This document is an unofficial English-language translation of the tender offer document (note d'information) on which the French Autorité affixed its visa on 19 September 2023. In the event of any differences between this unofficial English-language translation and the official French tender offer document, the official French-language tender offer document shall prevail.

TENDER OFFER

FOR THE SHARES AND WARRANTS OF THE COMPANY

BALYO

INITIATED BY

SVF II STRATEGIC INVESTMENTS AIV LLC

PRESENTED BY

ALANTRA

PRESENTING INSTITUTION AND GUARANTOR

OFFER DOCUMENT PREPARED BY SVF II STRATEGIC INVESTMENTS AIV LLC

PRICE OF THE OFFER:

EUR 0.85 per Balyo ordinary share

EUR 0.01 per Balyo preferred share

EUR 0.07 per Balyo warrant

DURATION OF THE OFFER:

25 trading days

The timetable of the tender offer will be set out by the *Autorité des marchés financiers* (the "**AMF**") in accordance with provisions of its General Regulation.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

Pursuant to Article L. 621-8 of the French Monetary and Financial Code and Article 231-23 of its General Regulation, the AMF has, in accordance with the clearance decision of the public tender offer dated 19 September 2023, affixed visa no. 23-402 dated 19 September 2023 on this tender offer document (the "**Offer Document**"). This Offer Document has been prepared by SVF II Strategic Investments AIV LLC and is the responsibility of its signatories.

The visa, in accordance with the provisions of Article L. 621-8-1, I of the French Monetary and Financial Code, has been granted after the AMF had verified "whether the document is complete and comprehensible, and whether the information it contains is consistent". It does not imply either approval of the appropriateness of the transaction or authentication of the accounting and financial information presented.

IMPORTANT NOTICE

In accordance with Articles L. 433-4 II of the French Monetary and Financial Code and 237-1 and seq. of the General Regulation of the AMF, SVF II Strategic Investments AIV LLC intends to file a request with the AMF to carry out, within ten (10) trading days from the publication of the notice of result of the Offer, or, as the case may be, in the event of a reopening of the Offer, within three (3) months from the closing of the Reopened Offer (as defined below), a squeeze-out procedure for Balyo's Ordinary Shares and Preferred Shares for a unitary indemnity equal to the price of the Offer, if the number of Balyo's Ordinary Shares and Preferred Shares not tendered in the Offer by the minority shareholders of Balyo (other than the Treasury Shares, the Ordinary Shares that could be issued pursuant to the exercise of the BSPCE, the Unavailable Shares that would be subject to the liquidity mechanism) does not represent, at the end of the Offer (or, as the case may be, the Reopened Offer), more than 10% of the capital and voting rights of Balyo.

SVF II Strategic Investments AIV LLC also intends to file a request with the AMF to carry out, within ten (10) trading days from the publication of the notice of result of the Offer, or, as the case may be, in the event of a reopening of the Offer, within three (3) months from the closing of the reopened Offer, a squeeze-out procedure for the Company Warrants for a unitary indemnity equal to the price of the Offer, if the number of the Company Warrants shares that could be created through exercise of the Company Warrants not presented to the Offer, once added to the existing shares of Balyo not tendered in the Offer by the minority shareholders of Balyo (other than the Treasury Shares, the Ordinary Shares likely to be issued pursuant to the exercise of the BSPCE, the Unavailable Shares that would be subject to the liquidity mechanism) does not represent more than 10% of the sum of the equity securities of Balyo that exist and that could be created.

The Offer is not being and will not be launched in any jurisdiction where it would not be permitted under applicable law. The acceptance of the Offer by persons residing in countries other than France may be subject to specific obligations or restrictions imposed by legal or regulatory provisions. Recipients of the Offer are solely responsible for complying with such laws and, therefore, before accepting the Offer, they are responsible for determining whether such laws exist and are applicable, by relying on their own consultants.

The Offer Document is available on the websites of the AMF (www.amf-france.org) and Balyo (www.balyo.com) and may be obtained free of charge from:

Alantra
7 rue Jacques Bingen
75017 Paris

Pursuant to Article 231-28 of the AMF's General Regulations, a description of the legal, financial and accounting characteristics of SVF II Strategic Investments AIV LLC will be made available to the public no later than the day before the opening of the Offer. A press release will be published to inform the public of the manner in which this information will be made available.

SUMMARY

(I) OVERVIEW OF THE OFFER

In accordance with Title III of Book II and more specifically Articles 232-1 and seq. of the General Regulation of the AMF ("**AMF's General Regulation**"), SVF II Strategic Investments AIV LLC, a Limited Liability Company organized under the laws of Delaware, in the United States of America, having its registered office at Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, United States and registered under number 6207806 (hereafter, "**SVF AIV**" or the "**Offeror**"), makes an irrevocable offer to the shareholders and warrant holder of Balyo, a French public limited company with a board of directors (*société anonyme à conseil d'administration*), having its registered office at 74 Avenue Vladimir Illitch Lenine, 94110 Arcueil, registered with the Créteil Trade and Companies Register under number 483 563 029 (the "**Company**" or "**Balyo**" and together with its direct or indirect subsidiaries, the "**Balyo Group**"), and 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 of their Ordinary Shares (as defined below and subject to the exceptions below) at a price of EUR 0.85 per Ordinary Share (the "**Ordinary Share Offer Price**"), (ii) all of their Preferred Shares (as defined below and subject to the exceptions below) at a price of EUR 0.01 per Preferred Share (the "**Preferred Share Offer Price**"), and (iii) all of their Company Warrants (as such defined below) at a price of EUR 0.07 (the "**Warrant Offer Price**", together with the Ordinary Share Offer Price and the Preferred Share Offer Price, the "**Offer Price**") through a public tender offer (*offre publique d'achat*), the terms of which are described below (the "**Offer**").

As of the date of this Offer Document, the Offeror does not hold any Ordinary Share, Preferred Share or Company Warrant.

The Offer targets:

- the ordinary shares already issued, other than the Excluded Shares (as defined below), *i.e.,* as of 16 August 2023, and to the knowledge of the Offeror, 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 BSPCE which have not been waived by their holder (it being specified that such BSPCE are out of the money as their exercise price is higher than the Ordinary Share Offer Price and will lapse following the closing of the Offer (if successful)), which to the knowledge of the Offeror represent at the date of this Offer Document a maximum of 830,000 ordinary shares *i.e.,* 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, and to the knowledge of the Offeror, 2,090 ADP T3, 2,090 ADP T4 and 2,090 ADP T5 (the "**Preferred Shares**")[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 "**Company Warrants**");

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

[1] It being specified 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 are (i) not convertible prior to the closing of the Offer, or as the case may be, the Re-Opened Offer and (ii) are all subject to undertakings to tenders by their holders.

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 not transferable pursuant to the provisions of article *163bis G* of the French *Code general des impôts*).

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.

As of the date of the Offer Document, to the knowledge of the Offeror, there are no other equity securities or other financial instruments issued by the Company or rights granted by the Company that may give access, immediately or in the future, to the Company's share capital or voting rights subject to the issuance and, if any, conversion of the Bonds as described in section 1.3.2 below.

The Offer will be carried out in accordance with the normal procedure, in accordance with the provisions of Articles 232-1 et *seq.* of the AMF's General Regulation and will be open for a period of 25 trading days.

The Offer is subject to the Acceptance Threshold and the Waiver Threshold described in sections 2.5.1 and 2.5.2 of the Offer Document.

The Offer will be, if the required conditions are met, followed by a squeeze-out procedure pursuant to Articles L. 433-4, II of the French Monetary and Financial Code and 237-1 and seq. of the AMF's General Regulation.

The Offer is presented by ALANTRA CAPITAL MARKETS (the "**Presenting Institution**" or "**Alantra**") who guarantees the content and the 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 AMF's General Regulation.

1.1. Background of the Offer

1.1.1. Background and reasons for the Offer

Balyo's activities consist of research and development (R&D), the design of robotic forklift 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.

Through its portfolio of automated robotic forklift technologies, Balyo is complementary to SBG's existing investments in the Transportation and Logistics industries.

In addition, this acquisition will also provide Balyo with access to SoftBank's group global network of 470+ technology-led companies with scope to develop new commercial relationships for mutual benefit. Through this partnership, Balyo will benefit substantially from SBG's technological and commercial expertise while also securing the necessary financial resources to reach its full potential which SBG intends to support.

The Company's Board of Directors (the "**Board of Directors**") which met on 13 June 2023, welcomed unanimously the proposed transaction and authorized the conclusion of a tender offer agreement between the Company and the Offeror (the "**Tender Offer Agreement**").

On 13 June 2023, the Board of Director set up an *ad hoc* committee (the "***Ad Hoc* Committee**"), comprised of three members, a majority of which are independent directors to examine, the terms and conditions of the envisaged Offer, monitor the work of the independent expert and prepare a draft reasoned opinion to be submitted to the Board of Directors.

On 13 June 2023, the Board of Directors appointed, upon recommendation of the *Ad Hoc* Committee, Eight Advisory, represented by Mr. Geoffroy Bizard, as independent expert pursuant to articles 261-1, I 2°, 4° and 5°, and 261-1, II of the AMF's General Regulation (as defined below) to prepare and deliver to the Board of Directors a report regarding the financial terms of the Offer, including, should the independent expert so conclude, its opinion that the price of the Offer is fair (*équitable*) from a financial point of view for the Company's securityholders.

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 described in section 1.3.3 of this Offer Document.

On 14 June 2023, the Company and the Offeror entered into the Tender Offer Agreement under which the Offeror undertook to file the Offer, and the Company undertook to cooperate with the Offeror in the context of the Offer. The main terms of the Tender Offer Agreement are described in section 1.3.1 of this Offer Document.

On 14 June 2023, the Company and the Offeror announced, through a joint press release, the signature of the above mentioned Tender Offer Agreement, the intention of SBG to file a tender offer through a wholly owned subsidiary to acquire the Targeted Securities, the provision of the interim financing described in section 1.3.2 below, the signature of the undertakings to tender by shareholders described in section 1.3.3 below and the fact that the Company signed an agreement with its senior lenders on 13 June 2023 regarding the extension of its existing senior financing arrangements.

If 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 AMF's General Regulation, in order to obtain the transfer of the Targeted Securities not tendered to the Offer in return for a payment (*indemnisation*) equal to the Offer Price.

On 15 June 2023, the Company initiated its works council's consultation process and a first meeting was held on June 16, 2023. On 21 June 2023, the works council proceeded to an initial hearing of the Offeror, followed by a second discussion on 5 July 2023, in accordance with Article 2312-42 paragraph 3 of the French Employment Code. On 5 July 2023, the works council has issued a favorable opinion on the Offer.

On 4 August 2023, the Board of Directors, after having reviewed the independent expert's report and the works council favorable opinion, considered that the Offer is in the interests of the Company, its employees and securityholders. Consequently, the Board of Directors issued a favorable reasoned opinion recommending the holders of the Targeted Securities tender their securities to the Offer.

1.1.2. Breakdown of the Company's capital and voting rights as of 16 August 2023

Share capital of Balyo

To the knowledge of the Offeror, 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

To the knowledge of the Offeror, the share capital and voting rights of the Company as of 16 August 2023 are as follows[2]:

Shareholders	Number of shares and theoretical voting rights	Percentage of share capital and voting rights
Ordinary Shares		
FPCI FSN PME – Ambition Numérique[3]	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%
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%

2 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 16 August 2023, in accordance with the provisions of Article 223-11 of the AMF's General Regulation.

3 Investment fund managed by Bpifrance Investissement.

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%

As of the date of this Offer Document, the Offeror does not hold any Ordinary Shares, Preferred Shares and Company Warrants.

1.1.3. Securities giving access to the share capital of Balyo

As of 16 August 2023, and to the knowledge of the Offeror, 11,753,581 Company Warrants and 830,000 BSPCEs issued by the Company are outstanding, giving respectively the right to subscribe to a maximum of 11,753,581 and 830,000 new ordinary shares.

Prior to the filing of this Offer Document, the Offeror received a letter from Company Warrants' holder expressing its intention to tender all its Company Warrants to the Offer and received waivers from the holders of 527,000 BSPCE which lapsed as from the date of such waivers as further described in section 2.3.2.

The Offeror does not hold any BSPCE or Company Warrants.

1.1.4. Acquisition of Balyo's securities over the last twelve months

The Offeror did not purchase any Balyo Ordinary Shares, Preferred Shares or Company Warrants during the (12) months preceding the filing of the Draft Offer Document.

As of 20 July 2023, the Offeror subscribed to 150 bonds convertible into ordinary shares for an amount of EUR 1,500,000 pursuant to the terms and conditions described in section 1.3.2 below. 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 in section 1.3.2 below.

1.2. Intentions of the Offeror for the next twelve months

1.2.1. Industrial, commercial and financial strategy

Through the Offer initiated by SVF AIV, SBG is keen to expand its investments in the robotics sector and take part in the artificial intelligence "revolution".

SBG focuses its investments on companies that help improve the way we live, work and play.

In this sense, SBG considers the Balyo Group to be among the best in the robotics sector, with a strong product offering of lift trucks with both vertical and horizontal transport applications.

SBG is particularly attracted to the experience of the Balyo Group and all its employees, as well as its long-standing relationships with its partners (warehouse operators and suppliers).

SBG's tender offer to the Company is the result of SBG's conviction that major development and growth opportunities are available to the Balyo Group, but also that the growth of the Balyo Group can be accelerated thanks, in particular, to its network of expertise in robotics and artificial intelligence.

1.2.2. Intentions regarding employment

From an employment standpoint, the completion of the Offer consists of a change of control and would have no foreseeable social consequences for Balyo's employees, who would remain employees of their current employer under the same conditions, except for certain key employees amendment of their current employment agreement to be agreed between such key employees, the Company and the Offeror. In addition, the Offeror intends, after the closing of the Offer and subject to its success, to put in place a retention plan, on terms to be defined, for the benefit of the corporate officers and employees of Balyo.

The completion of the Offer would have no impact on the location of the Balyo business sites and decision-making centres. In this respect, the Offeror undertook in the context of the Offer for a period of 12 months from the closing of the initial period of the Offer, to procure that:

- the Company maintains its headquarters in France;
- the Company and its subsidiaries retain existing key employees, subject to voluntary departures of employees, terminations for cause or individual layoffs in the ordinary course of business; and
- the Company maintains its and its subsidiaries' research & development functions and IT assets in France.

It is not anticipated that the completion of the Offer will generate an increase in tasks or workload for employees.

As far as labor relations are concerned, the works council will not be affected in any way by the completion of the Offer, and its members will be able to continue exercising their representative functions under the usual conditions.

1.2.3. Intentions regarding a potential merger or legal reorganization

On the date of this Offer Document, the Offeror does not contemplate any merger between the Offeror and the Company, nor any other corporate reorganization of the Company.

1.2.4. Composition of the Company's corporate bodies and management

The Offeror's objective is to take control of the Company. Thus, if the Offer is successful, the Offeror will have reached the Acceptance Threshold and the Waiver Threshold described in sections 2.5.1 and 2.5.2 of the Offer Document and will therefore hold at least a number of shares representing at least 66.67% of the capital and voting rights of the Company.

Consequently, subject to the success of the Offer, the Offeror will modify the composition of the corporate bodies of the Company to reflect its new shareholding structure, so that at least the majority of the members of the Board of Directors of the Company shall be appointed upon the proposal of the Offeror.

The Company's governance will remain consistent with the governance rules of the Middlenext governance code as long as the Company remains listed on Euronext. In particular, upon closing of the Offer, the Board of Directors of the Company will be composed of at least one third of independent directors appointed amongst the independent directors in office prior to the Offer, in accordance with recommendations of the Middlenext governance code.

1.2.5. Synergies – Economic gains

The Offeror expects the transaction to be a standalone investment and accordingly does not expect to realize any synergies of costs or revenues after completion of the Offer.

1.2.6. Interest of the Offer for the Offeror, the Company and the Targeted Securities holders

The Offeror is offering the Targeted Securities holders who tender their Ordinary Shares, Preferred Shares and Company Warrants the opportunity to obtain immediate liquidity at:

- a price per Ordinary Share of EUR 0.85, representing a premium of 57.4% compared to the last closing price before the announcement of the Offer (as at 12 June 2023), of 54.3% compared to the weighted average price of the last 30 trading days before this date, of 48% compared to the weighted average price of the last 60 trading days before this date;
- a price per Preferred Share of EUR 0.01; and
- a price per Company Warrant of EUR 0.07.

The elements of assessment of the Offer Price including the levels of premiums offered are presented in section 3 of the Offer Document.

1.2.7. Intentions regarding the squeeze-out

In accordance with Articles L. 433-4 II of the French Monetary and Financial Code, 237-1 and seq. of the AMF's General Regulation, the Offeror intends to file a request with the AMF to carry out, within ten (10) trading days from the publication of the notice of result of the Offer, or, as the case may be, in the event of a reopening of the Offer, within three (3) months from the closing of the Reopened Offer, a squeeze-out procedure for the Ordinary Shares, the Preferred Shares and the Company Warrants that were not tendered in the Offer (other than the Excluded Shares) to the extent the thresholds provided for by article 237-1 and seq. of the AMF's General Regulation are met.

It is specified that, prior to the closing of the Offer, or as the case may be, the Reopened Offer, or the implementation of the squeeze-out as from its closing, as the case may be, the Offeror does not intend to convert the Bonds subscribed by the Offeror (see description in section 1.3.2 below).

In the event that the Offeror is unable to carry out a squeeze-out following the Offer or the Reopened Offer and in the event the Offer would lapse as a result of the Acceptance Threshold and the Waiver Threshold (as described in sections 2.5.1 and 2.5.2) not being reached, the Offeror reserves the right to file, within the framework of the applicable regulations, a public offer, followed, if applicable, by a squeeze-out in respect of the Targeted Securities that it does not hold directly or indirectly, alone or in concert, at that date.

In the event that the Offer is followed by a squeeze-out, it will result in the delisting of the Ordinary Shares from the Euronext Paris regulated market.

1.2.8. Company's dividend distribution policy

The Offeror reserves the right to change the Company's dividend policy following the closing of the Offer.

Following the closing of the Offer, the Company's dividend policy and any change thereto will continue to be determined by its corporate bodies in accordance with the law and the Company's articles of association, and based on the Company's distributive capacity, financial situation and financial needs.

1.3. Agreements that may have a material impact on the assessment or outcome of the Offer

1.3.1. Tender Offer Agreement with the Company

On 14 June 2023, the Company and the Offeror entered into a tender offer agreement (the "**Tender Offer Agreement**"), in English. The purpose of the Tender Offer Agreement is to regulate the cooperation between the Company and the Offeror in the context of the Offer.

In particular, the Tender Offer Agreement provides for:

(i) the terms of the Offer and an undertaking by the Offeror to promptly file the Offer at a price of EUR 0.85 per Ordinary Share, EUR 0.01 per Preferred Share and EUR 0.07 per Company Warrant and to proceed with the necessary filings with competent authorities in order to obtain foreign investment authorization in France;

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

(iii) a customary commitment to conduct the Company's business substantially in the normal course of business and consistently with past practices as well as specific commitments which will require the prior approval of the Offeror (e.g., make any dividend or other distributions, issue, allocate, allot any new securities…);

(iv) cooperation commitments aimed in particular at:
   - enabling SoftBank to appoint new representatives to the Board of Directors of the Company, representing at least a majority if the Offer is successful; and
   - facilitating the refinancing of the Company and its subsidiaries' existing indebtedness;

(v) an undertaking from the Company to pay a lump sum of EUR 595,794 to the Offeror to compensate the efforts and costs incurred by the Offeror, in certain limited circumstances *notably,* if (a) a superior offer (as such term is defined in the Tender Offer Agreement) is submitted and is successful and/or accepted by the Company or recommended by the Board of Directors, (b) a superior offer is declared successful by the AMF, (c) the Board of Directors does not reiterate, withdraws, materially changes or modifies its initial opinion supporting the Offer, (d) the final opinion of the Board of Directors on the Offer is not a favorable opinion (*avis favorable*), (e) the independent expert has not issued its report and fairness opinion or Board of Directors fails to issue its final opinion by 24 July 2023, (f) the Company or its representatives (as such term is defined in the Tender Offer Agreement) take any action to solicit, initiate, encourage or participate in the negotiations of an alternative transaction (as such term is defined in the Tender Offer Agreement) approved by the Company's Board of Directors which would negatively affect the implementation of the Offer or (g) breach by the Company of its no shop or conduct of business undertakings;

(vi) customary representation and warranties granted by the Company to the Offeror (existence and organization, company securities, accuracy of material information provided to the Offeror in writing, sanction, anti-corruption and compliance etc.) and by the Offeror to the Company (organization and existence, authority, insolvency etc.);

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

(viii) an undertaking to hold a meeting of the Board of Directors in order to allow conversion of the ADP T2 at the ratio of 1 ADP T2 for 100 Ordinary Shares;

(ix) customary termination rights; and

(x) more generally, 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 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.

1.3.2. 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 on-going 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. Unless otherwise agreed in writing by the Offeror, for a given calendar month the aggregated Bonds issuance cannot exceed EUR 500,000.

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 Bonds of EUR 10,000 par value each for a total amount of EUR 1,500,000. On 6 September 2023, the Offeror subscribed to 50 bonds convertible into ordinary shares for an amount of EUR 500,000.

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 EUR 100,000 at a par value of EUR 10,000 up to an aggregate principal maximum amount of EUR 5,000,000 divided into 500 Bonds in the denomination of EUR 10,000 each (the "**Commitment Amount**"). It being specified that upon the Offer Termination[4], the maximum Commitment Amount shall be reduced to EUR 3,000,000 (less any amounts that have previously been drawn) (the "**Reduced Commitment Amount**"), without however any early repayment for any amount in excess of EUR 3,000,000 that may have been drawn prior to the Offer Termination.

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 provides 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 EUR 1,000,000 on the requested issue date.

Subject to the conditions precedent described above being satisfied, 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 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).

[4] "**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.

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 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.

1.3.3. Undertakings to tender

Undertakings to tender entered into with shareholders

On 13 June 2023, the Offeror entered into undertakings to tender with the following shareholders:

(i) FPCI FSN PME – Ambition numérique represented by Bpifrance Investissement who undertakes to tender 5,053,950 shares representing approximatively 14.96% of the share capital and voting rights of the Company as of the date of this undertaking to tender;

(ii) SSUG PIPE Fund SCSp, SICAVRAIF, who undertakes to tender 2,000,000 shares representing approximatively 5.92% of the share capital and voting rights of the Company as of the date of this undertaking to tender;

(iii) Linde Material Handling, GmbH who undertakes to tender 1,809,976 shares representing approximatively 5.37% of the share capital and voting rights of the Company as of the date of this undertaking to tender;

(iv) Financière ARBEVEL, who undertakes to tender any Targeted Securities held by it at the of opening of the Offer to the Offer, and which as at 13 June 2023 correspond to 1,334,404 shares representing approximatively 3.95% of the share capital and voting rights of the Company as of the date of this undertaking to tender;

(v) Hyster-Yale UK Limited, who undertakes to tender 1,216,545 shares representing approximatively 3.6% of the share capital and voting rights of the Company as of the date of this undertaking to tender; and

(vi) Mr. Thomas Duval, who undertakes to tender 851,200 shares representing approximatively 2.52% of the share capital and voting rights of the Company as of the date of this undertaking to tender.

On 14 June 2023, the Offeror entered into an undertaking to tender with Invus Public Equities, L.P. who undertakes to tender 1,600,000 shares representing approximatively 4.74% of the share capital and the voting rights of the Company as of the date of this undertaking to tender.

The Ordinary Shares held by the above-mentioned shareholders, representing together approximately 41.08% of the share capital and voting rights of the Company, as of the date of execution of such undertakings to tender (and 40.36 % of the share capital as of 17 July 2023), will be tendered to the Offer at the Ordinary Share Offer Price, less any Ordinary Shares disposed by Financière ARBEVEL prior to the opening of the Offer, without any additional consideration payable by the Offeror.

The above-mentioned shareholders also undertook not, directly or indirectly, to transfer the title, ownership or rights in, or grant any rights whatsoever over the Ordinary Shares covered by the undertakings to tender in favor of any third party.

In accordance with applicable securities laws, such undertakings to tender remain revocable in the event of a competing offer filed by a third party cleared by the AMF and failing any counteroffer filed by the Offeror.

As mentioned in section 1.2.2, the Offeror accepted certain covenants in relation to employment in the context of the undertakings to tender entered into with FPCI FSN PME – Ambition numérique represented by Bpifrance Investissement.

Undertakings to tender entered into with holders of Preferred Shares

On 6, 7, 9, 10 and 12 July 2023, the Offeror entered into undertakings to tender with P. Rialland, A. Lafourcade-Jumembo, T. Duval, A. Yarce, E. Le Guerroue, M. Gomes, H. Le Grand, D. Sommy, B. Lacombe, T. Barbillon, N. Kantardjian, C. Deeg, A. Rizo, T. Orvane, J. Annunzio, C. Miletic, C. Bourdier et M. Stevenson providing for an undertaking from the holders to:

- convert all of their 2,090 ADP T1 and 2,090 ADP T2 as soon as possible following the Board of Director's decision in relation to the conversion of the ADP T2 and tender 418.000 Ordinary Shares resulting from the conversion of the ADP T1 and ADP T2 to the Offer; and
- tender all of their 2,090 ADP T3, 2,090 ADP T4 and 2,090 ADP T5 to the Offer.

The above-mentioned shareholders also undertook not to, directly or indirectly, transfer the title, ownership or rights in, or grant any rights whatsoever over the Ordinary Shares and Preferred Shares covered by the undertakings to tender in favor of any third party.

In accordance with applicable securities laws, such undertakings to tender remain revocable in the event of a competing offer filed by a third party cleared by the AMF and failing any counteroffer filed by the Offeror.

Intention to tender of 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 letter 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 EUR 0.07, (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 and (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 on such date).

1.3.4. Liquidity Agreement

On 13 July 2023, 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.

1.3.5. Other agreements of which the Offeror is aware

With the exception of the agreements described in sections 1.3.1 to 1.3.4 of the Offer Document, there are, to the knowledge of the Offeror, no other agreements likely to have an impact on the assessment or outcome of the Offer.

2. CHARACTERISTICS OF THE OFFER

2.1. Terms of the Offer

In accordance with Article 231-13 of the AMF's General Regulation, Alantra, acting on behalf of the Offeror, filed the draft Offer with the AMF on 16 August 2023, in the form of a voluntary public tender offer for all Targeted Securities.

Under the Offer, which will take place according to the normal procedure governed by Articles 232-1 and seq. of the AMF's General Regulation, the Offeror irrevocably undertakes to acquire from the Company's securityholders, at a price of (i) EUR 0.85 per Ordinary Share, dividend attached, (ii) EUR 0.01 per Preferred Share, dividend attached and (iii) EUR 0.07 per Company Warrant, subject to the adjustments described in section 2.2 of the Offer Document, all the Targeted Securities tendered to the Offer.

Alantra guarantees the content and irrevocable nature of the undertakings made by the Offeror as part of the Offer, in accordance with the provisions of Article 231-13 of the AMF's General Regulation.

2.2. Adjustment of the terms of the Offer

In the event that between the date of the Offer Document and the date of settlement-delivery of the Offer or of the Reopened Offer (included), the Company proceeds in any form whatsoever with (i) a distribution of dividends, interim dividends, reserves, premiums or any other distribution (in cash or in kind), or (ii) a redemption or reduction of its share capital and in both cases, in which the detachment date or the reference date on which it is necessary to be a shareholder in order to be entitled thereto is set before the date of the settlement-delivery of the Offer or of the Reopened Offer, the Ordinary Share Offer Price, the Preferred Share Offer Price and the Company Warrants, will be reduced to take into account this transaction, it being specified that in the event that the transaction takes place between the date of settlement-delivery of the Offer (excluded) and the date of settlement-delivery of the Reopened Offer (included), only the price of the Reopened Offer will be adjusted.

Likewise, in the event that the terms and conditions of the Company Warrants are modified between the date of this Offer Document and the date of settlement-delivery of the Offer or the Reopened Offer (inclusive), the price per Company Warrant will be adjusted.

Any adjustment of the Offer Price will be subject to the prior approval of the AMF and will be the subject to the publication of a press release.

2.3. Number and nature of the Targeted Securities

As of the date of this Offer Document, neither SBG nor the Offeror holds any Targeted Securities.

The Offer targets:

- all the Ordinary Shares already issued, other than the Excluded Shares, *i.e.,* as of 16 August 2023, and to the knowledge of the Offeror, 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 BSPCE which have not been waived by their holder (it being specified that such BSPCE are out of the money as their exercise price is higher than the Ordinary Share Offer Price and will lapse following the closing of the Offer (if successful)) which to the knowledge of the Offeror represent at the date of this Offer Document 830,000 ordinary shares *i.e.,* 2.42% of the share capital and voting rights;

- 6,270 preferred shares issued by the Company, *i.e.,* as of 16 August 2023, and to the knowledge of the Offeror, 2,090 ADP T3, 2,090 ADP T4 and 2,090ADP T5[5];

- all the Company Warrants issued by the Company on 22 February 2019 to Amazon, *i.e.,* 11,753,581 warrants as of 16 August 2023.

It is specified that the Offer does not target:

- the Treasury Shares;
- the 180,000 Ordinary Shares resulting from the conversion of 900 ADP T1 and 900 ADP T2, 900 ADP T3, 900 ADP T4 and 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 Balyo's Board of Directors has imposed on corporate officers an obligation to retain a percentage of their shares, which are subject to a liquidity mechanism described in section 1.3.4 above; and
- the 430,000 BSPCE issued by the Company which are not transferable pursuant to the provisions of article *163bis G* of the French *Code general des impôts*).

As of the date of the Offer Document, to the knowledge of the Offeror, there are no other equity securities or other financial instruments issued by the Company or rights granted by the Company that may give access, immediately or in the future, to the Company's share capital or voting rights subject to the issuance and, if any, conversion of the Bonds as described in section 1.3.2 above.

2.3.1. Situation of the holders of Preferred Shares

As of 31 December 2022, the share capital of the Company included 16,150 preferred shares divided into five tranches:

- 3,230 ADP T1;
- 3,230 ADP T2;
- 3,230 ADP T3;
- 3,230 ADP T4; and
- 3,230 ADP T5 (together the "**ADP**").

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 1st January 2020 up to the 31 December 2024:

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

[5] It being specified that the Ordinary Shares resulting 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 are (i) not convertible prior to the closing of the Offer, or as the case may be, the Re-Opened Offer and (ii) are all subject to undertakings to tenders by their holders.

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

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 Offer 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, described in section 1.3.3 above, pursuant to which they undertook to (i) convert all their ADP T1 and ADP T2 and tender the Ordinary Shares resulting from such conversion to the Offer at the Ordinary Share Offer Price and (ii) tender all their ADP T3, ADP T4 and ADP T5 to the Offer at the Preferred Share Offer Price.

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 1.3.4 above.

2.3.2. Situation of the holders of the BSPCE

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.

2.4. Modalities of the Offer

In accordance with Article 231-13 of the AMF's General Regulation, the Presenting Institution, acting on behalf of the Offeror, filed the draft Offer and the draft offer document with the AMF on 16 August 2023 (the "**Draft Offer Document**"). The AMF published a notice of filing relating to the Offer on its website (www.amf-france.org).

In accordance with Article 231-16 of the AMF's General Regulation, the Draft Offer Document, as filed with the AMF, is available to the public free of charge from the Presenting Institution, as well as online on the websites of the AMF (www.amf-france.org) and the Company (www.balyo.com).

In addition, the press release containing the main elements of the Draft Offer Document and setting out how it may be obtained was published by the Offeror 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 AMF General Regulation, this clearance decision also constitutes the approval ("*visa*") of the Offer Document.

The Offer Document having thus received the AMF's approval ("*visa*") will, in accordance with the provisions of Article 231-27 of the AMF General Regulation, be made available to the public free of charge, no later than the second trading day following the clearance decision, at the Offeror's registered office and at the Presenting Institution. 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 Article 231-28 of the AMF General Regulation, the document containing "Other Information" relating to the legal, financial, accounting and other characteristics of the Offeror will be made available to the public free of charge, no later than the day before the opening of the Offer, at the Offeror's registered office and at the Presenting Institution. 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 Articles 231-27 and 231-28 of the AMF General Regulation, press releases specifying the details for obtaining or consulting these documents made available to the public, will be published on the website of the Company (www.balyo.com).

Prior to the opening of the Offer, the AMF will publish a notice of 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 timetable and terms of its realization.

2.5. Conditions of the Offer

2.5.1. Acceptance Threshold

Pursuant to the provisions of article 231-9, I of the AMF's General Regulations, 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 higher than 50% (this threshold being hereinafter referred to as the "**Acceptance Threshold**").

The determination of this threshold follows the rules set forth in Article 234-1 of the AMF's General Regulation.

The reaching the Acceptance Threshold will not be known before the publication by the AMF of the 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 not be successful and the Targeted Securities tendered in the Offer will be returned to their owners after the publication of the notice of result informing of the lapse of the Offer, without any interest, indemnity or other payment of any kind being due to such owners.

2.5.2. Waiver Threshold

In addition to the Acceptance Threshold, pursuant to the provisions of Article 231-9, II of the AMF's General Regulation, 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 AMF's General Regulations, 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 Targeted Securities 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 AMF's General Regulations.

2.5.3. Regulatory authorizations

The Offer is not subject to any regulatory authorization, it being specified that prior to this Offer 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.

2.6. Procedure for tendering in the Offer

The Offer will be open for a minimum period of 25 trading days, except if re-opened by the AMF in accordance with article 232-4 of the AMF's General Regulation.

The Targeted Securities tendered in the Offer (including, as the case may be, in the Reopened Offer) must be freely negotiable and free from any lien, pledge, collateral or other security interest or restriction of any kind restricting the free transfer of their ownership. The Offeror reserves the right to reject, in its sole discretion, any Targeted Securities tendered in the Offer that do not comply with this condition.

The Offer Document and all related agreements are subject to French law. Any dispute or litigation, regardless of the subject matter or basis, relating to this proposed Offer shall be brought before the competent courts.

(a) <u>Process for tendering the Ordinary Shares</u>

The Ordinary Shares shareholders holding their Ordinary Shares in registered or in bearer form shall notify their decision to tender to their account holders in order to tender them in the Offer. The Offeror draws the attention of the holders of Ordinary Shares to the fact that those of them who would expressly request the conversion into bearer form would lose the advantages of holding the Ordinary Shares in registered form.

Holders of Ordinary Shares whose Ordinary Shares are held in an account managed by a financial intermediary and who wish to tender their Targeted Securities in the Offer must deliver an order to tender their Ordinary Shares to their financial intermediary, in accordance with the standard forms provided by their financial intermediary, no later than the last business day of the Offer and in sufficient time for their order to be executed. Holders of Ordinary Shares are invited to contact their financial intermediaries to verify whether a shorter period is applicable to them.

(b) <u>Process for tendering the Preferred Shares and Company Warrants</u>

Holders of Preferred Shares and Company Warrants willing to tender their Preferred Shares or Company Warrants to the Offer shall notify their decision to Uptevia, 89 – 91 rue Gabriel Péri – 92120 Montrouge in accordance with the standard forms provided by their financial intermediary, no later than the last business day of the Offer.

In accordance with Article 232-2 of the AMF's General Regulation, orders to tender the Targeted Securities in the Offer may be revoked at any time up to the closing date of the Offer (included). After this date, such orders to tender in the Reopened Offer will become irrevocable.

Negotiation costs (including brokerage fees and corresponding taxes) will not be borne by the Offeror.

No interest will be paid by the Offeror for the period between the date on which the Targeted Securities are tendered to the Offer and the date on which settlement of the Offer occurs. This settlement date will be indicated in the notice of result to be published by Euronext Paris. The settlement and delivery will take place after the centralization operations.

2.7. Orders centralization

The centralization of the orders to tender Ordinary Shares in the Offer will be carried out by Euronext Paris, it being specified that the orders relating to Preferred Shares and Company Warrants will be centralized by Uptevia.

Each financial intermediary and the institution holding the registered accounts of the Company's Targeted Securities must, on the date indicated in the Euronext Paris notice, transfer to Euronext Paris the Targeted Securities for which they will have received a tender order in the Offer.

After receipt by Euronext Paris of all orders to tender in the Offer under the conditions described above, Euronext Paris will centralize all of these orders, determine the results of the Offer and communicate them to the AMF.

As the case may be, all the operations described above will be repeated in an identical sequence and under the conditions, in particular the timeframe, which will be specified in a notice published by Euronext Paris, in the context of the Reopened Offer.

2.8. Publication of the results and settlement of the Offer

Pursuant to the provisions of Article 232-3 of its General Regulations, the AMF will announce the final result of the Offer at the latest nine (9) trading days after the closing of the Offer. If the AMF determines that the Offer is successful, Euronext Paris will indicate in a notice the date and terms of delivery of the Targeted Securities and payment of the funds.

On the date of settlement-delivery of the Offer (and, if applicable, of the Reopened Offer), the Offeror will credit Euronext Paris with the funds corresponding to the settlement of the Offer (and, if applicable, of the Reopened Offer). On such date, the tendered Targeted Securities of the Company and all rights attached thereto will be transferred to the Offeror. Euronext Paris will make the cash payment to the intermediaries on behalf of their clients who have tendered their Targeted Securities in the Offer (or, as the case may be, in the Reopened Offer) as of the date of settlement-delivery of the Offer (or, as the case may be, of the Reopened Offer).

As the case may be, all of the operations described above will be repeated in an identical sequence and under conditions, in particular as regards the timeframe, which will be specified in a notice published by Euronext Paris, in the context of the Reopened Offer.

It is reminded, as the case may be, that any amount due in connection with the contribution of the Targeted Securities to the Offer (or, as the case may be, the Reopened Offer) will not bear interest and will be paid on the date of settlement-delivery of the Offer (or, as the case may be, of the Reopened Offer).

2.9. Indicative timetable of the Offer

Prior to the opening of the Offer, the AMF will publish a notice of opening and Euronext Paris will publish a notice announcing the terms and opening of the Offer.

An indicative timetable is proposed below:

Date	Main steps of the Offer
16 August 2023	- Filing of the draft Offer and the Draft Offer Document of the Offeror with the AMF. - Offeror's Draft Offer Document made available to the public and posted to the websites of the AMF (www.amf-france.org) and the Company (www.balyo.com). - Publication by the Offeror of a press release announcing the filing of the Offer and availability of the Draft Offer Document.
16 August 2023	- Company's draft reply document filed with the AMF, including the reasoned opinion of the Company's Board of Directors and the independent expert's report. - Company's draft reply document made available to the public and posted to the websites of the AMF (www.amf-france.org) and the Company (www.balyo.com). - Publication by the Company of a press release announcing the filing of the Offer and availability of Company's draft reply document.
18 September 2023	- Press release by Balyo regarding the results of the first semester 2023, Balyo's cash position and status of the orders and issuance of Balyo's accounts for the first semester of 2023.
19 September 2023	- Publication of the clearance decision of the AMF relating to the Offer. - Availability of the offer document and the reply document to the public and on the websites of the Company (www.balyo.com) and the AMF (www.amf-france.org).
20 September 2023	- Availability to the public at the address of the Presenting Institution mentioned above and posting on the Company's website (www.balyo.com) and on the AMF's website (www.amf-france.org) of information relating to the legal, financial and accounting characteristics of the Offeror. - Availability of the information relating to the legal, financial and accounting characteristics of the Company to the public at the Company's registered office and on the Company's website (www.balyo.com) and the AMF website (www.amf-france.org).

Date	Main steps of the Offer
20 September 2023	- Publication by the Offeror of the press release making available the offer document and the information relating to the legal, financial and accounting characteristics of the Offeror. - Publication by the Company of the press release making available the note in response and the information relating to the legal, financial and accounting characteristics of the Company.
20 September 2023	- Publication by the AMF of the opening of the Offer - Publication by Euronext Paris of the opening statement in relation to the Offer and its modalities
21 September 2023	- Opening of the Offer.
25 October 2023	- Closing of the Offer.
26 October 2023	- Publication of Balyo's Q3 2023 turnover.
Week of 30 October 2023	- Publication of the notice of result of the Offer by the AMF.
Week of 30 October 2023	- In case of success of the Offer, publication of the reopening notice of the Offer by Euronext, or, implementation of the squeeze-out if the conditions are met.
Week of 30 October 2023	- In case of success of the Offer, reopening of the Offer and settlement-delivery of the Offer.
Week of 13 November 2023	- Closing of the Reopened Offer.
Week of 13 November 2023	- Publication by the AMF of the notice of result of the Reopened Offer.
Week of 20 November 2023	- Settlement-delivery of the Reopened Offer.
As from the end of November 2023	- Implementation of the squeeze-out, if the conditions are met.

2.10. Possibility of withdrawing from the Offer

In accordance with the provisions of Article 232-11 of the AMF's General Regulation, the Offeror may withdraw its Offer within five (5) trading days following the publication of the timetable of a competing offer or a superior offer (*surenchère*). It shall inform the AMF of its decision, which shall be published.

The Offeror may also withdraw its Offer if it becomes purposeless, or if the Company, due to the measures it has taken, sees its substance modified during the Offer or in the event of success of the Offer or if the measures taken by the Company result in an increase in the cost of the Offer for the Offeror. The Offeror may only use this option with the prior authorization of the AMF, which shall rule in accordance with the principles set forth in Article 231-3 of the AMF's General Regulation.

The Offeror may also waive his Offer if the Waiver Threshold is not reached, as specified in section 2.5.2 "Waiver Threshold" above.

In the event of a waiver, the shares tendered in the Offer will be restituted to their owners without any interest, indemnity or other payment of any kind being due to such owners.

2.11. Reopening of the Offer

In accordance with the provisions of Article 232-4 of the AMF's General Regulation, if the Offer is successful, the Offer will be automatically reopened at the latest within ten trading days following the publication of the final result of the Offer, on the same terms as the Offer (the "**Reopened Offer**"). In such case, the AMF will publish the timetable for the Reopened Offer, which will, in principle, last at least ten trading days.

In the event of a reopening of the Offer, the procedure for tendering the Targeted Securities in the Reopened Offer and the procedure for the Reopened Offer will be identical to that of the initial Offer, it being specified, however, that orders to tender to the Reopened Offer will be irrevocable.

However, the Offeror reserves the right, in the event that it would be in a position and would decide to implement a squeeze-out directly at the end of the Offer in accordance with the conditions provided for by articles 237-1 et seq. of the RGAMF, to request the AMF to implement such a squeeze-out within ten trading days from the publication of the notice of the result of the Offer. In such a case, the Offer would not be reopened.

2.12. Costs of the Offer

The overall amount of the fees, costs and external expenses incurred by the Offeror in connection with the Offer, including, in particular, fees and other expenses relating to its various legal, financial and accounting advisors and any other experts and consultants, as well as publicity costs, is estimated at approximately EUR 3,600,000 (taxes excluded).

2.13. Financing of the Offer

In the event where all Targeted Securities are tendered to the Offer based on the Offer Price (*i.e.,* EUR 0.85 per Ordinary Share, EUR 0.01 per Preferred Share and EUR 0.07 per Company Warrant and excluding fees, expenses and costs relating to the operation), the Offer would amount to c. EUR 30,548,905.42.

The Offeror will finance the Offer through its own funds and resources.

2.14. Brokerage fees and compensation of intermediaries

No fee or commission will be refunded or paid by the Offeror to a holder who tendered Targeted Securities to the Offer, or to any intermediary or person soliciting the tendering of Targeted Securities to the Offer.

2.15. Offer restrictions abroad

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.

2.16. Tax treatment of the Offer

Based on French law and regulations in force, the following developments present, for general information purposes, the main tax consequences that may apply to the shareholders of the Company who will participate to the Offer.

However, the attention of the shareholders of the Company is drawn to the fact that these developments:

(i) are based on the French legislative and regulatory provisions in force at the date of the Offer Document and are therefore likely to be affected by (a) changes in French or international tax rules (in particular in the context of finance bills), which could be retroactive or apply to the current calendar year or financial year, as well as by (b) any interpretation that could be made by the French tax authorities or by case law;

(ii) are only a summary of the main French tax regimes applicable as of the date of the Offer Document and are not intended to be an exhaustive analysis of all the situations and tax effects that may apply to them. Shareholders, whether individuals or legal entities, not resident in France for tax purposes must also comply with the tax legislation in force in their respective State of residence, taking into account, as the case may be, the provisions of the relevant double tax treaty entered into between France and their respective State of residence.

In this respect, taking into account the specificities of each situation, shareholders of the Company are urged to consult with their usual tax advisor in order to study their specific situation both in France and in their State of residence, as the case may be, on a case-by-case basis.

(a) *Individual shareholders who are tax residents of France, acting in the context of the management of their private assets and not carrying out stock market transactions on a regular basis under the same conditions as a professional, and not holding shares within a company or group savings plan or under an employee share ownership scheme*

Individuals who (i) carry out stock market transactions under conditions similar to those which characterize an activity carried out by a person conducting such operations on a professional basis or (ii) hold or have acquired their shares through a company savings plan (*plan d'épargne d'entreprise*) or a group savings plan *(plan d'épargne de groupe*) (including through a company mutual investment fund (*fonds commun de placement d'entreprise, "FCPE"*)) are urged to consult their usual tax advisor in order to determine the tax regime applicable to their particular situation.

(i) Standard tax regime

a. Personal income tax

In accordance with Articles 200 A, 158, 6 *bis* and 150-0 A et seq. of the French Tax Code ("**FTC**"), net capital gains resulting from the sale of securities, in the context of the Offer, by individuals who are French tax residents are, in principle, subject to a 12.8% flat tax (*prélèvement forfaitaire unique* or "*PFU*"), without any tax rebate (i.e., an overall rate of 30% taking into account social levies, see below). In this context, in accordance with the provisions of Article 150-0 D, 1 of the FTC, net gains are defined as the difference between the effective sale price of the shares, net of costs and taxes paid by the seller, and their tax basis.

However, pursuant to paragraph 2 of Article 200 A of the FTC, as an exception to the flat tax, taxpayers may opt, subject to an express and irrevocable election, for such net capital gains to be taken into account for the purposes of determining their net global income subject to the progressive income tax rate scale. This election is global and applies on a yearly basis to all investment income and capital gains falling within the scope of the abovementioned 12.8% flat tax and earned during the year. This election is made each year upon filing of the tax return and at the latest before the filing deadline.

If such an election is filed, the net capital gains resulting from the sale of shares acquired or subscribed before January 1, 2018 will be taken into account for the purposes of determining the net global income subject to the progressive income tax rate scale after application, where applicable, of a proportional rebate in accordance with Article 150-0 D, 1 *ter* of the FTC, which is equal, subject to exceptions, to:

- 50% of their amount where the shares have been held for at least two years and less than eight years, at the date of the sale; or
- 65% of their amount where the shares have been held for at least eight years, at the date of the sale.

Subject to exceptions, for the application of this rebate, this holding period is computed from the share subscription date or acquisition date and ends on the date of transfer of their legal ownership. In any case, no such rebate will apply to shares acquired or subscribed on or after January 1, 2018.

Taxpayers who intend to elect for the taxation at the progressive income tax rate on all net gains and income falling within the scope of the flat tax are urged to consult their usual tax advisor to determine the consequences of such election.

In accordance with the provisions of Article 150-0 D, 11 of the FTC, capital losses on the sale of securities may be offset against capital gains of the same nature realized in the year of sale and then, in the event of a negative balance, against those of the following ten years (no offset against other categories of income is possible). If the above-mentioned election is made, the rebate for holding period applies, where applicable, to the net gain thus obtained, after taking into account the available capital losses.

Individuals with carried forward net capital losses or recognizing capital losses on the sale of shares in the context of the Offer are urged to consult their usual tax advisor in order to review the conditions for offsetting such capital losses.

Where relevant, the tendering of shares in the Offer may trigger the termination of any tax deferral or rollover relief that may have been available to the relevant persons in prior transactions with respect to the shares tendered in the Offer and/or challenge the benefit of specific tax reductions. The shareholders concerned are also urged to consult usual tax advisor to determine the consequences applicable to their particular situation.

b. Social levies

Net capital gains resulting from the sale of shares in the context of the Offer are also subject to social levies at an overall rate of 17.2%, without any rebate (where such a rebate is applicable for income tax purposes under the conditions specified above), broken down as follows:

- the general social contribution (*contribution sociale généralisée*, "**CSG**"), at a rate of 9.2%;
- the contribution for social debt repayment (*contribution pour le remboursement de la dette sociale*, "**CRDS**"), at a rate of 0.5%; and
- the solidarity levy (*prélèvement de solidarité*), at a rate of 7.5%.

If the net capital gains resulting from the sale of shares are subject to the abovementioned 12.8% flat tax, none of these social levies are deductible from the taxable income. However, if the taxpayer elects for taxation based on the progressive income tax rate scale, the CSG will be partially deductible, in principle up to 6.8%, adjusted in specific situations in proportion of the income tax rebate, from the overall taxable income of the year during which it is paid. Other social levies will not be deductible from the taxable income.

c. Exceptional contribution on high income (*contribution exceptionnelle sur les hauts revenus*)

Article 223 *sexies* of the FTC provides that taxpayers subject to personal income tax are also subject to an exceptional contribution on high incomes applicable when their reference income for tax purposes (*revenu fiscal de référence*) exceeds certain thresholds.

Such contribution is calculated by applying a rate of:

- 3% for the portion of reference income (x) in excess of EUR 250,000 and representing less than or equal to EUR 500,000 for taxpayers who are single, widowed, separated, divorced or married but taxed separately and (y) in excess of EUR 500,000 and representing less than or equal to EUR 1,000,000 for taxpayers subject to joint taxation;

- 4% for the portion of reference income (x) exceeding EUR 500,000 for taxpayers who are single, widowed, separated, divorced or married but taxed separately and (y)exceeding EUR 1,000,000 for taxpayers subject to joint taxation.

For the purposes of such rules, the reference income of a tax household is defined in accordance with the provisions of Article 1417, IV, 1° of the FTC, without application of the "quotient" rules defined under Article 163-0 A of the FTC and, where applicable, by applying the specific "quotient" rules provided for in II of Article 223 *sexies* of the FTC.

The abovementioned reference income for tax purposes includes net capital gains resulting from the sale of shares by the concerned taxpayers, before the application of the income tax rebate, if such a rebate is applicable in accordance with the conditions described above, in the event that the taxpayer elects for taxation according to the progressive income tax rate scale (see paragraph (a) (*Personal income tax*) above).

(ii) Tax regime applicable to shares held through a share savings plan (plan d'épargne en actions)

Individuals who hold shares in the Company through a share savings plan (*plan d'épargne en actions* or "**PEA**") may participate in the Offer.

Under certain conditions, the share savings plan entitles the holder to:

- for the duration of the share savings plan and until its closing, benefit from an exemption from personal income tax and social security levies on the income and capital gains generated by investments made through the share savings plan, provided in particular that these income and capital gains remain invested in the share savings plan; and
- at the time of the closing of the share savings plan or at the time of a partial withdrawal of the funds (when this closing or this partial withdrawal occurs more than five years after the opening date of the share savings plan), benefit from an exemption from income tax on the net gain realized since the opening of the plan.

This net gain is not taken into account for the computation of the exceptional contribution on high incomes described in paragraph (i)(c) but remains subject to the social security levies described in paragraph (i)(b) at the rate in force on the date of the event giving rise to the capital gain for share savings plans opened since January 1, 2018. The overall rate of social security levies as of the date of the Offer Document is 17.2%, as described above. For share savings plans opened before January 1, 2018, the applicable social levies' withholding rate may vary. Taxpayers concerned are urged to consult their usual tax advisor.

Specific provisions, which are not described in the Offer Document, are applicable in the event of capital losses, closing of the plan before the expiry of the fifth year following the opening of the share savings plan, or in the event of withdrawal from the share savings plan in the form of a life annuity. The taxpayers concerned are urged to consult their usual tax advisor.

Individuals holding their shares through a share savings plan and wishing to participate in the Offer are urged to consult with their usual tax advisor in order to determine the tax consequences of the sale of their shares held through the share savings plan in the context of the Offer.

(iii) Tax regime applicable to free shares (excluding those held within a company or group savings plan or under an employee share ownership scheme)

As a general rule, the tendering to the Offer of free shares granted in accordance with the provisions of the French Commercial Code will give rise to taxation of the acquisition gain in accordance with the regime applicable to the free share allocation plan from which the shares tendered to the Offer result. The persons concerned are invited to examine their particular tax situation with their usual tax advisor.

Any net gains on disposal arising from the tendering to the Offer of the shares referred to in the preceding paragraph, corresponding to the difference between the Offer price per share, net of any costs incurred, and the opening price of the shares on the date of definitive acquisition of the free shares, will be taxed in accordance with the regime described in section 2.16.a(i).

The above-mentioned gains are taken into account in calculating the reference taxable income on which the exceptional contribution on high incomes is assessed, where applicable.

Persons who (i) hold their shares as part of an employee savings scheme or who (ii) are or will be a party to the Liquidity Agreement referred to in section 1.3.4 are advised to consult their usual tax advisor to determine the tax and social regime applicable to them.

(b) <u>Shareholders who are legal entities that are tax residents in France and subject to corporate income tax under ordinary conditions</u>

(i) Standard tax regime

Except for a specific tax regime, net capital gains resulting from the sale of shares in the context of the Offer will be included in the taxable income subject to corporate income tax ("**CIT**") at the current applicable standard tax rate of 25% (applicable with respect to fiscal years opened as from January 1st, 2022). If the seller's turnover (excluding taxes) exceeds EUR 7,630,000 on an annual basis (per twelve-month period), the capital gains are also subject to the 3.3% social contribution (Article 235 *ter* ZC of the FTC), where applicable, which is assessed on the basis of the amount of CIT after application of a rebate which may not exceed an amount of EUR 763,000 per twelve-month period.

However, companies whose turnover (excluding taxes) is less than EUR 10,000,000 and whose fully paid-up share capital has been held continuously for at least 75% during the relevant fiscal year by individuals or by companies who themselves fulfil these conditions benefit from a reduced corporate tax rate of 15%, up to a taxable profit of

EUR 42,500 for a period of twelve months as regards the taxation of results of fiscal years ending on or after December 31, 2022. These companies are also exempt from the social contribution on this tax mentioned above.

Capital losses incurred on the sale of shares of the Company in the context of the Offer are, as a matter of principle and save for the specific tax regime described below, deductible from the legal entity's taxable income for the purposes of CIT.

Furthermore, it should be noted that (i) some of the thresholds aforementioned follow specific rules if the taxpayer is a member of a tax consolidation group and (ii) tendering shares in the Offer may result in the termination of any tax deferral or rollover relief that may have been available to the relevant companies with respect to prior transactions and/or the challenge of specific tax reductions.

Taxpayers are urged to consult with their usual tax advisor to determine the rate applicable to their situation.

(ii) Specific regime for long-term capital gains (from the sale of participating interest)

In accordance with the provisions of Article 219 I-a *quinquies* of the FTC, net capital gains realized on the sale of securities qualified as "participating interest" (*titres de participation*) within the meaning of said Article and which have been held for at least two years on the date of sale are exempt from CIT, subject to the recapture into the taxable income of a lump sum equal to 12% of the gross amount of the realized capital gains. This recapture is subject to CIT at the standard rate and, if applicable, to the social contribution of 3.3%.

For the application of the provisions of Article 219 I-a *quinquies* of the FTC, the following constitute a participating interest: (i) shares having this nature for accounting purposes, (ii) shares acquired pursuant to a public tender offer for the purchase or exchange of shares by the company which is the initiator of such offer, as well as (iii) shares entitling the holder to the parent-subsidiary regime for dividends (as defined in Articles 145 and 216 of the FTC) provided, in the latter case, that it holds at least 5% of the voting rights of the issuing company and that these shares are recorded in the accounts as participating interest or in a special subdivision of another balance sheet account corresponding to their accounting characterization, with the exception of shares in companies holding principally real estate assets (as defined in Article 219 I-a *sexies*-0 *bis* of the FTC).

Taxpayers likely to be concerned are urged to consult their usual tax advisor in order to study whether or not the shares they hold constitute a "participating interest" pursuant Article 219 I-a *quinquies* of the FTC.

The conditions for the use of long-term capital losses are subject to specific rules. Concerned taxpayers are also urged to consult their usual tax advisor.

(c) <u>Shareholders who are not resident in France for tax purposes</u>

Subject to double tax treaties and any specific rules, where applicable, that may apply to taxpayers who have acquired their shares through an employee benefits plan or any incentive scheme (including through an *FCPE*), capital gains on the sale of their shares by individual taxpayers who are not French tax residents within the meaning of Article 4 B of the FTC or by legal entities whose registered office is located outside of France (and which do not own their shares in connection with a fixed base or a permanent establishment subject to taxation in France on the balance sheet of which the shares are recorded as an asset) are not subject to taxation in France provided that:

(i) the rights held, directly or indirectly, by the seller (individual, legal entity or organization), together with his or her spouse, their ascendants, descendants in the Company's profits, do not and have not, at any time during the five years preceding the sale, exceeded 25% of the Company's profits (Articles 244 *bis* B and C of the FTC);
(ii) the Company is not a French property rich company in the meaning of Article 244 *bis* A of the FTC; or

(iii) the seller is not domiciled, established or incorporated in a non-cooperative State or territory within the meaning of Article 238-0 A of the FTC ("**NCSTs**"), other than those mentioned in Article 238-0 A, 2 *bis*, 2° of the FTC.

In the latter case, subject to the provisions of double tax treaties that may apply, regardless of the percentage of rights held in the Company's profits, capital gains will be taxed at the flat rate of 75%, unless it is demonstrated that the principal purpose or effect of the transactions triggering such capital gains is not simply to allow their location in an NCST. A list of NCSTs is published by ministerial decree and may be updated at any time and, in principle, at least once a year in accordance with Article 238-0 A, 2 of the FTC. In this regard, it is recalled that Law No. 2018-898 of October 23, 2018 on the fight against fraud, which entered into force on December 1, 2018, expanded the list of NCSTs as defined in Article 238-0 A of the FTC to include jurisdictions included in the European list of States and territories that are uncooperative for tax purposes (the so-called "**black list**") published by the Council of the European Union and updated regularly.

The sale of shares in the context of the Offer is likely to trigger the termination of any payment deferral that may have been available to individuals subject to the "exit tax" rules set out in Article 167 *bis* of the FTC in the context of the transfer of their tax residence outside of France.

Non-French resident shareholders of the Company are urged to study their particular tax situation with their usual tax adviser in order, in particular, to take into account the tax regime applicable both in France and in their State of tax residence and, as the case may be, the applicable international double tax treaty.

(d) *Shareholders subject to a different tax regime*

Shareholders of the Company participating in the Offer subject to a tax regime other than those referred to above, in particular taxpayers who carry out transactions on securities exceeding the mere management of their private portfolio or whose shares are recorded as assets on their commercial balance sheet, non-residents or individuals who hold or have acquired shares through a company or group savings plan (including through a FCPE) or by the exercise of stock purchase or subscription options, or investment funds, trusts or partnerships, are urged to consult their usual tax advisor in order to determine the tax regime applicable to their particular situation.

(e) *Registration fees*

In principle, no registration duties are payable in France for the transfer of shares in a listed company having its registered office in France, unless the transfer is evidenced by a deed. In the latter case, the transfer of shares must be registered within one month from its completion, and this registration gives rise, pursuant to Article 726, I-1° of the FTC, to the payment of a registration duty at the proportional rate of 0.1% (with the exception of shares in companies holding principally real estate assets) based on the higher of (i) the transfer price or (ii) the fair market value of the shares, subject to certain exceptions provided by Article 726, II of the FTC, including the exception mentioned below.

3. INFORMATION USED TO ASSESS THE OFFER PRICE

The Offer initiated by the Offeror targets all the Targeted Securities as defined in the Overview of the Offer above.

The Offer Price proposed by the Offeror, payable in cash, is (i) EUR 0.85 per Ordinary Share (ii) EUR 0.01 per Preferred Share and (iii) EUR 0.07 per Company Warrant.

The elements for assessing the Offer Price have been prepared on behalf of the Offeror by The Raine Group, financial advisor, and Alantra, financial advisor and presenting and guaranteeing institution. These elements were established based on a multi-criteria analysis using standard valuation methods and references, taking into account the specific characteristics of the Company, its size and its sector of activity.

The information presented below has been prepared based on publicly available financial information, the Offeror's estimates and information provided by the Company's management to the Offeror in the context of the Offer, including the business plan of the company prepared by the Management (hereafter the **"Business Plan"**). This information has not been independently verified by The Raine Group nor Alantra, as to its accuracy or completeness.

3.1. Key assumptions of the valuation work

3.1.1. Accounting standards

The consolidated financial statements of Balyo as of December 31, 2022, have been prepared in accordance with IFRS as adopted in the European Union and mandatory as of April 1, 2010.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Management is also required to exercise judgment in the application of accounting policies. These estimates are based on assumptions that are by nature uncertain, as their realization may differ significantly from the forecast data used.

The closing date for the accounts of Balyo's financial statements is December 31, 2022.

3.1.2. Management Business Plan

The Business Plan has been prepared on a standalone basis without considering any potential impact of the change of control resulting from the Offer.

The Business Plan has been prepared as of July 2023 by Balyo Management and covers the 2023-2025 period.

Top-line growth is driven by order intake on the back of a change in the company's commercial model, reflecting the transition from indirect sales through OEM partners to direct sales. The growth in order intake is volume-driven and the result of assumptions around a growing pool of increasingly engaged customers and increased sales efficiency. The Company has a growing book of direct customers to which it expects to further add over the forecast period.

EBITDA margin recovery, expected to turn positive in 2024, is mainly driven by the absorption of structure costs, with medium to longer term gross margin in line with historical average. Note that the EBITDA provided by the Company has been adjusted for profit sharing obligations to factor in recently announced change in law regarding profit sharing schemes.

Cash Flows have been estimated by the Management as a result of treasury forecasts exercise based on in/outflows analysis, without providing an analytical review of various cash flows components, including notably capex and working capital assumptions.

The main characteristics of the Business Plan are the following:

(i) 54% average growth per annum over the 2022-2025 period. For information purposes, the forecast published by Oddo BHF, the only research analyst covering Balyo's stock, is 10.5% average growth over the period;
(ii) Gross margin at 41.9% on average;
(iii) EBITDA margin recovering to 17% in 2025 notedly impacted by one-time R&D tax credits of €1.7m. Over the medium to longer term, EBITDA margin forecast to be 12.9%.

3.1.3. Retained number of shares

As of July 17,2023, the total outstanding number of Ordinary Shares is 34,356,767 (common shares tradable on the public market, including i) the 601,180 Ordinary Shares resulting from the conversion of the ADP T1 and ADP T2 on July 17, 2023, ii) the 180,000 Ordinary Shares subject to a liquidity mechanism and excluding the 830,000 shares likely to be issued as a result of the exercise of the BSPCE.

As of the date hereof, Balyo SA also has dilutive financial instruments in place, that may grant access to the company's capital and issuance of new ordinary shares, but excluded from the retained number of shares given:

- Shares likely to be issued upon exercise of the Company Warrants are not targeted as the Company Warrants are targeted by the Offer, the Company Warrants are "out of the money" (all 26 tranches having a conversion price of EUR 3.03 per share);
- Shares likely to be issued upon exercise of the ADP T3, ADP T4 and ADP T5 are not targeted as the holders entered into undertakings to tender to the Offer all their ADP T3, ADP T4 and ADP T5.

The fully diluted number of shares retained in the valuation is based on an outstanding number of Ordinary Shares adjusted for 34,894 treasury shares. On this basis, the total number of shares retained is 34,321,873.

3.1.4. Enterprise Value to Equity Value bridge

The adjustment elements for the transition from the enterprise value to the value of the securities were established on the basis of the Company's Annual Report as of December 31st, 2022.

In addition to the net financial debt, the following adjustments have been made:

- Provisions for pension obligations amounting to EUR 195k (not available at the date of publication of this document and therefore maintained at the level of 12/31/2022 for reasons of prudence);
- Provisions for litigation, in the amount of EUR 949k (not available at the date of publication of this document and therefore maintained at the level of 12/31/2022 for reasons of prudence);
- The theoretical tax saving related to the addition of these amounts (normative tax rate set at 25%) amounted to EUR 286k;
- Company Warrants buyback amounting to EUR 823k for all remaining 26 tranches held by Amazon (a total of 11,753,581 Company Warrants), based on an acquisition price of EUR 0.07 per Company Warrant.
- ADP T3, ADP T4 and ADP T5 buybacks amounting to EUR 62.7 based on an acquisition price for remaining tranches set at the legal minimum of EUR 0.01 per share (a total of 6,270 instruments).

Net debt *In €k*	
Cash & cash equivalents	(8,166)
Financial debt	9,065
Net financial debt	899
(+) Unfunded pension liabilities (as of 31/12/2022)	195
(+) Provisions for risks and charges (warranty, taxes, litigation) (as of 31/12/2022)	949
(-) Tax deduction on provisions (as of 31/12/2022)	(286)
(+) Amazon Warrants (as of 17/07/2023)	823
(+) AGADP T3-T5 (as of 17/07/2023)	0
Adjusted net financial debt	2,580

Figure 1: Detail of adjusted net debt

It should be noted that the Company has recognized deferred tax credit related to historical net operating losses for a total activable amount of EUR 58m as of 31/12/2022 and not included in the net debt adjustments as their use over time is uncertain given the Company's short term profit generation profile. However, value of the resulting tax loss carry forward is included in the DCF analysis. The valuation of this tax benefit has been estimated based on Balyo SA's EBIT estimates, and the tax savings flows discounted at the Weighted Average Cost of Capital (WACC).

3.2. Methodology and valuation of the Ordinary Shares

3.2.1. Retained valuation methods

The multi-criteria approach used to value the Company's shares is based on the methods described below:

- Stock price analysis;
- Discounted Cash Flow analysis (DCF);
- Multiples of comparable listed companies – for indicative purposes only;
- Financial analyst's target price – for indicative purposes only.

3.2.2. Discarded valuation methods

3.2.2.1. Comparable transaction multiples

The comparable transaction valuation method consists of applying to the Company's historical financial aggregates, the average or median of the valuation multiples observed on transactions where the target is assumed comparable to Balyo. This methodology gives an indication of the price investors pay to take control of a company.

Given Balyo's current loss-making financial profile as well as margin recovery anticipated, this methodology is not deemed relevant to reflect the Company's potential.

3.2.2.2. Net Asset Value and Adjusted Net Asset Value

The net asset value method consists of calculating the amount of shareholders' equity per share; it is therefore an accounting estimate of the value of one share. This method, based on the historical value of assets and liabilities, is not relevant in the case of the Offer, as it does not take into account the current value of the Company's assets and liabilities or its future performance.

For information, Balyo SA's NAV was negative as of 31 December 2022.

The Adjusted Net Asset Value method makes it possible to calculate a theoretical value of equity by revaluing assets, liabilities and off-balance sheet items. This method is particularly relevant for the valuation of portfolio companies with various holdings. It has therefore been discarded.

3.2.2.3. Dividend Discount Model

This method consists of valuing a company's equity by discounting, at the cost of the company's equity, the expected flow of dividends paid to its shareholders. This method is designed to value a company that pays dividends and whose dividends increase (or decrease) in a regular pattern. Balyo has historically not paid any dividends to its shareholders. Consequently, this method has been discarded.

3.2.2.4. Recent significant transactions in the company's capital

This method consists of valuing the Company's shares by reference to recent significant transactions in them. As no significant blocks of shares have been acquired recently, this method was not used.

3.3. Valuation on the basis of the methods used

3.3.1. Stock price analysis

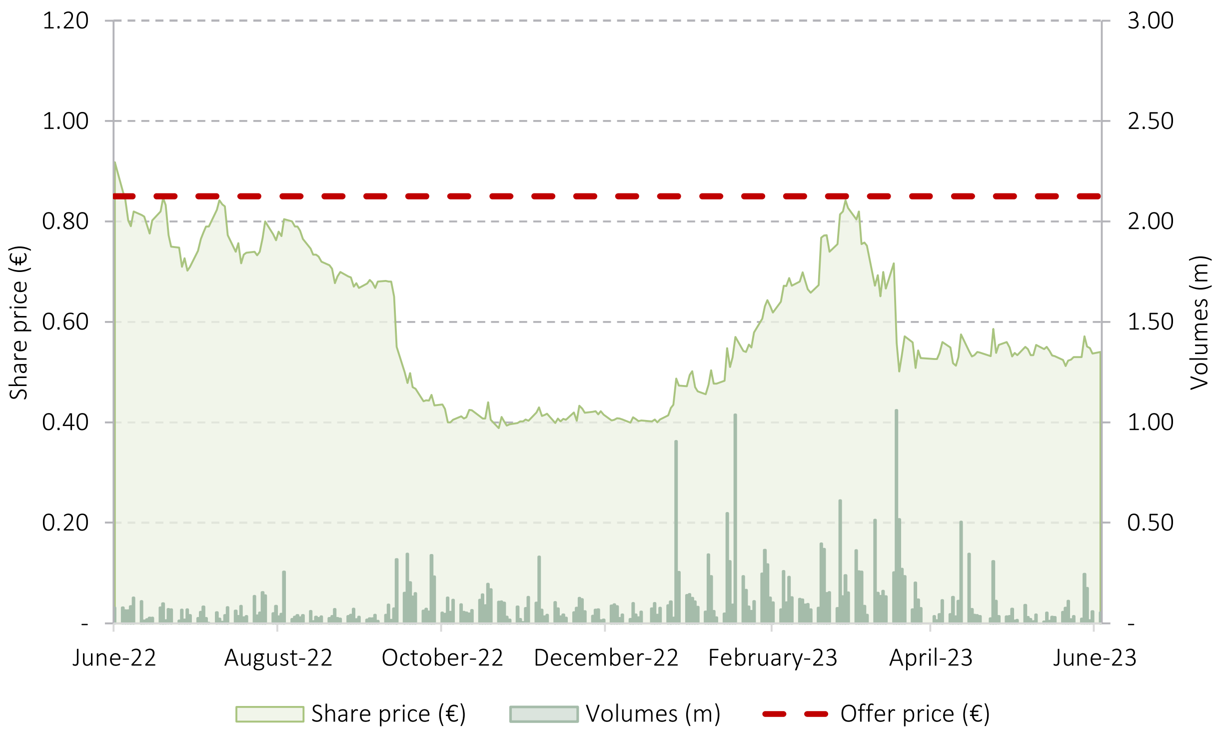


Figure 2: Share price trend since June 2022

The table below shows the premiums induced by the Ordinary Share Offer Price on:

- The closing price on 12/06/2023 (i.e. the last day of effective trading before the announcement of the Offer);
- The volume weighted average share prices (VWAP) over the various periods until the announcement of the Offer;
- The maximum and minimum closing prices for the various periods until the announcement of the Offer.

The table also shows the average daily volumes traded as well as the cumulative volumes traded over the various periods until the announcement of the Offer.

In €	12/06/2023	30 days	60 days	120 days	250 days
VWAP	0.54	0.55	0.57	0.60	0.58
Implied premium	*+57.4%*	*+54.3%*	*+48.0%*	*+41.5%*	*+46.0%*
Min		0.51	0.50	0.40	0.39
Implied premium		*+66.0%*	*+69.7%*	*+112.5%*	*+118.8%*
Max		0.59	0.76	0.84	0.85
Implied premium		*+45.1%*	*+12.1%*	*+1.0%*	*+0.4%*
Daily average of traded volumes	53,360	61,066	123,420	157,143	112,816
Cumulative traded volumes per period	53,360	1,831,980	7,405,210	18,857,200	28,204,050
% of market cap.	*0.2%*	*5.4%*	*22.0%*	*55.9%*	*83.6%*
% of float	*0.3%*	*9.3%*	*37.4%*	*95.3%*	*142.6%*

Figure 3: Price and volume analysis (trading days)

The method can be deemed as satisfactory, taking into consideration a float turnover of 142.6% over 12 months.

The Offer price represents a premium for the Ordinary Shares of 57.4% over the closing price on 12/06/2023 (the last price before the announcement of the Offer) and premiums of 54.3%, 48.0%, 41.5% and 46.0% respectively over the volume weighted average prices over the last 30, 60, 120 and 250 days before the announcement of the Offer.

3.3.2. Discounted Cash Flow analysis (DCF)

The DCF method consists of valuing the Company by adding future free cash flows discounted at the Weighted Average Cost of Capital (WACC). This intrinsic valuation methodology fully factors in future financial performance of the company, hence, strongly depends on underlying assumptions retained.

3.3.2.1. Operating assumptions

The value of Balyo results from the sum of discounted future free cash flows based on:

- Management 3-year Business Plan (as described in section 3.1.2);
- A 3-year extrapolation period based on the Presenting Institution's assumptions, in accordance with the Offeror, and based on long term trends observed for mature companies with comparable activities. Key assumptions are:
  - o Decreasing growth trend in line with brokers' view, towards long term growth rate of 1.5%;
  - o Stable EBITDA margin at 12.9% over time, in line with 2025 Business Plan performance (adjusted for one-off exceptional R&D grant);
  - o Stable cash flow generation (as a % of EBITDA) between 55-58%, below Business Plan ratio as factoring in capex estimated at €2.5m per annum (including for the terminal year) required to support development and maintenance of new sites and not included in the Business Plan, as well as no normative change in working capital assuming the company is able to improve its working capital management over the medium to longer term.

	Management Plan			Extrapolations			Norm.
In €m	2023BP	2024BP	2025BP	2026BP	2027BP	2028BP	2029BP
Sales	25.2	47.6	80.1	96.1	105.7	111.0	112.7
Broker forecast for information purposes	*29.1*	*29.5*	*35.5*				
Growth rate (%)		*88.7%*	*68.3%*	*20.0%*	*10.0%*	*5.0%*	*1.5%*
COGS	(15.0)	(27.9)	(44.9)	(55.8)	(61.4)	(64.5)	(65.4)
Gross Profit	10.2	19.6	35.2	40.3	44.3	46.5	47.2
Gross Margin (%)	*40.6%*	*41.3%*	*43.9%*	*41.9%*	*41.9%*	*41.9%*	*41.9%*
EBITDA	(3.8)	2.6	13.7	12.4	13.7	14.4	14.6
EBITDA Margin (%)	*(15.1%)*	*5.5%*	*17.0%*	*12.9%*	*12.9%*	*12.9%*	*12.9%*
Unlevered FCF	(10.3)	(1.7)	10.3	6.8	7.8	8.3	8.4

Figure 4: Business plan

- The terminal value is calculated based on a post-extrapolation normative flow and a perpetual growth rate of 1.5%.

3.3.2.2. Determining the cost of equity

The cost of equity was determined using the CAPM method as follows:

$$\mathbf{Re = Rf + \beta \times Rm + Rt}$$

Where:

– β: equity beta
– Rf: risk-free rate
– Rm - Rf: market risk premium
– Rt: size premium

Assumptions made:

– **Risk-free rate**: the risk-free rate used is 3.02%. It corresponds to the 10-year French government bond rate on June 22, 2023;
– **Beta**: For the beta calculation, we kept the average of Balyo SA and Gaussin SA. Gaussin SA is the most comparable company in the set in terms of business model, financial profile, and geography. As a result, the average beta is 1.10, to which we applied the average financial structure of the two companies (highlighted in the table below).

Name	Country	Market cap. (€m)	Levered Beta	Gearing	Unlevered Beta	Retained Unlevered Beta
Balyo SA	France	20	1.69	46.3%	1.25	1.25
Gaussin SA	France	65	1.34	56.9%	0.94	0.94
Gesco SE	Germany	295	1.21	41.9%	0.90	–
MAX Automation SE	Germany	256	0.57	55.2%	0.39	–
Ringmetall SE	Germany	103	0.59	31.3%	0.47	–
Mpac Group plc	UK	60	0.19	28.7%	0.16	–
Esautomotion S.p.A.	Italia	56	1.04	0.6%	1.03	–
Raute Oyj	Finland	58	0.89	13.5%	0.80	–
Goodtech ASA	Norway	28	0.86	38.5%	0.66	–
Average		42	1.51	51.6%	1.10	1.10
Median		42	1.51	51.6%	1.10	1.10

Figure 5: Calculation of the deleveraged Beta

– **Market risk premium**: the market risk premium used is 6.79%, as computed from Damodaran study for France (as of January 5, 2023);
– **Small-cap premium (size premium)**: the size premium used is 11.0% (source: Kroll).

3.3.2.3.Determining the Weighted Average Cost of Capital

The WACC is calculated according to the following formula:

WACC = E x Re / (D + E) + D x Rd x (1 - t) / (D + E)

or:

WACC = Re / (Gearing + 1) + Gearing x Rd x (1 - t) / (Gearing + 1)

Assumptions retained:

– **Gearing**: the gearing retained is 51.4% based on the average of Gaussin SA and Balyo SA;
– **Tax rate**: the tax rate used is 25.0%, corresponding to the rate used in a normative year, as projected by the French government;
– **Cost of debt**: the applied target cost of debt of 10.0% reflects the latest movements on the balance sheet and financing discussions held with a range of potential providers.

The WACC was calculated as follows:

Assumptions	
Cost of debt	10.0%
Tax rate	25.0%
Risk-free rate	3.02%
Unlevered beta	1.10
Levered beta	1.52
Market risk premium (as of 05/01/23)	6.79%
Small cap premium	11.0%
Cost of Equity	24.3%
Equity / Total Cap.	66.0%
Target debt / Total Cap.	34.0%
WACC	18.6%

Figure 6: Calculation of WACC

3.3.2.4. Results

Discounting the cash flows at the WACC gives the following results:

EV and implicit values	
Discounted cash flows	7.5
NPV of Terminal value	17.7
Enterprise value	25.3
(-) Gross Debt	(9.1)
(+) Cash on Balance Sheet	8.2
(+) NOLs	5.8
(-) Amazon Warrants	(0.8)
(-) AGADP T3-T5	(0.0)
(-) Unfunded Pension Liabilities	(0.2)
(-) Provisions for risk	(0.9)
(+) Tax Deduction on Provisions	0.3
Implied Equity value	28.5
/ FDSO (inc. T1-T2 AGADP + Liq. Agreement) in millions	34.3
Implied share price (€)	0.83

Figure 7: Valuation and implied share price

Since the terminal value crystallises a large part of the total value, this valuation approach should be considered with caution.

The sensitivity analysis on the WACC (variation of +/- 1.0%) and the perpetual growth rate (variation of +/- 0.5%) was conducted. The per-share values resulting from this analysis are presented below:

		Perpetual growth rate				
		1.0%	1.3%	1.5%	1.8%	2.0%
WACC	17.6%	0.90	0.91	0.92	0.93	0.94
	18.1%	0.86	0.86	0.87	0.88	0.90
	18.6%	0.82	0.83	0.83	0.84	0.85
	19.1%	0.78	0.79	0.80	0.80	0.81
	19.6%	0.74	0.75	0.76	0.77	0.78

Figure 8: Sensitivity analysis on the WACC (Weighted Average Cost of Capital) and the perpetual growth rate

The Ordinary Share Offer Price represents a premium of +2.4% over the implied share price based on the DCF valuation.

3.3.3. Multiple of comparable listed companies – for information purposes

The valuation method using multiples of comparable listed companies consists of applying to the Company's financial aggregates the average or median of the valuation multiples observed for listed companies considered as comparable.

We have identified 8 publicly listed companies with similar activities to Balyo:

- Gesco AG is a German industrial holding company that operates through its subsidiaries in various sectors of the manufacturing industry (industrial businesses, including companies involved in mechanical engineering, plastics processing, metalworking, control systems, and specialized services);
- Max Automation AG is a German technology company that specializes in providing automation solutions for various industries. The company expertise lies in the areas of robotics, control systems, process optimization, and digitalization;
- Ringmetall AG is a German company specializing in industrial packaging and safety solutions. They sproduce reliable closure systems for drums and containers, ensuring safe transport of hazardous substances;
- Gaussin SA is a French company specializes in auditing handling processes and developing wheeled systems for the installation and transportation of heavy, bulky, or delicate loads;
- Mpac Group is an English engineering company specializing in high-speed packaging and automation solutions. They design and manufacture innovative packaging systems for various industries, utilizing automation and digitalization;
- Raute Corporation is a Finnish company specializing in technology and services for the wood products industry. They provide advanced machinery and software solutions for veneer, plywood, and LVL production;
- ES Automotion Srl is an Italian company specializing in automation and robotics solutions. They design and implement custom automation systems to optimize manufacturing processes and enhance productivity;
- Goodtech ASA is a Norwegian company specializing in industrial automation and engineering solutions. They provide tailored services to various industries, delivering innovative and reliable solutions to optimize processes and enhance efficiency.

After studying the comparable listed companies identified, we decided to use this valuation method only as an indication for the following reasons:

- **Business**: the listed companies identified have a more diversified business than Balyo;
- **Financial characteristics**: growth and profitability profiles very different from those of the Company;
- **Profitability profile of the company**: the stock market multiples are based on aggregates of the years 2023. But since Balyo SA’s 2023 EBITDA is negative, it would be advisable to apply them to the 2023 sales for indicative purposes.

For indicative purposes only, the stock market comparables identified are listed below:

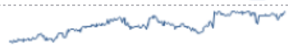
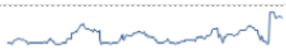
Company	Country	SPP	Market Cap. (€m)	EV (€m)	2023 EBITDA margin %	EV / Sales		
						2023E	2024E	2025E
Gaussin Sa	France		60	85	4%	0.66x	0.46x	0.31x
Gesco Se	Germany		274	350	11%	0.56x	0.53x	0.48x
Max Automation Se	Germany		238	340	9%	0.78x	0.75x	0.72x
Ringmetall Se	Germany		95	118	11%	0.55x	0.52x	0.48x
Mpac Group Plc	United Kingdom		55	67	9%	0.54x	0.49x	0.44x
Raute Oyj	Finland		54	53	5%	0.34x	0.30x	0.32x
Esautomotion S.P.A.	Italy		52	41	n.a	1.01x	0.83x	0.77x
Goodtech Asa	Norway		26	29	6%	0.57x	0.52x	0.49x
Average						0.63x	0.55x	0.50x
Median						0.57x	0.52x	0.48x

Figure 9: Valuation levels and operating performance of identified peers

Applying the average of the sales multiples of the set would exhibit an implied value of EUR 0.44 per share. The Offer price of EUR 0.85 represents a premium of +92.4% to this value.

Applying Gaussin SA's sales multiple would exhibit an implied value of EUR 0.47 per share. The Offer price of EUR 0.85 represents a premium of +81.9% to this value.

3.3.4. Financial analyst's target price – for information purposes

The analysis of financial analysts' price targets, which complements the stock market price approach, consists of assessing the value of a share in relation to the research reports produced by financial analysts and published target prices.

As of today, Balyo is covered by only one research analyst, which is ODDO BHF AIF. Therefore, this valuation method is for indicative purposes only.

As of April 2023, ODDO BHF AIF assessed a target price of EUR 0.70 per Ordinary Share.

Figure 10: ODDO BHF AIF target price evolution

The Offer price represents a premium of +21.4% over the implied share price based on target price valuation in relation to the Ordinary Shares.

3.4. Summary of the elements for assessing the Ordinary Share Offer Price

The Ordinary Share Offer Price is higher than:

- The value derived from the discounted cash flow analysis (EUR 0.83);
- The pre-announcement share price and the volume-weighted average prices over the 30, 60, 120 and 250 trading days preceding the announcement of the Offer;
- The value derived from the trading comparables method (EUR 0.44 for a 2023 EV / Sales multiple of 0.63x on the whole set of comparables, and EUR 0.47 for a 2023 EV / Sales multiple of 0.66x on Gaussin SA only);
- The target price assessed by ODDO BHF AIF on April 4, 2023 (EUR 0.70).

Methodology	Implied share price (€)	Implied premium
Main methods		
Discounted Cash Flow (DCF)		
Central value	0.83	+2.4%
Stock price analysis		
Pre-announcement stock price	0.54	+57.4%
30-day VWAP	0.55	+54.3%
60-day VWAP	0.57	+48.0%
120-day VWAP	0.60	+41.5%
250-day VWAP	0.58	+46.0%
Indicative methods		
Trading comparables		
EV / Sales average of the whole set	0.44	+92.4%
EV / Sales of Gaussin SA	0.47	+81.9%
Financial analyst's target price		
Target Price assessed by ODDO BHF AIF - 04/20/2023	0.70	+21.4%

Figure 11: Summary of the elements for assessing the Offer Price

3.5. Valuation of other targeted securities

3.5.1. Preferred shares

The price for the Preferred Shares offered by the Offeror under the Offer is EUR 62.7, equivalent to EUR 0.01 per Preferred Share.

3.5.1.1. Description

As of 31 December 2022, the share capital of the Company included 16,150 preferred shares divided into five tranches:

- 3,230 ADP T1;
- 3,230 ADP T2;
- 3,230 ADP T3;
- 3,230 ADP T4; and
- 3,230 ADP T5 (together the "**ADP**").

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 1 January 2020 up to the 31 December 2024:

- Tranche 1: consolidated turnover exceeding EUR 35 million and gross margin exceeding EUR 14 million;
- Tranche 2: consolidated turnover exceeding EUR 85 million and gross margin exceeding EUR 35 million;
- Tranche 3: consolidated turnover exceeding EUR 165 million and gross margin exceeding EUR 70 million;
- Tranche 4: consolidated turnover exceeding EUR 295 million and gross margin exceeding EUR 130 million;
- Tranche 5: consolidated turnover exceeding EUR 500 million and gross margin exceeding EUR 235 million.

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 Offer 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 to the terms and conditions of the ADP, the Board of Directors has all powers to determine 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 and may be converted as from the date of such decision.

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 ADP T1 and ADP T2 and tender the Ordinary Shares resulting from such conversion to the Offer at the Ordinary Share Offer Price and (ii) tender all their ADP T3, ADP T4 and ADP T5 to the Offer at the Preferred Share Offer Price.

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 ADPs 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.

3.5.1.2. 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. Valuation

The offer price for these performance shares has been set at EUR 0.01 per instrument, as this corresponds to the minimum amount technically payable.

Management do not anticipate the performance threshold to be met for the relevant tranches by 31 December 2024. Hence, these instruments will not be converted and their implied intrinsic value will be EUR 0.00.

3.5.1. Company Warrants

The price for the Company Warrants offered by the Offeror under the Offer is EUR 822,751, corresponding to EUR 0.07 per Company Warrant.

3.5.1.1. Description

The Company issued warrants (the "**Company Warrants**") to Amazon on 22 February 2019, granting the right to subscribe to a maximum of 11,753,581 newly issued Ordinary Shares. Vested Company Warrants are exercisable over a period of 7 years from the grant date, until 22 February 2026 (the "**Company Warrants Expiration Date**") at an exercise price of EUR 3.03 per warrant. The "Company Warrants" may vest prior to 22 February 2026:

(i) in full upon change of control event, provided that Amazon has placed an order with the Company, issued a purchase order or otherwise made any direct/indirect payments to the Company within the 12 months preceding the change of control transaction;

(ii) or in tranches as Amazon places orders that go beyond the applicable thresholds.

Any unvested Warrants will lapse on 22 February 2026.

Company Warrants are not transferrable, except to the Company in the event of a change of control.

As of July 17, 2023, there were 11,753,581 issued warrants and none of them were exercised.

Company Warrants are not transferrable, except to the Company in the event of a change of control.

3.5.1.1. Valuation

3.5.1.1.1. Reference to stock prices

Given that the Company Warrants are not transferrable, the reference to market value methodology does not apply.

3.5.1.1.1. Intrinsic values

The intrinsic value of a warrant is defined as the difference between the price of the underlying asset and the exercise price of the option, which amount is divided by the warrant parity. It corresponds to the value of an option whose time value would be zero. This approach is not relevant in this case considering that the reference price of EUR 0.85 per Ordinary Share is well below the EUR 3.03 strike price.

3.5.1.1.1. Black & Scholes model

The Black & Scholes method was used to calculate a theoretical Warrant value using the following parameters:

- Reference price of EUR 0.85 per Ordinary Share, in line with the Offer;
- Maturity date of 22 February 2026. Although the Company Warrants can be exercised at any time before the maturity date, the maturity date can be considered as the exercise date in the absence of distribution of Company dividends;
- Risk-free rate (as of 12 June 2023 ("The Company Warrants Valuation Date"), for France 3-Year Government Bonds, based on a maturity in line with that of the Company Warrants): 2.982%;
- Volatility of the stock of 56.3%, taking into account the level of volatility of the Balyo shares over 141 weeks leading to the Company Warrants Valuation Date, respectively from 5 October 2020 to 12 June 2023. 141 weeks is equivalent to the number of weeks outstanding in the 2.7 years between the Company Warrants Valuation Date and the Company Warrants Expiration Date. Two periods with abnormally high volatility were disregarded:
  - (i) the period around the announcement of the 2023 financial results (respectively from 20 March 2023 to 3 April 2023);
  - (ii) the period around the second Covid lockdown in France (respectively from 12 October 2020 to 7 December 2020).

The valuation approach using the Black & Scholes method leads to a theoretical valuation of EUR 0.07 per Company Warrant.

3.6. Appendices

3.6.1. Glossary

- **WACC**: Weighted Average Cost of Capital
- **VWAP**: Volume-Weighted Average Price

- **EV**: Enterprise Value
- **EURIBOR** : Euro InterBank Offer Rate
- **Gearing** : Debt / Equity

3.6.2. Sources

- Company
- Annual and interim reports of the Corporation
- Press releases and articles
- Capital IQ (stock market data and comparable transactions)
- Mergermarket (comparable transactions)
- Euronext (stock market data)
- Question and answer sessions with the Company's management
- Euribor rates

4. METHODS FOR MAKING AVAILABLE INFORMATION RELATING TO THE OFFEROR

In accordance with Article 231-28 of the AMF's General Regulation, information relating in particular to the legal, financial and accounting characteristics of the Offeror will be the subject of a specific document filed with the AMF and made available to the public in a manner intended to ensure full and effective disclosure, no later than the day prior to the opening of the Offer.

5. PERSONS RESPONSIBLE FOR THE TENDER OFFER DOCUMENT

5.1. For the Offeror

"*In accordance with article 231-18 of the AMF's General Regulation, to my knowledge, the information contained in this draft offer document is accurate to reality and contains no omission likely to affect its scope.*"

Stephen Lam, acting as Director of the Offeror.

5.2. For the Presenting Institution

"*In accordance with Article 231-18 of the AMF's General Regulation, Alantra Capital Markets, as presenting institution of the Offer, certifies that, to its knowledge, the presentation of the Offer, which it examined on the basis of information provided by the Offeror, and the information used to assess the proposed price are accurate to reality and contains no omission likely to affect their scope.*"

Olivier Guignon, acting as representative of Alantra Capital Markets