

Cleansing Materials

Project Stretch

October 2024



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SECTION 1

**Financial Forecast & China JV
Litigation Update**

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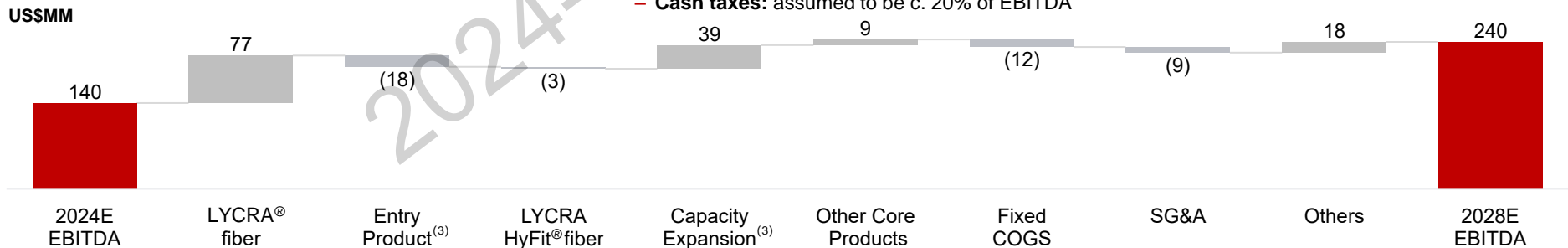
Original Management Business Forecast (July 2024)

Original Management Business Forecast

US\$MM
(unless stated otherwise)

	2023A	2024E	2025E	2026E	2027E	2028E
LYCRA® fiber (kT)	35	43	46	50	53	56
LYCRA HyFit® fiber (kT)	24	25	26	27	28	29
Other Products (kT)	22	30	31	27	29	30
Capacity Expansion (kT)	-	-	3	17	29	29
Total Volume (kT)	82	97	106	122	139	144
Total Sales⁽¹⁾	813	908	962	1,060	1,177	1,233
Gross Margin⁽¹⁾	197	281	295	314	347	372
EBITDA⁽¹⁾⁽²⁾	70	140	154	171	212	240
Unlevered FCF	n.a.	104	81	71	114	139

2024E EBITDA to 2028E EBITDA Bridge



Notes:

- Non-core continuing businesses not included in Total Sales and Gross Margin for comparability purposes, but included within EBITDA for completeness; discontinued operations excluded from 2023 actuals
- Capacity expansion is expected to account for approximately 15%-20% of annual EBITDA between 2026 and 2028
- Achieved via a joint venture arrangement requiring minimal upfront capital commitment from the Company. The JV has secured a 20-year lease arrangement for 30 kT of annual capacity (lease payments are relatively immaterial considering the Company's overall projected financial performance). Production of Entry Product to be shifted and included in the capacity expansion starting from 2026

Commentary

- The Original Management Business Forecast was prepared by management and approved by the Board. Pending the preparation of the "Bank Case Business Forecast", the Original Management Business Forecast was provided to the advisors of the EUR notes AHG and the USD notes AHG in July 2024 as an interim update (see next page for the updated Bank Case Business Forecast that should be used as the basis for restructuring discussions)
- The forecast assumes that there is no additional investment by any strategic investors and reflects the business performance that the Company could achieve with its current resources and stakeholders (as forecasted in July 2024)
- LYCRA® fiber** volume growth is based on (i) specification success with brands and retailers by leveraging future innovations, and (ii) market share gains due to mix enrichment and bio-derived LYCRA® fiber
- LYCRA HyFit® fiber** volume growth projected amid increasing competition
- Other Products** include Entry Product and other core products (ELASPAN® fiber, Specialty Polyesters, nylon)
- Asset-light Capacity Expansion⁽³⁾** primarily includes ELASPAN® fiber, with limited volume of Entry Product and LYCRA HyFit® fiber
- Total sales** growth based on expectations of (i) volume growth, (ii) capacity expansion, and (iii) expansion of the hygiene industry
- Fixed COGS** expected to grow at a CAGR of c. 1% between 2023 and 2028
- EBITDA** forecast includes SG&A expenses and variable compensation (expected CAGR growth of c. 2.9% between 2023 and 2028)
 - No inflation has been factored into the forecast, on assumption that related price increases would be passed through via corresponding pricing adjustments
- Unlevered FCF** includes:
 - Working capital:** normalization at DSO (44 days); DIO (95 days); and DPO (30 days)
 - Capex:** US\$25MM in 2024, c. US\$37MM annually in 2025 – 2026 and c. US\$30MM annually thereafter
 - Cash taxes:** assumed to be c. 20% of EBITDA



Bank Case Business Forecast (October 2024)

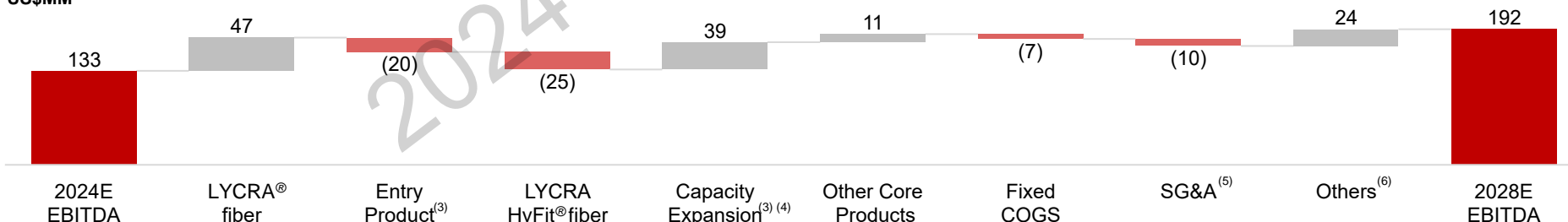
Bank Case Business Forecast

US\$MM
(unless stated otherwise)

	2023A	2024E	2025E	2026E	2027E	2028E
LYCRA® fiber (kT)	35	41	44	47	49	50
LYCRA HyFit® fiber (kT)	24	23	22	23	24	24
Other Products (kT)	22	27	29	25	28	30
Capacity Expansion (kT)	-	-	3	17	29	29
Total Volume (kT)	82	91	97	112	129	133
Total Sales⁽¹⁾	813	854	880	972	1,088	1,118
Gross Margin⁽¹⁾	197	279	271	282	313	324
EBITDA⁽¹⁾⁽²⁾	70	133	130	144	178	192
Unlevered FCF	n.a.	106	80	37	101	90

2024E EBITDA to 2028E EBITDA Bridge

US\$MM



Notes:

- Non-core continuing businesses not included in Total Sales and Gross Margin for comparability purposes, but included within EBITDA for completeness; discontinued operations excluded from 2023 actuals
- Capacity expansion is expected to account for approximately 15%-25% of annual EBITDA between 2026 and 2028
- Achieved via a joint venture arrangement requiring minimal upfront capital commitment from the Company. The JV has secured a long-term lease arrangement for 30 kT of annual capacity (lease payments are relatively immaterial considering the Company's

- Production of Entry Product to be shifted and included in the capacity expansion starting from 2026
- Reflects the variable margin contribution only, excluding associated SG&A; Incremental SG&A due to capacity expansion are included in SG&A adjustment. Excludes the Company's share of JV earnings, which is reflected in Others
- Includes the incremental SG&A due to capacity expansion
- Includes the Company's share of JV earnings

Commentary

- In October 2024, management of the Company presented the "Bank Case" business forecast to the Board of Eagle Investments HoldCo (the "Board"). This forecast contained a downward revision of the forecasted business performance as compared to the Original Management Business Forecast. Although this "Bank Case" business forecast is under consideration and has not been approved by the Board, it has been shared with the advisors of the EUR notes AHG and the USD notes AHG in the interests of time as this should form the basis of any restructuring discussions
- This forecast also assumes that there is no additional investment by any strategic investors
- LYCRA® fiber volume growth is based on (i) specification success with brands and retailers by leveraging future innovations, and (ii) market share gains due to mix enrichment and bio-derived LYCRA® fiber
- LYCRA HyFit® fiber volume growth projected amid increasing competition
- Other Products include Entry Product and other core products (ELASPAN® fiber, Specialty Polyesters, nylon)
- Asset-light Capacity Expansion⁽³⁾ primarily includes ELASPAN® fiber, with limited volume of Entry Product and LYCRA HyFit® fiber
- Total sales growth based on expectations of (i) volume growth, (ii) capacity expansion, and (iii) expansion of the hygiene industry
- Fixed COGS expected to grow at a CAGR of c. 1% between 2023 and 2028
- EBITDA forecast includes SG&A expenses and variable compensation (expected CAGR growth of c. 2.9% between 2023 and 2028)
- No inflation has been factored into the forecast, on assumption that related price increases would be passed through via corresponding pricing adjustments
- Unlevered FCF includes:
 - Working capital: normalization at DSO (44 days); DIO (95 days); and DPO (30 days)
 - Capex: US\$25MM in 2024, c. US\$37MM annually in 2025 – 2026 and c. US\$30MM annually thereafter
 - Cash taxes: assumed to be c. 20% of EBITDA



China JV Litigation Update

Status Update

- Currently the Company is in litigation in China regarding whether Chuanglai Fiber (Foshan) Co., Ltd. (“**CFF**”) (a wholly owned subsidiary of the Company) has an obligation to, amongst other things, inject assets valued at RMB 574MM into respect of a joint venture purportedly established between the Company’s former equity owners. The disputed obligation is pursuant to an alleged capital injection agreement (“**CIA**”) between the aforementioned parties
- As of October 2024, recent developments pertaining to the China JV Litigation include:
 - **January 2024:** the Company received a favourable award from the Beihai Arbitration Commission that the CIA was not validly established and is not binding on either party (the “**BAC Award**”). However, the Company’s former equity owners initiated a new litigation before the Foshan Intermediate Court to request that CFF performs its alleged obligations under the CIA (the “**New CIA Case**”)
 - **March 2024:** the Company’s former equity owners also applied to the Nanning Court to set aside the BAC Award
 - **April 2024:** the Company received a favorable ruling of the first instance the New CIA Case. The Company’s former equity owners appealed this first instance judgment to Guangdong High Court. This appeal was rejected by the Guangdong Court in August 2024
 - **May 2024:** Nanning Court ruled that the BAC Award shall be re-arbitrated by the Beihai Arbitration Commission. The re-arbitration has not commenced yet

Notes:

1. The entity owns Foshan facility, which accounted for c. 40% of spandex gross profit for YTD May 2024



SECTION 2

**Restructuring Negotiation
Update**

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Restructuring Negotiation Update

Key Update

- As previously communicated on recent investor calls, the Company has commenced negotiations with the ad hoc committees of holders of (a) the USD 704,584,000 7.5% Senior Secured Notes due May 2025 (the “**USD notes AHG**”); and (b) the EUR 211,367,328 15.20% first lien Linx SPV notes due April 2025, where certain holders are also lenders under the super senior facility agreement (the “**EUR notes AHG**”)
- On 24 October 2024, the EUR notes AHG, the USD notes AHG and certain consenting creditors entered into a Lock-up Agreement. The Lock-up Agreement, together with the indicative restructuring terms, were submitted to the Company on 25 October 2024. The indicative terms are summarized on page 12 and page 13 of these Cleansing Materials. The advisors to the USD notes AHG and EUR notes AHG have indicated that the parties to the Lock-Up Agreement constitute creditors holding over 80% of the Company’s USD notes, approximately 66.7% of the Company’s senior secured term loan, and over 66.7% of the Company’s first lien Linx SPV notes
- The Company remains in advanced discussions with the USD notes AHG and the EUR notes AHG with a view to reaching a consensual solution in advance of the maturity of the relevant debt instruments and will continue to keep the market updated on progress in relation to such discussions



SECTION 3

**Latest Bid-Ask on
Restructuring Terms**

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Key Terms of Company Restructuring Proposal

Proposed Commercial Amendments				
New Instruments	New SSTL / Super Senior Notes	Amount	• USD 182m	
		Maturity	• 1-Feb-30	
		Rate	• Market-clearing rate	
	New 1L Notes	Amount	• USD 268m	
		Maturity	• 1-Feb-30	
		Rate	• 9.0% p.a. cash, payable quarterly	
	New 2L / HoldCo Notes	Amount	• USD 425m	
		Maturity	• 1-Feb-32	
		Rate	• 12.0% p.a. cash / PIK toggle (no minimum cash pay until 1-Feb-27, 6.0% minimum cash pay thereafter), payable quarterly	
	Convertible Preferred Equity	Issuer	• Eagle Investments HoldCo	
		Amount	• USD 376m	
		Dividend	• 10.0% p.a. PIK cumulative preferred dividend; capitalized semi-annually	
Conversion Trigger Event		• If, within 12 months after the Transaction Date, a disposal of at least 50.01% of the Class A shareholders' interest in the Company has not materialized		
Conversion		• Following Conversion Trigger Event, all outstanding Convertible Preferred Equity convertible into 70% of Class A shares (subject to dilution from MIP)		
Treatment of Existing Debt Holders	SSTL	• Refinanced or reinstated on market terms (including exchange into Super Senior Notes)		
	USD Notes	• Reinstated debt of USD 414m, comprised of New 1L Notes of USD 107m and New 2L / HoldCo Notes of USD 307m • USD 303m Convertible Preferred Equity		
	Promissory Note	• USD 19m of Convertible Preferred Equity		
	1L Linx Notes	• Reinstated debt of USD 279m, comprised of New 1L Notes of USD 161m and New 2L / HoldCo Notes of USD 118m		
	2L Linx Notes	• USD 53m of Convertible Preferred Equity		
Others	Existing Class A Shareholders Equity Consideration	<ul style="list-style-type: none"> • To retain 30% (subject to dilution from MIP) of pro forma Class A shares following a Conversion Trigger Event • Subject to further equity increase / dilution depending on the outcome of the (i) PRC litigation and (ii) Yinchuan JV 		

Note: Company Restructuring Proposal was submitted to the EUR notes AHG and the USD notes AHG on 17 Oct 2024. Transaction Date assumed to be 31-Jan-25. EUR/USD FX rate of 1.05 (illustrative only); FX rate to be explicitly agreed upon



Key Terms of Counterproposal from Ad Hoc Groups

Proposed Commercial Amendments			
New Instruments	New Super Senior Notes	Amount	• Equal to the outstanding principal amount of the SSTL being refinanced
		Maturity	• The date falling 54 months / 4.5 years after the issuance of the New Super Senior Notes
		Rate	• 9.875% p.a. cash, payable quarterly
		Call Protection	• Non callable for the first 1 year; par from the date falling 12 months after the issuance of the New Super Senior Notes
		Security and Priority	• Security: As per the existing Debt • Priority: Senior in lien, payment and enforcement priority to New 1L Debt and New 2L Debt / HoldCo Debt
	New 1L Debt	Amount	• USD 275m ¹
		Maturity	• The date falling 60 months / 5 years after the RED
		Rate	• 10.5% p.a. cash, payable quarterly
		Call Protection	• Non callable for the first 1 year; 103 from the date falling 12 months from the RED; par from the date falling 24 months from the RED
		Security and Priority	• Security: As per New Super Senior Notes • Priority: Junior in lien, payment and enforcement priority to the New Super Senior Notes; senior in lien, payment and enforcement priority to the New 2L Debt / HoldCo Debt
	New 2L / HoldCo Debt	Amount	• To be calculated as amount required to provide 100% recovery to the 1L Linx Noteholders with debt of a principal amount equal to 1L SPV Notes claims on the RED, taking into account 1L Linx Noteholders Pro Rata Share ² of New 1L Debt
		Maturity	• The date falling 72 months / 6 years after the RED ³
		Rate	• 13.5% p.a. cash / 14.25% p.a. PIK toggle (at the election of the Company Parties), payable quarterly
		Call Protection	• Non callable for the first 1 year, par from the date falling 12 months from the RED
		Security and Priority	• Security: As per New Super Senior Notes • Priority: Junior in lien, payment and enforcement priority to New Super Senior Notes and New 1L Debt
	New Equity	• The Class A common shares will be issued at Eagle Investment HoldCo or another entity subject to tax and regulatory considerations	

Note: The counterproposal was submitted to the Company on 25 October 2024. Restructuring Effective Date ("RED") assumed to be 30-Nov-24. EUR/USD FX rate of 1.12; FX rate to be explicitly agreed upon

1. USD denominated with an uncapped EUR denominated sub facility
2. Pro Rata Share shall mean the principal amount of each respective instrument divided by the aggregate principal amount of Non-Priority Euro Notes and USD Notes
3. Subject to an extension of up to 18 months at the discretion of majority holders of the New 2L / HoldCo Debt



Key Terms of Counterproposal from Ad Hoc Groups (cont.)

Proposed Commercial Amendments		
Treatment of Existing Debt Holders	SSTL	<ul style="list-style-type: none"> To be refinanced by New Super Senior Notes¹
	USD Notes	<ul style="list-style-type: none"> Each holder's portion of the USD Notes shall be exchanged into its Pro Rata Share of New 1L Debt and New 2L Debt / HoldCo Debt Any remaining USD Notes shall be exchanged into 72% of New Equity
	Shareholder Loan	<ul style="list-style-type: none"> To be repaid in full on the RED
	Promissory Note	<ul style="list-style-type: none"> Each holder's portion of the Promissory Note to be exchanged into its pro rata share of 5% of New Equity
	1L Linx Notes	<ul style="list-style-type: none"> Each holder's portion of the 1L Linx Notes to be exchanged into its pro rata share of (i) New 1L Debt and (ii) New 2L Debt / HoldCo Debt
	2L Linx Notes	<ul style="list-style-type: none"> Subject to each 2L Linx Noteholder providing its consent to the restructuring by 30 November 2024, each holder's portion of the 2L Linx Notes shall be exchanged into pro rata share of New Equity
Others	Existing Class A Shareholders Equity Consideration	<ul style="list-style-type: none"> Existing Class A shareholders retain 10% equity pro forma Class A common shares, subject to (a) dilution from MIP; and (b) the Existing Class A shareholders consenting to the restructuring by 30 November 2024
	Consent Fee	<ul style="list-style-type: none"> Early Bird Consent Fee Deadline: 31-Oct-24 New Super Senior Notes²: 3.75% in cash of the amount subscribed for New 1L Debt: 3.25% in cash or 4.00% in PIK
	Accrued Interest	<ul style="list-style-type: none"> All accrued but unpaid cash interest shall be paid in cash at RED

Note: The counterproposal was submitted to the Company on 25 October 2024. Restructuring Effective Date ("RED") assumed to be 30-Nov-24. EUR/USD FX rate of 1.12; FX rate to be explicitly agreed upon

1. The USD notes AHG will subscribe for \$25mm of the New Super Senior Notes, with the EUR notes AHG subscribing for the balance

2. Subject to each consenting creditor that subscribes for the New Super Notes and signs up the LUA – 3.75% in cash of the amount subscribed for / each holder of the 1L SPV Notes or the USD notes that signs up the LUA – 3.25% cash or 4.00% PIK of the allocated amounts in the New 1L Debt



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