

PORTFOLIO HIGHLIGHTS

GROUPE BAELEN IS SUPPORTED BY KARTESIA IN THE ACQUISITION OF GROUPE FACTORIA

In September this year, Kartesia announced the provision of a senior unitranche financing to support Groupe Baelen in the acquisition of Groupe Factoria ("Factoria" or "the Company").

Factoria is France's leading supplier of B2B printing solutions, IT and telecom services, employing nearly 300 people across 18 sites. The Company is positioned at the higher end of the market with premium service quality and has grown consistently since its creation, both organically and via successful acquisitions.

The success of the Company is based on its diversified and loyal client base, its strong local presence with an efficient salesforce and its broad offering of services. The entry of Group Baelen as majority shareholder, coupled with the financial support and expertise of Kartesia, will enable the Company to implement its development plans in the coming years.

Kartesia has invested in Factoria through a combination of capital from its Kartesia Credit Opportunities ("KCO") IV and KCO V funds. The deal

team at Kartesia included Damien Scailierez, Charles-Henri Clappier and Stanislas Pérère.

Charles-Henri Clappier, Director at Kartesia, commented: "We are pleased to be working with Group Baelen on this transaction and to further support Factoria as it continues to gain traction in its target markets. We are confident that, with this investment, Factoria is very well positioned to take advantage of developments in the printing and IT solutions markets and execute on its future growth plans." ■

KARTESIA PROVIDES C. €14 MILLION SENIOR DEBT SOLUTION TO FINANCE THE ACQUISITION OF STM

Also in September, Kartesia announced the completion of a c. €14 million investment in STM ("STM" or the "Company") to support Nexus Iberia in the acquisition of the Company.

customer service, technology and innovation capabilities.

The entry of Nexus Iberia as majority shareholder and Kartesia as long-term financing provider reinforce STM's market-leading position and will facilitate the Company's sustained growth over the coming years. STM's founder Juan José Lallave will remain a key part of the management team.

The deal team at Kartesia included founding

partner Jaime Prieto, director Javier Castillo and analyst Carlos Vázquez.

Jaime Prieto commented: "We are very happy to be working with Nexus Iberia on this opportunity and to support STM in maintaining its growth trajectory in this rapidly evolving industry that we know well at Kartesia. This investment from our senior debt fund is a clear demonstration of the flexibility and certainty of execution that we aim to provide our partners." ■

HEADFIRST GROUP RECEIVES €75M FINANCING FROM KARTESIA

Kartesia invested in HeadFirst Group ("HeadFirst" or "the Company") in October of this year.

Kartesia has invested €75m in the Company from its KCO IV & V funds. This injection will be used to strengthen the group's balance sheet, allowing it to pursue further external growth and accelerate its international development.

The deal team at Kartesia included Matthieu Delamaire, Jean Diercxsens, Gaëtan Valcke and Alexis Midol.

Han Kolf, Chief Executive Officer of HeadFirst Group, said: "The investment of a strong financial partner like Kartesia helps to accelerate our growth strategy, both within the Netherlands and elsewhere in Europe. The focus is on continuing to expand HeadFirst's role as a full-service HR services provider, innovating with smart

online solutions and adding value for our clients with rich data."

Jean Diercxsens, Director at Kartesia, added: "HeadFirst is one of the leading players in the HR services market in the Benelux, offering innovative, value-added solutions for its extensive client, supplier and freelance base. The group has a proven track record of both organic and external growth, gaining market share through technology-enabled services in a competitive environment. We look forward to working closely with the team to continue to unlock the Company's potential across Europe." ■

Within the Investor Relations team we are promoting Corentin Miralles to IR Associate. Corentin joined Kartesia in 2018 following a six-month internship is involved in client servicing, project management and in developing new partnerships.

We'd like to congratulate all those promoted in the team during what has been a truly unique year. They have demonstrated real dedication despite the up-heaval and uncertainty in our working conditions. The same can be said for the rest of the team too, and we are grateful for the flexibility and collegiate working environment they have all helped to foster in 2020. ■

KARTESIA COMPLETES NEW INVESTMENT TO SUPPORT THE EXPANSION PLANS OF UCAM

In October 2020, Kartesia announced that it completed an investment from its KSO I fund to support the expansion plans of Universidad Católica de Murcia ("UCAM"), as it seeks to expand its existing capacity in two campuses with new facilities due to the significant growth in student numbers in the past five years.

contributing to the economic development in Murcia. The entry of Kartesia as a long-term financier reinforces UCAM's leading position in the education sector and provides the Company with flexibility to execute on its future growth plans.

The university belongs to Fundación Universitaria San Antonio (FUSA), a non-for-profit foundation started by entrepreneur Jose Luis Mendoza in 1990s and devoted to making high quality education accessible to students and creating future professionals with strong ethics and values based on those of the Catholic church. As well as promoting strong societal

values in its students, the group also donates a material part of its profits to charitable organisations and other social programmes, meaning that this is investment is very much aligned with our own responsible investment principles.

The deal team at Kartesia included founding partner Jaime Prieto, director Javier Castillo and analyst Carlos Vázquez.

Jaime Prieto commented: "We are pleased to partner with UCAM on this opportunity as the Company looks to consolidate its strong track record in recent years and execute on its strategic plans." ■

KARTESIA @ A GLANCE

THE UNPRI GRANTS KARTESIA THE SCORING OF "A" FOR THE SECOND YEAR IN A ROW

We are pleased to announce that Kartesia has been granted the scoring of A from the UNPRI for our Strategy & Governance for the second year in a row. We also received the A scoring for our private debt strategy ("Fixed Income Corporate - Non Financials") against a benchmark of B for our peers with similar AuM.

This is evidence of the huge effort of the whole team to continuously enhance our ESG commitments at Kartesia and within the portfolio.

By demonstrating our commitment to Corporate Social Responsibility, we aim to align our business



values, purpose and strategy with the needs of our Limited Partners, whilst embedding such responsible and ethical principles into everything we do.

Kartesia reports to the UN PRI on an annual basis and reports are publicly available on its website (www.unpri.org). The PRI assesses all signatories based on that reporting. ■

KARTESIA RINGS IN THE END OF THE YEAR WITH A RAFT OF PROMOTIONS

We are pleased to announce a number of richly deserved promotions, following an incredibly busy year. Most notably we will be splitting the role of Head of Portfolio and ESG, which since 2015 has been held by Coralie De Maesschalck. From the new year Coralie will transition to be dedicated to ESG full time, reflecting our increased dedication to ESG internally and with portfolio companies.

Basile Gerber will be promoted to Head of Portfolio. Basile will take over leading the Portfolio, which he has been involved in since joining in 2017. In addition to his daily activities of Portfolio Monitoring, Valuation, Performance Analysis and Fund Financings, and he will now manage the team to deliver quarterly reporting to our investors as well as other portfolio analytics. From her experience as Head of Portfolio, Coralie already has an excellent understanding of the existing portfolio businesses and will remain part of the investment process going forward.

Amongst Basile's team, Deniona Kondi and Hugo Perrin have been promoted to Portfolio Associates. Deniona joined Kartesia in April 2019 and has been focused on quarterly reporting, while Hugo joined in July 2019 and has been focused on daily monitoring of the portfolio, fund performance and valuation analysis. Simon Colleu who was a graduate trainee with the team will remain as a portfolio analyst.

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KARTESIA SHOWS ITS SUPPORT TO THE "REFUGEE NEXT DOOR"

Three years ago, Kartesia decided to replace the year-end corporate gift with a donation to a project benefiting underprivileged children. This year we donated to The Refugee Next Door ("RND").

The Refugee Next Door ASBL is a Belgian non-profit organization active in Uganda. In 2007, RND started building the St Francis School in the slums of Masese (in Jinja District), with the aim of providing an education to the most vulnerable children and freeing the time of their parents to focus on creating an income for their family.

Since 2007, they have built an additional new

classroom each year. The last class will be finalized this year. This will allow the children to continue on their educational journey from nursery to completing primary school.

With the school growing each year, they welcomed additional children on an annual basis, and they now have 400 pupils. With this increase in size, new latrines became a necessity for the school and Kartesia was delighted to be able to provide the financial support to improve sanitation at St Francis.

For more information about or donation to The Refugee Next Door: <http://therefugeenextdoor.org/> ■

KARTESIA RANKED AS #1 MOST CONSISTENT EUROPEAN PRIVATE DEBT FUND MANAGER

We are very pleased to announce that, in its recent *Markets in Focus: Alternative Assets in Europe report for 2020*, Preqin ranked Kartesia as number one on its list of "Most Consistent Top Performing Europe-focused Private Fund Managers", with three of our funds counted in the top performance quartile.

Preqin is one of the leading providers of data and analysis for the alternative assets industry and as such we are very proud to be recognised in this report for our performance, evidence of the excellent work that has been done by our whole team to deliver superior returns for our investors across all our strategies. ■

KARTESIA DISTINGUISHED FOR THIRD CONSECUTIVE YEAR AT ALT CREDIT INTELLIGENCE EUROPEAN AWARDS CEREMONY



The Kartesia team is delighted to announce that the firm received two awards – Private debt mid-market lending and Special situations – at the annual Alt Credit Intelligence European Awards event on the 23rd October 2020.

Following a highly competitive process, it is a huge honour for the whole team to receive these awards, further recognising Kartesia's position as a leading provider of flexible financing solutions to European SMEs and the dedication of each and every of employee at Kartesia.

The Alt Credit Intelligence European Awards celebrate the best in class across a broad spectrum of credit strategies. ■



KARTESIA



EDITO Private debt: resilience and growth

In our last newsletter we focused on the immediate aftermath of the onset of the coronavirus pandemic and how Kartesia's flexible approach meant we were able to first address the challenges faced by our portfolio companies by providing additional liquidity and then to continue deploying capital from our KSO and KCO funds. Since the start of the year, we have closed on nearly 15 transactions across Europe, including our first direct investment in Poland, evidence of the strength of our offering to small and medium-sized enterprises even at a time of great distress for global economies.

We, like many direct lenders, have been extremely busy throughout the pandemic and able to provide essential financing to support struggling companies, as well as accelerating the growth of

those in sectors like biotech, e-commerce and software, which have flourished and provided crucial innovation and services where it was absolutely necessary for people struggling to adjust to life under lockdown.

The private debt model is inherently a resilient one, if we as lenders ensure we undertake appropriate due diligence and look to invest into sectors that have long-term growth potential and are less exposed to economic cyclical behaviour. We often enter transactions as the most senior creditor to minimise downside risk while also looking to maximise the upside potential for our investors and other stakeholders, through equity-like upside. Cementing this, despite the impact of the COVID-19, this year has seen the biggest cash distribution to LPs since our inception, and

more than twice that of 2019.

Kartesia has certainly grown with the rising popularity of the asset class and to this end, we were delighted to announce last week the launch of a strategic partnership with CANDRIAM and its sister affiliate New York Life Investments Alternatives ("NYLIA"), which included the acquisition of 33% stake in Kartesia. This partnership is a glowing endorsement of the excellent work that has been undertaken by every single member of the team, which this year grew to over 50 professionals across investment and operations. It also means that the business will benefit from the operating and financial resources, distribution network and scale of both CANDRIAM and NYLIA to enter a new phase of development. While we remain confident that our expertise in the lower mid-market means that bigger does not necessarily equate to better, the increased geographical reach and origination capabilities of the firm will mean that we can look to consolidate our position in existing markets like the UK, Spain and Germany and also target exciting new frontiers like CEE, the Nordics and Italy. There are certainly exciting times ahead!

Also in this edition, we look more closely at the transformational year for Kartesia's senior debt strategy with a focus on the UK under the guidance of Nick Holman, the announcement of promotions of our growing team and a continuation of our extensive charity work, this time in Uganda.

Happy Reading. ■





ADDING VALUE

The growth of KSO in the UK

This year has been a transformational one for Kartesia's Senior Opportunities (KSO) strategy across Europe, which now has on-the-ground representation in all of our key markets – Spain, France, the DACH region, the Benelux and the UK – and has closed transactions in a number of these jurisdictions.

In this edition, we will take a closer look at the development and expansion of KSO in the UK, following the appointment of Nick Holman in February as a Director to lead the origination, execution and monitoring of investments. Prior to joining Kartesia, Nick was a Director in Santander's Structured Finance team and, before that, worked in the leveraged finance and syndication departments of Lloyds Banking Group, where he completed a broad range of European leveraged and high yield transactions for large and mid-market sponsors. Nick has also been joined in London by Karan Patole, who was recruited from 23 Capital to focus on the UK market.

Nick and Karan, working closely with Jaime Prieto, have worked selectively but quickly to identify opportunities in the UK market and have already managed to close four deals in the five months since June, evidence of the strong name Kartesia

has established in the UK and elsewhere in Europe. Each of these deals came with their own challenges, often related but not limited to the impact of the coronavirus on a variety of sectors. However, with Nick's experience and the expertise of the firm as a whole, coupled with the ability to provide flexibility in pricing and size of financing solutions, the team has been able to capitalise on a number of interesting opportunities in this market.

In June this year, Nick led the completion of the first deal for Kartesia from its KSO I fund in the UK with the refinancing of The Clearway Group, which specialises in providing technology-led solutions to monitor and protect vacant properties in the UK and France. The final transaction structure offered a comprehensive solution to support The Clearway Group in its strong growth trajectory, with a £26m financing package com-

prising term loans and a Capital Expenditure / Acquisition facility. Clearway is a company Nick knows well from his previous role at Santander meaning that, despite the difficulties caused by the turmoil of the early stages of the pandemic, the company was confident in Kartesia's ability to deliver a well-priced financing solution.

Only two months later, the team announced the completion of a deal to provide a €29m senior loan facility to leading pan-European cloud telecommunications provider, Firstcom Europe, which is also headquartered in the UK. Kartesia's speed to react to the coronavirus and support its existing portfolio companies quickly and efficiently was vital in meeting the tight deadlines required by FirstCom in refinancing its existing facilities, as we were able to turn our attention back to deploying capital from our KSO I fund sooner than some of our peers.

Kartesia's flexible approach was also crucial in providing debt financing for Envisage Dental last month, along with our expertise in the dental health sector following previous investments in Vitaldent in Spain (September 2018), and Efficentres in France (December 2019). The team's understanding of the market meant that it was quickly apparent that Envisage was implementing the right growth strategy, while the ability to lend small but grow with the business was essential for the minority sponsor.

Nick Holman commented: "I have been delighted with the progress made with the KSO I fund since joining Kartesia earlier this year, especially when one takes into account the considerable impact of the coronavirus on European companies. We have seen in the UK, that like individuals under 'lockdown', not all companies have been impacted equally under coronavirus, and many have remained resilient or have proven highly capable of adapting their business models to prosper under the 'new normal'. We have actively targeted these defensive assets; taking advantage of the opportunity to deploy capital at very attractive risk-adjusted returns and with strong lender

controls, taking advantage of the gap left by Banks and Funds focusing on their existing portfolios."

We have been able to continue to deploy capital and invest in innovative, resilient businesses in the UK, solidifying our position as one of the leading providers of credit solutions for Europe's SMEs." ■

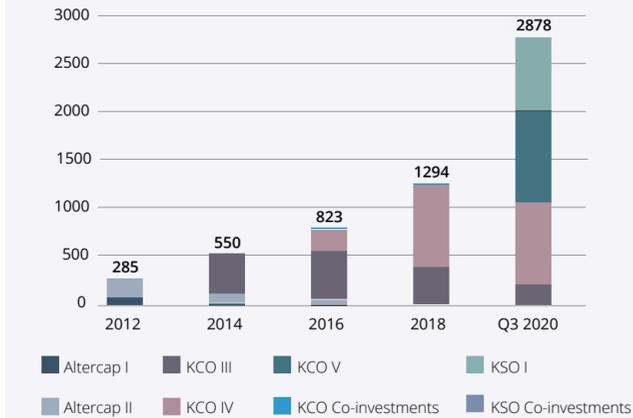
Nick Holman
Director

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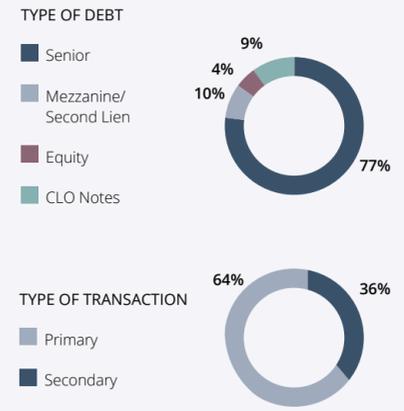
KEY METRICS @ KARTESIA

Kartesia's team has currently 2.878 million euros of assets under management.

Assets Under Management (AUM)
in million €



77% of KCO and KSO is invested in Senior debt. In line with the team's strategy, secondary debt and primary debt respectively account for 34% and 64% of the funds' transactions.



KARTESIA IN NUMBERS*

2014 The year Kartesia signed the UNPRI

2015 The year Kartesia started to report on carbon footprint

2018 The year Kartesia became carbon neutral

12 Nationalities

16 Spoken languages

7 European offices

€ 156 million Average revenues of KCO and KSO borrowers

€ 17 million Average EBITDA of KCO and KSO borrowers

€ 7 billion Total revenues of KCO and KSO borrowers

37% Average share of revenues generated outside their national markets

41 504 Total number of employees of KCO and KSO borrowers

€ 324 million per annum Total annual capex of KCO and KSO borrowers

*CLO vehicles excluded