteed loans ("PGEs") for a total of €9.5m.

Equity attributable to equity holders of the parent

Consolidated shareholders' equity amounted to (2.4) m at December 31, 2022.

Cash flow

	Tableau des flux de trésorerie simplifié					
en m€	**déc.-17**	**déc.-18**	**déc.-19**	**déc.-20**	**déc.-21**	**déc.-22**
Trésorerie (ouverture)	**3,6**	**30,7**	**14,9**	**4,6**	**8,8**	**10,2**
(-) Résultat net	(10,6)	(11,9)	(17,7)	(7,9)	(1,9)	(4,6)
(+) Autres flux opérationnels non cash	1,4	1,9	2,8	3,0	1,4	2,0
(-/+) Variation du BFR	(2,9)	(4,5)	7,0	0,8	(2,5)	2,2
(-/+) Investissements	(2,4)	(1,1)	(0,7)	0,0	0,5	1,1
(+) PGE	-	-	-	9,5	-	-
(+) Introduction en bourse / augmentation de capital*	42,7	-	-	-	5,7	-
(-) Autres flux financiers	(1,1)	(0,1)	(1,7)	(1,1)	(1,7)	(2,7)
Trésorerie (clôture)	**30,7**	**14,9**	**4,6**	**8,8**	**10,2**	**8,2**

Source : Documents de référence
Note : net des frais relatifs à l'introduction en bourse et à l'augmentation de capital*

Since its creation, the lack of a commercial take-off has prevented the Company from financing its development and losses other than through capital contributions from its shareholders (the PGEs having been obtained in the context of the health crisis). In this respect, the company raised €45.8m through its IPO in 2017, followed by a €6.1m Private Placement Capital Increase in 2021.
From 2019 onwards, the Company has benefited from changes in the contractual terms of settlement under its partnerships, which have had a significant impact on the change in WCR.

1.2.2.7. Business plan presentation

Presentation of the Group's financial projections

The Business Plan was prepared by Management in November 2022 over a 3-year horizon from 2023 to 2025 (the "Explicit Period"), and presented to the Board of Directors on December 16, 2022. The 2023 forecasts were updated (i) a first time in March 2023 as part of discussions with senior creditors concerning the extension of existing senior financing agreements, (ii) a second time in April 2023 to reflect Balyo's performance achieved in the first quarter of 2023 (then approved by the Company's Board of Directors on June 9, 2023) and (iii) a third time on June 22, 2023 to reflect the level of order intake achieved in the second quarter of 2023. Direct sales order intake forecasts for 2023 have thus been reduced to 18.1 m€ vs. 28.0 m€ previously. We note that those for the years 2024 and 2025 in the

Business Plan have not been revised, so the impact of the revised 2023 forecasts on these later years is relatively immaterial.

The Business Plan has been built using a *bottom-up* approach by sales segment (partnership with Linde and direct sales) and geographical area. Projections are presented excluding the impact of IFRS 16.

The main driver of the Sales Plan is the level of order intake, which is then translated into sales according to the sales recognition scheme.

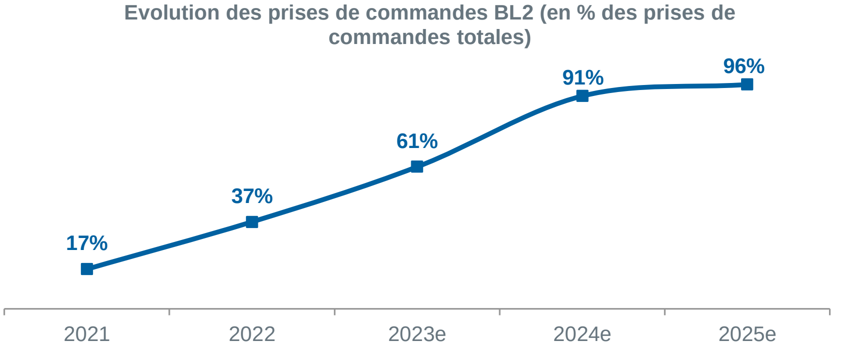
The Group's sales mix over the business plan horizon reflects the transition to the new direct sales ("BL2") business model, with a sustained increase in the number of BL2 customers and changes in their customer typology.

The Business Plan distinguishes between three categories of customers: (i) new customers ("*First Time Buyers*"), (ii) repeat customers (*" Repeat Buyers* ", whose annual order volume is three times higher than that of *First Time Buyers*) and (iii) convinced customers, capable of placing large orders to fully equip several warehouses ("*Convinced Buyers*", whose annual order volume is ten times higher than that of *First Time Buyers*). The Business Plan thus envisages a shift from 19 *First Time Buyers*, 1 *Repeat Buyers* and 0 *Convinced Buyers* in 2022 to respectively 44, 22 and 11 in 2025.

At the same time, the change in Balyo's business model is reflected in the attrition of flows associated with the indirect sales partnership with Linde ("BL1") over the Business Plan horizon compared with the level historically observed, which were supported by minimum order-taking commitments.

Sales for 2023 under the Business Plan, particularly those for the first half of the year, are still mainly attributable to BL1 sales, given Linde's order commitments of €11.5m for 2023, which were mainly booked in the first half of the year.

We present below the historical and prospective evolution of BL2 orders compared with BL1 orders:



Sources : Plan d'Affaires, communiqués de presse de la Société

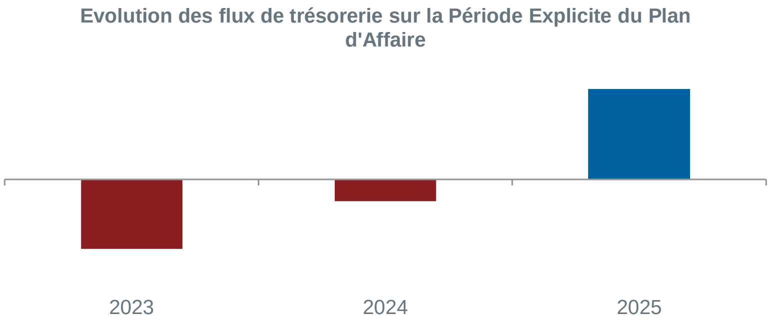
Sales growth has a direct effect on cash flow generation, thanks to the leverage associated with more moderate growth in operating costs.

Balyo's Business Plan for the Explicit Period therefore mainly involves :

- Average annual growth in order intake of 60.8% between 2022 and 2025, which is the main driver of sales growth and profitability;
- Average annual sales growth of 49.1% over the period;
- A relatively stable gross margin level over the business plan horizon, representing around 43.0% of sales;

- Grants for a total amount of 3.2 m, mainly granted by ADEME[9] , with payments spread over 2024 and 2025;
- A turnaround in EBIT margin of (18.4)% in 2022 to 18.7%[10] in 2025, thanks to the growth differential between sales and fixed operating costs, notably general and administrative expenses ("G&A") and research and development ("R&D") expenditure;
- A change in WCR impacted by the change in Balyo's business model[11] and the necessary growth in inventories, resulting in a negative WCR of (15.1)% of sales in 2022 to a structurally positive WCR representing 8.0% of sales in 2025; and
- The absence of capital expenditure over the business plan horizon.

We present below the evolution of the Company's cash flows:



Source : informations Management

Visibility into the achievement of financial projections communicated by management

The sales growth and EBIT margin improvement anticipated over the Business Plan horizon are essentially based on the Group's ability not only to develop its customer base, but also to convert *First Time Buyers* into *Repeat Buyers* and then *Convinced Buyers*. The Business Plan forecasts that the number of *Repeat Buyers will* increase from 1 currently to 22 and the number of *Convinced Buyers* from 0 to 11 by 2025. The expected annual volume of orders from these customers is three to ten times that of a *First Time Buyer*. The visibility associated with this mix effect is low in the absence of a *track record*.

We note that the 2023 Business Plan budget has been revised downwards several times to take account of a level of direct sales orders achieved (i) in the first quarter of 2023 lower than initially anticipated (€1.6 m vs. €4.8 m initially anticipated), then (ii) in the second quarter of 2023 (€0.6 m vs. 6.9 m€ initially anticipated). Management states that the revisions are due to timing effects, but that no tenders have been lost.

We also note that the order intake assumptions for the years 2024 and 2025 have not been revised downwards by Management, and therefore remain in line with the initial assumptions made at the end of 2022. They therefore appear risky.

Finally, we note that the financial projections from previous business plans prepared by the Group since its IPO in 2017 have never been achieved. Thus, (i) the business plan presented at the time of Balyo's IPO forecast sales of 196.7 m€ and EBIT of 39.3 m€ and (ii) the business plan drawn up in 2021 and presented as part of the Private Placement Capital Increase forecast sales for 2022 of 32.3 m€ and

[9] French Environment and Energy Management Agency.
[10] 16,6% excluding the impact of subsidies.
[11] Transition from an indirect sales-oriented business model under the partnership with Linde Material Handling (BL1) to a direct sales model (BL2).

EBIT of (2.4) m€. As a reminder, Group sales in 2022 amounted to 24.1 m€ and EBIT of (4.5) m€.

All the factors mentioned above, in particular (i) the expected growth over the Business Plan horizon driven by an increase in the customer base and customer mix without a *track record*, (ii) the level of direct sales order intake in the first half of 2023, below the ambitions set at the beginning of the year, (iii) the absence of any downward revision of the Business Plan for 2024 and 2025, and (iv) the history of non-achievement of the financial projections drawn up by the Group at the time of its IPO and the Private Placement Capital Increase, combined with the fact that Management qualifies the Business Plan as a "*Best* Case" scenario, lead us to consider the Business Plan as particularly voluntaristic, with a high risk of non-achievement given the low visibility associated with it.

Expected cash flow trend

Agreement with senior creditors

At December 31, 2022, the Company had cash of €8.2m.

The monthly cash flow forecasts drawn up by management in October 2022 showed an uncovered financing requirement for the month of September 2023, due in particular to (i) negative operating cash flow, (ii) EMP repayment maturities and (iii) debt linked to deliveries of manual forklift-trucks for a balance of around (2.0) m€ to Linde Material Handling.

In October 2022, the Company therefore initiated a search for investors to finance the expected losses over 2023. As a result, it became necessary to adjust the Company's cash outflows to enable it to finance its operations until the funds were made available as part of the fund-raising process. These discussions led to an agreement with Balyo's creditors, the terms of which include a payment deductible divided into 2 periods:

- A firm period running from January 1 to September 30, 2023;
- A conditional period running from October 1 to December 31, 2023.

The business plan includes the impact of the conditional period.

Business plan update and financing requirements

As previously mentioned, the Business Plan was updated by Management on June 29, 2023 in view of the significant and unforeseen deviation in sales performance in the second quarter of 2023. Although the Business Plan forecasts a catch-up in the second half of 2023, this underperformance has a significant negative impact on the monthly short-term cash flow forecasts.

Financing

Concurrently with the Offer, the Offeror will provide the Company with interim financing in the amount of €5,000,000 to enable Balyo to meet its working capital requirements (the "Financing"). The Financing will be paid in several drawdowns of a maximum monthly amount of €500,000, and structured in the form of convertible bonds (the "CBs") issued by Balyo to SoftBank, maturing on October 31, 2024 and bearing interest at an annual rate equal to the higher of (i) 10% and (ii) the sum of 10% and the SOFR rate[12] (the "Rate") in euros.

[12] *Secured Overnight Financing Rate*.

In the event of termination of the Offer, the Financing will remain in place but the amount available to Balyo will be reduced to €3,000,000, after deduction of amounts already drawn (and without any obligation for Balyo to make an early repayment if the amount drawn exceeds this ceiling).

We note that the monthly cash flow forecasts in the Business Plan show a financing requirement in 2024 in excess of that covered by the Financing.

1.2.2.8. Conclusion on the Company's risk profile

We note that the Group's operational and financial risk profile remains comparable to that of a *start-up*. Furthermore, we note that the level of visibility associated with business plan objectives is very low.

Operational and financial risk profile

- Products developed and in operation with the first customers
- Business model not yet mature (transition to direct sales underway, *Robot as a Service* model being tested)
- No commercial take-off to date (only 1 customer to date with *Repeat Buyer* status)
- Uncovered financing requirement

Business plan risk profile

- Low visibility associated with sales forecasts, the main driver of the Business Plan (number of customers and customer mix)
- Attrition of visibility on flows with the end of minimum order commitments (BL1)
- Objectives of the business plans prepared for the IPO and the Private Placement Capital Increase not achieved

2. DUE DILIGENCES CARRIED OUT

Our procedures consisted mainly in applying a multi-criteria approach to the valuation of Balyo SA's shares and in analyzing the factors used to assess the Offer price mentioned in the Draft Offer Document provided to us.

In the context of our engagement, we have reviewed the accounting and financial information (financial statements, registration documents, press releases, etc.) published by the Company for the year ended December 31, 2022 and prior years.

We have performed our procedures on the legal documentation provided to us, to the extent necessary and for the sole purpose of gathering information relevant to our engagement.

We met with the Company's senior executives, the *ad hoc* committee of the Board of Directors and their respective advisors, as well as with the Offeror and its advisors, both to understand the background to the Offer and the business outlook and forecasts.

We have used the public information available on our databases to implement the analog valuation methods.

Lastly, we familiarized ourselves with the work of the Presenting Company as summarized in the Draft Offer Document. In this context, we had discussions with representatives of the Presenting Company.

Details of our work are provided in Appendix 5.

3. VALUATION OF BALYO SA SHARES

3.1. <u>Discarded valuation methods</u>

3.1.1. Net book value

The net asset value ("NAV") approach reflects capital increases and historical results, but does not incorporate the prospects of the company being valued.

We do not consider this method to be appropriate insofar as (i) the value of the Company's intangible assets is only partially reflected in its balance sheet and (ii) the Company's consolidated net book assets at December 31, 2022 amount to (2.4) m and does not reflect the Company's outlook.

3.1.2. Net asset value (NAV)

The net asset value method consists in valuing a company's equity on the basis of the market value of its assets and liabilities. This approach is generally used for companies with a portfolio of assets that may be subject to rotation (property companies and holding companies, for example). It is rarely used for a technology group.

This method would also require the company's intangible capital to be valued on the basis of future income flows, making the approach redundant in relation to the discounted cash flow method.

3.1.3. Dividend yield method (DDM)

This method consists of discounting forecast dividends or capitalizing the last known dividend to infinity.

As the Group has not distributed any dividends in respect of the last two financial years ended December 31, 2022 and December 31, 2021, and in the absence of any dividend distribution forecasts drawn up by management, we do not consider the valuation of Balyo by discounting dividends to be relevant.

3.1.4. Comparable transaction method

This approach consists of determining a company's value by applying valuation multiples observed in transactions involving companies operating in the same sector to its financial aggregates.

Insofar as (i) the Company is historically loss-making and (ii) the EBITDA and EBIT aggregates derived from the 2023 Business Plan budget are negative, the only way to value the Company on the basis of this method would be to use a sales multiple. However, the latter does not capture the differences in profitability between the companies in the sample of comparable transactions and the Company. This approach was therefore rejected.

3.1.5. Sum-of-the-parts approach

This method consists of valuing a company by valuing each of its activities independently. Given the Group's integrated profile and its sole activity of designing and developing robotic solutions, this approach has not been adopted.

3.1.6. Approach based on recent capital transactions

The Capital Increase by Private Placement, which took place on October 15, 2021 and was carried out on the basis of a value of 1.25 per share was not used as a valuation reference, given that :

- the transaction has not taken place in the 18 months preceding the announcement of the Offer;
- the business model underlying the business plan used for the Private Placement Capital Increase differs from the business model envisaged today. In particular, it provided for the development of the *Robot as a Service* business, and presented higher ambitions than the Business Plan. Sales and EBIT targets for 2025 have since been revised downwards by respectively (39.9)% and respectively. (34.0)% respectively; and
- the market context was different in that (i) Balyo's share price was 1.35 per share at the time of the announcement of the Private Placement Capital Increase, compared with a share price of 0.54 per share prior to the announcement of the Offer, and (ii) the price target of the analyst following the Company (Oddo) at the time was 2.50[13] per share compared with 0.70[14] per share prior to the announcement of the Offer.

3.2. Valuation methods used

3.2.1. Elements common to the methods used

3.2.1.1. Number of reference securities

At July 17, 2023, the Group's share capital consisted of 34,356,767 ordinary shares, of which 34,894 treasury shares. We have based our work on a number of ordinary shares excluding treasury shares.

[13] Note dated September 27, 2021.
[14] Note dated April 20, 2023.

Nombre d'actions ordinaires	
Actions ordinaires émises au 17 juillet	34 356 767
Actions ordinaires auto-détenues	(34 894)
Nombre d'actions ordinaires retenu	**34 321 873**

Source : informations Management

The number of ordinary shares does not take into account the potential dilution impact of the conversion of the convertible bonds, the counterpart to the amounts raised under the Financing.

3.2.1.2. Elements of the transition from Enterprise Value to Equity Value

Our analysis is based on the consolidated financial statements to December 31, 2022 published by the Group and on additional information provided by management.

Adjusted net cash at December 31, 2022 amounted to 5.4 m€, including the following items

- Cash and cash equivalents at December 31, 2022 8.2 m€ ;
- Financial debt excluding the impact of IFRS 16 at December 31, 2022, comprising the EMP, i.e. (9.1) m€ ;
- Employee-related liabilities amounted to (0.2) m; and
- The value of tax savings relating to capitalized and non-capitalized tax loss carryforwards[15] , amounting to 6.4 m, estimated by discounting future tax savings.

Adjusted net cash excludes CIR receivables of 1.9 m at December 31, 2022, as (i) amounts prior to 2022 are the subject of a dispute with the tax authorities, and (ii) payment of the CIR relating to 2022 is included in the 2023 Business Plan budget (0.9 m€).

We also note that the impact of any dilution of the BSA is non-material. Indeed, with an exercise price of €3.03, they are significantly out of the money (the probability of exercise in a risk-neutral universe is only 0.4%).

3.2.2. Discounted Cash Flow (DCF) (main focus)

This method consists of determining the intrinsic value of an asset by discounting its future cash flows at a rate that reflects the profitability required, taking into account its risk.

The terminal value, calculated beyond the Extrapolation Period, is based on an estimated normative cash flow, taking into account a going concern assumption and an estimated perpetual growth rate.

3.2.2.1. Forecasts

Our work is based on the Business Plan. The underlying assumptions and the qualification of the associated level of risk are presented in § 1.2.2.7.

Business plan adjustments

In order to involve employees collectively in improving the Company's performance, in August 2020 Management set up a profit-sharing agreement for Balyo employees, in accordance with the provisions of Articles L. 3311-1 et seq. of the French Labor Code. As the disbursements associated with this profit-sharing plan have not been included in the Company's financial forecasts, despite expectations of

[15] At December 31, 2022, Balyo had a stock of capitalized and non-capitalized tax loss carryforwards amounting to 73,5 m€.

generating positive results as early as 2024, we have adjusted the Business Plan to take this into account. Similarly, we have also taken into account the legal employee profit-sharing mechanism.

In addition, payment of the 3.2 m grant from ADEME is conditional on the recruitment of four additional full-time equivalents ("FTEs") in 2024 and one additional FTE in 2025. As the Business Plan takes account of this subsidy but does not include the associated FTEs, we have adjusted the Business Plan accordingly.

For information, the Business Plan adjusted for these items generates an EBIT margin of 17.8% in 2025 vs. 18.7% previously.

Extrapolating the business plan

We have extrapolated the Business Plan over a four-year period, up to 2029 (the "Extrapolation Period"). This analysis makes it possible to gradually converge (i) sales towards the order intake level, (ii) the growth rate towards a stabilized level, and (iii) operating profitability towards a normative level.

The assumptions underlying the Extrapolation Period are as follows:

- Order intake growth of 1.4% from 2026, in line with the long-term growth rate and the rates retained by analysts following Balyo since its IPO in 2017[16] ;
- Convergence of sales in 2026 towards the level of order intake expected in 2025, followed by growth in line with sales beyond that date;
- Gross margin in line with that observed at the end of the Explicit Period;
- Growth in operating expenses (i) in line with sales growth for personnel costs and marketing expenses, and (ii) in line with the long-term growth rate for other costs (G&A and R&D);
- An amount of CIR equal to that observed at the end of the Explicit Period ;
- Capital expenditure of (2.3)% of sales, in line with the rates used by analysts following Balyo since its IPO in 2017[17] , and a gradual convergence of depreciation and amortization expenses towards this same rate;
- WCR of 22.2% of sales from 2026, in line with that observed for mature companies[18] active in this sector. Management has confirmed that the working capital projections in the Business Plan do not show a normative level at the end of the Explicit Period, and that an adjustment for this in the Extrapolation Period is justified.

At the end of the extrapolation period, EBIT margin stood at 16.2% compared with 16.6% excluding the impact of subsidies.

For tax purposes, we have used the French tax rate for the Business Plan and the Extrapolation Period, i.e. 25.8%. The tax base includes the impact of profit-sharing and incentive schemes, but excludes the CIR.

Business plan segmentation

[16] See Natixis notes of July 21, 2017, Portzamparc notes of September 17, 2018 and Auerbach Grayson notes of December 8, 2020.

[17] See Natixis notes of July 21, 2017, Portzamparc notes of September 17, 2018 and Auerbach Grayson notes of December 8, 2020.

[18] Median working capital over the last 5 years for Hyster-Yale, Kion, Manitou, Jungheinrich, Daifuku, Logisnext Mitsubishi and Gaussin. As Gaussin is not yet sufficiently mature, the normative WCR estimated by analysts has been used.

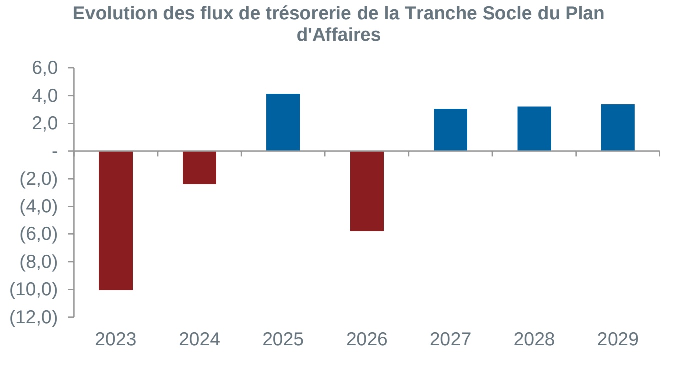
As already mentioned, visibility as to whether the financial projections in the Business Plan will be achieved is uncertain, if not very uncertain, depending on the level of orders targeted (cf. Presentation of the Business Plan § 1.2.2.7).

To take account of the differing levels of risk involved, the Business Plan has been segmented into two tranches, with (i) a first tranche (the "Business Plan Base Tranche") reflecting a level of order intake considered to be ambitious, and (ii) a second tranche (the "Business Plan *Upside* Tranche"), based on order intake assumptions presenting a significant risk of non-fulfilment.

The assumptions underlying the construction of the Base Section of the Business Plan are as follows:

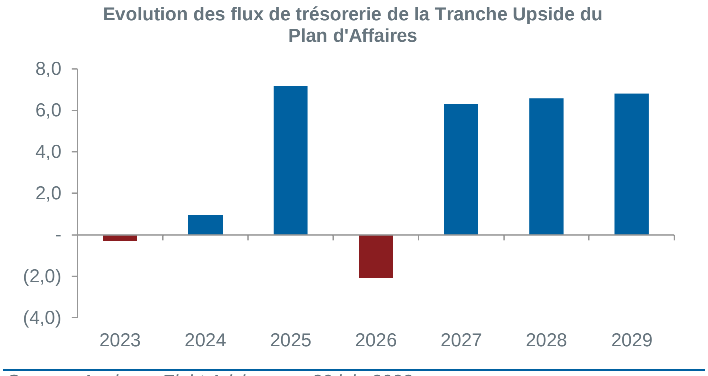
- A CAGR in order intake and sales of respectively 42.8% and 23.7% over the period 2022 - 2026, taking into account :
    - all BL1 orders and associated sales;
    - of 50.0% BL2 order intake, i.e. the delta between (i) cumulative order intake over the first 9 months of 2023 (actual orders for the first half of 2023 and orders for the third quarter of 2023 updated by Management) and (ii) the level initially forecast in the Business Plan for this period. BL2 sales are calculated on the basis of the ratio of order intake to sales over the horizon of the Explicit Period and the Extrapolation Period;
- A gross margin identical to that of the Business Plan and Extrapolation Period;
- Allocation of marketing costs according to the distribution of BL2 sales, insofar as the level of these expenses can be associated with that of direct sales;
- The inclusion of all G&A and R&D operating costs relating to the 2023 Business Plan budget, followed by growth in these costs in line with the long-term growth rate over the 2024 and 2025 Business Plan years, as well as over the Extrapolation Period;
- Taking into account the full amount of the CIR, subsidies and the adjustment for the associated additional headcount;
- The allocation of (i) the profit-sharing adjustment based on the breakdown of personnel costs, and (ii) the employee profit-sharing adjustment based on the breakdown of EBITDA;
- Levels of capital expenditure, depreciation and amortization, and working capital expressed as a percentage of sales, identical to those of the Business Plan and the Extrapolation Period.

We present below the cash flows for the Base Tranche of the Business Plan, which take into account the strong growth in order intake over the Explicit Period and the normalization of WCR in 2026, and stabilize thereafter.



Source : Analyses Eight Advisory au 30 juin 2023

The *Upside* Slice of the Business Plan was constructed by differentiating the Business Plan from the Base Business Plan.



Source : Analyses Eight Advisory au 30 juin 2023

Terminal cash flow

The terminal cash flow calculated beyond the Extrapolation Period for the Base Portion of the Business Plan and the Upside Portion of the Business Plan is based on the following assumptions:

- A long-term sales growth rate of 1.4% ;
- EBIT margin in line with the last year of the Extrapolation Period; and
- A continuation of the levels of capital expenditure and working capital observed over the Extrapolation Period, representing respectively (2.3)% and 22.2% of sales respectively.

3.2.2.2. Evaluation parameters

We have analyzed the level of discount rate applicable to each Business Plan Tranche, reflecting the difference in associated risk profile.

Discount rate used for the Base Portion of the Business Plan

To estimate the discount rate applicable to the Base Tranche of the Business Plan, we have used the Company's weighted average cost of capital ("WACC") calculated on the basis of the MEDAF approach ("Modèle d'Evaluation Des Actifs Financiers").

The construction of the WACC is based on market and sector parameters calculated as at June 30, 2023, as well as on parameters specific to Balyo calculated as at June 12, 2023, the Company's last trading day prior to the announcement of the Offer.

Market parameters

We have applied the CAPM method based on French market parameters, i.e. :

- A risk-free rate of 2.9% corresponding to the spot yield[19] on June 30, 2023 on 10-year French government bonds;
- A French market risk premium[20] of 5.8% based on 2023 studies by Pablo Fernandez and Damodaran.

[19] To take account of the interest rate hike by the European Central Bank on June 15, 2023.
[20] In the absence of operating forecasts by country, and given the importance of Balyo's operating base in France, French parameters have been used.

Sector parameters

The beta used is 1.22 and corresponds to the average of Balyo's beta observed over 5 years on a monthly basis.

Size premium and liquidity

We have assumed a size premium of 4.8%[21] applicable to companies with a market capitalization of between $2m and $218m. The size of the companies in this category is implicitly greater than that of the Company, thus presenting a potentially lower risk profile, which we feel is consistent with the lower risk profile of the Base Tranche of the Business Plan compared with that of the *Upside* Tranche of the Business Plan.

Financial structure and cost of debt

We take into account Balyo's financial structure. With the company's average net cash position over the last five years, the cost of capital corresponds to the cost of equity.

Conclusion

Balyo's cost of capital was thus 15.0%. This rate seems to us consistent with the risk profile of the Business Plan's Base Tranche, given the ambitious growth targets associated with it. We note that the observed 25-year internal rate of return for the *Private Equity* asset class stands at 13.56%[22]for assets with a comparable risk profile, i.e. with an ambitious development plan and a high financial risk profile (leverage), but with more advanced operational maturity.

We also note that the discount rate communicated by Oddo BHF in its June 15, 2023 note stands at 12.5% but is based on more conservative business growth and operating margin assumptions than the Base Tranche of the Business Plan: Oddo BHF's target for 2025 sales is lower by (16.9)% below that of the Business Plan Base Tranche, for an EBIT margin of (1.7)% compared with 7.5%.

Discount rate for the Upside Portion of the Business Plan

The discount rate used for the *Upside* Portion of the Business Plan is the yield observed over 25 years on the *Venture Capital* asset class, which stands at 24.68%[23]. The risk profile of the *Upside* Portion of the Business Plan is comparable with that of the *Venture Capital* asset class, as these assets present aggressive development objectives and very low associated visibility.

By way of comparison, we note that the internal rate of return observed at the time of the Company's Capital Increase by Private Placement on October 15, 2021 came to 24.9% based on a price per ordinary share of 1.25 and the business plan at the time.

Coherence analysis

Gaussin SA's observable internal rate of return at June 30, 2023 was 21.0% based on the average 3-month share price of 2.1 per share and the financial projections of the company's research departments. This rate is in line with the weighted discount rate of the Base Tranche and *Upside* Tranche of the Business Plan, which stands at 20.3%.

[21] Source: Kroll 2023.
[22] *US Private Equity* Index at September 30, 2022 published by Cambridge Associates.
[23] *US Venture Capital* Index published by Cambridge Associates as at September 30, 2022.

Long-term growth

We assume a long-term growth rate of 1.4% which corresponds to the International Monetary Fund's long-term inflation forecasts for France. For information, the long-term growth rates used by financial analysts following Balyo since its IPO in 2017 range from 1.0% and 2.0%.

Discounted cash flows

Cash flows have been discounted at mid-year to June 30, 2023.

3.2.2.3. Results

On this basis, the discounted cash flow method leads to a central value of 0.80 per share.

	Juste Valeur de Marché		
En m€	**Min**	**Central**	**Max**
Balyo - Valeur d'Entreprise	19,6	22,0	24,8
(+) Trésorerie nette ajustée	5,4	5,4	5,4
Balyo - Valeur des capitaux propres	**25,0**	**27,4**	**30,2**
Nombre d'actions retenu (en millions d'actions)	34,3	34,3	34,3
Balyo - Valeur par action	**0,73 €**	**0,80 €**	**0,88 €**
Prime induite	*16,6%*	*6,3%*	*(3,5)%*

Source : Analyses Eight Advisory au 30 juin 2023

The Tender Offer price of 0.85 per ordinary share, represents a premium of 6.3% to the central value obtained by this method.

3.2.2.4. Sensitivity analysis

We carried out sensitivity analyses on the main parameters used to arrive at the central value, by varying :

- the discount rate of +/- 1.0%; and
- normative adjusted EBITDA margin of +/- 1.0%.

Balyo - Valeur par action (€)

Taux d'actualisation		
+1,0%	-	-1,0%
0,73	**0,80**	0,88

Marge d'EBIT (année terminale)		
-1,0%	-	+1,0%
0,74	**0,80**	0,85

Balyo - Prime du prix de l'Offre sur la valeur par action

Taux d'actualisation		
+1,0%	-	-1,0%
16,6%	**6,3%**	(3,5)%

Marge d'EBIT (année terminale)		
-1,0%	-	+1,0%
14,1%	**6,3%**	(0,5)%

Sensitivity analysis shows values ranging from 0.73 and 0.88 per share, representing a premium of between 16.6% and (3.5)%.

3.2.3. Market multiples of comparable companies (as principal)

3.2.3.1. Comparable companies selected

The market comparison method consists in determining the value of a company by applying multiples observed on a sample of other comparable listed companies.

A listed company may be considered comparable if it presents sufficient similarities with the company under review in terms of business activity (products, services, customer base, geographical area), margin levels and structure, sales growth prospects, margins, cash flow or size.

We have selected a single company as a comparable, Gaussin SA ("Gaussin"), a French company listed on Euronext Paris and specializing in the design, construction and distribution of connected and autonomous vehicles for the logistics sector. Gaussin appears to be the most comparable company to Balyo in terms of :

- business (same sector as Balyo) ;
- geography (Gaussin operates in the same geographical areas as Balyo: EMEA, APAC, Americas);
- size (Gaussin's market capitalization at June 30, 2023 was 77.1 m€) ;
- business model;
- historical performance, with heavy losses for the 2022 financial year amounting to almost (30) m€; and
- growth profile: analysts expect Gaussin's sales to grow at a CAGR of 42.8% over the period 2022-2026 versus a CAGR of 45.5% for Balyo on the basis of the Business Plan and the Extrapolation Period.

In addition, we note that Gaussin also entered into a commercial agreement with Amazon on March 7, 2023, and granted BSA to Amazon on similar terms.

Gaussin's sales growth profile and margin rates are shown in the table below:

En m€	2022	2023	2024	2025	2026
Chiffre d'affaires	57,0	124,0	163,5	212,2	236,9
EBIT	(31,0)	1,4	11,5	24,1	34,3
KPIs	**2022**	**2023**	**2024**	**2025**	**2026**
Croissance du chiffre d'affaires	n.a.	117,5%	31,9%	29,8%	11,6%
EBIT (% du CA)	(54,4)%	1,1%	7,0%	11,4%	14,5%

Source : Analyses Eight Advisory au 30 juin 2023 et notes des analystes financiers Alphavalue et Kepler Chevreux.

3.2.3.2. Selected stock market multiples

We have excluded the following multiples:

- Enterprise value/sales: this does not allow us to consider differences in profitability;
- Enterprise Value/EBITDA: does not accurately capture differences in capital intensity; and
- Market capitalization / Net income ("PER"): may be biased due to differences in financial structure.

We have therefore used Enterprise Value ("EV") multiples based on EBIT before the impact of IFRS 16. Insofar as the Business Plan's EBIT 2023 is negative and EBIT 2024 only partially represents the Company's growth prospects, the 2025 and 2026 multiples have been retained and applied to the Business Plan's EBIT 2025 and 2026 aggregates. These aggregates have been adjusted for (i) the non-recurring nature of the 2025 subsidies, and (ii) the adjustments made to the Business Plan. We have also taken into account the present value of the WCR adjustment made over the Extrapolation Period.

Gaussin's Enterprise Value is based on :

- Latest available net debt, excluding the impact of IFRS 16. It has also been adjusted for (i) financial assets, (ii) cash from the March 15, 2023 capital increase, (iii) the present value of tax savings related to tax loss carryforwards[24] , and (iv) minority interests; and
- Market capitalization determined on the basis of the 3-month average share price at June 30, 2023 and a number of shares including the new shares issued in connection with the capital increase on March 15, 2023.

The analysis shows EV/EBIT multiples of 2.9x and 2.0x for 2025 and 2026 respectively.

En m€	2025	2026
EBIT Gaussin	24,1	34,3
Multiple VE/EBIT	**2,9x**	**2,0x**

Source : Analyses Eight Advisory au 30 juin 2023

3.2.3.3. Results

	Juste Valeur de Marché	
En m€	**2025**	**2026**
Balyo - Valeur d'Entreprise	**25,7**	**20,0**
dont ajustement de besoin en fonds de roulement	*(10,4)*	*(10,4)*
(+) Trésorerie nette ajustée	5,4	5,4
Balyo - Valeur des capitaux propres	**31,1**	**25,4**
Nombre d'actions retenu (en millions d'actions)	34,3	34,3
Balyo - Valeur par action	**0,91 €**	**0,74 €**
Prime induite	*(6,2)%*	*15,0%*
Balyo - Valeur par action	**0,82 €**	
Prime induite	*3,3%*	

Source : Analyses Eight Advisory au 30 juin 2023

On this basis, the market multiples method leads to a range for Balyo's equity value of between 0.74 to 0.91 per ordinary share. The proposed price of 0.85 per ordinary share, represents a premium of between (6.2)% and 15.0%.

The average central value resulting from the application of EBIT multiples amounts to 0,82 per ordinary share, representing a premium of 3,3%.

3.2.4. Evaluation references (main)

3.2.4.1. Reference to share price

Prior to the announcement of the Offer

Balyo has been listed in Compartment C of Euronext Paris since 2017. The reference date used for our analyses is June 12, 2023, i.e. the last trading day not affected by the announcement of the Offer. The prices analyzed are the volume-weighted average prices ("VWAP") observed mainly on Euronext, but also on the other European markets where Balyo shares are listed.

[24] At December 31, 2022, Gaussin had a stock of capitalized and non-capitalized tax loss carryforwards amounting to 152,8 m€.

The free float was estimated at June 12, 2023 at 18,424,493 shares, defined as the total number of shares issued to date, adjusted for (i) shares held by the reference shareholders (Bpifrance Investissement, SSUG, Linde, Financière Arbevel, Invus Public Equities, Hyster-Yale, Seventure Partners and Thomas Duval), (ii) treasury shares and (iii) shares held by Balyo's managers and employees.

At that date, free float turnover over 1 year stood at 146.9%. The Company's share price can be considered liquid[25] since free float turnover over 1 year is above the 20% annual threshold defined by Euronext.

At June 12, 2023, Balyo's market capitalization stood at 18.4 m€ based on a closing share price of 0.54 and 34,356,767 shares issued.

Share price trends over the two years preceding the announcement of the Offer are shown below:

Source : Analyses Eight Advisory fondées sur données Bloomberg au 30 juin 2023

Numéro	Date	Commentaires
1	22-juil.-21	Annonce du chiffre d'affaires semestriel
2	27-sept.-21	Publication des résultats semestriels
3	14-oct.-21	Augmentation de capital par placement privé
4	28-oct.-21	Annonce du chiffre d'affaires du troisième trimestre
5	21-déc.-21	Nouvel engagement de commande de Linde
6	5-janv.-22	Partenariat avec Bolloré Logistics
7	28-mars-22	Publication des résultats 2021
8	21-avr.-22	Annonce du chiffre d'affaires du premier trimestre
9	24-mai-22	Accord commercial avec Auchan

Numéro	Date	Commentaires
10	21-juil.-22	Annonce du chiffre d'affaires semestriel
11	29-sept.-22	Publication des résultats semestriels
12	27-oct.-22	Annonce du chiffre d'affaires du troisième trimestre
13	5-janv.-23	Accord commercial avec Behr
14	17-janv.-23	Accord commercial avec Danone
15	26-janv.-23	Annonce du chiffre d'affaires 2022
16	27-mars-23	Publication des résultats 2022
17	20-avr.-23	Annonce du chiffre d'affaires du premier trimestre

Source : Management et communiqués de presse

Following the announcement of 2022 sales and the first-quarter order book on January 26, 2023 [15], Oddo BHF has raised its target share price for Balyo from 0.50 € à 0.70 per share. In the two months following this announcement, the Balyo share price rose from 0.53 on January 26 to 0.84 on March 9, 2023.

The share price then approached Oddo's target price, reaching 0.72 per share on March 27, 2023, the day of the publication of Balyo's 2022 results [16]. The day after publication, the share price fell to 0.56 a fall of (22.2)%. Balyo's share price remained relatively stable until the announcement of the Offer.

[25] Since its IPO, the Company has set up a liquidity contract with Natixis and Oddo BHF.

On June 12, 2023, the share price was 0.54 €. The Offer price at 0.85 therefore represents a premium of 58.9% to this price. On the resumption of trading on June 15, 2023, the share price reached 0.82 slightly below the Offer price.

The proposed price of 0.85 per ordinary share, gives the following premium levels:

En €	Cours (CMPV[1])	Primes induites	Volumes échangés[2]
12 juin 2023	**0,54 €**	**58,9%**	**53 961**
CMPV 30 jours	0,55 €	54,9%	2 164 563
CMPV 60 jours	0,57 €	48,3%	8 144 921
CMPV 120 jours	**0,60 €**	**41,6%**	20 384 458
CMPV 250 jours	0,58 €	46,0%	30 122 636
+ Haut 12 mois	0,87 €	(2,7)%	n.a.
+ Bas 12 mois	0,39 €	118,9%	n.a.

Source : Analyses Eight Advisory fondées sur données Bloomberg au 12 juin 2023

Notes : (1) Cours spot *last price* au 12 juin 2023 et cours *intraday* sur les périodes antérieures
(2) Volumes échangés sur les différentes places de marché européennes

The Offer price represents a premium of 58.9% to the last trading price before the announcement, 54.9% to the 1-month VWAP and 41.6% compared with the 3-month WACV.

Since the announcement of the Offer

The day after the announcement of the Offer, i.e. on June 15, 2023, the share price approached the Offer price mentioned at the time of the announcement. The share price stabilized at 0.82 a price slightly below the Offer price of 0.85 €.

3.2.4.2. Reference to share price targets

We have studied recent analysts' notes published before June 14, 2023 (date of the announcement of the Offer) and after. The Company is followed by a single research firm, Oddo BHF. The price target in the latest available note was 0.70 per share prior to the announcement of the Offer:

En m€	Date	Cours cible	Prime	Cours cible post-Offre
Oddo BHF	20/04/2023	0,70 €	21,4%	0,85 €

Source : Analyses Eight Advisory au 30 juin 2023
Note : Oddo BHF est le seul analyste financier à suivre Balyo depuis avril 2022

The Offer price represents a premium of 21.4% to Oddo BHF's last price target prior to the announcement date. Following the announcement of the Offer, Oddo BHF has aligned its price target with the Offer price.

3.2.4.3. References to recent capital transactions

The Offeror has not acquired any Balyo shares since the announcement of the Offer on June 14, 2023.

4. POTENTIAL SYNERGIES FROM THE OPERATION

As indicated in the Offeror's Draft Offer Document, no commercial or cost synergies are anticipated as Balyo is considered by SoftBank to be (i) a stand-alone investment, and (ii) complementary to SoftBank's existing investments in the transportation and logistics sectors. As such, no merger or capital transaction with a SoftBank investment is envisaged at this stage. Lastly, we understand that the cost savings associated with the end of listing following the possible delisting are not significant.

5. ANALYSIS OF RELATED AGREEMENTS

We have examined the agreements that could have a material impact on the assessment of the Offer, as presented in the Draft Offer Document, in order to assess whether these agreements contain provisions that could call into question the fairness of the Offer price.

Contribution commitments entered into

Concurrently with the Offer, certain Balyo shareholders, including Bpifrance Investissement, SSUG, Financière Arbevel, Linde, Hyster-Yale, Invus Public Equities and Thomas Duval, as well as certain managers and employees, have agreed to tender their shares to the Offer.

These contribution undertakings indicate a disposal price of (i) €0.85 per ordinary share and (ii) €0.01 per AGADP, corresponding in each case to the Offer price, and do not provide for any additional consideration. We therefore have no particular comment to make.

Convertible bonds

The Offeror will provide the Company with financing of €5m, reduced to €3m in the event of termination of the Offer. The Financing will be paid in several drawdowns, including €1.5m in July 2023, and structured in the form of convertible bonds issued by Balyo to the Offeror, maturing on October 31, 2024.

The bonds issued are convertible into ordinary shares of the Company at the option of the Offeror, with a conversion parity based on a variable conversion price equal to (N + i) / V, where :

N is the nominal value of the bond
I corresponds to interest capitalized over the period
V is the value of the share, i.e. :

- the Offer price if the conversion takes place after the Offer has been filed but before the earlier of the closing of the Offer (i.e. the date of 1er settlement-delivery of the Offer) and the termination of the Offer;
- the lower of (i) the Offer price and (ii) a 20% discount to the Balyo share price at the date of the conversion request (based on the 30-day volume-weighted average share price), if the conversion takes place as from the earlier of the closing of the Offer and the termination of the Offer, and the Balyo shares are still listed on Euronext Paris;
- the lower of (i) the Offer price and (ii) a 20% discount to the fair value of the Balyo shares, if the conversion takes place as from the earlier of the closing of the Offer and the termination of the Offer and the Balyo shares have ceased to be listed on Euronext Paris. The fair value corresponds to the application retained for the liquidity formula: Offer price x (B/C) where C corresponds to 12-month revenues at the Offer announcement date (€27.8m) and B to 12-month revenues at the liquidity date/conversion date.

As the conversion parity is based on a variable conversion price, the future conversion value received by the lender will always be equal to the sum of the nominal amount and capitalized interest. The higher or lower the share price or fair value, the lower or higher the number of shares to be issued.

The Financing will bear interest at an annual rate equal to the higher of (i) 10% and (ii) the sum of 10% and the SOFR rate[26] (the "*Rate*") in euros.
We have ensured that the terms of the Financing are not such as to confer a particular advantage on the Initiator, in particular by comparing the terms of the Financing with the terms of other financing obtained on the European market under similar conditions and for a similar risk profile. As the conversion

[26] *Secured Overnight Financing Rate*.

parity is based on a variable conversion price, the future conversion value received by the lender will always be equal to that of the sum of the nominal amount and capitalized interest, so the rate can be compared to that of bonds.

A borrowing interest rate reflects its default risk, which is based on the borrower's risk and the instrument's characteristics. We have therefore compared the Rate with the interest rate observed on comparable loans:

- Sample of 22 European listed bonds rated between C and CCC+ in view of Balyo's financial situation, which presents an uncovered financing requirement in 2024;
- Observation period: spot to June 30, 2023, to reflect changes in interest rates (increase in key interest rates by the European Central Bank on June 15, 2023);
- Adjustment of the interest rate on these bonds to reflect the maturity of the CBs.

Based on these parameters, the average interest rate for the sample was 14.9% a level in line with the *Taux* (15.06%).

We note that in the event of conversion before the date of 1er settlement-delivery of the Offer (i.e. on the basis of the Offer price) :

- the impact on current shareholders of the dilution generated by the conversion has the direct counterpart in terms of value of the funds injected into the Company (same amount);
- Financing removes the uncertainties generated by the Company's 2023 financing requirement.

For illustration purposes, assuming that (i) cumulative drawdowns reach €2.5m at the end of September 2023, (ii) the Offeror holds 89.00 % of the Company's share capital before conversion and at the close of the Offer, and (iii) in the event that all the convertible bonds are converted before the 1st settlement date of the Offer, the Offeror will would then hold at the close of conversion 89.88 % of the Company's share capital.

We also analyzed the 20% discount applicable to the market price or fair value of an ordinary share in the event of conversion after the Offer.

The October 2021 Private Placement Capital Increase at €1.25 showed a discount of around 10% to the 3-day volume-weighted average price prior to the transaction. We also note that the Company's best comparable, Gaussin, carried out a €15m capital increase on March 15, 2023, at a discount of 19.50% to the average closing price over the previous 20 days. The discount applicable in the event of conversion of the convertible bonds is therefore within the range of discounts observed for capital increases of the Company and its best comparable, in comparable contexts. It should be noted that the Group's financing needs in 2023 will be covered by the Financing and will not be covered during 2024. We have no particular comment to make on this matter.

For illustration purposes, we note that in the event that (i) cumulative drawdowns reach €2.5m at the end of September 2023, (ii) the Offeror owns 89.00 % of the Company's share capital before conversion and at the end of the Offer, and (iii) in the event that all the convertible bonds are converted before the 1st settlement date of the Offer, the Offeror would then hold 90.08 % of the Company's share capital following conversion. We note that in the event of conversion before the squeeze-out, the price offered for the RO is unchanged: it is not impacted by the dilution component generated solely by the discount, which then amounts to (2.18)% (for a total dilution of (10.88)%, the counterpart of which is essentially the increase in Equity Value linked to the funds raised).

BSA

The Offeror is offering a price of €0.07 per BSA.

As a reminder, each BSA entitles the holder to subscribe to one share in the Company at a price of 3.03 per share for a period of 7 years, i.e. until February 22, 2026, subject to certain conditions.

The BSA may be exercised in tranches depending on the level reached by Amazon's cumulative orders (the first tranche of 1,621,184 BSA may be exercised once this amount exceeds €10m). At this stage, Amazon's cumulative orders represent nearly €5m, and the conditions have not yet been met, nor are they expected to be by the date of the Offer, according to management.

In the event of a change of control[27] of the Company, all the BSA become exercisable provided that Amazon has issued an order or made a payment during the 12 months preceding the change of control. Under this assumption, the BSA have a non-zero financial value. We therefore analyzed the value of the BSA and ensured that the Offer price for the BSA was not likely to undermine equality between the holders of the financial instruments that are the subject of the Offer. To this end, we compared (i) the Offer price for the BSA with (ii) their financial value, incorporating as the underlying value the price per ordinary share offered by the Offeror.

The *Black & Scholes* approach is the usual valuation method for these BSA. The parameters used to apply it are as follows:

- Valuation date: June 30, 2023 ;
- Maturity: February 22, 2026, as contractually defined;
- Exercise price: €3.03, as contractually defined;
- Underlying value: €0.85 per share, corresponding to the Offer price per ordinary share;
- Discount rate : 3.1% This is the spot yield at June 30, 2023 on French government bonds with a maturity comparable to that of the BSA;
- Dividends: no dividends historically ;
- Volatility : 58.0% This is the volatility observed on Balyo's share price over a period comparable to the maturity of the BSA (neutralizing the impact on the share price of the health crisis or the time lag between order intake and market expectations from January 26, 2023 to March 27, 2023).

Based on the *Black & Scholes approach*, the Offer price per ordinary share of €0.85 and the parameters presented, the value of one BSA is 0.07 € per BSA, in line with the price offered by the Offeror. The price offered per BSA is therefore fair and is not likely to undermine equality between holders of the financial instruments which are the subject of the Offer.

BSPCE

In the context of the Offer, certain Balyo managers and employees left Balyo and/or decided to irrevocably and definitively renounce, with immediate effect, the exercise of all the BSPCE they held. Thus, of the 1,375,000 BSPCE outstanding prior to the announcement of the Offer, 945,000 BSPCE have lapsed. At the date of this report, 430,000 BSPCE held by Fabien Bardinet were still in circulation. Their letter of allocation stipulates that in the event of the sale of more than 50% of the Company's

[27] The notion of change of control being defined in the agreement entered into between Balyo and Amazon on January 9, 2019 as any transaction resulting in any individual or legal entity becoming the owner of 30% or more of the Company's share capital or voting rights.

shares, the right to exercise the BSPCE will be accelerated and must be exercised immediately before the sale takes place, failing which they will lapse. With exercise prices of €1.60 and €4.11, we note that these BSPCE are significantly out of the money.

AGADP

In view of the Company's historical performance, the Board of Directors noted that the performance conditions for tranche 1 of the AGADP had been met on March 27, 2023.

On June 22, 2023, the Board of Directors noted in advance the achievement of the performance criteria for tranche 2 of the AGADP. Given the visibility of the achievement of the performance conditions by December 31, 2024 (the cumulative sales criterion of €85m is achieved as early as 3rd quarter 2023, and the cumulative gross margin criterion of €35m the following quarter), the early recognition of the achievement of the performance conditions of tranche 2 of the AGADP does not call for any particular comment on our part.

As part of the Offer, the Offeror is proposing a liquidity window at a price of 0.01 to holders of 8,970 Unconverted AGADP[28] available. We remind you that the Business Plan has been qualified by Management as a "*Best Case*". However, on the basis of the Business Plan, the performance conditions are not met before the AGADP maturity date. It is considered virtually impossible to achieve them as early as tranche 3 of the AGADP by 2024. Nevertheless, as a matter of principle, this probability cannot be zero. The amount offered corresponds to the minimum level of a listing price, which seems to us to be consistent with this minimum probability, and we also note the lack of materiality of the overall amount.

Liquidity formula

The Offeror has entered into a liquidity agreement with Pascal Rialland, in the event of a successful Offer, in respect of the ordinary shares resulting from the conversion of AGADP which cannot be tendered to the Offer.

The price of this offered liquidity will follow the following formula: €0.85 x (B/C) where :

- C corresponds to 12-month revenues at the date of announcement of the Offer (€27.8m);
- B to 12-month earnings at the liquidity date.

Exceptionally, in the event of a public offer launched by the Offeror, the offer price will be retained within 9 months of the transaction.

We note that the formula does not offer the beneficiary of the liquidity a guaranteed price, and that it depends on the Company's performance in terms of sales generation, the main driver of the Company's value. We have no particular comment to make on this matter.

6. WORK OF THE PRESENTING COMPANY

6.1. Discarded methods

The Presenting Company has rejected the following methods:

- The Net Asset Value method ;

[28] Tranches 3, 4 and 5 of the AGADP with higher performance conditions to December 31, 2024: cumulative sales and gross margin of €165m and €70m for tranche 3, €295m and €130m for tranche 4 and €500m and €235m for tranche 5.

- The Net Asset Value method ;
- The discounted cash flow (DCF) method ;
- Comparable transaction multiples; and
- Reference to recent capital transactions.

We have also ruled out these methods.

6.2. Methods used

The Presenting Company has selected :

- Discounted cash flow (DCF), mainly ;
- Stock market multiples of comparable companies, for information only ;
- The reference to the share price, as the main reference; and
- Reference to share price targets, for information only.

We have also adopted these methods and references.

6.3. Financial data

6.3.1. Number of ordinary shares used for the valuation work

The number of Balyo ordinary shares retained for the valuation work by the Presenting Institution amounts to 34,321,873. We have retained the same number of shares.

6.3.2. Elements of the transition from Enterprise Value to Equity Value

The Presenting Institution assumes an adjusted net debt position of (2.5) m€ including :

- Cash and cash equivalents at December 31, 2022 of €8.2 m ;
- Financial debt at December 31, 2022 excluding IFRS 16, i.e. (9.1) m€ ;
- Commitments to employees at December 31, 2022, amounting to (0.2) m€ ;
- Provisions for liabilities and charges at December 31, 2022, amounted to €0.9m;
- Tax savings related to provisions at December 31, 2022, i.e. €0.3m;
- The value of the BSA at May 31, 2023, i.e. (0.8) m€; and
- The value of AGADP T3, T4 and T5, i.e. (0.0) m€.

For our part, we assume an adjusted net cash position of 5.4 m€. The difference of (8.0) m€ between the two estimates is mainly due to the tax savings linked to losses carried forward, valued at 6.4 m€, which we have included in the adjusted net financial cash position when the Presenting Institution only takes them into account under the DCF approach and in the Enterprise Value directly.
The residual difference of (1.6) m€ is due to :

- (0.9) million in provisions for contingencies and charges, which we have excluded from adjusted net cash flow on the assumption that these operating provisions will be renewed.
- 0.3 m for tax savings related to provisions.
- (0.8) million in respect of the repurchase of BSPCE, which we have not taken into account in our adjusted net cash flow calculation, as the probable dilution generated by these BSPCE has a negligible impact on the Offer price of €0.85 per ordinary share.

- o We note that the BSPCE are currently significantly out of the money, with an exercise price of €3.03 per share. The probability in a risk-neutral universe associated with potential cases of the €3.03 exercise price being exceeded by the share price over the remaining future exercise period is only 0.4%.
- o Based on the Offer price of €0.85 per ordinary share, the impact of probable dilution is therefore negligible.

- (0.0) million corresponding to the value of AGADP T3, T4 and T5, which we have not taken into account in our calculation of adjusted net financial cash.

6.4. Discounted cash flow (DCF) method

6.4.1. Forecasts

6.4.1.1. Explicit period

The Presenting Institution has retained the Business Plan, updated by Management on June 29, 2023 in view of the significant and unforeseen deviation in sales performance in the second quarter of 2023.

We worked on the same basis as the Presenting Institution. However, the Presenting Institution did not take into account the additional FTEs required by ADEME for the 3.2 m€ subsidy included in the Business Plan.

We also note that the Presenting Institution has retained for its valuation work the Business Plan as a whole, whereas we have segmented the financial projections by tranche in order to reflect differentiated risk profiles according to the targeted levels of order intake.

6.4.1.2. Extrapolation period

The Presenting Company uses an extrapolation period of 3 years to bring Group aggregates up to normative levels.

We have chosen a 4-year extrapolation period.

The main assumptions applied by the Presenting Institution are as follows:

- A sales growth rate tending towards a long-term growth rate of 1.5% in the final year;
- A stable EBITDA margin of 12.9% from 2026, in line with the EBITDA margin at the end of the Explicite period;
- Stable capital expenditure of €2.5m per year; and
- EBIT margin in the final year slightly above 10%.

The main differences with the assumptions used in our work are as follows:

- Convergence of 2026 sales towards the 2025 order intake level, followed by growth in line with a long-term growth rate of 1.4%;
- Capital expenditure as a percentage of sales of (2.3)%; and
- A terminal-year EBIT margin of 12.5%.

6.4.2. Terminal value

The Presenting Institution has applied the Gordon-Shapiro formula to calculate the terminal value. We have applied the same formula.

6.4.3. Discount rate and perpetual growth rate

In applying the DCF method, the Presenting Institution uses a perpetual growth rate of 1.5% and a discount rate of 18.6%, the main assumptions of which are :

- A risk-free rate of 3.02%, corresponding to the spot yield of the 10-year OAT on June 22, 2023;
- A market risk premium of 6.79%, corresponding to the premium calculated for France in the Damodaran study of January 5, 2023;
- A debt-free beta of 1.10 corresponding to the average between the debt-free betas of Balyo and Gaussin ;
- A size premium of 11.0% ;
- A pre-tax cost of debt of 10.0%, in line with the latest balance sheet movements and financing proposals;
- A normative tax rate of 25.0%; and
- A target capital structure with a ratio of net financial debt to total capital value of 34.0%.

It should be noted that the 18.6% discount rate used by the Presenting Company corresponds to the discount rate applicable to all the cash flows in the Business Plan. This rate should be compared with the weighted discount rate we estimate for the Base and *Upside* Tranches of the Business Plan, which amounts to 20.3%. This difference can be analyzed in the light of the more conservative assumptions adopted by the Presenting Institution for the extrapolation period and for terminal cash flow.

6.4.4. Results

On the basis of the information presented above, the Presenting Institution concludes that the value per share is €0.83.

Our work leads us to a range of values per share between 0.73 to 0.88 with a central value of 0.80 €.

6.5. <u>Market comparison method</u>

6.5.1. Methodology used

The Presenting Company has selected a sample comprising a single comparable company, Gaussin SA, and a broader sample of companies comparable to Balyo.
Enterprise value to sales multiples have been used by the Presenting Institution.

We have chosen Gaussin SA as the only comparable company, and we have used the Enterprise Value/EBITDA multiple to apply the market comparison method.

6.5.2. Results

On the basis of these factors, the Presenting Company estimates the value per share at between €0.44 and €0.47.

Our work leads us to a value range between 0.74 to 0.91 with a central value of 0.82 €.

6.6. <u>Stock price analysis</u>

The Presenting Institution conducts an analysis of the share over a period of 30 trading days, 60 trading days, 120 trading days, 180 trading days and 250 trading days prior to the announcement of the Offer. The volume-weighted average prices presented are based on Euronext France trading volumes.

We have also used stock market references over a period of 30 trading days, 60 trading days, 120 trading days, 180 trading days and 250 trading days prior to the announcement of the Offer. We have, however, used volume-weighted average prices based on trading volumes on Euronext and other European stock exchanges where Balyo shares are listed.

6.7. Analysis of analysts' price targets

We have no particular comment to make on the analysis of analysts' price targets carried out by the Presenting Institution. We have retained the same price target and thus present the same value per share.

6.8. BSA analysis

The Presenting Institution has used the *Black & Scholes* approach to value the BSA. The parameters used are as follows:

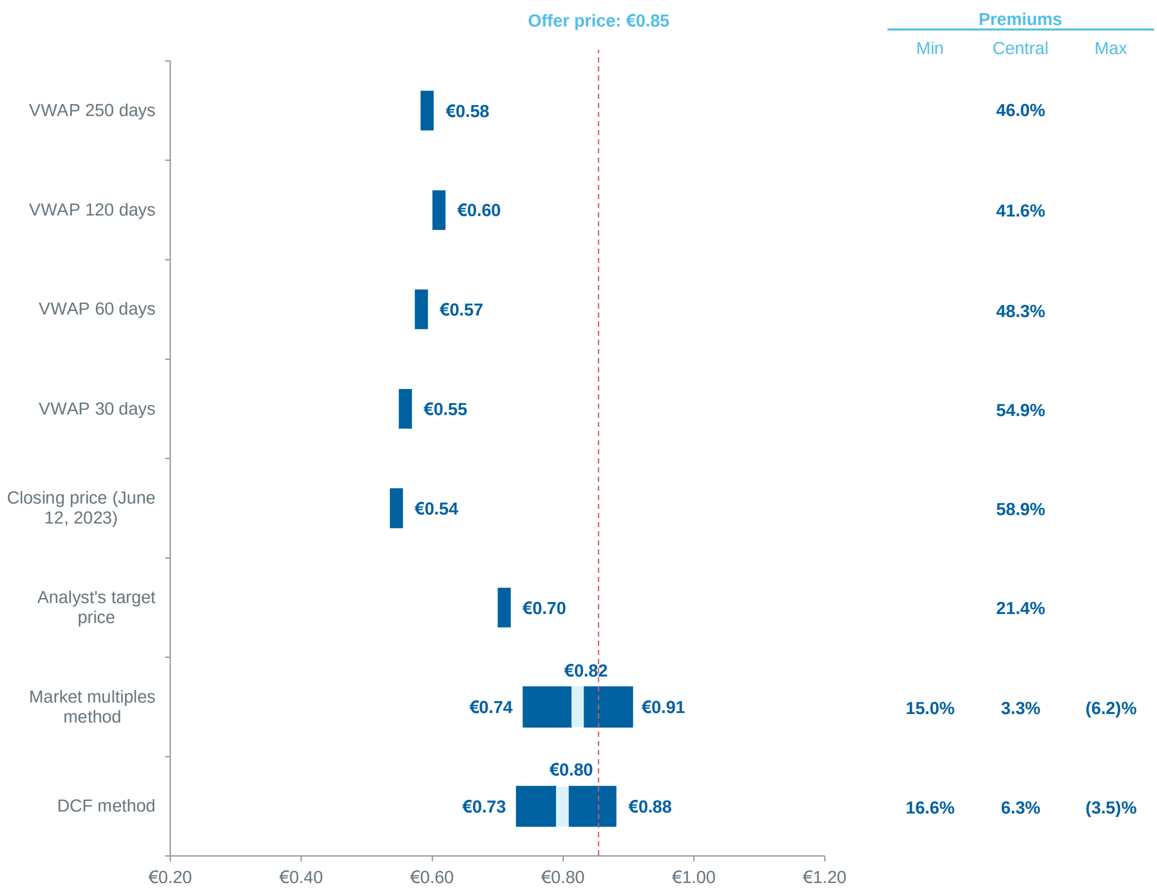
- Maturity: February 22, 2026, as contractually defined;
- Exercise price: €3.03, as contractually defined;
- Underlying value: €0.85 per share, corresponding to the Offer price per ordinary share;
- Discount rate: 2.98%, i.e. the yield at June 12, 2023 on French government bonds with a maturity comparable to that of the BSA;
- Dividends: no dividends historically ;
- Volatility: 56.3%, i.e. the volatility observed on Balyo's share price over a period comparable to the maturity of the BSA (neutralizing the impact on the share price of the health crisis or the lag between order intake and market expectations in the first quarter of 2023).

On the basis of these elements, the Presenting Company estimates the value of one BSA at €0.07 per BSA. Our work also results in a price of 0.07 € per BSA.

7. SUMMARY OF OUR WORK

The value per ordinary share of Balyo resulting from the application of the valuation methods and references is presented below, with the implied premium derived from the comparison with the Offer price of €0.85 per ordinary share:

Balyo - Price per share as of June 30, 2023 (in €)



Source: Eight Advisory analysis as of June 30, 2023

As a result of our valuation work on the value of the Balyo shares, we note that the Offer price per ordinary share achieves a premium over all valuation methods and other valuation references. other valuation references.

8. CONCLUSION ON THE FAIRNESS OF THE OFFER PRICE

We have been appointed as Independent Expert by the *Ad Hoc* Committee of Balyo based on Article 261-1 I 2°, 4° and 5° and II of the general regulation of the AMF.

Our mission was to assess the fairness of the price offered by SVF II Strategic Investments AIV LLC, a direct subsidiary of SoftBank Group Corp., in connection with the Tender Offer procedure followed by a Squeeze-Out should the required conditions be met.

The price offered to Balyo shareholders is €0.85 per ordinary share.

We observe that the Offer price of €0.85 shows a premium of:

- 6.3% on the central value derived from the Discounted Cash Flows method;
- 3.3% on the central value derived from the Market multiples method;
- 58.9% on the last closing share price before the announcement of the Offer, 54.9% on the 30-day volume-weighted average price, and 48.3% on the 60-day volume-weighted average price; and
- 21.4% on the central value derived from the analyst's target price.

We also observe that the Offer price is higher than Balyo's share price post announcement of the Offer (€0.82 as of July 26, 2023).

In this context, given the elements presented above, we are of the opinion that the price of €0.85 per ordinary share offered by the Initiator in the context of the Tender Offer is fair from a financial point of view for the shareholders of Balyo SA, including in the perspective of a Squeeze-Out.

Regarding to the BSAs, we note that the price of €0.07 per BSA proposed by the Offeror is consistent with the result of applying the Black & Scholes method, based on an Offer price of €0.85 per share. The price offered is therefore fair to the holder and is not likely to affect the equality between the holder of the BSAs and the holders of Balyo shares, including in the event of the the implementation of a mandatory squeeze-out.

Regarding the 6,270 Unconverted AGADP available, we note that the price of €0.01 per AGADP proposed by the Offeror is consistent with the near-zero probability of the performance conditions of these performance conditions and that the overall amount is not material. The price offered is therefore fair for their holders and is therefore not likely to affect the equality between the holders of the and the holders of Balyo shares, including in the event of a mandatory squeeze-out.

Lastly, the analysis of the related agreements does not call into question our assessment of the financial conditions of the Offer, including in this perspective the case of the implementation of a mandatory squeeze-out.

Paris, August 4, 2023

Geoffroy Bizard
Partner
Eight Advisory S.A.S.

Appendix 1: Presentation of Eight Advisory France SAS

Founded in November 2009, Eight Advisory is an independent firm specializing in financial and operational consulting. With 92 partners and some 759 employees, Eight Advisory assists major groups, investment funds, financial institutions and family-owned companies with their decisions in terms of financial valuation, transactions, restructuring, litigation and operational transformation. Eight Advisory has offices in Paris, Lyon, Nantes, Rennes and Marseille in France, as well as in the UK, Belgium, Germany, Switzerland, the Netherlands and India, and works with some twenty foreign partners. Today, Eight Advisory is recognized, among other things, for the quality of its signature on national and international projects.

Appendix 2: Declaration of independence

Eight Advisory France S.A.S. ("Eight Advisory") has no legal or capital ties with the companies concerned by the Offer or their advisors and holds no financial interest in the success of the Offer, nor any claim or debt on any of the companies concerned by the Offer or any person controlled by these companies within the meaning of Article L.233-3 of the French Commercial Code.

Eight Advisory is not in a position of conflict of interest with the companies concerned by the Offer and their advisors, in particular within the meaning of articles 1.1 to 1.4 of AMF Instruction no. 2006-08 of July 25, 2006 relating to independent appraisals. Prior to our appointment, we were involved in the Offer at the request of the Board of Directors, for the purposes of its analysis of the Offeror's firm offer. The work carried out is therefore a continuation of the operation. Eight Advisory did not otherwise carry out a valuation of the Company, nor did it carry out any other work on behalf of the Company or the Offeror.

Over the past 18 months, Eight Advisory has once acted as independent expert in a public offer for a company whose shares are listed on a regulated market (Lagardère public offer with CA-CIB as presenting bank).

Consequently, the Independent Expert attests to the absence of any past, present or future link known to him, with the persons concerned by the Offer and their advisors, likely to affect his independence and the objectivity of his judgment within the meaning of Article 261-4 of the general regulation of the AMF in the context of this mission.

Appendix 3: Membership of a professional association

Eight Advisory does not currently belong to a professional association recognized by the AMF, but it has set up internal procedures to guarantee a high level of integrity, independence and competence. To this end, it has drawn up a code of ethics which includes procedures designed to protect the firm's independence and avoid conflicts of interest, as well as to check the quality of the work carried out on each assignment and of the reports before they are issued.

Appendix 4: Remuneration

Eight Advisory received remuneration of €90,000 exclusive of tax.

Appendix 5: Diligences and mission stages

Our work consisted mainly of :

- Apply a multi-criteria valuation approach based on the methods usually used to value Balyo SA securities; and
- Analyze the conditions of the Offer price mentioned in the Draft Offer Document.

The work carried out included the following stages:

1. Group analysis

- Learn about the Group's products and services, and its business model;
- Market analysis and trends ;
- Analysis of publicly available financial information on the Company ;
- Interviews with management to deepen our understanding of the business and its outlook.

2. Financial analysis

- Analysis of the Company's consolidated financial statements for the past 5 years :
- In-depth analysis of the Company's Business Plan based on the following information:
    - Detailed analysis of forecasts (including operational indicators), identification of main assumptions and assessment of associated risk;
    - Analysis of updated 2023 budget based on landing on June 30, 2023 ;
    - Analysis of analyst consensus forecasts since the Company's IPO ;
    - Analysis of the forecast profile of comparable listed companies.

3. Transaction analysis

- Interview with the Offeror and its advisors on the characteristics of the transaction, the process and its progress, as well as a presentation of the factors taken into account in the decision on this transaction and the price offered.

4. Governance analysis

- Interviews with members of the *ad hoc* committee ;
- Familiarization with the Company's shareholder structure and recent developments;
- Collection of minutes of shareholders' meetings and meetings of the Company's governing bodies (Board of Directors);
- Analysis of conflicts of interest relating to the Offer ;
- Analysis of related-party agreements and any related agreements to be analyzed with regard to the principle of equal treatment of the Company's shareholders.

5. Company valuation

- Analysis of historical share price trends, share liquidity, significant market transactions and financial analysts' coverage of the Company;
- Analysis of the characteristics of the Offer and the premium offered on the share price ;
- Analysis of previous significant capital transactions ;
- Value analysis :
    - Selection of appropriate valuation methods ;

  - o Analysis of the extrapolation period ;
  - o Analysis of stabilized long-term levels of Group aggregates ;
  - o Collection of financial data on listed or recently traded companies with similar activities;
  - o Comparability analysis against these groups ;
  - o Estimation of valuation parameters (discount rate, long-term growth rate, stock market multiples, etc.);
  - o Implementation of selected evaluation approaches ;
  - o Sensitivity analysis of key assumptions ;
  - o Calculating the transition from Enterprise Value to equity value ;
  - o Calculation of the number of diluted shares excluding treasury stock.
- Review of the valuation work carried out by the Offering Institution, identification and rationalization of discrepancies.

6. Analysis of agreements with regard to the fairness of the Offer

- Analysis of any related agreements that could call into question the principle of equal treatment of the Company's shareholders ;
- Analysis of contribution undertakings entered into between certain Balyo shareholders and the Initiator ;
- Analysis of the financial terms of convertible bonds ;
- Analysis of the price of €0.07 per BSA offered by the Offeror to Amazon ;
- Analysis of the early recognition by the Board of Directors of the achievement of the performance criteria for tranche 2 of the AGADP ;
- Analysis of the €0.01 price offered by the Offeror to holders of unconverted AGADP ;
- Analysis of the liquidity agreement entered into between Pascal Rialland and the Initiator in respect of the Unavailable AGAs.

7. Report writing and presentation

- Preparation of a draft report presenting our work and our conclusion on the fairness of the financial terms of the Offer;
- Examination of the Draft Offer Document and the Draft Response Document, and review of their consistency ;
- Independent quality review of the report by a partner from the Evaluation service line who did not take part in the assignment;
- Presentation of the report to the members of the *Ad Hoc* Committee ;
- Communication of the report.

Appendix 6: Timetable and interviews

- May 17, 2023: Presentation of the Business Plan by Balyo management;

- May 23, 2023: Working meeting with Balyo management;
- May 29, 2023: Interview with Tap Advisors, Balyo's financial advisor;
- May 29 - June 7, 2023: Interviews with the Initiator ;
- June 1, 2023: Presentation of our preliminary results to Balyo's Board of Directors;
- June 13, 2023: Appointment of Eight Advisory as Independent Expert by the Board of Directors of Balyo SA on the recommendation of the *ad hoc* Committee;
- June 22, 2023: Working meeting with Balyo's *ad hoc* committee: roles, due diligence and envisaged timetable;
- June 27, 2023: Presentation by Balyo management of the updated Business Plan following the first-half 2023 landing;
- July 4, 2023: Methodological exchanges with the Presenting Establishment on its work;
- July 6, 2023: Draft of the Independent Expert's report sent to the Ad Hoc Committee;
- July 7, 2023: Meeting with the *Ad Hoc* Committee: presentation of preliminary results;
- July 12, 2023: Meeting with the *Ad Hoc* Committee: update;
- 4 August 2023: Final version of the Independent Expert's report sent to the *ad hoc* Committee.

Appendix 7: People we met

- Management of Balyo SA :
  - Pascal Rialland: Chairman and Chief Executive Officer
  - Frank Chuffart: Chief Financial Officer
- Balyo SA *ad hoc* committee :
  - Corinne Jouanny: Chairman of the *Ad Hoc* Committee
  - Alexandre Pelletier: Member of the *Ad Hoc* Committee
  - Bénédicte Huot de Luze: Member of the *Ad Hoc* Committee
- Alantra, Presenting establishment :
  - Olivier Guignon: Managing Partner
  - Kevin Debrabant : Director
- The Raine Group, advisor to the Offeror
  - Chris Frost: Vice President
  - Josselin Poirier: Analyst
- Tap Advisors, Balyo's advisor
  - Karim T Tabet: Founding Partner
  - Philip Smith: Managing Director
- Ashurst, Law firm
  - François Hellot, Partner
  - Agathe Bourdillon, Lawyer
  - Jordan Ohayon, Lawyer

Appendix 8: Conflicts of interest requiring the appointment of an independent expert

We have been appointed as Independent Experts by the Board of Directors of Balyo SA on the basis of article (i) 261-1 I, 2° of the general regulation of the AMF, insofar as certain directors of the Company have entered into an agreement with the Offeror likely to affect their independence, (ii) 261-1 I, 4° in view of the transactions related to the tender offer likely to have a significant impact on the assessment of the financial terms of the Offer, (iii) 261-1 I, 5° in view of the fact that the Offer concerns financial instruments of different categories and (iv) 261-1 II in view of the RO envisaged.

Appendix 9: Information used

Our work is based on the following information:

1. Information communicated by Balyo SA or its advisors and the Presenting Institution in connection with the Offer :

- Draft Information Document dated July 21, 2023
- Draft Response Document note from the Company dated July 25, 2023
- Company business plan prepared for the Private Placement Capital Increase (2021)
- Company business plan dated June 29, 2023 covering the period 2023-2025
- Probabilized commercial *pipe*
- Annual reports closing on December 31 from 2017 to 2022
- Analysts' notes following Balyo over the period 2017 to 2023
- Board of Directors minutes
- Legal documentation relating to BSPCE, AGADP and BSA
- Legal documentation relating to the Offer and related agreements
- Letters of affirmation from the Company and the Offeror

2. Other information :

- Market data from Bloomberg database
- Financial analysts' notes taken from the Eikon and Capital IQ databases
- Financial statements and publicly available information on comparable listed companies

We received all the information we needed to carry out our work in good time.

Appendix 10: Team

The Eight Advisory team involved in this project is made up of the following people:

- Geoffroy Bizard, Partner, graduate of ESSCA, EM Lyon (Masters in Financial Engineering) and SFAF. 22 years' experience in financial valuation, including 5 years as an equity financial analyst and 17 years with Deloitte and Eight Advisory;
- Maximilien Tristant, Manager, a graduate of EBS, has 6 years' experience in valuation with Ledouble and Eight Advisory;
- Samuel Emir, Analyst, is a graduate of EM Lyon and has 2 years' experience in financial valuation with Eight Advisory.

The quality review was carried out by Romain Le Théo, Partner, a graduate of Paris Dauphine and Sciences Po Paris. He has 21 years' experience in financial valuation, notably with Associés en Finance, Ricol Lasteyrie and Eight Advisory.

The total number of hours devoted to the mission's work reached 500 hours.

Appendix 11: Signed letter of engagement

Eight Advisory

40, rue de Courcelles

75008 Paris

Paris, le 13 juin 2023

A l'attention de Monsieur Geoffroy Bizard, Associé

Projet d'offre publique d'achat (« OPA ») sur les actions de la société Balyo SA – Nomination de l'expert indépendant

Monsieur,

Nous vous informons par la présente que le Conseil d'Administration de Balyo SA (la « Société ») a décidé, lors de sa réunion du 13 juin 2023, de vous nommer en qualité d'expert indépendant dans le cadre du projet d'offre publique d'achat (« OPA ») initié par SVF II STRATEGIC INVESTMENTS AIV LLC. Le Conseil d'Administration a en effet décidé de désigner le cabinet Eight Advisory, représenté par M. Geoffroy Bizard, en qualité d'expert indépendant aux fins d'établir un rapport sur les conditions financières de l'OPA visant les actions de la Société Balyo SA initiée par SVF II STRATEGIC INVESTMENTS AIV LLC au prix unitaire de 0,85 euro par action de la Société (l' « Offre »), en application des articles :

- 261-1 et suivants du règlement général de l'Autorité des Marchés Financiers (« AMF »), et en particulier l'article 261-1 I 4° en raison de l'existence d'opérations connexes à l'OPA susceptibles d'avoir un impact significatif sur le prix de l'OPA ;

BALYO

Siège social : 74, avenue Vladimir Ilitch Lénine, 94110 Arcueil - Tél. : 01.55.26.43.10

SIRET: 483 563 029 00055 - RCS: Créteil 483 563 029

BALYO

- 261-1 II du règlement général de l'AMF, qui confie également à l'expert indépendant la mission de se prononcer sur le caractère équitable d'une indemnisation des actions dans le cadre d'un éventuel retrait obligatoire.

Les termes et modalités de votre mission sont conformes à ceux que vous avez soumis au Conseil d'Administration de la Société dans votre proposition du 13 juin 2023.

Cordialement,

pascal rialland

Certified by yousign

Pascal Rialland

Président Directeur général

Balyo SA

BALYO

Siège social : 74, avenue Vladimir Ilitch Lénine, 94110 Arcueil - Tél. : 01.55.26.43.10

SIRET: 483 563 029 00055 - RCS: Créteil 483 563 029

Balyo SA

Public tender offer by SVF II Strategic Investments AIV LLC for the shares of Balyo SA, followed by a squeeze-out if appropriate

Addendum to the Independent Expert's report dated August 4, 2023

September 12, 2023

SVF II Strategic Investments AIV LLC ("SVF AIV" or the "Offeror"), a direct subsidiary of SoftBank Group Corp ("SoftBank"), announced on June 14, 2023 its intention to make a public tender offer ("Tender Offer" or the "Offer") for the shares of Balyo SA ("Balyo", the "Company" or the "Group", including its subsidiaries) at a price of €0.85 per ordinary share, €0.01 per preference share and €0.07 per BSA, which may be subject to a squeeze-out (the "S.O.").

In addition to the lapse threshold provided for in article 231-9 I, 1° of the AMF's general regulations, the Offer will be subject to a waiver threshold pursuant to article 231-9, II of the AMF's general regulations, allowing SoftBank to waive the Offer if the Offeror does not obtain at least 66.67% of Balyo's share capital and voting rights.

On June 13, 2023, Balyo's Board of Directors set up an *ad hoc* Committee comprising three members, including two independent members. The *ad hoc* Committee was tasked with monitoring the work of the Independent Expert, who is to assess the fairness of the financial terms offered to the Company's securityholders. We issued our conclusions on August 4 in our report (the "Report").

Our appointment in connection with the takeover bid has been made on the basis of article (i) 261-1 I, 2° of the General Regulations of the Autorité des Marchés Financiers ("AMF") insofar as certain senior managers of the Company have entered into an agreement with the Offeror likely to affect their independence, (ii) 261-1 I, 4° due to transactions related to the Takeover Bid likely to have a significant impact on the assessment of the financial terms of the Offer, (iii) 261-1 I, 5° due to the fact that the Offer concerns financial instruments of different categories and (iv) 261-1 II due to the RO envisaged.

We conducted our work in accordance with the requirements of article 262-1 of the AMF General Regulations and its Application Instruction 2006-08 of July 25, 2006 relating to independent appraisals (itself supplemented by AMF Recommendation 2006-15 of September 28, 2006, amended on October 19, 2006, July 27, 2010 and February 10, 2020). Our procedures are described in Section 2 and Appendix 5 of our report.

Our work presented in the Report is based on the draft Offeror's Circular and Reply Circular dated August 3, 2023, as well as on forward-looking financial information provided by the Company, in particular the business plan prepared and updated several times by Balyo's management team (the "Management", or the "Executives") between the end of fiscal year 2022 and the end of June 2023, and approved by the Board of Directors (the "Business Plan") on June 29, 2023. These forecasts are the sole responsibility of the Board of Directors. While we have analyzed the assumptions made and the associated degree of risk, we stress here that operational and financial forecasts are by their very nature uncertain, particularly for Balyo given its risk profile. Consequently, we draw the reader's attention to the fact that it cannot be ruled out that Balyo's actual performance over the coming months and years may differ, possibly significantly, from the forecasts prepared by Management on which we have based our analyses. In general, in accordance with our engagement letter, the documents provided to us were considered to be reasonably accurate and complete, and were not subject to an audit. Our engagement was neither an audit nor a limited review of the Company's financial statements, nor a due diligence engagement carried out for a lender or an acquirer. It therefore did not include all the work required for these types of engagement. Nor was it intended to give an opinion on the financial statements, or to carry out specific checks on compliance with company law. In this context, we did not carry out any due diligence to verify the reliability of the historical data used, relying in this respect on the statutory auditors' report, which includes an unqualified opinion on the annual and consolidated financial statements for the year ended December 31, 2022. The audited financial statements to June 30, 2023 are not available at the date of this Addendum.

SUMMARY

1. POST-REPORT INFORMATION

1.1. Reminder of the Business Plan presented in the Report

The Business Plan was presented in section 1.2.2.7. of the Report. As a reminder, we mention in the Report (i) that it has been revised 3 times in the space of a few months to take account of changes in the situation (discussions with senior creditors and lower-than-anticipated order intake levels in the 1er and 2nd quarters) and (ii) that the version on which we have based our analyses is based on the actual situation up to June 2023.

In the section *entitled "Visibility into the achievement of financial projections communicated by Management",* we pointed out that the "factors mentioned above, in particular :

(i) expected growth over the business plan horizon, driven by an increase in the customer base and customer mix, with no *track record*,
(ii) the level of order intake through direct sales in the first half of 2023, below the ambitions set at the beginning of the year,
(iii) the absence of any downward revision to the 2024 and 2025 Business Plan, and
(iv) the history of failure to meet the financial projections made by the Group at the time of its IPO and the Private Placement Capital Increase,

combined with the fact that management qualifies the Business Plan as a "*Best Case"* scenario, lead us to consider the Business Plan as particularly voluntarist, with a high risk of non-achievement given the low visibility associated with it."

The Report also states in the section *"Expected cash flow trends"*:

- that at "December 31, 2022, the Company had cash of €8.2m",
- that "the monthly cash flow forecasts drawn up by Management showed an uncovered financing requirement for September 2023, due in particular to (i) negative operating cash flow, (ii) the repayment due dates of the PGEs and (iii) the debt linked to deliveries of manual forklift-trucks for a balance of approximately (2.0) m€ to Linde Material Handling" and
- that "Although the Business Plan forecasts a catch-up in the second half of 2023, this underperformance has a significant negative impact on monthly short-term cash flow forecasts."

The Report also states "that the monthly cash flow forecasts in the Business Plan show a financing requirement in 2024 in excess of that covered by the Financing", a point reiterated in section 5. Analysis of related agreements ("(...) the Group presents a financing requirement in 2023 covered thanks to the Financing and not covered during 2024").

Section 1.2.2.8. Conclusion on the Company's risk profile summarizes the main points raised concerning the Company's risk profile as follows: "We note that the Group's operational and financial risk profile remains comparable to that of a *start-up*. Furthermore, we note that the level of visibility associated with the objectives of the Business Plan is very low."

Operational and financial risk profile

- Products developed and in operation with the first customers
- Business model not yet mature (transition to direct sales underway, *Robot as a Service* model being tested)
- No commercial take-off to date (only 1 customer to date with *Repeat Buyer* status)
- Uncovered financing requirement

Business plan risk profile

- Low visibility associated with sales forecasts, the main driver of the Business Plan (number of customers and customer mix)
- Attrition of visibility on flows with the end of minimum order commitments (BL1)
- Objectives of the business plans prepared for the IPO and the Private Placement Capital Increase not achieved

Finally, in section 5. Analysis of related agreements, the Report states that the Company has benefited from (i) an agreement with Balyo's creditors, the terms of which include a firm payment waiver over a period running from January 1er to September 30, 2023 and a conditional payment waiver over a period running from October 1er to December 31, 2023 (incorporated into the Business Plan), and (ii) the subscription by the Offeror "to a €5m financing (the "Financing"). The Financing was structured in the form of convertible bonds (the "CBs") issued by Balyo to SoftBank in the amount of 0.5m per month, maturing on October 31, 2024. In the event of termination of the Offer, the Financing will remain in place but the amount available to Balyo will be reduced to €3m (net of amounts already drawn down) with no obligation for Balyo to make early repayment if the amount drawn down exceeds this ceiling.

We applied the DCF method as our valuation approach, with a valuation prism incorporating the going concern assumption and the assumption that the financing requirement for 2024 would be financed. All the above factors led us to segment the Business Plan into 2 tranches presenting different levels of visibility, and to apply differentiated discount rates of 15.0% and 24.7% to these 2 tranches, consistent with the risk profile presented. In the analogical approach, the valuation prism reflects the going concern assumption and the financial risk at the level of what the market "*prices*" in the price of the identified comparable (Gaussin).

On this basis, and also taking into account the other elements of our analysis, we have concluded in the Report that the financial terms of the Offer are fair.

1.2. Updated 2023 forecasts

1.2.1. Presentation of updated 2023 Forecasts

On September 12, Management provided us with an updated cash flow forecast for 2023 (the "Updated 2023 Forecast"), based on performance from January to August 2023 and updated forecasts for September to December 2023.

The updated 2023 Forecasts show a decline in the expected month-end cash position from November onwards. This deterioration is the result of the following factors: the better performance observed on cash receipts over the summer period was offset by an expected deterioration in cash receipts in November, as forecast advance payments were postponed (due to requests for bank guarantees made in August). The business plan included advance payments of (1,6) m for September orders, in line with the Company's cash flow cycle. We understand that the Company is currently in advanced discussions, in particular on 2 projects for which the cumulative order volume is in line with the forecast, but for which the advance payments were conditional in August on obtaining a bank guarantee, which the Company was unable to obtain. Requiring bank guarantees is not a market practice, and has only been noted by the Company in one case since its creation in 2005.

At the same time, cash outflows have been revised upwards, due to the higher level of activity. Nevertheless, the Company negotiated a deferral of major cash outflows with a supplier to cope with the situation, but at the same time revised its cash outflow forecasts upwards.

Lastly, the updated 2023 Forecasts include the parties' agreement on a new sequence of CB drawdowns, allowing (i) in September an exceptional drawdown of €1.0m against the contractually agreed €0.5m (i.e. a total received in September of €1.5m taking into account the August drawdown cashed in on September 6) and (ii) in October an exceptional drawdown of €1.0m if the collection of the CIR scheduled for October was postponed to 2024 (€0.5m otherwise).

In this perspective, the Company's cash position would be slightly positive at the end of 2023, and the timing of the financing requirement would be brought forward from current 2024 to early 2024.

Trésorerie à fin de période	Juillet	Août	Septembre	Octobre	Novembre	Décembre
Prévisions actualisées 2023	4,4	3,2	3,2	2,7	0,9	**0,6**
Plan d'affaires - 2023	2,2	0,1	3,0	1,8	2,6	**2,1**
Ecart à fin de mois	**2,2**	**3,0**	**0,2**	**0,9**	**(1,7)**	**(1,6)**

Note : prévisions hors TVA exclue, et tirages d'OC jusqu'en novembre sur la base de l'accord entre les parties

CF opérationnel Juillet-Décembre	Nouveau BP	Ancien BP	Ecart
Encaissements	14,9	15,2	**(0,3)**
Décaissements	(16,5)	(15,2)	**(1,3)**

1.2.2. Analysis of updated 2023 forecasts

Updated forecast - September to October 2023

Projected cash receipts for the period include the expected settlement of known commitments (existing receivables, or future receivables on past orders) amounting to 2,8 m€, of which the largest amount is 0,7 m€, for which timely payment is in the customer's interest. They also include the receipt of the CIR claimed for the 2022 financial year, i.e. an amount of 0,8 m€. Underlying costs exclude expenses in dispute with the tax authorities, and the CIR for the previous year was validated and collected in October 2022.

Projected cash outflows for the period of (5,9) m€ include (3,7) m€ of fixed costs (mainly salaries), (1,5) m€ for settlement of trade payables due during the period and already known at August 31, and (0,7) m€ in estimated cash outflows for future supplies. For these 2 months, the September outflow is higher than the average monthly outflow for the year, and the October outflow benefits from deferred outflows negotiated with a supplier.

		Décaissements		
Flux septembre - octobre	**Encaissements**	*Achats*	*Autres*	**Total**
Engagements connus	2,6	*(1,5)*	*(3,7)*	(5,2)
Nouveaux engagements	-	*(0,7)*	-	(0,7)
Autres (*)	0,8	-	-	-
Total	**3,5**	*(2,2)*	*(3,7)*	**(5,9)**

(*) Encaissements : CIR

Updated forecasts - November and December 2023

Cash receipts for these 2 months are estimated at 2,6 m, and mainly include the expected settlement of known commitments (only 0,6 m€ for orders to be won from September onwards).

Cash outflow forecasts include (3,7) m€ of fixed costs and (1,6) m€ for estimated purchases.

		Décaissements		
Flux novembre - décembre	**Encaissements**	*Achats*	*Autres*	**Total**
Engagements connus	2,0	-	*(3,7)*	(3,7)
Nouveaux engagements	0,6	*(1,6)*	-	(1,6)
Total	**2,6**	*(1,6)*	*(3,7)*	**(5,3)**

OC draws

In view of these factors, a new agreement has been reached between the Initiator and the Company concerning the drawdown of the CBs, enabling (i) an exceptional drawdown of €1.0m in September, compared with the contractually agreed €0.5m (i.e. a total of €1.5m received in September, taking into account the August drawdown cashed on September 6), and (ii) an exceptional drawdown of €1.0m in October if the receipt of the CIR expected in October is postponed to 2024 (otherwise €0.5m).

The following items are likely to have an impact on the year-end cash position :

- The Company can constrain its future supplies over November and December, estimated at 1,6 m€ in the updated 2023 Forecasts, and conversely suffer a reduction in its estimated receipts under new commitments for an impact of (0,6) m€. The cumulative impact would amount to a maximum of 1,0 m€.
- Assuming that senior creditors do not extend the PGE repayment-free period to the conditional period, the cumulative impact on the cash position at end-December would be as follows (0,6) m€.
- Moreover, these figures do not include additional leverage linked to 2 advance payments not projected in the updated 2023 Forecasts:
    - An advance payment for a project which, until the end of August, was not in the commercial pipeline because discussions had been suspended. They resumed in early September at the customer's request, and the associated down payment could exceed €3m over 2023 if the order is won and signed before the end of October.
    - An advance on the subsidy, scheduled to be received from 2024 onwards in the Business Plan, and which could potentially be received before the end of the year.
- The Company's ability to obtain financing from the Offeror in excess of the amounts included in the updated 2023 Forecasts depends to a large extent on the outcome of the Offer.

1.2.3. Impact of the updated 2023 Forecasts on our work

In the valuation approach used and presented in the Report (DCF and application of 2025 and 2026 multiples), the discounting of 2023 forecasts has no impact on the Company's value, as these delayed cash inflows are partially offset by delayed cash outflows, and the upward revision of cash outflows over 2023 has a marginal impact on value.

However, if the updated 2023 Forecasts were to come true, or were to deteriorate further, the financing requirement initially expected to be covered during 2024 would arise in early 2024 (an initial simulation of the projection of realizable assets and current liabilities could, in the absence of the levers mentioned in the previous section being exercised, lead to the initiation of proceedings in early 2024). The situation would then lead to additional value scenarios, alternative to those presented in the Report. The value would then fall within a range between (i) the value in the context of judicial liquidation proceedings, where the liquidation bonus for shareholders could be zero, and (ii) the value that could be envisaged in the context of a disposal plan. In the latter case, the value could be based on (i) the value defined as part of our work (but with a valuation date depending on the envisaged date of disposal) and (ii) a liquidation discount that could be positioned at 30% to reflect transaction costs, the impact of the insolvency proceedings on the level of order intake and working capital, as well as the possible effects on pricing of the potential number of buyers (the "Liquidation Discount").

We draw the reader's attention to the fact that in all these cases, the Offer Price is higher than the value analyzed.

Our assessment of the Company's value as presented in the Report is unchanged if the financing requirement expected at the beginning of 2024 were covered.

2. CONVERTIBLE BONDS

2.1. Financing features

The Report presents the characteristics of the Financing offered by the Offeror to the Company.

As a reminder, the bonds issued are convertible into ordinary shares of the Company at the option of the Offeror, with a conversion parity based on a variable conversion price equal to (N + i) / V, where :

N is the nominal value of the bond
I corresponds to interest capitalized over the period
V is the value of the share, i.e. :

- the lower of (i) the Offer price and (ii) a 20% discount to the Balyo share price at the date of the conversion request (based on the 30-day volume-weighted average share price), if the conversion takes place as from the earlier of the closing of the Offer and the termination of the Offer, and the Balyo shares are still listed on Euronext Paris;
- the lower of (i) the Offer price and (ii) a 20% discount to the fair value of the Balyo shares, if the conversion takes place as from the earlier of the closing of the Offer and the termination of the Offer and the Balyo shares have ceased to be listed on Euronext Paris. The fair value corresponds to the application retained for the liquidity formula: Offer price x (B/C) where C corresponds to 12-month revenues at the Offer announcement date (€27.8m) and B to 12-month revenues at the liquidity date/conversion date.

In principle, the variability of the conversion parity eliminates optionality, as the future conversion value received by the lender is equal to that of the sum of the nominal amount and capitalized interest. Nevertheless, insofar as (i) the Company has an uncovered financing requirement at the date of conversion of the convertible bonds (no later than October 31, 2024) and (ii) the conversion price is the lower of (i) the Offer Price and (ii) the stock market price or fair value discounted by 20%, we present a comparison of the nominal amount with the probabilized value of the convertible bonds according to (i) different cash flow generation and Company value scenarios and (ii) the associated probabilities.

2.2. Comparison of the nominal value of convertible bonds with their value

In order to ensure that the convertible bonds did not confer an economic advantage on the Offeror such as to affect the fairness of the financial terms of the Offer, we compared the market value of the convertible bonds with their nominal value. Given the Company's unhedged financing requirement at the date of conversion of the convertible bonds, the Monte-Carlo approach was preferred, as it captures the various possible scenarios and the associated probabilities at the date of conversion (approaches based on the risk-neutral prism do not faithfully capture the non-linear jumps in value according to the scenarios at the date of conversion, nor the associated probabilities). As a reminder, the Monte-Carlo model makes it possible to associate a value of the Company and then of the CBs with each hypothesis simulation (random simulation following a statistical law), and thus to derive a probabilized value.

Methodology

According to the Business Plan, the Company has an uncovered financing requirement at the date of conversion of the convertible bonds (no later than October 31, 2024). We therefore used the Monte-Carlo approach to simulate the cash flows generated by the Company over this period, based on 30,000 independent random draws following a statistical distribution. Depending on the trajectory taken by these cash flows, the cash position at October 31, 2024 is either positive or negative. If it is positive, the value at October 31, 2024 defined according to our valuation approach (DCF method) is applicable. If it is negative, the following scenarios may apply:

- If the Offer is successful :
    - Scenario 1 (cumulative probability of 37.5%): financing is provided by the Offeror, and the value at October 31, 2024 defined according to our valuation approach is applicable (valuation prism integrating the going concern assumption);
    - Scenario 2 (cumulative probability of 9.4%): financing is not secured by the Offeror due to order levels invalidating the investment thesis, leading to the takeover of Balyo as part of a disposal plan (the valuation prism then reflects a going concern assumption and therefore the value at October 31, 2024 defined according to our valuation approach is applicable after taking into account a Liquidation Discount of 30,0%) ;
    - Scenario 3 (cumulative probability of 3.1%): the financing is not provided by the Offeror and the Company is not taken over (a net asset value of €1 for the Company's shares then applies).
- If the Offer fails :
    - Scenario 4 (cumulative probability of 37.5%): financing is not secured and the Company is taken over as part of a disposal plan (same valuation prism as scenario 2);
    - Scenario 5 (cumulative probability of 12.5%): financing is not secured and the Company is not taken over (same evaluation prism as scenario 3).

Simulated variables

The uncertain component of cash inflows and outflows projected in the updated 2023 Forecasts is presented earlier in this document and is of limited magnitude. They have not been variabilized and simulated. We have variabilized and simulated the 2024 cash flows in the Business Plan, which have then been adjusted to simulate the cash level at October 31, 2024.

The main assumptions are as follows:

- Direct sales order intake, variabilized within a range between the forecast for fiscal 2023 (18 m€) and 2025 (104 m€), around a central case of 62 m€ (forecast for fiscal 2024).
- Gross margin expressed as a percentage of sales, variable within a range based on the amplitude of margin variances observed in forecasts, i.e. a range between 39% and 43% around a central case of 41% (margin for fiscal 2024).

The distribution law chosen for these variables is the BetaPert law, with a distribution profile comparable to that of the normal law, but calibrated to include minimum and maximum possible values for the simulated hypotheses. The distribution is symmetrical: the probability of a decline is identical to the probability of an increase.

For the purposes of the simulations, the 2024 cash flow has been variabilized on the basis of :

- of the variabilized control level simulated by the Monte-Carlo model;
- the conversion ratio of direct sales orders to sales observed in the 2024 business plan;
- of the gross margin level variabilized and simulated by the Monte-Carlo model;
- stable fixed operating costs, with the exception of marketing costs, which are variable as a function of BL2 sales insofar as the level of these expenses can be associated with that of direct sales. These costs have been variabilized in cases where the level of order intake would exceed that of the central case, and considered fixed in cases where it would be lower (it reflects the minimum fixed structure to achieve the objectives of the Business Plan in 2025 and beyond, which are captured in the value);
- zero capital expenditure and taxes in line with the Business Plan; and
- a level of WCR expressed as a percentage of sales, to capture both upward and downward variations in WCR depending on the level of simulated sales.

We have also adjusted the 2024 Business Plan cash flow for the receipt of the deferred advance payments (€1.6m) presented above.

Calculation of Balyo's equity value at October 31, 2024

With the exception of scenarios 3 and 5, the simulated *pre-money* value of Balyo's equity at October 31, 2024 is based on :

- Balyo's Enterprise Value estimated at October 31, 2024, comprising :
  - cash flow for November and December 2024 ;
  - the Enterprise Value derived from (i) the year 2025 of the Business Plan, (ii) the Extrapolation Period (2026-2029) and (iii) the Terminal Value. The discount rate used to calculate the *Upside* Portion of the Business Plan depends on the simulated level of direct sales order intake, in order to reflect the decrease or increase in risk depending on whether or not the associated targets set out in the Business Plan are met. The discount rate applicable to the *Upside* tranche thus ranges from 19,7% and 29,7%around a central value of 24,7%. The discount rate of the base tranche applicable to cash flows from 2025 onwards is constant, considering that the risk profile of the base tranche is not impacted by performance over 2024.
- adjusted net debt at October 31, 2024 before conversion, the sum of the following items :
  - net financial debt at December 31, 2022, i.e. (1,0) m€ ;
  - cash flow for fiscal 2023 of (11,6) m€ ;
  - cash flow from January to October 2024, variable according to the various Monte Carlo model draws;
  - the value of tax savings relating to capitalized and non-capitalized tax loss carryforwards, amounting to 8,3 m, estimated by discounting future tax savings; and
  - interest on convertible bonds, i.e. (0,9) m (the drawdown of 5 m€ impacting cash is netted by the bond debt of the same amount).

OC value

The simulated value of the CBs at October 31, 2024 is based on :

- the *pre-money* value of Balyo's equity at October 31, 2024 ;
- the nominal value and interest of the convertible bonds at October 31, 2024 to be converted into Balyo shares, i.e. 5,9 m€ ;
- the calculation of the number of shares to be issued on conversion, taking into account the 20% discount applicable to the value of the shares in accordance with the terms and conditions of the convertible bonds; and
- the Company's *post-money* value per share.

We then discounted the value of the stock certificates in order to compare them with their nominal value, using the weighted discount rate for the Base and *Upside* tranches of the Business Plan, i.e. 20,3%.

The average value of the CBs resulting from the 30,000 simulations is €5.2m, a level that does not indicate that the Financing gives the Offeror an economic advantage that calls into question the fairness of the financial terms of the Offer.

3. CONCLUSION

We have been appointed as Independent Experts by Balyo's Board of Directors on the recommendation of the *Ad Hoc* Committee in accordance with article 261-1 I 2°, 4° and 5° and II of the AMF's General Regulations.

Our responsibility was to express an opinion on the fairness of the price offered by SVF II Strategic Investments AIV LLC, a direct subsidiary of SoftBank Group Corp.
SVF II Strategic Investments AIV LLC, a direct subsidiary of SoftBank Group Corp. in connection with the squeeze-out procedure.

We have concluded in the Report that the financial terms of the Offer are fair.

We have taken note of the information subsequent to the Report provided by the Company and reflected in the updated 2023 forecasts and analyzed its impact on (i) the Company's value and (ii) the Financing.

These analyses do not call into question our assessment of the fairness of the financial terms of the Offer, including in the case of a squeeze-out.

Paris, September 12, 2023

Geoffroy Bizard
Partner
Eight Advisory S.A.S.

11. PERSON RESPONSIBLE FOR THE CONTENT OF THE RESPONSE DOCUMENT

"In accordance with article 231-19 of the General Regulation of the AMF, to the best of my knowledge, the information contained in this Response Document, is accurate and contains no omission likely to affect its import."

19 September 2023

Pascal Rialland

Chairman of the Board of Directors and General Manager of Balyo