ISABEL MARANT

€200,000,000 6.625% Senior Secured Notes due 2025

IM Group SAS, a société par actions *simplifiée* organized under the laws of France (the "**Issuer**"), is offering (the "**Offering**") €200.0 million aggregate principal amount of 6.625% Senior Secured Notes due 2025 (the "**Notes**"). The Notes will be issued pursuant to an indenture (the "**Indenture**") to be entered into among*, inter alios*, the Issuer, BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**") and security agent (the "**Security Agent**").

The Notes will bear interest at a rate of 6.625% *per annum*. The Issuer will pay interest on the Notes semi-annually in arrears on each of March 15 and September 15, commencing on March 15, 2020. At any time and from time to time prior to March 1, 2022, the Issuer may, at its option, redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes so redeemed, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date, as described herein. In addition, at any time and from time to time prior to March 1, 2022, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at the redemption price set out herein, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date, *provided* that at least 60% of the original principal amount of the Notes remains outstanding. At any time and from time to time on or after March 1, 2022, the Issuer may redeem all or a portion of the Notes at the redemption prices specified herein. The Issuer may also redeem all, but not less than all, of the Notes in the event of certain developments affecting taxation. Additionally, upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase the Notes. A change of control will not be deemed to have occurred on one occasion if a certain consolidated net leverage ratio is not exceeded as a result of such event. See "*Description of the Notes—Change of Control*." The maturity date of the Notes will be March 1, 2025.

The Notes will be senior secured obligations of the Issuer. Within 30 days of the Issue Date (as defined below) (the "**Post-Closing Date**"), the Notes are expected to be guaranteed (each guarantee of the Notes, a "**Notes Guarantee**") on a senior basis by IM Growth SAS, a société par actions simplifiée organized under the laws of France (the "**Post-Closing Guarantor**"). The validity and enforceability of the Notes Guarantee of the Post-Closing Guarantor and the liability of the Post-Closing Guarantor thereunder will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and may be released in certain circumstances. See "*Description of the Notes—The Notes Guarantee*."

On the Issue Date, the Notes are expected to be secured by first-priority security interests in (i) financial securities accounts opened in the name of the Issuer in the books of the Post-Closing Guarantor, IM Managers SAS, a société par actions *simplifiée* organized under the laws of France ("**IM Managers**") and IM Production SAS, a société par actions *simplifiée* organized under the laws of France ("**IM Production**"), (ii) certain bank accounts of the Issuer and (iii) certain intra-group receivables owing to the Issuer, including the Proceeds Loan and the Existing Intercompany Loan (each as defined herein) (collectively, the "**Closing Date Collateral**"). On the Post-Closing Date, the Notes and the Notes Guarantee of the Post-Closing Guarantor are expected to be secured by the Closing Date Collateral and by first-priority security interests in (i) the financial securities account opened in the name of the Post-Closing Guarantor in the books of IM Production, (ii) certain bank accounts of the Post-Closing Guarantor and (iii) certain intra-group receivables owing to the Post-Closing Guarantor (collectively with the Closing Date Collateral, the "**Collateral**"). Under the terms of the Intercreditor Agreement (as defined herein) to be entered into in connection with the Offering, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after counterparties to certain future super-priority debt, if any, have been repaid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, the Collateral will be subject to the Agreed Security Principles (as defined herein) and other certain contractual and legal limitations, and may be released under certain circumstances. See "*Limitations* *on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*Description of the Notes—Security*."

There is currently no public market for the Notes. Application has been made to the Luxembourg Stock Exchange (the "**Exchange**") for the listing of the Notes on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. There can be no assurance that such listing will be maintained.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 31.

Issue Price: 100.000% plus accrued interest, if any, from the Issue Date

The Notes and the Notes Guarantee of the Post-Closing Guarantor have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" ("**QIBs**") in reliance on the exemption provided by Rule 144A under the Securities Act ("**Rule 144A**"). You are hereby notified that the Initial Purchaser (as defined herein) may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in reliance on Regulation S under the Securities Act ("**Regulation S**"). See "*Notice to Investors*" for additional information about eligible offerees and transfer restrictions.

The Notes will be issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented upon issuance by one or more global notes. The Initial Purchaser expects to deliver the Notes in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about February 19, 2020 (the "**Issue Date**").

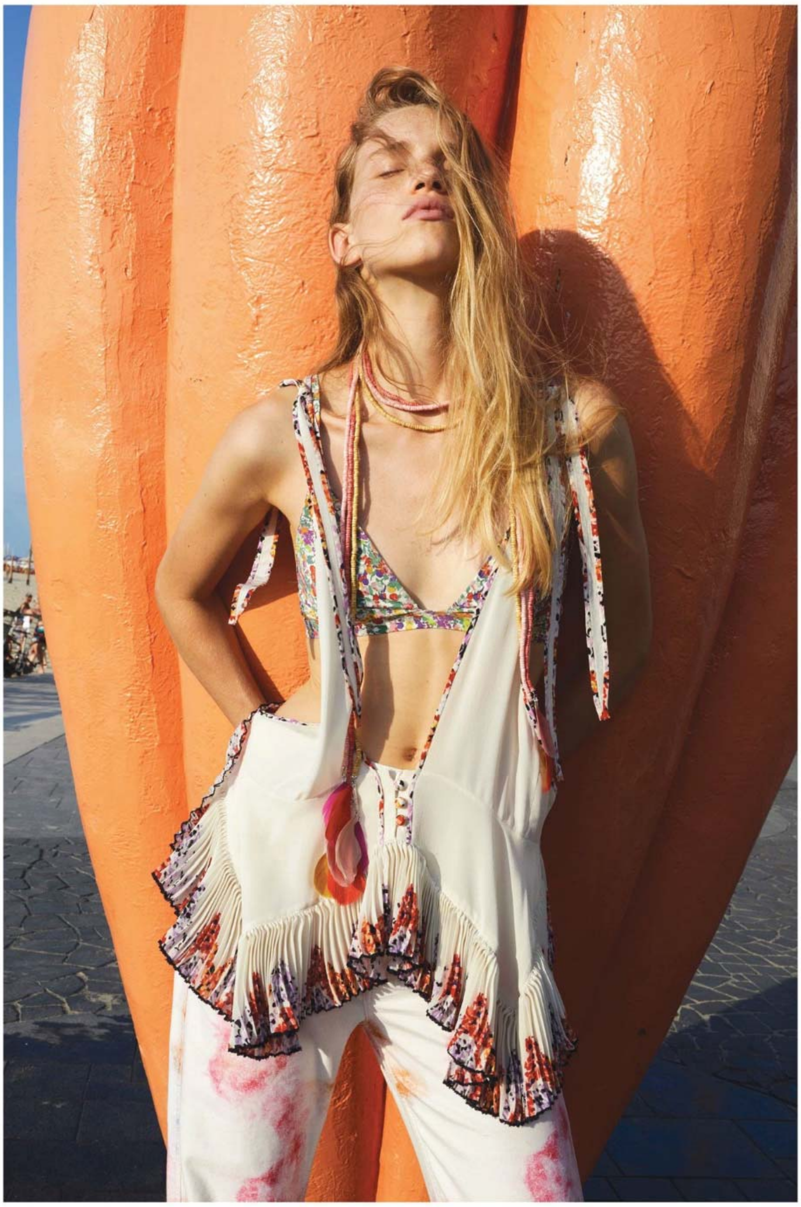
Global Coordinator and Sole Physical Bookrunner

J.P. Morgan

The date of these listing particulars is February 19, 2020

ISABEL MARANT

REBECCA LEIGH
PHOTOGRAPHED BY JUERGEN TELLER



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Important information

We are offering the Notes and the Notes Guarantee of the Post-Closing Guarantor in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes and the Notes Guarantee of the Post-Closing Guarantor have not been recommended by any U.S. federal, state or any non-U.S. securities authorities, nor have any such authorities determined that these listing particulars is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

You are not to construe the contents of these listing particulars as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to the legal, tax, business, financial and related aspects of purchasing the Notes on the Issue Date. You are responsible for making your own examination of the Group and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed these listing particulars and that you have had an opportunity to request any additional information that you need from us.

You should base your decision to invest in the Notes solely on information contained in these listing particulars. No person is authorized in connection with the Offering to give any information or to make any representation not contained in these listing particulars or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchaser.

The information contained in these listing particulars is as of the date hereof and is subject to change, completion or amendment without notice. The delivery of these listing particulars at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the information set forth in these listing particulars or in our affairs since the date of these listing particulars. We undertake no obligation to update these listing particulars or any information contained in it, whether as a result of new information, future events or otherwise, except to the extent required by law.

The information contained in these listing particulars has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchaser, any of the Trustee or the Agents (as defined herein) or their respective directors, affiliates, advisors or agents as to the accuracy or completeness of any of the information set forth in these listing particulars, and nothing contained in these listing particulars is, or shall be relied upon as, a promise or representation by the Initial Purchaser or its respective directors, affiliates, advisors or agents, whether as to the past or the future.

These listing particulars do not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws and regulations that apply to you in any place in which you buy, offer or sell any of the Notes or possess these listing particulars. You must also obtain any consents or approvals that you need in order to purchase any of the Notes. We are not, and the Trustee, the Agents and the Initial Purchaser are not, making any representation to you regarding the legality of an investment in the Notes by you and are not responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under "*Notice to Investors*" and "*Plan of Distribution*." By purchasing the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of these listing particulars. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

We reserve the right to withdraw the Offering at any time. We are making the Offering subject to the terms described in these listing particulars and the purchase agreement relating to the Notes. We and the Initial Purchaser may, for any reason, reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

We accept responsibility for the information contained in these listing particulars. We declare that, having taken all reasonable care to ensure that such is the case, the information contained in these listing particulars is, to the best of our knowledge, in accordance with the facts and does not omit anything likely to affect the import of these listing particulars. However, the content set forth under the headings "*Summary*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources or otherwise prepared by third parties. While we accept responsibility for accurately reproducing such information and data, and, as far as we are aware and are able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading, none of us, the Initial Purchaser, the Trustee or the Agents has independently verified the accuracy of such information and data, and none of us, the Initial Purchaser, the Trustee or the Agents accepts any responsibility in respect thereof.

Application has been made to the Exchange for the listing of the Notes on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. In the course of any review by the competent authority, we may be required (under applicable law, rules, regulations or guidance applicable to the listing of securities or otherwise) to make certain changes or additions to or deletions from the description of our business, financial statements and other information contained in the offering memorandum, dated February 5, 2020, with respect to the Offering of the Notes (the "**Offering Memorandum**") in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in the Offering Memorandum or may require the inclusion of additional information in these listing particulars. We may also be required to update the information in the Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects since the publication of the Offering Memorandum. We cannot guarantee that such application for the admission of the Notes to listing on the Securities Official List of the Exchange will be approved as of the Issue Date or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. Following the listing, these listing particulars will be available at the offices of the Listing Agent (as identified herein). Any investor or potential investor should not base any investment decision relating to the Notes on the information contained in the Offering Memorandum after publication of these listing particulars and should refer instead to these listing particulars.

Furthermore, the information set forth in relation to sections of these listing particulars describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately reproducing the information concerning Euroclear and Clearstream, none of us, the Initial Purchaser, the Trustee or the Agents accepts any responsibility in respect of such information. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of us, the Trustee, and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

We expect that delivery of the Notes will be made against payment on the Notes on or about the Issue Date, which will be nine business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) and ten Euroclear/Clearstream business days following the date of pricing of the Notes (this settlement cycle is referred to as "**T+10**"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of the Offering Memorandum or the following six business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Stabilization

IN CONNECTION WITH THE OFFERING, J.P. MORGAN SECURITIES PLC OR ONE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE "**STABILIZING MANAGER**") MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION***.**"

Notice to U.S. investors

The Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities which does not involve a public offering. You are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. The Notes are subject to certain restrictions on transfer and resale. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Notice to Investors***.**"

These listing particulars are being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be QIBs under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S. The Notes and the Notes Guarantee of the Post-Closing Guarantor described in these listing particulars have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States, or any such securities commission or authority passed upon the accuracy or adequacy of these listing particulars. Any representation to the contrary is a criminal offense in the United States. See "*Notice to Investors***.**"

Notice to certain European and UK investors

Prohibition of sales to certain EEA and UK investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). No key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling any in scope instruments or otherwise making such instruments available to retail investors in the EEA or in the UK has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful.

Neither we nor the Initial Purchaser has authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchaser, which constitute the final placement of the Notes contemplated in these listing particulars.

MiFID II product governance

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; *however*, and without prejudice to the obligations of the Issuer in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

United Kingdom

The Initial Purchaser has represented and agreed that it has:

- only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

These listing particulars are for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (iii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons in (i), (ii), (iii) and (iv) to the extent that doing so does not prejudice lawful distribution of these listing particulars to the foregoing, together being referred to as "**relevant persons**"). These listing particulars are directed only at relevant persons and must not be acted or relied upon by persons who are not relevant persons. Any investment or investment activity to which these listing particulars relate is available only to relevant persons and will be engaged in only with relevant persons.

France

These listing particulars have not been prepared in the context of an offer to the public of financial securities within the meaning of the Prospectus Regulation. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and neither these listing particulars nor any other offering material may be distributed to the public in France.

Notwithstanding the foregoing, the Notes may be offered and sold in France exclusively to a limited number of investors acting for their own account (*cercle restraint d'investisseurs agissant pour compte propre*) in accordance with Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) or to qualified investors (investisseurs qualifiés) as defined by Article 2(e) of the Prospectus Regulation.

Prospective investors are informed that: (i) these listing particulars has not been and will not be submitted for clearance to the *Autorité des marchés financiers* (the "**AMF**"); and (ii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411-1 and L.411-2 of the French Monetary and Financial Code (Code monétaire et financier) and applicable regulation thereunder.

Investors in France and persons into whose possession offering materials come must inform themselves about, and observe, any such restrictions.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

Forward-looking statements

Various statements contained in these listing particulars constitute “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. All statements other than statements of historical fact included in these listing particulars, including, without limitation, statements regarding our future financial position and results of operation, trends or developments affecting our financial condition and results of operation or the markets in which we operate, strategy, outlook and growth prospects, anticipated investments, costs and results, future plans and potential for growth, projects to enhance efficiency, impact of governmental regulations or actions, competition in areas of our business, litigation outcomes and timetables, future capital expenditures, liquidity requirements, capital resources, the successful integration of acquisitions and objectives of management for future operations or plans to launch new or expand existing operations, may be deemed to be forward-looking statements. When used in these listing particulars, the words “believe,” “anticipate,” “should,” “intend,” “assume,” “plan,” “may,” “will,” “expect,” “estimate,” “positioned,” “strategy” and similar expressions may identify these forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These factors include those set forth in the section of these listing particulars captioned “Risk Factors,” which include, among others:

- competitive forces in the global luxury market in which we operate;
- macroeconomic conditions in the global luxury market in which we operate;
- our ability to appeal to the fashion tastes of our customers and to identify or respond to changing fashion trends;
- our ability to maintain our brand image and value to retain existing customers and attract new ones;
- the effect of unfavorable weather;
- reliance on key personnel, including our key designers;
- our ability to manage growing business activities;
- risks relating to our own-store or warehouse operations and leases;
- credit risk exposure to wholesalers;
- our ability to maintain sufficient inventory in our own retail stores;
- risk related to our dependence on third-parties for the manufacture and distribution of our products;
- disruptions at our warehouses or our inability to maintain warehouse leases or outsourcing agreements on terms acceptable to us;
- risks relating to the public perception and reputation of our brands as a result of the failure by our suppliers or manufacturers to comply with applicable laws or recognized ethical standards;
- risks related to our distribution partners;
- operational risks related to our global footprint;

- our ability to maintain competitive marketing in comparison to our competitors;
- risks in relation to e-commerce and online sales;
- our exposure to casualty events in our own retail stores;
- risks related to our insurance coverage and availability of sufficient insurance coverage;
- risks relating to product defects;
- our ability to attract customers to our own-stores and our store locations;
- failures in our IT systems;
- theft or misappropriation of funds, products or customer data;
- risks related to public perception of our brand as a result of negative social media attention and failure to maintain adequate social media coverage and influencers;
- exposure to liability and reputational harm from injury at our own-stores;
- risk of impairment of our assets, such as goodwill;
- risks related to our management of customer data and compliance with European data protection laws;
- our ability to protect our trademarks and other intellectual property;
- our exposure to credit and debit card providers and applicable credit laws;
- risks related to labor laws, strikes and other collective actions;
- risks related to trade regulations and exposure to global trade wars;
- exposure to consumer protection and advertising laws and standards;
- risks related to litigation;
- risks related to taxation in the markets in which we operate;
- risks related to our financing arrangements and corporate governance; and
- risks related to the Notes and any Notes Guarantees.

The risks included here are not exhaustive. Moreover, we operate in a highly competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all such risks related to our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of the Offering Memorandum and, except as required by law or the rules and regulations of any exchange on which the Notes are listed, we assume no obligation to update the forward-looking statements contained in the Offering Memorandum to reflect actual results, changes in assumptions or changes in factors affecting these statements.

We urge you to read carefully the sections of these listing particulars entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate.

Presentation of financial and other information

Financial information

The Issuer was incorporated for the principal purpose of facilitating the IM Reorganization. Prior to the consummation of the IM Reorganization, the Issuer is not expected to engage in any activities other than those in relation to its corporate existence and the Transactions, and its only material assets and liabilities are expected to be its interests in its subsidiaries (and its indebtedness and intercompany balances incurred in connection with the Transactions). We do not present in these listing particulars any financial information or financial statements of the Issuer. All historical financial information included in these listing particulars is that of (i) IM Growth and its consolidated subsidiaries with respect to financial information for the nine-month periods ended September 30, 2019 and 2018, for the year ended December 31, 2018 and for the 19-month period from June 3, 2016 to December 31, 2017 and (ii) IM Production, the primary operating subsidiary within our Group, and its consolidated subsidiaries with respect to financial information for the year ended December 31, 2016.

Unless otherwise stated, these listing particulars include, and the financial information presented in these listing particulars has been derived from, the following financial statements:

- the English language translation of the unaudited condensed interim consolidated financial statements of IM Growth as of and for the nine months ended September 30, 2019 (the "**2019 Unaudited Interim Financial Statements**");

- the English language translation of the audited consolidated financial statements of IM Growth as of and for the year ended December 31, 2018 (the "**2018 Audited Financial Statements**");

- the English language translation of the audited consolidated financial statements of IM Growth as of and for the period from June 3, 2016 to December 31, 2017 (the "**2017 Audited Financial Statements**"); and

- the English language translation of the audited consolidated financial statements of IM Production as of and for the year ended December 31, 2016 (the "**2016 Audited Financial Statements**" and, collectively with the 2018 Audited Financial Statements and the 2017 Audited Financial Statements, the "**Audited Financial Statements**"; the Audited Financial Statements, together with the 2019 Unaudited Interim Financial Statements, the "**Financial Statements**").

The Financial Statements were audited or subject to a limited review as follows:

- the 2018 Audited Financial Statements and the 2017 Audited Financial Statements were audited by PricewaterhouseCoopers Audit ("**PwC**") and NS Associés ("**NSA**"), together the statutory auditors of the Group, as stated in the free English translation of their reports included elsewhere in these listing particulars. The 2019 Unaudited Interim Financial Statements have been subject to a limited review by PwC and NSA; and

- the 2016 Audited Financial Statements were audited by PwC, NSA and Paul Germon et Associés ("**PGA**"), collectively the statutory auditors of the Group as of December 31, 2016, as stated in the free English translation of their report included elsewhere in these listing particulars.

The Financial Statements have been prepared in accordance with generally accepted accounting principles in France ("**French GAAP**").

IM Growth was formed on June 3, 2016 in connection with the Sponsor's acquisition of IM Developpement SAS, the predecessor to IM Growth ("**IM Developpement**"), and its subsidiaries. It closed its first reporting period on December 31, 2017 (i.e. approximately 19 months after its formation). As such, the 2017 Audited Financial Statements contain results of operations for IM Growth for 19 months of operations, and are therefore not comparable to the results of operations of IM Production for the year ended December 31, 2016 (included in the 2016 Audited Financial Statements) or the results of operations of IM Growth for the year ended December 31, 2018 (included in the 2018 Audited Financial Statements).

In order to present a more meaningful comparison, the 2018 Audited Financial Statements include consolidated income statement information (and accompanying notes) for IM Growth covering 12 months of operations from January 1, 2017 to December 31, 2017. In these listing particulars, the consolidated income statement information for IM Growth for the 12 months ended December 31, 2017 is derived from the information covering IM Growth's 12 months of operations from January 1, 2017 to December 31, 2017 (as included in the 2018 Audited Financial Statements), and not from the 2017 Audited Financial Statements, which cover 19 months of operation.

As a result of the 2016 Acquisition and the preparation of the 2017 Financial Statements, no consolidated cash flow statement for a 12-month period of IM Growth was audited by the statutory auditors of the Group. Management has prepared an unaudited consolidated cash flow statement for the 12 months ended December 31, 2017, from which the statement of cash flows financial information for the 12 months ended December 31, 2017 presented in these listing particulars has been derived.

In addition, results for the year ended December 31, 2016 are not comparable with the other periods presented herein due to the capitalization of our design and creation costs and the recharge of our salaries from IM Growth to IM Production. With respect to the capitalization of our design and creation costs, starting from September 2016 in accordance with French GAAP ("**EC 2015-53**" issued by the National Company of Auditors in France (*Compagnie Nationale des Commissaires aux Comptes*)), pursuant to which we began to capitalize our design and creation costs within our intangible assets on the balance sheet (given that our designs generate future economic benefits for our operations). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Comparability of the 2016 Audited Financial Statements with the other Financial Statements presented herein—The capitalization of our design and creation costs*."

With respect to the recharge of salaries from IM Growth to IM Production, IM Growth employs our key managers Anouck Duranteau-Loeper, Sophie Duruflé, Nathalie Chemouny and Marion Marie, and it previously employed our previous CFO. Since September 2016 (in the case of Sophie Duruflé and Nathalie Chemouny), November 2016 (in the case of Anouck Duranteau-Loeper) and June 2017 (in the case of Marion Marie), the salary costs of these key managers have been recharged by IM Growth to IM Production through management fees. As a result, prior to June 3, 2016, certain line items such as personnel costs are not directly comparable as between the 2016 Audited Financial Statements and the other Financial Statements. See "*Management*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Comparability of the 2016 Audited Financial Statements with the other Financial Statements presented herein—The recharge of our salaries from IM Growth to IM Production*."

The financial information included in these listing particulars is not intended to comply with the requirements of Regulation S-X under the Securities Act and the rules and regulations of the SEC promulgated thereunder.

Differences between French GAAP and IFRS

We include in these listing particulars financial information prepared under French GAAP. French GAAP differs in significant respects from International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the EU ("**IFRS**"). Given the differences between French GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of French GAAP, we cannot guarantee that there could not be substantial differences in our results of operations, cash flows and balance sheet, including levels of indebtedness. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between French GAAP and other systems of generally accepted accounting principles and how those differences might affect the financial information included in these listing particulars; and (ii) the impact that future additions to, or amendments of, French GAAP may have on the financial information presented in these listing particulars, results of operations and/or financial condition, as well as on the comparability of prior periods. For a discussion of certain differences between French GAAP and IFRS as applied by us, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Certain Differences between French GAAP and IFRS*."

Information related to the IM Reorganization

The IM Reorganization will be accounted for using the acquisition method of accounting under French GAAP, which will affect the comparability of our future consolidated financial statements with the Financial Statements and other financial information contained in these listing particulars. Under the French Committee of the Accountancy Regulation (*Comité de la Réglementation Comptable*) 99-02 § 210 and § 211, the cost of an acquisition is measured as the fair value of the consideration paid, and is allocated to the acquired assets and liabilities on the basis of their fair value. The rest of the cost of such acquisition will be allocated to goodwill. Any excess of acquired assets and liabilities over the consideration paid ("bargain purchase") is recognized in the income statement as a single charge or spread out over time in case of insufficient profitability of the acquired entity. Acquisition-related costs are capitalized as share acquisition costs in the balance sheet. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The value of any non-controlling interest is measured as the corresponding value such interest represents in the fair value of the identifiable assets and liabilities as of the acquisition date. See "*Risk Factors—Risks Related to Our Financial Condition—We may be required to recognize impairment charges related to goodwill, identified intangible assets and fixed assets that would reduce our reported assets and earnings*."

Since the IM Reorganization has not been consummated as of the date of these listing particulars, we have not identified the fair value of assets acquired and liabilities to be assumed at the date of the IM Reorganization. The application of acquisition accounting will significantly affect our balance sheet as compared to amounts reported as of September 30, 2019 and included elsewhere in these listing particulars, particularly with respect to amounts relating to goodwill and other intangible assets. Also, as a result of the Transactions, amounts relating to equity balances or indebtedness will be significantly different to those reported as of September 30, 2019. Our post-IM Reorganization results will be affected by the application of acquisition accounting and effects of the Transactions, particularly with respect to amortization, depreciation and interest expense. Accordingly, our future consolidated financial statements could be materially different from the Financial Statements and other financial information included in these listing particulars once the adjustments are made. In accordance with French GAAP, we have up to one year from the date of completion of the IM Reorganization to finalize the allocation.

Other historical financial information

Certain financial information and operating data presented in these listing particulars have been excerpted from, prepared or calculated based on sources other than the Financial Statements, such as management accounts and schedules prepared on the basis of accounting records in relation to the Group. Such information and data has not been subject to any audit or review procedures carried out by our statutory auditors.

Non-GAAP financial measures

These listing particulars contain various financial measures and ratios that are not presented in accordance with French GAAP (collectively, "**Non-GAAP Measures**"). We present these Non-GAAP Measures because we believe that these and similar measures are widely used by certain investors as supplemental measures of performance and liquidity, and that this information, along with comparable French GAAP measures, is useful to these investors because it provides a basis for measuring and comparing our operating performance with other companies across the periods presented.

We present Non-GAAP Measures for informational purposes only. This information does not purport to represent the results we would have achieved had any of the transactions for which an adjustment is made occurred at the beginning of the periods presented or as of the dates indicated. Such measures and ratios may not accurately reflect our performance, liquidity or our ability to incur debt and may have limitations as analytical tools, and should not be considered as alternatives to operating profit or net profit or any other performance measures derived from or in accordance with French GAAP, IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating activities. The Non-GAAP Measures contained in these listing particulars are not intended to comply with the reporting requirements of the SEC, will not be subject to review by the SEC and certain measures would be prohibited from inclusion in documents furnished or filed with the SEC. These amounts have not been, and, in certain cases cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our financial condition or results of operations for the periods presented and should not be relied upon when making an investment decision.

Furthermore, some of the limitations of EBITDA-based Non-GAAP Measures are that:

- they do not reflect our cash expenditures or future requirements for capital investments or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements;

- other companies in our industry and analysts may calculate these measures differently than we do, limiting their usefulness as comparative measures; and

- our calculation and presentation of EBITDA measures in these listing particulars is different from the calculation of Consolidated EBITDA contained in the section entitled "*Description of the Notes*" of these listing particulars and the Indenture. Accordingly, the EBITDA measures presented in these listing particulars do not provide precise indications as to the level of our adherence to the terms of the Indenture.

For an explanation and reconciliation of certain of these Non-GAAP Measures to the most directly comparable French GAAP measure, see "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

We present the following Non-GAAP Measures in these listing particulars:

- **EBITDA**. We define EBITDA as net operating income for the period before amortization of intangible assets and depreciation of property, plant and equipment.

- **EBITDA margin**. We define EBITDA margin as the ratio of EBITDA for the period to net sales for the corresponding period, expressed as a percentage.

- **LTM Adjusted EBITDA**. We define LTM Adjusted EBITDA as EBITDA adjusted for the effects during the 12 months ended September 30, 2019 of: (i) currency fluctuations; (ii) rents owed during the refurbishment of our Broome Street own-store in New York City (scheduled to reopen in 2020); (iii) bonuses payable to our managing directors; (iv) changes in inventory mark-ups related to the capitalization of our design and creation costs; (v) fees incurred in connection with our non-recourse factoring arrangements; (vi) certain operating foreign exchange gains; and (vii) certain run-rate adjustments to related to stores in our own-retail network not opened during the full 12-month period. For a reconciliation of our EBITDA to LTM Adjusted EBITDA for the 12 months ended September 30, 2019, see footnote (5) under "*Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

  LTM Adjusted EBITDA is not intended to be a projection, estimate or guarantee of performance regarding EBITDA generation for the year ending December 31, 2019 or any other future period, which may be affected by the pace of own-store openings, competitive dynamics, basket size and the product and channel sales mix. Investors should note that EBITDA is not uniformly or legally defined and is not a recognized indicator under French GAAP. Other companies in our industry may calculate EBITDA differently, make different adjustments or employ other run-rate estimations, and consequently our presentation of these figures may not be readily comparable to other companies' figures and must be read in conjunction with the discussion of gross margin and operating cash flows included elsewhere herein and in our consolidated financial statements. The LTM Adjusted EBITDA information presented herein is for informational purposes only and undue reliance should not be placed upon it when evaluating an investment decision. See "*Risk Factors—Risks Related to Our Financial Condition—The non-GAAP financial information presented in these listing particulars may not reflect what our actual results of operations would have been for the periods presented and may not be indicative of our future operating performance*."

- **LTM Adjusted EBITDA margin**. We define LTM Adjusted EBITDA margin as the ratio of LTM Adjusted EBITDA for the period to net sales, adjusted to reflect the impact of the run-rate adjustments included in LTM Adjusted EBITDA and income from ancillary activities for the corresponding period, expressed as a percentage.

LTM information

These listing particulars contain certain unaudited financial information of the Group for the 12 months ended September 30, 2019 ("**LTM 2019**"), which has been calculated by adding the Group's results of operations for the nine months ended September 30, 2019 to the results of operations for the year ended December 31, 2018, and subtracting the results of operations for the nine months ended September 30, 2018. As our financial year ends on December 31, the presentation of this information is not made in accordance with French GAAP. We present this data as it is the basis for certain ratios and financial information included in these listing particulars that we believe is useful as supplemental measures for investors in assessing the impact of the Transactions and our ability to incur and service our debt, including the Notes. This data is not necessarily indicative of the results that may be expected for the year ended December 31, 2019, and should not be used as the basis for, or prediction of, an annualized calculation.

As adjusted financial information

We present in these listing particulars certain as adjusted financial data to give effect to the Transactions, as if they had occurred on September 30, 2019 (in the case of balance sheet data), or October 1, 2018 (in the case of income statement data). The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited in accordance with any generally accepted auditing standards.

Rounding

Certain numerical figures set out in these listing particulars, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in these listing particulars may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in these listing particulars, as applicable, and not using the numerical data in the narrative description thereof.

Market and industry data

It is difficult to obtain precise industry and market information in our industry. These listing particulars contain market data and certain economic and industry data and forecasts pertaining to our business, as well as statements regarding our market position in the markets in which we operate. Unless otherwise indicated, such information is based on our analysis of multiple sources, including internal surveys, market research, government and other publicly available information, reports prepared by consultants and independent industry publications, including an industry report produced by leading third-party management and consultancy firms, which is subject to periodic updates (the "**Market Report**"). Unless otherwise indicated, all references to the Market Report in these listing particulars are to the most recent version published in 2019.

We believe the information obtained from these sources has been accurately reproduced, and we are not aware of any facts that have been omitted which would render the reproduced information provided inaccurate or misleading. Nevertheless, industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. Subject to the foregoing, neither us nor the sources of such information assume any liability for, or offer any guarantee of, the accuracy of the data in the studies and third-party sources contained in these listing particulars or for the accuracy of data on which estimates are based. In particular, market studies and analyses are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is by nature forward-looking and speculative.

Similarly, internal company analyses and surveys, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor the Initial Purchaser makes any representation as to the accuracy of such information. In addition, certain information presented in these listing particulars regarding the market position of the Group and its competitors reflects management's best estimates based upon information obtained from leading third-party consultancy firms, trade and business organizations, observations of the marketplace informed by management's experience of our industry and the markets in which we are present as well as information published by our competitors. While we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchaser can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data.

While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk Factors*" section in these listing particulars.

Trademarks and trade names

We own or have rights to trademarks, service marks, copyrights and trade names that we use in conjunction with the operation of our business, many of which are registered under applicable intellectual property laws. Solely for convenience, trademarks and trade names referred to in these listing particulars may appear without the "®" or "™" symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names.

These listing particulars also include trademarks, service marks and trade names of other companies. Each trademark, service mark or trade name of any other company appearing in these listing particulars belongs to its holder. Use or display by us of other parties' trademarks, service marks or trade names is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the trademark, service mark or trade name owner.

Certain definitions used in these listing particulars

Unless indicated otherwise in these listing particulars or the context requires otherwise, each reference to:

- “**2016 Acquisition**” means the acquisition of the Group by the Sponsor on July 21, 2016;
- “**Agents**” means, collectively, each Paying Agent, the Registrar, the Transfer Agent, the Security Agent and the Listing Agent, each as identified on the back inside cover of these listing particulars;
- “**Agreed Security Principles**” means the Agreed Security Principles included in the Indenture and summarized in “*Description of the Notes—Security*,” as applied in good faith by the Issuer;
- “**Clearstream**” means Clearstream Banking, S.A., or any successor thereof;
- “**CNY**” means the Chinese Yuan, the lawful currency of the People’s Republic of China;
- “**Collateral**” has the meaning set forth in “*Summary—The Offering—Security*”;
- “**EEA**” means the European Economic Area;
- “**EU**” means the European Union (unless stated otherwise, such term includes the United Kingdom);
- “**euro**,” “**€**” or “**EUR**” refers to the single currency of the Member States of the EU participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- “**Euroclear**” means Euroclear Bank SA/NV or any successor thereof;
- “**Exchange**” means the Luxembourg Stock Exchange;
- “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended;
- “**Existing Intercompany Loan**” means the shareholder loan facility entered into on July 21, 2016 between IM Création, as lender, and IM Growth, as borrower, as amended on March 31, 2017 and which, following the Transactions, will be an obligation of IM Growth owing to the Issuer, as further described in “*Summary—The Transactions—The Financing Transactions*”;
- “**Existing Senior Facilities**” means the €58.5 million of senior term loans (excluding accrued and unpaid interest and fees) outstanding as of September 30, 2019 under the Existing Senior Facilities Agreement;
- “**Existing Senior Facilities Agreement**” means the senior term loan agreement, dated as of July 21, 2016, among, inter alios, IM Growth, Banque Populaire Rives de Paris and Société Générale, as mandated lead arrangers;
- “**F/W**” means the Fall/Winter season for the year indicated;
- “**Financing Transactions**” has the meaning set forth in “*Summary—The Transactions—The Financing Transactions*”;
- “**French GAAP**” means GAAP in France;

- "**GAAP**" means generally accepted accounting principles;
- "**GBP**" or "**£**" means the British pound sterling, the lawful currency of the United Kingdom;
- "**Guarantors**" means, collectively, the Post-Closing Guarantor and any future subsidiary of the Issuer that provides a Notes Guarantee;
- "**HKD**" means Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China;
- "**IFRS**" means the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the EU;
- "**IM Création**" means IM Création SARL, a *société à responsabilité limitée* organized under the laws of France under number 798 681 532 RCS Paris, with its registered office at 50, rue Croix des Petits Champs, 75001 Paris;
- "**IM Growth**" means IM Growth SAS, a *société par actions simplifiée* organized under the laws of France under number 820 719 482 RCS Paris, with its registered offices at 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris;
- "**IM Managers**" means IM Managers SAS, a *société par actions simplifiée* organized under the laws of France under number 820 749 331 RCS Paris, with its registered office at 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris;
- "**IM Production**" means IM Production SAS, a *société par actions simplifiée* organized under the laws of France under number 403 243 058 RCS Paris, with its registered office at 50, rue Croix des Petits Champs, 75001 Paris;
- "**IM Reorganization**" has the meaning set forth in "*Summary—The Transactions—The IM Reorganization*";
- "**Indenture**" means the indenture governing the Notes, to be dated the Issue Date, among, *inter alios*, the Issuer, the Trustee and the Security Agent, as amended, restated or otherwise modified or varied from time to time;
- "**Initial Purchaser**" means J.P. Morgan Securities plc;
- "**Intercreditor Agreement**" means the Intercreditor Agreement, to be dated on or about the Issue Date, among, inter alios, the Issuer, the Trustee and the Security Agent, as further described in "*Description of Certain Financing Arrangements—Intercreditor Agreement*";
- "**Issue Date**" means the date of the original issuance of the Notes offered hereby;
- "**Issuer**" means IM Group SAS, a *société par actions simplifiée* organized under the laws of France under number 880 031 851 RCS Nanterre, with its registered office at (i) prior to the Issue Date, 47 Rue Marcel Dassault, 92514 Boulogne-Billancourt Cedex and (ii) on and after the Issue Date, 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris;
- "**Member State**" means a member state of the EEA;
- "**Notes**" means the €200.0 million aggregate principal amount of 6.625% Senior Secured Notes due 2025 offered hereby;

- “**Notes Guarantee**” means a guarantee of the Notes by a Guarantor;
- “**NOK**” means the Norwegian Krone, the lawful currency of the Kingdom of Norway;
- “**Offering**” means the offering of the Notes and the Notes Guarantee of the Post-Closing Guarantor pursuant to the Offering Memorandum;
- “**Offering Memorandum**” means the offering memorandum, dated February 5, 2020, with respect to the Offering;
- “**Paying Agent**” means one or more persons authorized by the Issuer to pay the principal of (and premium and Additional Amounts, if any) or interest on any Note on behalf of the Issuer, including the Principal Paying Agent;
- “**Post-Closing Date**” means the date on which the Note Guarantee is granted, which in no case shall be later than 30 days after the Issue Date;
- “**Post-Closing Guarantor**” means IM Growth;
- “**Post-IM Reorganization Mergers**” has the meaning set forth in “*Summary—The Transactions—The Post-IM Reorganization Mergers*”;
- “**Principal Paying Agent**” means The Bank of New York Mellon, London Branch;
- “**Proceeds Loan**” means the intercompany loan to be made available on or around the Issue Date by the Issuer to IM Growth, which is described in more detail under “*Description of Certain Financing Arrangements—Proceeds Loan*;”
- “**S/S**” means the Spring/Summer season for the year indicated;
- “**SEC**” means the U.S. Securities and Exchange Commission;
- “**Securities Act**” means the U.S. Securities Act of 1933, as amended;
- “**Security Agent**” means BNY Mellon Corporate Trustee Services Limited, as security agent under the Indenture and the Intercreditor Agreement;
- “**Security Documents**” has the meaning set forth in “*Description of the Notes—Certain Definitions*”;
- “**Sponsor**” or “**Montefiore**” means Montefiore Investment SAS and certain funds, investment vehicles and accounts managed or advised by it or its affiliates and its co-investors;
- “**Topco**” means Smile Group SAS, a *société par actions simplifiée* organized under the laws of France under number 880 047 683 RCS Nanterre, with its registered office at (i) prior to the Issue Date, 47 Rue Marcel Dassault, 92514 Boulogne-Billancourt Cedex and (ii) on and after the Issue Date, 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris;
- “**Transactions**” has the meaning set forth in “*Summary—The Transactions*”;
- “**Trustee**” means BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee for the holders of the Notes;
- “**United Kingdom**” or “**U.K.”** means the United Kingdom of Great Britain and Northern Ireland;

- "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and

- "**U.S. dollars**," "**dollars**," "**$**" or "**USD**" means the lawful currency of the United States.

In addition to the terms defined above, the terms "**Group**," "**we**," "**our**" and "**us**" mean the Issuer and its direct and indirect subsidiaries, which term shall, for periods prior to the IM Reorganization, be understood to refer to IM Growth and IM Production and their direct and indirect subsidiaries, as the context may require.

Exchange rate information

The table below sets forth, for the periods and dates indicated, the period end, average, high and low exchange rates, as published by Bloomberg Composite Rate (London), expressed in $ per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The below rates may differ from the actual rates used in the preparation of our consolidated financial statements and the other financial information appearing in **these listing particulars**. Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such U.S. dollar amounts, or that such amounts would have converted at a particular rate, if at all.

The Bloomberg Composite Rate of the euro on February 4, 2020 was $1.1039 per €1.00.

	$ per €1.00			
	High	**Low**	**Average**(1)(2)	**Period End**
Year				
2015	1.2099	1.0492	1.1032	1.0866
2016	1.1527	1.0384	1.1034	1.0547
2017	1.2026	1.0427	1.1391	1.2022
2018	1.2492	1.1245	1.1782	1.1452
2019	1.1533	1.0903	1.1183	1.1229
Month				
August 2019	1.1227	1.0988	1.1128	1.0988
September 2019	1.1076	1.0903	1.1010	1.0903
October 2019	1.1158	1.0938	1.1058	1.1146
November 2019	1.1162	1.0999	1.1047	1.1016
December 2019	1.1229	1.1118	1.1112	1.1229
January 2020	1.1214	1.1005	1.1104	1.1083
February 2020 (to February 4)	1.1059	1.1039	1.1049	1.1039

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

(2) The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

Summary

This summary highlights information from these listing particulars. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read these listing particulars carefully in its entirety, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Industry," as well as our consolidated financial statements and the notes thereto included elsewhere in these listing particulars. See the section entitled "Risk Factors" for factors that you should consider before investing in the Notes and the section entitled "Forward-Looking Statements" for information relating to the statements contained in these listing particulars that are not historical facts.

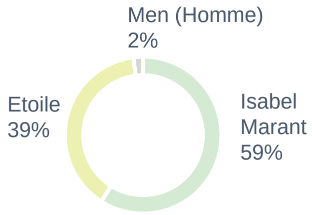
Overview

We are an iconic French brand designing and distributing luxury ready-to-wear and accessories positioned in the advanced designer luxury segment. Championing an effortless Parisian aesthetic with a romantic and bohemian edge, our brand has achieved global appeal and is credited with making the "Parisian cool girl" look globally desirable. Strengthened by this unique positioning, we have captivated a worldwide audience of women (and now men) of all ages by making them feel cool and empowered while wearing our products. We are one of the few French luxury houses founded in the past 25 years that has achieved international recognition and strong credibility by employing our unique "Boho French chic" fashion statement. Our credibility as a global luxury fashion-setting brand has been endorsed by noted authorities in fashion media and chosen by top celebrities in each of our primary geographies. We are members of the *Fédération de la Haute Couture et de la Mode* and have been a constant staple at Paris Fashion Week, where we showcase our new collections, since 1994. We are well positioned among advanced designer luxury brands thanks to our strong luxury proposition underpinned by our unwavering adherence to our brand's heritage.

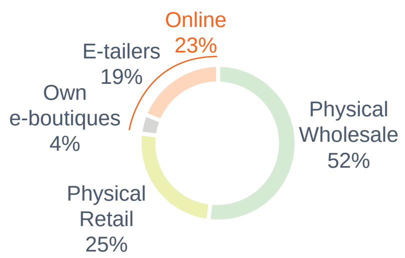
We design luxury ready-to-wear, shoes and accessories through two main product lines: "Isabel Marant" ("**IM**") and "Isabel Marant Étoile" ("**Étoile**"), and we have recently released our exclusive men's collection "Isabel Marant Homme" ("**Homme**") in 2017. Our product ranges comprise high quality womenswear and menswear, shoes, leather goods and accessories and jewelry. Our design house is often credited by the media (including primary fashion authorities such as Vogue) with popularizing the bohemian ready-to-wear "Parisian cool girl" look, which underpins everything we produce for our female customers and remains the cornerstone of our business philosophy. More than just our unique, chic and innovative designs created by our skilled in house design team, we are constantly striving to offer our customers a superior luxury purchase brand experience, including targeted, high-quality media and promotional campaigns, premium doors across our wholesale and retail distribution networks and a personalized shopping experience in our own-stores.

12 months ended September 30, 2019

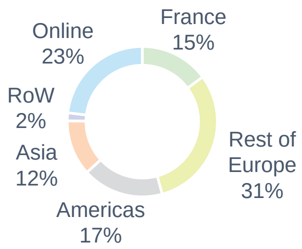
Net sales by line



Net sales by channel



Net sales by geography



Within our ready-to-wear lines, which accounted for approximately 70% of our net sales in the 12 months ended September 30, 2019, the majority of our products sold for between €400 and €850 per product within our IM line and between €200 and €400 within our Étoile and Homme lines. In the 12 months ended September 30, 2019, we generated net sales of €178.1 million, generating an EBITDA margin of 30.6%. In addition, on a run-rate adjusted basis, our LTM Adjusted EBITDA for the 12 months ended September 30, 2019 was €60.0 million, generating a LTM Adjusted EBITDA margin of 31.7% from approximately 850 doors (including our distribution partners) in over 60 countries. While we have a strong French heritage, sales from our French operations stabilized at 14.7% of our net sales in the 12 months ended September 30, 2019, which we believe demonstrates our success as a truly global luxury brand. Driven by this success, we have expanded into other European markets in addition to the Americas (principally the United States) and Asia, for which our net sales in the 12 months ended September 30, 2019 represented 30.7%, 17.4% and 11.9% (9.4% excluding China) of net sales respectively, with the rest of world and e-commerce (across both wholesale and retail) making up the remaining 1.7% and 22.6%, respectively.

We design, market and sell our ready-to-wear creations under the IM, Étoile and Homme lines, in addition to our shoes, leather goods and accessories and jewelry products, catering to a broad and global customer base in the advanced designer luxury market. We believe that our Parisian heritage is an integral source of inspiration for our design aesthetic and a cornerstone of our brands' positioning. IM and Étoile are complementary, yet individual, distinct lines, each firmly grounded in their own distinct identity and product offerings, allowing us to diversify our business activities while benefiting from IM's high-end luxury brand image, a shared global platform and an optimized supply chain. We use our key brand values—authenticity, openness and complicity with the "Parisian cool girl" aesthetic—to guide our creative, approach, while vigilantly catering to our customers' preferences by drawing upon the expertise of our in-house design and development team of 50 persons. Our designs are meticulously prototyped and patterned for production by our in-house workshop (*atelier)* of 38 prototypists, pattern makers and tailors, to maximize creative support and ensure the highest standard of production quality and supplier base flexibility. We believe that our focus on creating fashion-setting, luxury products that epitomize our brand philosophy is the foundation for our success in carving-out a large and loyal customer base while maintaining the quality and distinctiveness of our lines and brand position.

We also design luxury garments for men through our new Homme line focused on the "Parisian cool guy" aesthetic. We believe our advanced designer luxury offerings both insulate our business to some extent from fashion risk and have delivered results that have consistently outperformed the market.

Our strengths

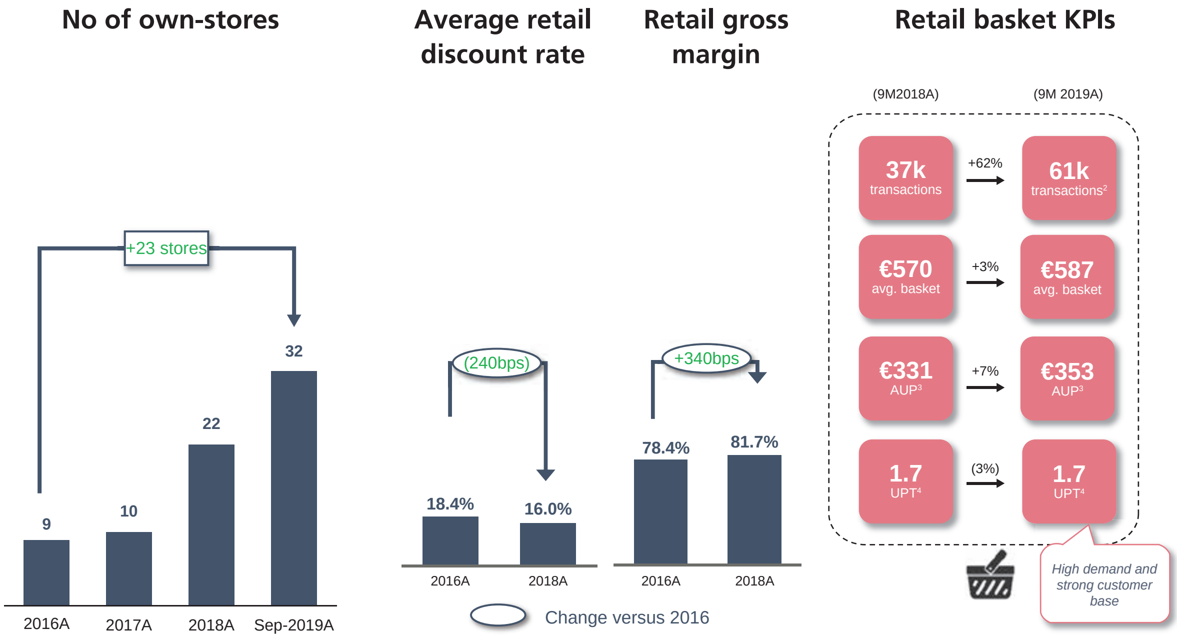
We believe we benefit from the following competitive strengths and key credit highlights.

One-of-a-kind luxury brand with a distinctive identity

We are an iconic French brand designing and distributing luxury ready-to-wear and accessories positioned in the advanced designer luxury segment within the growing personal luxury goods market. The personal luxury goods market has increased in size from €159 billion in sales in 2008 to €281 billion in sales in 2019, representing a compound annual growth rate ("**CAGR**") of approximately 5%, and is expected to continue to expand at this rate to reach up to €375 billion in sales by 2025. We believe that as a result of Isabel Marant's differentiated brand positioning within the advanced designer luxury segment of personal luxury goods, our net sales growth from 2008 to 2018 has outperformed this market growth, recording a CAGR of 18%.

Championing an effortless Parisian aesthetic with a romantic and bohemian edge, our brand has achieved global appeal and is credited with making the "Parisian cool girl" look globally desirable. With the launch of Homme in 2017, we have also begun expanding our customer focus to include men to whom Homme's "Parisian cool guy" aesthetic would appeal. We believe our success at achieving international appeal and recognition of our brand and lines is reflected in our customer social media engagement. On Instagram, one of our key social media platforms, we achieved an engagement rate (defined as the ratio of "likes" and comments on Instagram posts to number of Instagram followers) of 0.4% in September 2019 (above certain other luxury brands such as Gucci (0.3%) and Chloé (0.2%)). Our brand also generates a high-level of celebrity and influencer support to whom we occasionally gift our merchandise (with over 35 celebrities choosing to wear our products publicly).

Retail KPIs(1)



(1) Own retail network only, excluding our own e-boutiques and outlets. All euro figures are shown inclusive of VAT.

(2) For the 12 months ended September 30, 2019, total number of transactions totaled approximately 75,000.

(3) Reflects average unit price.

(4) Reflects units per transaction.

Our consistent and successful track record of setting fashion trends has strengthened our brand equity, allowing us to maintain high pricing power and low discounts. The average retail discount rate of our products has decreased by 2.4% (excluding our own e-boutiques) from an already low base of 18.4% for the year ended December 31, 2016 to 16.0% in the year ended December 31, 2018, while retail gross margin improved 3.4 percentage points the same period. Meanwhile, the average unit price of our products increased 6.6% from €331 for the nine months ended September 30, 2018 to €353 for the same period in 2019. Additionally, the average customer basket size in our own retail channel (excluding our own e-boutiques and outlets) for all product lines combined, net of returns, also increased over the same period, from approximately €570 for the nine months ended September 30, 2018 to €587 for the same period in 2019. As a result of our ability to command high price points and low discounts, we have been able to increase our gross margins despite the expansion of our retail network from nine stores as of December 31, 2016 to 32 own-stores as of September 30, 2019, further evidencing the scalability and favorable economics of our store concept.

Diversified business model with wholesale and physical store networks in premium locations of global fashion capitals

We operate a diversified business model across geographies, lines, product categories and sales channels, which we believe provides resiliency to our business. We maintain a global footprint with presence across key international cities in over 60 countries. For the 12 months ended September 30, 2019, excluding e-tailer and our own e-boutique sales, 85.2% of our net sales were generated outside of France, our heritage market, with 30.7% of net sales generated in Europe (excluding France), 17.4% generated in the Americas (principally the United States), 11.9% of net sales generated in Asia (including China, Japan and South Korea) and 1.7% generated in the rest of the world. Complementing our international presence, we sell our luxury ready-to-wear, shoes, leather goods and accessories and jewelry through our wholesale and retail distribution networks, including online e-commerce platforms that span both.

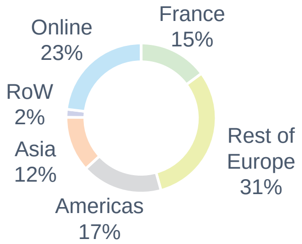
Our wholesale channel, which generated 51.7% of our net sales for the 12 months ended September 30, 2019 (71.2% including wholesale e-tailers), consists of prominent multi-brand and department stores, as well as our distribution partners, all of whom buy stock from us directly at wholesale prices for resale to end consumers and thus generate the retail margins. We also have partnerships with third-party online e-tailers, such as Net-à-Porter and Mytheresa, which helps strengthen our brand image and heightens our international exposure.

Our own retail channel includes brick-and-mortar stores, concessions in department stores (e.g., Galeries Lafayette Haussmann) and our two outlet stores, in addition to our own e-boutiques. For the year ended December 31, 2018, these physical retail stores (with an average store size of 127 square meters) allowed us to generate an average of €17,000 in sales per square meter (excluding retail own-stores not open for the full year ended December 31, 2018 and e-retail sales), with our best performing retail stores generating €33,000 per square meter. Our own-stores implement the Isabel Marant design concept and standards across Europe, the United States and China. In addition, we have a rigorous selection process in choosing to open retail own-stores, which we believe has historically delivered strong results. For example, we had targeted net sales from new retail own-stores opened in 2018 of €9.0 million, which we exceeded within the first year with net sales of €9.1 million (a 2.0% increase from target). For the 12 months ended September 30, 2019, these stores generated net sales of €9.5 million (a 3.7% increase in net sales from those same retail own-stores' first 12 months of operations). We believe this demonstrates our success in achieving profitable ramp-up from our retail own-stores, further supporting our run-rate annualization adjustment to EBITDA for recently opened stores.

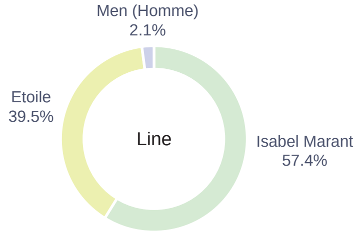
We also launched our own isabelmarant.com e-boutique in 2017 and, more recently, a T-mall store to address growing demand in China. For the nine month period ended September 30, 2019, we received over 4.1 million unique visits to our own e-boutiques (representing an increase of approximately 40% from the same period in the previous year), of which approximately 73% were unpaid visitors (representing an increase of approximately 3% from the same period in the previous year), with a conversion to sales rate of approximately 0.8% and an average order value of €378 per order (representing an increase of approximately 7% from the previous year). Overall, online sales across our wholesale and own retail channels represented 22.6% of our net sales for the 12 months ended September 30, 2019.

12 months ended September 30, 2019

Net sales by geography

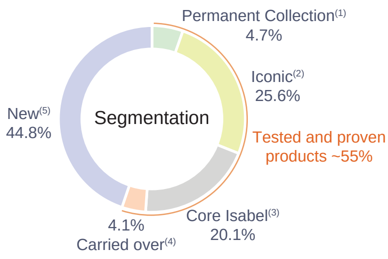


Net sales by line



Net sales by product category

Net sales by product type



(1) Permanent collection reflects certain signature permanent pieces produced year-on-year.

(2) Iconic pieces are produced every year from the same garment "shape" and fabric, with stylistic variations.

(3) Core Isabel pieces are produced every year based on a common "shape," with variations in fabric, materials, design and style.

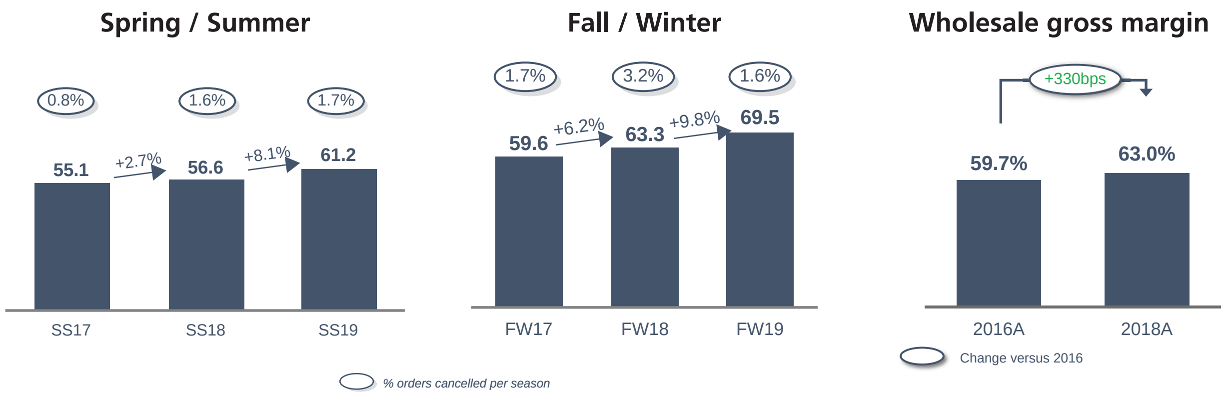
(4) Carried over pieces reflect pieces that sold particularly well in one season and were therefore continued in a following season.

(5) New pieces are designed and produced new each year as part of our seasonal collections.

We sell our products through two main product lines, IM and Étoile, allowing us to target a broad base of customers with whom our advanced design products can resonate, and we have recently released our exclusive men's collection Homme in 2017. Our product offering is further diversified outside of our core ready-to-wear category through the sale of women's shoes, leather goods and other accessories, representing 20.4%, 6.3% and 3.0% of our net sales for the 12 months ended September 30, 2019, respectively. While we maintain a "total look" offering through our various lines and product categories, we mitigate against fashion risk by deploying products that are "tested and proven," and we mitigate against product concentration risk by maintaining diverse and desirable product offerings. Over half of the net sales generated in any given season is derived from pieces that comprise "Iconic" and "Core Isabel" products based on an existing pattern, with variations in style, fabric and material or are repurposed from previously well-performing models, permanent collection pieces or carried over production runs of best-sellers, while less than 10% of our total order value for the 2019 F/W and S/S seasons was derived from our top 10 products by sales. As a result, for the 12 months ended September 30, 2019, we estimate our full retail sales equivalent was approximately €290 million (based on prices in Europe and an assumed mark-up of 2.3 times, excluding VAT and average discount on retail sales). While preserving our heritage and remaining true to our brand identity, we continue to innovate, responding to the demands of our clientele by addressing the changing nature of customers demand.

Wholesale proposition with flexibility, sales visibility and negligible inventory risk

Our wholesale channel allows us to reach customers through multiple doors across the globe, including some of the most prestigious department stores, multi-brand stores and online e-tailers. For the F/W 2019 purchasing season, our wholesale customer base included 625 wholesale clients, which distributed our products through 849 doors. We also have agreements in place that provide for the exclusive right to sell our products in specific regions through dedicated mono-brand stores that are managed and operated by our distribution partners in regions that we consider too specific and/or remote to operate directly. We believe the growth in wholesale gross orders per season (from €55.1 million in S/S 2017 to €61.2 million in S/S 2019 and from €59.6 million in F/W 2017 to €69.5 million in F/W 2019) and very low cancellation rates (1.7% in S/S 2019 and 1.6% in F/W 2019), coupled with strong wholesale gross margins (which increased 3.3 percentage points from the year ended December 31, 2016 to the year ended December 31, 2018), confirm the success of our business model. We have a loyal customer base reflected in our approximately 89% retention rate in S/S 2019 vs. S/S 2018 and approximately 90% retention rate in F/W 2019 vs. F/W 2018.



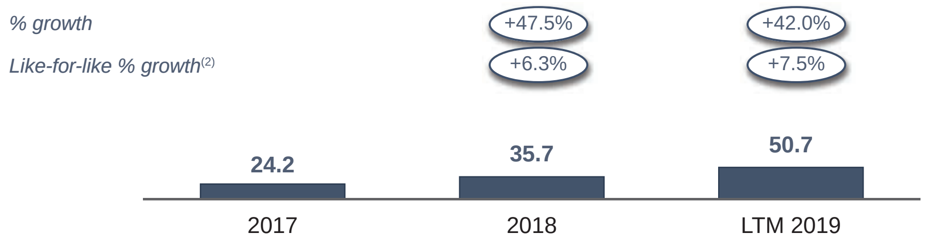
Our wholesale channel has a number of attractive features due to the fact that we only produce merchandise based on confirmed orders (giving us revenue visibility and virtually no inventory risk) and that our clients order four to six months prior to delivery so that by the end of July, we know our wholesale net sales for the year. As an illustration, €27 million of net sales (based on S/S 2020 gross orders) from our wholesale customers has already been secured for 2020. Further, we bear virtually no inventory risk as sales to wholesalers are made on a final-sale basis and once delivered, we have very limited obligations to recognize stock returns. As there are no commercial conditions attached to our orders (e.g., no sell-through, performance or other forms of guarantee) we retain a significant degree of flexibility. At the same time we continue to exercise control of our production, due in large part to our long-standing relationship with suppliers and our ability to predict our production with a degree of certainty based on final wholesale gross orders. We believe our pricing strategy, through which we adapt our prices depending on the geography and production cost, has allowed us to keep stable gross margins.

We carefully curate our wholesale distribution network and actively manage our brand image and positioning, by providing wholesalers with recommended prices based on an internal geopricing strategy and mark-down schedules to ensure consistency of our products' price positioning globally. We also monitor wholesalers' continued adherence to our pricing policy. To ensure the continuity of our brand image and policies, we only repeat business with wholesale commercial partners that act in line with our requirements. For the F/W 2019 season, our average order per door was €82,000 and our average order per wholesale customer was €111,000, demonstrating consistent increase in these metrics since 2017.

Successful track record in developing direct-to-consumer channels

We have a successful track record in developing our own retail distribution channel. We operate today through a high-quality network of 27 own-stores, complemented by two outlets and three concessions in Galeries Lafayette Haussman. The number of own-stores that we operate has increased from nine to 32 own-stores between December 31, 2016 and September 30, 2019. Since our first store opening, we have adopted an efficient and prudent approach, focusing on providing a curated experience to our customers that reinforces the Isabel Marant image while preserving robust store economics. The success of our own retail store openings is reflected in a short payback period (measured as the length of time it takes to recoup initial capital expenditure on new store openings), ranging between 6 to 16 months on average for our stores globally, with a faster payback period between 8 to 11 months for China. The sales performance of our recent store openings have met, and in some cases exceeded, their initial 12 month budget, with continued sales growth in the last 12 months. Our own retail network, including our own e-boutique activity, has recorded like-for-like net sales growth of 6.3% in the year ended December 31, 2018 and 7.5% in the 12 months ended September 30, 2019.

Own retail sales (in € millions)(1)



(1) Includes sales from our own e-boutiques.

(2) Includes like-for-like growth from our own e-boutiques.

Our most recent openings have also shown success in their early performance, generating an average store EBITDA margin (defined as the ratio of EBITDA generated by each of our own-stores excluding head office EBITDA to net sales for the period, expressed as a percentage) of approximately 33% in the 12 months ended June 30, 2019, confirming the potential to roll-out our proven store concept.

Our own physical retail network is complemented by our own fast-growing e-boutiques. Our own e-boutique isabelmarant.com, launched in June 2017, was developed in partnership and operated in conjunction with YNAP, while our isabelmarant.tmall.com platform, launched in 2019, is hosted by T-mall and operated in partnership with Ibaiqu. Our own e-boutiques enable us to be fully operational across ten currencies with a global delivery platform in seven languages. Our own e-boutiques accounted for €6.7 million, or 3.8%, of our total net sales for the 12 months ended September 30, 2019, generating an average order value of €390. Our online sales (including sales from our own e-boutique and wholesale e-tailers) generated approximately 23% of our net sales for the 12 months ended September 30, 2019. We believe, based on market research (including the Market Report) that our online personal luxury goods market penetration was almost double the average of approximately 12%.

Highly experienced management team and internationally recognized designers

We have an exceptional management team that works closely with our founders, the creative design team and a well-invested organization of 474 employees as of September 30, 2019. Our founder Isabelle Marant is supported by an in-house proprietary creation team, including dedicated employees covering each line and product category, which consistently introduce internationally sought-after products into the marketplace. Our management team brings over 75 combined years of experience in the luxury industry, including leadership roles in global brands such as LVMH, Céline, Paco Rabanne, Hermès, Lanvin and Goyard. Our top management is supported by valuable commercial, retail, design, development, operations, logistics, marketing and communication personnel among others, which collectively drive the results of the company. Since its initial investment in 2016, Montefiore, which has a strong track record of leading companies in France into their next growth phase, has been instrumental in key developments of the business. Changes in leadership, reinforcement of top management positions with professionals who have strong backgrounds and the diversification of sales by channel has been backed by Montefiore as the main shareholder, and this in turn has enabled Isabel Marant to further expand its internationally well-recognized luxury position today.

Solid financial performance combining profitable growth and strong cash generation

We have delivered solid top line growth while preserving profitability with EBITDA margins of 27.6%, 31.0%, 30.2% and 30.6% for the year ended December 31, 2016, the 12 months ended December 31, 2017, the year ended December 31, 2018 and the 12 months ended September 30, 2019, respectively, and a LTM Adjusted EBITDA margin of 31.7% for the 12 months ended September 30, 2019. The trend in EBITDA margins has been driven by the expansion of our own-store retail network allowing us to capture the higher margins of directly operated stores and the continued optimization of our wholesale network, both of which have been accomplished with low capital expenditure. This trend has also been driven by our commitment to partnering with high quality wholesale clients that demonstrate strong performance. We have also been increasing our investment in marketing and communication while entering new cities. This profitability has led to high cash flow generation, with EBITDA excluding capital expenditure margins (defined as the ratio of EBITDA minus capital expenditure to EBITDA for the period indicated, expressed as a percentage) of 50.3%, 56.8% and 58.2% for the 12 months ended December 31, 2017, the year ended December 31, 2018 and the 12 months ended September 30, 2019, respectively. Our cash flow generation is underpinned, in part, by our extensive wholesale channel, characterized by relatively low fixed costs, and in part by our own retail channel, which requires limited maintenance capital expenditures due to the number of new stores and carefully selected store layouts.

Our strategy

Continue to develop Isabel Marant's inspired vision of luxury

Our vision

We will continue to create highly desirable and innovative collections that capture the effortless Parisian aesthetic with a romantic and bohemian edge while preserving our core price range. Over the past 25 years, we have proven our ability to successfully develop the Isabel Marant vision with the addition of new categories to offer a diversified customer proposition, including all women's ready-to-wear categories (from T-shirts to evening dresses) and accessories (shoes, bags, gloves, scarfs and jewelry). More recently in 2017, we augmented this vision to encompass our newly launched men's line, Homme. We aim to continue to launch our ten collections within our existing categories every year through hundreds of new models alongside our permanent, iconic and "core Isabel" best-sellers.

Our organization

We believe our people form the foundation of our success. Internationally recognized designer Isabelle Marant, our founder and namesake, is supported by our in-house creative team of 50 designers and developers, who enable us to successfully launch collections that we believe set the market fashion trends and allow us to continuously innovate and grow. We plan to continue to nurture and scout the talented individuals who enable us to consistently lead our market. We plan to further develop our international teams, particularly in the Americas and Asia, by recruiting and promoting talented individuals. We also plan to integrate new capabilities to our customer relationship management and logistics organization. As part of our commitment to sustainable fashion, we are also currently building a company foundation that will support environmental, social and governance initiatives.

Our brand

We are members of the *Fédération de la Haute Couture et de la Mode* and have been a constant staple at Paris Fashion Week since 1994, where we showcase our new collections We will continue to build on the strength and recognition that the brand has gained from its showcases at Paris Fashion Week, as evidenced by the brand's place in the top 15 list for Paris Fashion Week F/W 2019 shows among influencers. We believe our brand and its values (integrity, openness and complicity) resonate with "Gen Z" and millennials through a social media ecosystem of over 1.8 million followers, located predominantly in France, the United States and Italy. We believe our customer engagement is further driven by the brand's high-level of celebrity and influencer support and its multiple collaborations with well-recognized brands (such as H&M and L'Oreal) and artists. Our bespoke store formats in key international fashion-bases such as Paris, New York, Los Angeles, London, Tokyo, Milan and Rome are one of the best ways to convey our brand values to our customers. We also plan to continue increasing targeted communication to keep building Isabel Marant's brand awareness, focusing our investments on outdoor, digital and press editorials.

Increase presence in key markets

Given the increasing worldwide demand for personal luxury goods (of which advanced designer luxury forms a part), targeted international expansion in key markets presents a particularly attractive growth opportunity for us. We have a proven track record of disciplined growth in multiple international markets across Europe, the United States and Asia. We intend to continue our growth in key urban areas including in France, the rest of Europe, Asia and the United States, targeting luxury avenues to reinforce our presence in the advanced designer luxury market and increasing recognition of our brands in these key markets. We also aim to increase our brand penetration in existing geographies, either directly or, where appropriate, through strategic distribution partners. We expect to continue building our presence directly in our key markets: Europe (particularly in France, Germany, Austria, Spain and Portugal), the Americas (particularly in the United States and Canada) and Asia (particularly in China). In addition, we have historically generated strong online wholesale sales through our own e-retail platforms of our wholesale partners and, since 2017, strong online retail sales through our own e-boutiques. We expect to continue strengthening the online sales channel to drive continued sales growth. For the 12 months ended September 30, 2019, net sales from our online channel across both wholesale and retail accounted for 22.6% of net sales.

We intend to expand our network mainly through opening new own-stores, increasing wholesale partnerships and further developing our e-commerce platforms.

It is expected that by 2025, more than 45% of the personal luxury goods market will be attributable to Chinese customers and half of their luxury purchases will take place in China. We are building a significant presence in China, with six own-stores as of the date of the Offering Memorandum (four as of September 30, 2019) and a growing wholesale distribution network. We intend to continue developing our footprint in the near- to medium-term and maintaining a disciplined approach to carefully monitor payback from new own-store openings in accordance with our investment criteria.

Speed-up customer acquisition through our omni-channel distribution network

Continue developing our wholesale presence

We have developed a strong global presence with more than 600 partners (multi-brand stores, department stores and distribution partners) and approximately 850 doors in global fashion capitals. As of September 30, 2019, our key markets of Europe (excluding France), France, the Americas and Asia, accounted for 388, 74, 94 and 44 wholesale partners, respectively. We are proud to partner with some of the most prestigious and internationally-recognized department stores (including Galeries Lafayette, Printemps, Le Bon Marché, Harrods, Selfridges, Bergdorf Goodman and Harvey Nichols), e-tailers (including Net-à-Porter, Matches Fashion and Mytheresa) and multi-brand stores (including Le Bon Genie and Maxfield). Our main markets of Europe (including France), the Americas and Asia have all experienced significant growth in total orders from our wholesale partners for the F/W and S/S 2018 and 2019 collections, which we believe belies our rapidly expanding brand awareness. We plan to continue developing our wholesale business and increase our average order per door while strategically selecting our wholesale partners to ensure continuity of our strong global brand proposition. We believe that our high-quality product offerings will continue to make us an attractive brand for all stakeholders, including distributors and landlords, allowing us to negotiate best-in-class partnerships, with continued success in our wholesale business driving improvements in our retail relationships and allowing us to further expand into high-end locations.

Accelerate our own-store roll-out

We intend to continue improving the attractiveness of our own-stores in order to enrich our customers' experiences. In 1998, Isabel Marant opened its first store in a former artist's studio in Paris in the "Bastille" neighborhood. In 2017, our store network expanded to include ten stores in some of the most prestigious locations of Paris, London, New York, Los Angeles, San Francisco and Miami. Since then, we have launched an expansion plan for our own-store retail network deploying high-quality physical doors across the globe targeting the urban cities to reach a retail network of 32 own-stores as of September 30, 2019, covering Europe (including France), the United States and China. We plan to further expand this network through a focused campaign targeting additional own-store openings in strategic geographies in the United States, Europe and China. In addition to opening new own-store locations, we plan to improve the in-store experience through customer relationship management tools and enhanced omni-channel capabilities.

Expand our digital presence

We intend to expand our e-retail presence across both online multi-brand e-tailers and our own e-boutiques with a view to maintaining the growth of our online distribution channel. We have experienced rapid growth in online sales in recent years, with e-retail sales (including sales to multi-brand e-tailers as well as our own e-boutiques) representing 22.6% of our total sales for the 12 months ended September 30, 2019. Within our online sales, our isabelmarant.com and isabelmarant.tmall.com e-boutique sales to consumers represented 3.8% of total sales for the 12 months ended September 30, 2019, with approximately 470,000 average monthly visits and strong potential for additional future growth. We have already implemented omni-channel capacity in most of our stores, and would like to expand such capability to our distribution partners to provide a consistent level of shopping experience all around the world. In particular, we are planning to further develop our Chinese e-boutique launched in 2019 in partnership with T-Mall following strong success in the ramp-up phase. We will continue to reinforce our relationships with our strongest performing e-tailers (including Net-à-Porter, Matches Fashion and Mytheresa), in addition to the e-commerce platforms of our department and multi-brand store partners.

Expanding our accessories offerings

In addition to our ready-to-wear, our shoes, leather goods and accessories and jewelry products represent a large and growing piece of our total product offerings by net sales, which we believe is driven by corresponding growth in the personal luxury goods market. Accessories have historically been instrumental to our success, driven by a number of key products, including the tremendous success of the Bekett, Bobby and Dickers sneakers and boots. Our current women's shoes, leather goods and accessories and jewelry product offerings represented 29.8% of total net sales for the 12 months ending in September 30, 2019, with women's shoes alone representing 20.4%. We believe that there is significant growth potential in the our non-apparel product offerings, which have been supported by stable sales in ready-to-wear, and that these products will represent an increasing share of our net sales in the future. In 2017 we launched a full line of leather goods, which we plan to expand further. Leather goods is a key category that enables us to reach a more widespread clientele while remaining loyal to our brand identity. We believe that building out our product offering will further buttress customer loyalty and increase average basket size by allowing us to capitalize on incremental sales opportunities.

Capture the high potential of menswear

We launched the first Isabel Marant men's collection in our S/S 2018 show and intend to continue developing our menswear offering based on Isabel Marant's vision of the "Parisian cool guy" aesthetic through a curated use of knitwear, t-shirts, shorts, pants and iconic jackets, which has already demonstrated great success. We believe there is potential for additional growth in our

Homme menswear line, which represented only 2.1% of net sales for the 12 months ended September 30, 2019. In September 2019, we opened our first Homme store in Paris and are planning to further develop the Homme concept through our wholesale network. We are also targeting the opening of additional men's stores across our targeted geographies in the near to medium term. Sales of menswear have shown solid growth in recent years, and the menswear segment of the global luxury market is expected to continue expanding. To further tap into this potential in menswear, we also intend to leverage targeted events, social media and partnerships with leading trend setters.

Maintain a disciplined financial policy to deliver profitable growth and cash generation

Disciplined approach to design and creation

We will continue to focus on the categories and products that we believe have the highest perceived appeal to our customers and the highest sell-through potential. In this respect, we are committed to creating desirable and innovative collections that define fashion trends and include strategic product collaborations. We are committed to providing customers with high-quality collections. We also intend to continue improving the attractiveness of our doors and e-commerce platforms across our wholesale and retail networks to enrich our customers' purchasing experience.

Balance channel mix to minimize business risk

We intend to continue generating a substantial part of our net sales primarily through wholesale and e-commerce, maintaining a balance over our more capital-intensive retail operations. We believe we have a proven ability to manage growth simultaneously across our multiple distribution channels of wholesale, retail and online.

Focus on operating leverage and margins

We are committed to maintaining operational efficiencies to ensure high standards and appropriate cost control. We are continuously focused on growing our business not just in size, but also in terms of margins and profitability. We believe we have demonstrated our ability to deliver profitable growth while undergoing a rapid network expansion. We continue to seek increased distribution efficiencies through economies of scale and marketing efficiencies such as building our brand's online presence, including through social media and wholesale partners' e-commerce platforms, in order to drive further profitability. Our continued focus on cost control and efficiency aims to further EBITDA margin improvement. In particular, we will seek to continue to increase our net sales through like-for-like sales growth and profitable expansion to increase EBITDA and cash flow. We believe there are opportunities to achieve further operational efficiencies and procurement benefits within our business, and we intend to continue to identify and implement such initiatives.

Cash flow generation initiatives

We intend to maintain our lean business model which delivers an efficient cost structure and strong cash flow generation. As part of our return-driven investment strategy, we seek a high level of excellence in managing our network, which we believe will drive profitability and high returns from our new own-stores. We believe our disciplined investment approach enables us to minimize the ramp-up period of new own-stores and to realize short payback periods for those stores. We expect that as our EBITDA increases, our continued working capital optimization efforts and capital expenditures efficiencies will continue to support strong cash flow generation and help to maintain our high cash conversion.

The transactions

The IM Reorganization

Prior to the Issue Date, Topco, the Sponsor, IM Création, certain IM Growth management investors (holding collectively through IM Managers) and certain other shareholders of IM Growth (collectively with the Sponsor, IM Création and such management investors, the "**Shareholders**") will enter into an investment agreement (the "**Investment Agreement**"), pursuant to which the Issuer will agree to acquire the entire share capital of IM Growth from the Shareholders as part of a reorganization of the Group (such acquisition, upon completion, the "**IM Reorganization**"). Pursuant to the IM Reorganization, entities controlled by substantially the same shareholders as the Group will re-acquire the Group through a new vehicle and re-issue, restate or amend the debt and equity instruments through which they hold the Group. The Investment Agreement will provide that the completion of the IM Reorganization is subject only to the completion of the Financing Transactions (as defined below) and, as an agreement governing an internal reorganization, will contain limited additional representations, warranties and undertakings other than those required by law or due to customary practice for transactions of this type.

We expect that the completion of the IM Reorganization will occur on the Issue Date (the date of the completion of the IM Reorganization, the "**IM Reorganization Completion Date**"). Upon completion of the IM Reorganization, all shareholders of IM Growth and IM Managers as of the date of the Offering Memorandum will continue to own, indirectly through Topco, the entire share capital of IM Growth. See "*—Summary Corporate and Financing Structure*" and "*Principal Shareholders*."

The aggregate consideration for the IM Reorganization is €661.8 million, of which €133.5 million will be paid by the Issuer in cash to the Shareholders for certain (i) preferred shares in IM Growth and IM Managers and (ii) convertible bonds (*obligations convertibles*) convertible into ordinary shares in IM Growth (collectively with all other ordinary shares, preferred shares and bonds convertible into ordinary shares in IM Growth, the "**IMG Securities**") held by the Shareholders. The remaining portion of the consideration for the acquisition will be paid by way of the issuance of ordinary shares in, and preferred shares and convertible bonds (*obligations convertibles*) convertible into ordinary shares in, Topco to the Shareholders in exchange for the contribution into Topco of all remaining IMG Securities held, directly or indirectly, by the Shareholders, including all ordinary shares in IM Managers. On the IM Reorganization Completion Date, Topco will contribute to the Issuer all of Topco's IMG Securities and ordinary shares in IM Managers received from the Shareholders in exchange for the issuance to Topco of ordinary shares in the Issuer and issuance of subordinated shareholder convertible bonds (*obligations convertibles*) by the Issuer to Topco (the "**Subordinated Shareholder Debt**"). Substantially concurrently with the receipt of IMG Securities from Topco, the Issuer will partially convert a portion of the convertible bonds (*obligations convertibles*) held by it into ordinary shares of IM Growth.

The Financing Transactions

In connection with the IM Reorganization, it is contemplated that all debt of IM Growth under the Existing Senior Facilities Agreement, which amounted to €58.5 million as of September 30, 2019 (excluding accrued interest and unpaid interest and fees), will be repaid in full on the IM Reorganization Completion Date. On the Issue Date, a portion of the gross proceeds from the Offering will be on-lent from the Issuer to IM Growth (the "**Proceeds Loan**") in the amount necessary to facilitate such repayment.

In addition, IM Création will sell its rights under the existing €16.1 million intercompany receivable (including unpaid accrued interest and fees as of September 30, 2019) owed by IM Growth to IM Création (the "**Existing Intercompany Loan**") to Topco in exchange for the issuance by Topco to IM Création of a corresponding aggregate principal amount of ordinary bonds (*obligations ordinaires*). In connection with the IM Reorganization, Topco will contribute the Existing Intercompany Loan to the Issuer in exchange for ordinary shares in the Issuer and, as a result, the Existing Intercompany Loan will become an obligation of IM Growth owing to the Issuer. See "*Certain Relationships and Related Party Transactions—Transactions with IM Création*."

The Offering is being made as part of the overall financing arrangements for the IM Reorganization. We intend to use the gross proceeds of the Offering (i) to repay amounts due under the Existing Senior Facilities Agreement, (ii) to finance the cash consideration for the IM Reorganization and (iii) to pay fees, costs and expenses in connection with the Transactions.

In addition, on the Issue Date, we intend to enter into the Intercreditor Agreement and the Security Documents. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

We refer to the Offering, the assignment by Topco of its rights under the Existing Intercompany Loan to the Issuer, the refinancing in full of the Existing Senior Facilities, the entry into and making of the Proceeds Loan and the entry into the Intercreditor Agreement and the Security Documents collectively as the "**Financing Transactions**."

The Post-IM Reorganization Mergers

The Issuer intends to merge with both IM Growth and IM Managers on or after January 1, 2021, pursuant to which the Issuer will be the surviving company and will acquire of all of the rights and assets, and will assume all of the obligations, of IM Growth and IM Managers (the "**Post-IM Reorganization Mergers**"). Upon the completion of the Post-IM Reorganization Mergers, the Notes Guarantee of IM Growth (the Post-Closing Guarantor) and IM Growth's obligations under the Proceeds Loan and the Existing Intercompany Loan will be released, and the Proceeds Loan and Existing Intercompany Loan will both be extinguished. As a result of the Post-IM Reorganization Mergers, IM Production, the primary operating subsidiary within our Group, will become a direct wholly-owned subsidiary of the Issuer. See "*—Summary Corporate and Financing Structure.*"

We refer to the IM Reorganization, the Financing Transactions and the Post-IM Reorganization Mergers collectively as the "**Transactions**."

Sources and uses

The estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including the timing of the Transactions, differences from the estimates of outstanding amounts of existing debt to be refinanced on the Issue Date and differences between estimated and actual fees and expenses. The completion of the IM Reorganization is expected to occur on the Issue Date. This table should be read in conjunction with "*Capitalization*."

Sources	(€ millions)	Uses	(€ millions)
Notes offered hereby[(1)]	200.0	IM Reorganization consideration paid[(3)]	661.8
Non-cash equity contribution[(2)]	528.3	Repayment of the Existing Senior Facilities[(4)]	58.5
		Fees, costs and expenses[(5)]	8.0
Total sources	**728.3**	**Total uses**	**728.3**

(1) Does not reflect any initial purchaser discount or original issue discount.

(2) Represents the estimated value of the IMG Securities that will be indirectly contributed to the Issuer by the Shareholders pursuant to the IM Reorganization.

(3) Represents the aggregate consideration to be paid to the Shareholders in the form of cash and ordinary shares and bonds (*obligations ordinaires*), preferred shares and convertible bonds (*obligations convertibles*) in Topco.

(4) Represents the amount outstanding under the Existing Senior Facilities (excluding accrued and unpaid interest and fees) as of September 30, 2019. On the Issue Date, the Issuer expects to enter into the Proceeds Loan with IM Growth, which will use such amounts to repay all amounts outstanding under the Existing Senior Facilities Agreement.

(5) Represents estimated fees, costs and expenses incurred in connection with the Transactions, including underwriting fees and commissions, professional fees and expenses and other transaction costs.

Our principal shareholders

- **Montefiore.** Created in 2005, Montefiore is a private equity fund focusing on small- and medium-sized service companies in France. Montefiore has over €1.2 billion of assets under management, with a targeted focus supporting entrepreneurs, managers and shareholders in high-growth potential companies with pre-acquisition revenues between €50 million and €250 million through buy-out and growth-capital transactions. Montefiore typically invests between €30 million and €200 million in equity and employs an investment strategy centered around two pillars: "Focus" and "Growth," focusing on service businesses and leveraging its unique experience in developing ambitious growth projects in France and internationally.

- **IM Création.** Established in 2013, IM Création serves as the investment vehicle and service provider of our founder, designer and namesake, Isabelle Marant. Since the age of 15, Ms. Marant has been designing fashion-setting trends true to her unique sense of individualism. She began her fashion studies in 1987 when she attended the prestigious Studio Berçot in Paris and released her first label (producing jewelry) two years later. In 1989 Ms. Marant launched her jersey and knitwear label "Twen" which, in 1994, was expanded under the newly-formed "Isabel Marant" brand. Today, Isabel Marant continues to drive fashion-trends globally through curated seasonal collections of luxury ready-to-wear, shoes, leather goods and accessories and jewelry that channel the individualistic ethos of Isabelle herself.

See "*Principal Shareholders*."

The Issuer

The Issuer is a private limited company (*société par actions simplifiée*) organized under the laws of France. The Issuer is also resident for tax purposes in France. The registered name of the Issuer is IM Group SAS and it was registered on December 21, 2019 under number 880 031 851 RCS Nanterre. The Issuer's registered office is or will be located at (i) prior to the Issue Date, 47 Rue Marcel Dassault, 92514 Boulogne-Billancourt Cedex and (ii) on and after the Issue Date, 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris.

Recent developments

Trading update

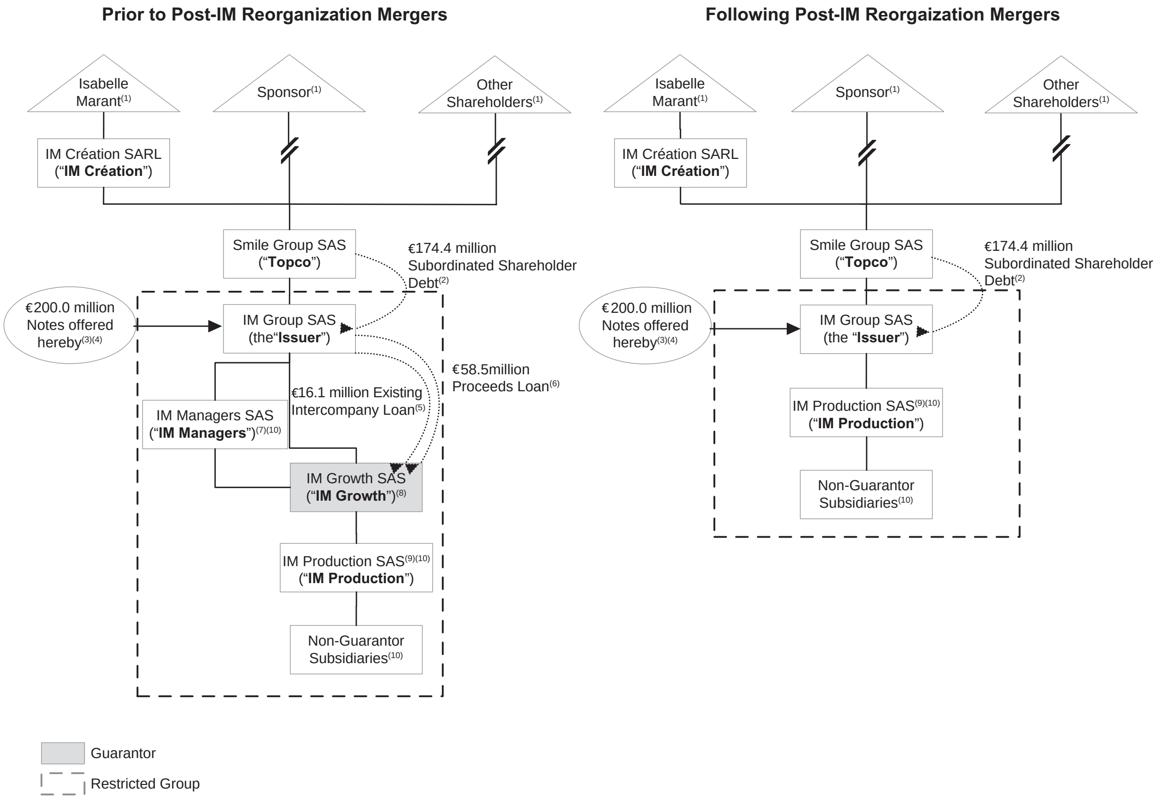
The information below is preliminary, is based on a number of assumptions that are subject to inherent uncertainties and subject to change and has not been audited, reviewed or verified. Although we believe the information to be reasonable, actual results may vary from the information contained above and such variations could be material. As such, you should not place undue reliance on this information. This information may not be indicative of the remainder of the quarter or any future period. See "Forward-Looking Statements" and "Risk Factors" for a more complete discussion of certain of the factors that could affect our future performance.

As of November 30, 2019, based on available management accounts, we continued to grow net sales and exceeded year-to-date budget targets. Trading for the 11 months ended November 30, 2019 continued to show strong performance, with net sales increasing 22.6% compared to the prior period in 2018, 2.5% ahead of budget targets.

In addition, since September 30, 2019, we have opened certain additional stores and leased additional office space, including a small office space of approximately 195m^2 located next to our head office in Paris, as well as own-stores in Hamburg, Germany (opened on November 19, 2019), Costa Mesa, California (opened on November 12, 2019), Shenzen, China (opened on November 17, 2019) and Shanghai, China (opened on November 20, 2019). We also opened an additional outlet in Woodbury Common, New York in the United States on December 17, 2019.

Summary corporate and financing structure

The following diagram shows a summary of our corporate and principal financing structure after giving effect to the Transactions. For a summary of debt obligations identified in this diagram, see "*Description of the Notes*," "*Description of Certain Financing Arrangements*" and "*Capitalization.*" See also "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions.*"



(1) See "*Principal Shareholders*."

(2) On the IM Reorganization Completion Date, Topco will contribute to the Issuer all of Topco's IMG Securities and ordinary shares in IM Managers received from the Shareholders in exchange for the issuance to Topco of ordinary shares in the Issuer and the issuance of €174.4 million of Subordinated Shareholder Debt by the Issuer to Topco. The Subordinated Shareholder Debt will be unsecured and will be subordinated to the Notes and the Notes Guarantee issued by the Post-Closing Guarantor pursuant to the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Certain Financing Arrangements—Subordinated Shareholder Debt.*"

(3) Subject to the Agreed Security Principles, on the Issue Date the Notes, and on the Post-Closing Date the Notes Guarantee of the Post-Closing Guarantor, will be secured by first-priority security interests in the Collateral. See "*The Offering—Security*." On the Issue Date, the Issuer will hold one share of IM Production, and the corresponding securities account in the name of the Issuer in the books of IM Production will form part of the Collateral. The Indenture will permit us to secure additional indebtedness with liens on the Collateral under certain circumstances, including on a super senior priority basis. Pursuant to the terms of the Indenture, the Collateral may be pledged in the future to secure other *pari passu* indebtedness of the Issuer and the Guarantors, subject to entering into the Intercreditor Agreement, and in the event of enforcement of the Collateral, the holders of the Notes may, in certain circumstances, receive proceeds from the Collateral only after the creditors under certain future super senior priority indebtedness permitted under the Indenture and the Intercreditor Agreement have been repaid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

(4) The Notes will be senior secured obligations of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future senior indebtedness, and will rank senior in right of payment to all of the Issuer's existing and future indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will be structurally subordinated to all of the existing and future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes and will be effectively subordinated to the existing and future secured indebtedness of the Issuer that is secured by property or assets that do not secure the Notes to the extent of the value of such property or assets.

(5) Represents amounts due under the Existing Intercompany Loan. In connection with the Transactions, IM Création will sell its rights under the existing €16.1 million Existing Intercompany Loan (including unpaid accrued interest and fees as of September 30, 2019) to Topco in exchange for the issuance by Topco to IM Création of a corresponding amount of ordinary bonds (*obligations ordinaires*). In connection with the IM Reorganization, Topco will contribute the Existing Intercompany Loan to the Issuer in exchange for ordinary shares in the Issuer and, as a result, the Existing Intercompany Loan will become an obligation of

IM Growth owing to the Issuer. Upon the completion of the Post-IM Reorganization Mergers, IM Growth's obligations under the Existing Intercompany Loan will be released, and the Existing Intercompany Loan will be extinguished.

(6) Pursuant to the Investment Agreement, all outstanding debt of IM Growth under the Existing Senior Facilities Agreement, which amounted €58.5 million as of September 30, 2019 (excluding accrued and unpaid interest and fees), will be repaid in full on the IM Reorganization Completion Date. On the Issue Date, a portion of the gross proceeds from the Offering will be on-lent from the Issuer to IM Growth under the Proceeds Loan in the amount necessary to facilitate such repayment. Upon the completion of the Post-IM Reorganization Mergers, IM Growth's obligations under the Proceeds Loan will be released, and the Proceeds Loan will be extinguished. See "*Description of Certain Financing Arrangements—Proceeds Loan*" and "*Use of Proceeds*."

The Issuer intends to complete the Post-IM Reorganization Mergers on or after January 1, 2021.

(7) Prior to the IM Reorganization, the ordinary shares in IM Growth held by certain management investors of IM Growth were held indirectly through IM Managers. Pursuant to the IM Reorganization, all of the ordinary shares in IM Managers will be transferred by such management investors to Topco on the IM Reorganization Completion Date in exchange for preferred shares in Topco, which will subsequently transfer such ordinary shares to the Issuer in exchange for ordinary shares in the Issuer and the Subordinated Shareholder Debt. On the Issue Date, 100% of the shares of IM Managers will be held in the Issuer's securities account pledged as part of the Collateral. See "*The Offering—Security*."

In connection with the Post-IM Reorganization Mergers, the Issuer intends to merge with IM Managers, pursuant to which the Issuer will be the surviving company and will acquire of all of its rights and assets and, as a result, IM Production will become a direct wholly-owned subsidiary of the Issuer.

(8) On the Post-Closing Date, the Notes will be guaranteed on a senior basis by the Post-Closing Guarantor and, subject to the Agreed Security Principles, will be secured by first-priority security interests in the Collateral. The Notes Guarantee of the Post-Closing Guarantor will rank *pari passu* in right of payment with the Post-Closing Guarantor's existing or future indebtedness that is not expressly subordinated in right of payment to the Post-Closing Guarantor's Notes Guarantee and rank senior in right of payment to any existing or future indebtedness of the Post-Closing Guarantor that is subordinated in right of payment to the Notes Guarantee. The Notes Guarantee of the Post-Closing Guarantor will be effectively subordinated to any existing or future indebtedness of the Post-Closing Guarantor that is secured by property or assets that do not secure the Post-Closing Guarantor's Notes Guarantee, to the extent of the value of the property or assets securing such indebtedness, and be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Post-Closing Guarantor that do not guarantee the Notes. The validity and enforceability of the Notes Guarantee of the Post-Closing Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Upon successful completion of the Post-IM Reorganization Mergers, the Notes Guarantee of IM Growth (the Post-Closing Guarantor) will be released.

(9) As a result of the Post-IM Reorganization Mergers, IM Production will become a direct wholly-owned subsidiary of the Issuer and 100% of the shares of the IM Production will be automatically credited to the existing securities account of the Issuer opened in the books of the IM Production and pledged as part of the Collateral.

(10) The subsidiaries of the Issuer that will not guarantee the Notes accounted for all of the net sales, EBITDA and total assets of the Group as of December 31, 2018. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.*"

The offering

The following summary contains basic information about the Notes, the Notes Guarantees and the Collateral. It may not contain all the information that is important to you. Certain terms and conditions described below are subject to important limitations and exceptions. For additional information regarding the Notes, the Notes Guarantees and the Collateral, see "Description of the Notes" and "Description of Certain Financing Arrangements—Intercreditor Agreement."

Issuer	IM Group SAS.
Notes Offered	€200.0 million aggregate principal amount of 6.625% Senior Secured Notes due 2025 (the "**Notes**").
Issue Date	February 19, 2020.
Issue Price	100.000%, plus accrued interest, if any, from the Issue Date.
Maturity Date	March 1, 2025.
Interest Rate	The Notes will bear interest at a rate of 6.625% *per annum*.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on March 15, 2020. Interest on the Notes will accrue from the Issue Date.
Form and Denomination	The Notes will be issued in global registered form in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes will: • be general senior obligations of the Issuer, secured as set forth under "—Security"; • rank pari passu in right of payment among themselves with any existing or future senior indebtedness of the Issuer; • rank senior in right of payment to any existing or future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes; • be effectively subordinated to any existing or future indebtedness or obligation of the Issuer or its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness or obligation; • be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer that do not guarantee the Notes, including their obligations to trade creditors; and • on the Post-Closing Date, be guaranteed by the Post-Closing Guarantor as set forth under "—Notes Guarantees."
Notes Guarantees	Within 30 days of the Issue Date (the "**Post-Closing Date**") the Notes are expected to be guaranteed (each guarantee of the Notes, a "**Notes Guarantee**") on a senior basis by IM Growth

(the “**Post-Closing Guarantor**” and, collectively with any future subsidiaries of the Issuer that provide a Notes Guarantee, the “**Guarantors**”).

The Notes Guarantees will be subject to the Agreed Security Principles and other certain contractual and legal limitations, and may be released under certain circumstances. See “*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and any Notes Guarantees will be released automatically and under which such Notes Guarantees will be released automatically, without your consent or the consent of the Trustee*,” “*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*” and “*Description of the Notes—Notes Guarantees—Release*.”

Ranking of Notes Guarantees .... The Notes Guarantee of each Guarantor will:

- be a general senior obligation of such Guarantor, secured as set forth under “*—Security*”;
- rank *pari passu* in right of payment with such Guarantor’s existing or future indebtedness that is not expressly subordinated in right of payment to such Guarantor’s Notes Guarantee;
- rank senior in right of payment to any existing or future indebtedness of such Guarantor that is subordinated in right of payment to the Notes Guarantees;
- be structurally subordinated to any existing or future indebtedness of the subsidiaries of such Guarantor that do not guarantee the Notes; and
- be effectively subordinated to any existing or future indebtedness of such Guarantor that is secured by property or assets that do not secure such Guarantor’s Notes Guarantee, to the extent of the value of the property or assets securing such indebtedness.

Security... On the Issue Date, the Notes are expected to be secured by first-priority security interests in (i) financial securities accounts opened in the name of the Issuer in the books of the Post-Closing Guarantor, IM Managers and IM Production, (ii) certain bank accounts of the Issuer and (iii) certain intra-group receivables owing to the Issuer, including the Proceeds Loan and the Existing Intercompany Loan (the “**Closing Date Collateral**”). On the Post-Closing Date, the Notes and the Notes Guarantee of the Post-Closing Guarantor are expected to be secured by the Closing Date Collateral and by first-priority security interests in (i) the financial securities account opened in the name of the Post-Closing Guarantor in the books of IM Production, (ii) certain bank accounts of the Post-Closing Guarantor and (iii) certain intra-group receivables owing to the

Post-Closing Guarantor (collectively with the Closing Date Collateral, the "**Collateral**").

Subject to certain conditions, including compliance with the covenants described under "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*," "*Description of the Notes—Certain Covenants—Limitation on Liens*" and "*Description of the Notes—Certain Covenants—Impairment of Security Interest*," the Issuer and its restricted subsidiaries will be permitted to grant security interests in the Collateral in connection with future incurrences of indebtedness, including additional Notes, as permitted under the Indenture and the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will permit us to secure additional indebtedness with liens on the Collateral under certain circumstances, including on a super senior priority basis. Pursuant to the terms of the Indenture, the Collateral may be pledged in the future to secure other *pari passu* indebtedness of the Issuer and the Guarantors, subject to entering into the Intercreditor Agreement, and in the event of enforcement of the Collateral, the holders of the Notes may, in certain circumstances, receive proceeds from the Collateral only after the creditors under certain future super senior priority indebtedness permitted under the Indenture and the Intercreditor Agreement have been repaid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The security interests in the Collateral will be subject to the Agreed Security Principles and other certain contractual and legal limitations, and may be released under certain circumstances. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and any Notes Guarantees will be released automatically and under which such Notes Guarantees will be released automatically, without your consent or the consent of the Trustee*," "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*Description of the Notes—Security—Release of Liens*."

Use of Proceeds .... We intend to use the gross proceeds from the issuance of the Notes (i) to repay amounts due under the Existing Senior Facilities Agreement, (ii) to finance the cash consideration for the IM Reorganization and (iii) to pay fees, costs and expenses in connection with the Transactions.

Optional Redemption .... The Issuer may redeem the Notes:

- at any time and from time to time prior to March 1, 2022, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes so redeemed, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date;

	• at any time and from time to time prior to March 1, 2022, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including any additional Notes), with the net cash proceeds received by the Issuer from certain equity offerings at a redemption price equal to 106.625% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date; *provided* that not less than 60% of the original aggregate principal amount of the Notes (including any additional Notes) issued (excluding Notes held by the Issuer or any of its restricted subsidiaries) remains outstanding immediately thereafter; and • at any time and from time to time on or after March 1, 2022, in whole or in part, at the redemption prices described under "*Description of the Notes—Optional Redemption*," plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date.
Additional Amounts	Any payments made by the Issuer or a Guarantor with respect to the Notes or with respect to the Notes Guarantees will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If withholding or deduction for such taxes is required by law with respect to a payment to the holders of Notes, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that they would have received in the absence of such withholding or deduction. Please see "*Description of the Notes—Withholding Taxes*."
Tax Redemption	In the event the Issuer would become obligated to pay certain additional amounts as a result of certain changes in tax laws, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date. Please see "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control	Upon the occurrence of certain events of a change of control, the Issuer will be required to make an offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of repurchase. A change of control will not be deemed to have occurred on one occasion if a certain consolidated net leverage ratio is not exceeded as a result of such event. See "*Description of the Notes—Change of Control*."
Certain Covenants	The Indenture will contain covenants that restrict the ability of the Issuer and its respective restricted subsidiaries to: • incur or guarantee additional indebtedness;

- make certain restricted payments and investments;
- transfer or sell assets;
- enter into transactions with affiliates;
- create or permit to exist certain liens;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- impair the security interests in the Collateral;
- pledge certain intellectual property;
- change the holding company status of the Issuer; and
- merge, consolidate or transfer all or substantially all of our assets.

These covenants are subject to a number of important qualifications and exceptions. See "*Description of the Notes—Certain Covenants*."

Certain of the covenants will be suspended if and for as long as the Notes achieve investment grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants when Notes Rated Investment Grade*." There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Trustee and Security Agent.................. BNY Mellon Corporate Trustee Services Limited.

Registrar and Transfer Agent................ The Bank of New York Mellon SA/NV, Luxembourg Branch.

Principal Paying Agent .... The Bank of New York Mellon, London Branch.

Listing Agent .... The Bank of New York Mellon SA/NV, Luxembourg Branch.

Listing .... Application has been made to the Luxembourg Stock Exchange (the "**Exchange**") for the listing of the Notes on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. There can be no assurance that such listing will be maintained.

Transfer Restrictions .... The Notes and the Notes Guarantee of the Post-Closing Guarantor have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Notice to Investors*." Holders of the Notes will not have the benefit of any exchange or registration rights.

No Prior Market .... The Notes will be a new class of securities for which there is currently no market. Although the Initial Purchaser has informed us that it intends to make a market in the Notes, it is not obligated to do so, and may discontinue market-making activities at any time without notice. Accordingly, we cannot

	assure you that a liquid market for the Notes will develop or be maintained.
Governing Law	The Notes, the Indenture and the Notes Guarantees will be governed by the laws of the State of New York. The Security Documents will be governed by the laws of France. The Intercreditor Agreement will be governed by the laws of England and Wales.
Risk Factors...	Investing in the Notes involves substantial risks. You should carefully consider the information under the caption "*Risk Factors*" and the other information included in these listing particulars before deciding whether to invest in the Notes.

Summary consolidated financial and other information

The following tables set forth certain summary consolidated financial information of (i) IM Growth and its consolidated subsidiaries with respect to financial information for the nine-month periods ended September 30, 2019 and 2018, the year ended December 31, 2018 and the 19-month period ended December 31, 2017 and (ii) IM Production and its consolidated subsidiaries with respect to financial information for the year ended December 31, 2016. The summary consolidated financial information presented below is derived from the English language translations of the Financial Statements presented elsewhere in these listing particulars. The Financial Statements were prepared in accordance with French GAAP.

IM Growth was formed on June 3, 2016 in connection with the Sponsor's acquisition of IM Developpement and its subsidiaries. It closed its first reporting period on December 31, 2017 (i.e. approximately 19 months after its formation). As such the 2017 Audited Financial Statements contain results of operations for IM Growth for 19 months of operations, and are therefore not comparable to the results of operations of IM Production for the year ended December 31, 2016 (included in the 2016 Audited Financial Statements) or the results of operations of IM Growth for the year ended December 31, 2018 (included in the 2018 Audited Financial Statements). In order to present a more meaningful comparison, the 2018 Audited Financial Statements include consolidated income statement information (and accompanying notes) for IM Growth covering 12 months of operations from January 1, 2017 to December 31, 2017. In the following tables, the consolidated income statement information for IM Growth for the 12 months ended December 31, 2017 is derived from the information covering IM Growth's 12 months of operations from January 1, 2017 to December 31, 2017 (as included in the 2018 Audited Financial Statements), and not from the 2017 Audited Financial Statements, which cover 19 months of operation.

In addition, as a result of the 2016 Acquisition and the preparation of the consolidated financial statements of IM Growth as of December 31, 2017 consisting of a 19-month period, no consolidated cash flow statement of IM Growth for the year ended December 31, 2017 has been audited by our independent statutory auditors. Management has prepared an unaudited consolidated cash flow statement for the 12 months ended December 31, 2017, which is presented in the tables below. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Statements Discussed*."

The tables below present certain financial information for the 12 months ended September 30, 2019. This financial information has been calculated by adding financial information for the nine months ended September 30, 2019 to financial information for the year ended December 31, 2018, and subtracting financial information for the nine months ended September 30, 2018. The financial information for the 12 months ended September 30, 2019 has been prepared solely for the purpose of these listing particulars, is for illustrative purposes only and is not necessarily indicative of our results of operations for any future period or our financial condition at any future date.

The following tables also contain various measures and ratios that are not presented in accordance with French GAAP. These Non-GAAP Measures and ratios may not accurately reflect our performance, liquidity or our ability to incur debt, have limitations as analytical tools and should not be considered as alternatives to operating profit or net profit or any other performance measures derived from or in accordance with French GAAP, IFRS, any other generally accepted accounting principles. Our Non-GAAP Measures may not be comparable to other similarly titled measures of other companies. You should compensate for these limitations by relying primarily on our financial statements and using these Non-GAAP Measures only as a supplement to evaluate our performance.

In addition, we present in the tables below certain as adjusted financial data for the Group to give effect to the Transactions, as if they had occurred on September 30, 2019 (in the case of balance sheet data), or October 1, 2018 (in the case of income statement data). The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation or French GAAP or any other generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited in accordance with French GAAP or any other generally accepted auditing standards.

The data below is not necessarily indicative of results of future operations and should be read in conjunction with "*Use of Proceeds*," "*Capitalization*," "*Summary Consolidated Financial and Other Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the English language translations of the Financial Statements, and the accompanying notes thereto, which are included elsewhere in these listing particulars.

Summary income statement data

	Year ended December 31,	12 months ended December 31,	Year ended December 31,	Nine months ended September 30,		12 months ended September 30,
	2016	2017	2018	2018	2019	2019
(in € millions)	**(audited)**	**(unaudited)**	**(audited)**	**(unaudited)**		**(unaudited)**
Net sales	143.9	139.0	152.4	102.1	127.8	178.1
Other operating income	5.1	14.5	20.7	11.5	9.7	18.9
Total operating income	**149.0**	**153.5**	**173.1**	**113.6**	**137.5**	**197.0**
Cost of goods sold	(56.5)	(53.0)	(58.5)	(37.2)	(41.8)	(63.1)
External expenses	(30.7)	(28.8)	(36.4)	(24.2)	(30.9)	(43.1)
Taxes other than on income	(2.0)	(2.4)	(2.3)	(1.8)	(2.1)	(2.6)
Personnel costs	(17.1)	(22.8)	(26.5)	(17.7)	(21.2)	(30.0)
Depreciation, amortization, impairment and provision expense	(5.0)	(13.8)	(17.6)	(13.6)	(15.4)	(19.4)
Operating expenses	**(111.3)**	**(120.8)**	**(141.3)**	**(94.5)**	**(111.5)**	**(158.3)**
Net operating income	**37.7**	**32.7**	**31.8**	**19.1**	**25.9**	**38.6**
Financial income	0.5	0.6	2.0	1.3	1.8	2.5
Financial expenses	(1.4)	(18.9)	(18.5)	(13.2)	(14.4)	(19.7)
Net financial income (loss)	**(0.9)**	**(18.3)**	**(16.4)**	**(11.9)**	**(12.6)**	**(17.1)**
Recurring income of consolidated companies	**36.8**	**14.4**	**15.4**	**7.2**	**13.4**	**21.6**
Non-recurring income	0.2	1.0	0.6	0.6	0.3	0.3
Non-recurring expenses	(1.5)	(1.0)	(1.8)	(1.1)	(0.6)	(1.3)
Net non-recurring income (loss)	**(1.3)**	**—**	**(1.2)**	**(0.6)**	**(0.3)**	**(0.9)**
Income tax expenses	(12.0)	(3.4)	(7.9)	(4.1)	(6.1)	(9.9)
Net income of consolidated companies	**23.5**	**11.0**	**6.3**	**2.5**	**7.0**	**10.8**

Summary balance sheet data

(in € millions)	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018	As of September 30, 2019
		(audited)		(unaudited)
Non-current assets	17.8	391.7	397.5	401.9
Current assets	113.1	81.1	96.0	90.6
Total assets	**130.8**	**472.8**	**493.5**	**492.5**
Total equity	61.4	139.6	146.1	153.5
Total liabilities	69.4	333.2	347.4	339.0
Total equity and liabilities	**130.8**	**472.8**	**493.5**	**492.5**

Summary cash flow statement data

(in € millions)	Year ended December 31, 2016	12 months ended December 31, 2017	Year ended December 31, 2018	Nine months ended September 30, 2018	Nine months ended September 30, 2019
	(audited)	(unaudited)	(audited)	(unaudited)	
Net income of consolidated companies	23.5	11.0	6.3	2.5	7.0
Movement in depreciation, amortization, impairment and provision expense	2.1	9.7	14.3	10.5	12.0
Change in deferred tax	(0.3)	(0.3)	(0.9)	(0.5)	(0.8)
Elimination of gains/losses on asset disposals	—	—	0.1	0.1	—
Cash from operating activities	**25.3**	**20.5**	**19.7**	**12.5**	**18.3**
Changes in working capital	44.8	(86.7)	16.7	5.4	(7.7)
(I) Net cash from/(used in) operating activities	**70.1**	**(66.2)**	**36.4**	**17.9**	**10.5**
Acquisition of non-current assets	(4.2)	(11.5)	(7.3)	(4.6)	(8.1)
Capitalization of collection costs	—	(10.0)	(12.6)	(8.9)	(8.2)
Reduction in other long-term investments	0.1	—	—	—	—
Proceeds from disposal of non-current assets	—	0.1	—	—	—
(II) Net cash from/(used in) investing activities	**(4.1)**	**(21.3)**	**(19.9)**	**(13.4)**	**(16.3)**
New borrowings	—	17.1	15.2	10.0	10.5
Repayment of borrowings	(0.5)	(24.4)	(9.8)	(9.8)	(10.7)
Dividends received from/paid to the parent company	(85.0)	—	—	—	—
(III) Net cash from/(used in) financing activities	**(85.5)**	**(7.3)**	**5.3**	**0.1**	**(0.2)**
(IV) Impact of exchange rates on cash and cash equivalents	(0.1)	(0.3)	0.2	0.1	0.4
Changes in cash and cash equivalents (I+II+III+IV)	**(19.6)**	**(95.2)**	**22.1**	**4.8**	**(5.6)**

Other financial and operating data

(in € millions, unless otherwise indicated)	Year ended December 31, 2016	12 months ended December 31, 2017	Year ended December 31, 2018	Nine months ended September 30, 2018	Nine months ended September 30, 2019	12 months ended September 30, 2019
			(unaudited)			
Net sales data						
Net sales by channel:						
Wholesale, *of which*:	121.5	113.9	115.2	78.4	88.7	125.5
Online e-commerce	*27.2*	*23.8*	*27.3*	*17.4*	*23.6*	*33.5*
Retail, *of which*:	21.6	24.2	35.7	23.0	38.0	50.7
Online own e-boutiques	—	*2.3*	*5.3*	*3.6*	*5.0*	*6.7*
Income from ancillary activities(1)	0.7	0.9	1.5	0.8	1.1	1.8
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**	**178.1**
Net sales by geography:						
Europe (excluding France)	46.6	44.7	45.6	31.5	40.6	54.7
France	19.7	18.5	21.7	14.5	19.1	26.3
Americas	29.1	27.6	29.6	19.9	21.3	31.0
Asia (excluding China)	15.7	16.1	15.5	10.1	11.3	16.7
China	0.9	0.7	2.0	1.0	3.4	4.4
Rest of world	3.9	4.3	3.9	3.3	2.4	3.0
Online(2)	27.2	26.1	32.6	20.9	28.6	40.3
Income from ancillary activities(1)	0.7	0.9	1.5	0.8	1.1	1.8
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**	**178.1**
Net sales by line:						
IM(3), *of which*:	87.3	83.1	89.2	61.9	78.8	106.0
Wholesale	*72.7*	*66.9*	*64.9*	*46.8*	*53.5*	*71.6*
Retail	*14.6*	*16.3*	*24.3*	*15.2*	*25.3*	*34.4*
Étoile, *of which*:	55.9	54.9	61.7	39.3	47.9	70.3
Wholesale	*48.8*	*47.0*	*50.3*	*31.6*	*35.2*	*53.9*
Retail	*7.0*	*7.9*	*11.4*	*7.7*	*12.7*	*16.4*
Income from ancillary activities(1)	0.7	0.9	1.5	0.8	1.1	1.8
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**	**178.1**
Net sales by product category:						
Women's ready-to-wear	99.1	97.3	102.7	68.8	85.6	119.5
Women's shoes	37.3	32.9	32.4	22.1	26.1	36.5
Women's leather goods	0.8	1.7	4.5	3.1	4.0	5.4
Women's other accessories	6.0	6.1	8.9	5.8	8.2	11.2
Men's ready-to-wear and accessories(4)	—	—	2.4	1.5	2.9	3.8
Income from ancillary activities(1)	0.7	0.9	1.5	0.8	1.1	1.8
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**	**178.1**
Other financial data						
EBITDA(5)	39.7	43.1	46.1	29.5	38.0	54.5
EBITDA margin(6)	27.6%	31.0%	30.2%	29.0%	29.7%	30.6%
LTM Adjusted EBITDA(5)						60.0
LTM Adjusted EBITDA margin(6)						31.7%

(in € millions, unless otherwise indicated)	2017 S/S	2017 F/W	2018 S/S	2018 F/W	2019 S/S	2019 F/W
		(unaudited)				
Wholesale key performance indicators ("KPIs")						
No. of customers[7]	533	507	523	576	616	625
No. of doors[8]	761	746	727	785	848	849
Gross orders per season[9]	55.1	59.6	56.6	63.3	61.2	69.5
Percentage of orders cancelled per season[10]	0.8%	1.7%	1.6%	3.2%	1.7%	1.6%

(in € millions, unless otherwise indicated)	As of and for the year ended December 31, 2016	As of and for the 12 months ended December 31, 2017	As of and for the year ended December 31, 2018	As of and for the nine months ended September 30, 2018	As of and for the nine months ended September 30, 2019
		(unaudited)			
Retail KPIs					
No. of own-stores[11],					
of which:	9	10	22	17	32
Europe (excluding France)	1	1	6	4	11
France	4	4	7	6	12
United States	4	5	5	5	5
China[12]	—	—	4	2	4
Own e-boutiques[13]	—	1	1	1	2
Like-for-like sales growth[14]		(2.2)%	6.3%		7.5%
Average retail discount rate[15]	18.4%	18.1%	16.0%	15.7%	16.6%
Retail basket KPIs[16]:					
No. of transactions[17]	41,281	40,277	52,202	37,388	60,605
Average basket size(€)[18]	553.3	573.5	604.5	570.1	587.0
Average unit price(€)[19]	315.2	326.5	359.7	330.8	352.8

(1) Income from ancillary activates primarily comprises royalties from our wholesale, distribution and collaboration partners and income from tax-free shopping.

(2) It is not possible to ascertain the geography of the customer placing an order through the e-commerce platforms of our wholesale partners. As a result, we have presented online sales as a separate geography.

(3) Includes €2.4 million, €1.5 million, €2.9 million and €3.8 million of net sales from our Homme line for the year ended December 31, 2018, the nine months ended September 30, 2018 and 2019 and the 12 months ended September 30, 2019, respectively.

(4) Men's ready-to-wear and accessories are sold under our Homme line, which was established in 2017 and with sales to customers commencing in 2018. As such, there is no sales data for any period prior to the year ended December 31, 2018.

(5) We define EBITDA as our net operating income for the period before amortization of intangible assets and depreciation of property, plant and equipment. Results for the year ended December 31, 2016 are not comparable with the other periods presented herein due to the capitalization of our design and creation costs starting from September 2016 in accordance with French GAAP ("**EC 2015-53**" issued by the National Company of Auditors in France (*Compagnie Nationale des Commissaires aux Comptes*)), pursuant to which we began to capitalize our design and creation costs within our intangible assets (given that our designs generate future economic benefits for our operations) on the balance sheet. See "*Management's Discussion and Analysis—Comparability of the 2016 Audited Financial Statements with the other Financial Statements presented herein—The capitalization of our design and creation costs.*"

We define LTM Adjusted EBITDA as EBITDA adjusted for the effects during the 12 months ended September 30, 2019 of: (i) currency fluctuations; (ii) rents owed during the refurbishment of our Broome Street own-store in New York City (scheduled to reopen in 2020); (iii) bonuses payable to our managing directors; (iv) changes in inventory mark-ups related to the capitalization of our design and creation costs; (v) fees incurred in connection with our non-recourse factoring arrangements; (vi) certain operating foreign exchange gains; and (vii) certain run-rate adjustments to related to stores in our own-retail network not opened during the full 12-month period. For a reconciliation of our EBITDA to LTM Adjusted EBITDA for the 12 months ended September 30, 2019.

The following table reconciles our net operating income to EBITDA and LTM Adjusted EBITDA for the periods presented.

(in € millions)	Year ended December 31, 2016	12 months ended December 31, 2017 (unaudited)	Year ended December 31, 2018	Nine months ended September 30, 2018 (unaudited)	Nine months ended September 30, 2019 (unaudited)	12 months ended September 30, 2019 (unaudited)
Net operating income	37.7	32.7	31.8	19.1	25.9	38.6
Amortization of intangible assets	0.2	8.2	11.9	8.9	9.5	12.6
Depreciation of property, plant and equipment	1.8	2.2	2.3	1.6	2.5	3.2
EBITDA	**39.7**	**43.1**	**46.1**	**29.5**	**38.0**	**54.5**
Constant currency adjustment[(a)]						(0.1)
Rent during refurbishment[(b)]						0.2
Managing directors' bonuses[(c)]						0.3
Change in inventory mark-up[(d)]						(0.1)
Factoring fees[(e)]						(0.1)
Operating foreign exchange gains[(f)]						0.6
Own-store run rate adjustments[(g)]						4.8
LTM Adjusted EBITDA						**60.0**

(a) Our constant currency adjustment is made to eliminate the effects of currency fluctuations during the 12 months ended September 30, 2019. The exchange rates used (as provided by the *Banque de France*) per euro were $1.128 per €1.00, £0.884 per €1.00, HKD 7.757 per €1.00, CNY 8.840 per €1.00 and NOK 9.737 per €1.00.

(b) Our rent refurbishment relates to rents we owned in respect of our store in New York City on Broome Street in Soho. The Soho store has been under refurbishment since June 2019. As a result, we have had to rent another store in New York City on Green Street for $42,500 per month until we expect to reopen our Broome Street location in January 2020. In addition, we expect to incur a total of $150,000 of one-off costs for the year ended December 31, 2019 for the set-up of this temporary store on Green Street (including furniture and removal costs). The rent from June to December 2019 (amounting to a total of $275,000) and one-off costs (amounting to $150,000) have as a result been added back to our LTM Adjusted EBITDA.

(c) Our managing directors' bonuses relate to minimum bonus payments owed to certain of senior management which will decrease during the nine months ended September 30, 2019 (and up to 2020) as part of a decrease agreed to with the Sponsor by certain members of senior management.

(d) Our change in inventory mark-up has been restated based on the actual 20% mark-up that we implemented for the 12 months ended December 31, 2017 as described under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs.*"

(e) Our factoring fees have been restated in line with the actual fees observed for the nine months ended September 30, 2019, amounting to €98,170.

(f) Our operating foreign exchange gains relate to certain net gains and losses of an operating nature reported below EBITDA, primarily with respect to accounts receivable and accounts payable.

(g) Our own-store run rate adjustments relate to all stores in our own-retail network not opened during the full 12-month period ended September 30, 2019, shown as if such stores had been opened and operating throughout such full 12 month period and had performed based on the performance forecast for such stores in our budget, which in turn is based on prior results of comparable stores in comparable locations. Applying the foregoing calculation, the run-rate net sales for the 12 and 10 own-stores opened in 2018 and 2019, respectively, would have been €1.6 million and €10.6 million, in each case for the 12 months ended September 30, 2019. The resulting EBITDA run-rate adjustments after applying our retail own-store cost structure are comprised of €0.9 million due to ramp-up of stores opened in 2018 and €3.9 million due to the annualization of stores opened in 2019.

LTM Adjusted EBITDA is not intended to be a projection, estimate or guarantee of performance regarding EBITDA generation for the year ending December 31, 2019 or any other future period, which may be affected by the pace of own-store openings, competitive dynamics, basket size and the product and channel sales mix. Investors should note that EBITDA is not uniformly or legally defined and is not a recognized indicator under French GAAP. Other companies in our industry may calculate EBITDA differently, make different adjustments or employ other run-rate estimations, and consequently our presentation of these figures may not be readily comparable to other companies' figures and must be read in conjunction with the discussion of gross margin and operating cash flows included elsewhere herein and in our consolidated financial statements. The LTM Adjusted EBITDA information presented herein is for informational purposes only and undue reliance should not be placed upon it when evaluating an investment decision. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Risk Factors—Risks Related to Our Financial Condition—The non-GAAP financial information presented in these listing particulars may not reflect what our actual results of operations would have been for the periods presented and may not be indicative of our future operating performance.*"

(6) We calculate EBITDA margin as the ratio of EBITDA for the period to net sales for the corresponding period, expressed as a percentage.

We calculate LTM Adjusted EBITDA margin as the ratio of LTM Adjusted EBITDA for the period to net sales, adjusted to reflect the impact of the run-rate adjustments included in LTM Adjusted EBITDA and income from ancillary activities for the corresponding period, expressed as a percentage. For the 12 months ended September 30, 2019, our LTM Adjusted EBITDA as adjusted to reflect the effect of run-rate adjusted net sales and income from ancillary activities was €189.2 million.

(7) Reflects the total number of customers across our wholesale network.

(8) Reflects the total points of sale within our wholesale distribution network.

(9) Reflects the value of wholesale gross orders received from customers for the season shown.

(10) Reflects the value of the cancelled wholesale orders per season divided by the total value of gross wholesale orders shown in footnote (9) above, expressed as a percentage.

(11) Excludes our own e-boutiques isablemarant.com and isabelmarant.tmall.com.

(12) We opened our first four own-stores in China in 2018. See "*Business—Our Real Estate—Headquarters and own-stores*."

(13) Comprises our isabelmarant.com e-boutique, launched in June 2017, developed in partnership and operated in conjunction with Yoox Net-à-Porter ("**YNAP**") and our isabelmarant.tmall.com platform, launched in 2019, hosted by T-mall and operated in partnership with Ibaiqu.

(14) Like-for-like sales growth represents net sales of our own-stores (including our own e-boutiques) for the periods presented, adjusted to reflect net sales attributable only to those stores that operated continuously for the full two periods presented, expressed as a percentage of growth.

(15) Average retail discount rate reflects discounts to our own retail customers during sale periods, excluding sales in our outlet stores and press sales (as further described under "*Business—Our Distribution Channels—Retail—Outlets and press sales*"). We calculate the average retail discount rate, expressed as a percentage, as the absolute discount value divided by net sales before the retail discount rate is applied.

(16) Retail basket KPIs exclude sales made in our outlet stores, own e-boutiques and through press sales. Retail basket KPIs expressed in euro are inclusive of value added tax ("**VAT**").

(17) Reflects the total number of transactions made across our own-stores and department store concessions in the periods indicated.

(18) Reflects the average sales size per single transaction across our own-stores and department store concessions in the periods indicated.

(19) Reflects the average price (including VAT) per unit in a single transaction across our own-stores and department store concessions in the periods indicated.

As adjusted financial data

(in € millions, except ratios)	As of and for the 12 months ended September 30, 2019(1) (unaudited)
LTM Adjusted EBITDA	60.0
Cash and cash equivalents	42.5
As adjusted total third-party financial debt(2)	206.0
As adjusted net third-party financial debt(3)	163.5
As adjusted cash interest expense(4)	13.3
Ratio of adjusted net third-party financial debt to LTM Adjusted EBITDA	2.7x
Ratio of LTM Adjusted EBITDA to as adjusted cash interest expense	4.5x

(1) As adjusted financial data has been presented for illustrative purposes only and does not purport to be what our financial data would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our financial data for any future period or our financial condition at any future date. See "*Presentation of Financial and Other Information—Non-GAAP Measures—As adjusted financial information*."

(2) As adjusted total third-party financial debt represents our total third-party financial debt as of September 30, 2019, as adjusted to give effect to the Transactions, including the use of proceeds of the Offering as contemplated under "*Use of Proceeds*," as if the Transactions had occurred on September 30, 2019. See "*Capitalization*."

(3) As adjusted net third-party financial debt represents our as adjusted total third-party financial debt less cash and cash equivalents, as adjusted to give effect to the Transactions as contemplated under "*Use of Proceeds*," as if the Transactions had occurred on September 30, 2019. See "*Capitalization*."

(4) As adjusted cash interest expense represents our estimated interest expense on as adjusted total third-party financial debt (excluding interest expense on finance leases) for the 12 months ended September 30, 2019 (as if the Transactions had occurred on October 1, 2018). Our calculation of adjusted cash interest expense is based on a coupon of 6.625% for the Notes. As adjusted cash interest expense excludes charges related to debt issuance costs. As adjusted cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date.

Risk factors

An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below, together with other information provided to you in these listing particulars, before deciding to invest in the Notes. Any of the risks below, individually or together, could have a material adverse effect on our business, financial condition and results of operations. If any of the possible events described below were to occur, we may not be able to pay interest or principal on the Notes when due, and you could lose all or part of your investment. The risks described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and affect your investment. These listing particulars contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results anticipated in the forward-looking statements. Factors that might cause such differences are discussed below and elsewhere in these listing particulars. See "Forward-Looking Statements." The sequence in which the risks are presented below is not indicative of their importance, their likelihood of occurrence or the scope of their financial consequences.

Risks related to our industry and markets

The markets in which we operate are highly competitive, and our business, financial condition and results of operations may be adversely affected by the actions of our competitors and our failure to successfully respond to competitive pressures.

We compete primarily with other ready-to-wear and accessories groups at both ends of the advanced designer luxury and contemporary segments of the global luxury goods market, which is highly fragmented and competitive. We face a variety of competitive challenges, including in relation to:

- product development;
- brand position and brand identity;
- store locations, store layout and customer service;
- communications, advertising and social media visibility;
- responding to and anticipating changes in trends in the personal luxury goods market and customer tastes and preferences;
- human resources; and
- online engagement and e-commerce.

Some of our competitors are large international fashion houses that enjoy high brand recognition, a broad market presence, a large customer base, economies of scale and more developed online platforms. A number of these competitors have substantially greater financial, distribution, marketing and other resources than we do and may as a result be able to source products more competitively than we can and/or conduct larger and more effective marketing and advertising campaigns with which we are unable to compete. Such competitors may also have the ability to better adapt to, or anticipate changes in, customer preferences or consumer-spending behavior more quickly, or to generate higher brand recognition, than we can. In addition, as part of our brand recognition and retail strategy, we aim to expand our own retail store locations in key locations within luxury shopping avenues and locations in urban centers. We open these locations to, among other factors, increase our brand awareness across all of our distribution channels and increase our tourist footfall and exposure. There is a risk that our competitors may achieve higher brand recognition with more effective brick and mortar positioning within large urban centers, in addition to their capacity to spend more on brand awareness in general.

International luxury fashion brands currently operating in other wholesale and/or retail geographic markets than those in which we operate may also enter our markets.

Increased competition from both within and outside of advanced designer luxury brands may also negatively impact our customers' willingness to purchase our products. The broad range of retailers of ready-to-wear and accessories results in substantial competition, which varies across our markets. This existing competition may further increase in the future due to, among other factors, a decreasing demand for advanced designer luxury brands and contemporary ready-to-wear and accessories, accompanied by an increase in relative demand for lower-priced products. In addition to new market entrants, existing competitors may intensify their marketing efforts to attract new customers. To compete effectively, we may be forced to increase our marketing expenditures and revise our brand concept, which could have an adverse effect on our net sales and profitability.

Furthermore, our plans to expand our business operations into new geographic markets may be adversely affected by strong competition in these markets. Certain competitors in these markets are more likely to have better developed brand recognition and customer loyalty, existing store and distribution networks and greater knowledge of customer tastes and preferences in these markets. In certain markets outside of France where we operate or seek to operate, including in certain geographies indirectly through distribution partners, we are a relatively new entrant and/or we may face competition from longer-established fashion brands. Therefore we may be unable to compete effectively in new geographic markets, which could have a material adverse effect on our business, financial condition and results of operations.

We are affected by general economic conditions in the markets where our products are sold and sourced, and any downturn resulting in lower consumer confidence and reduced spending in these markets could have a material adverse effect on our business.

Our business depends on the demand for luxury ready-to-wear and accessories in the markets in which we sell our products, particularly among women, who make up a substantial majority of our target customer group. Demand for luxury ready-to-wear and accessories is cyclical and affected by the overall level of consumer spending. Consumer spending is primarily driven by macroeconomic and other drivers influencing consumer-spending behavior, such as employment levels, salary and wage levels, currency exchange rates, inflation or deflation, interest rates, tax rates, tourist arrivals, fuel prices, civil unrest, terrorist attacks, availability of consumer credit, consumer confidence with respect to current and future overall economic conditions and personal economic prospects, all of which are factors beyond our control. Relatedly, tourist travel, the number of high-net-worth individuals and growing middle classes in fast-growing economies are all factors that generally relate to the prevailing macroeconomic conditions, and which can significantly affect our business. Furthermore, discretionary ready-to-wear and accessory purchases, particularly in the personal luxury goods market, generally decline in an unfavorable economic environment, especially when disposable income and consumer confidence has decreased.

We currently sell our products in a number of jurisdictions globally, with 45.4%, 17.4% and 11.9% of our net sales for the 12 months ended September 30, 2019 being generated from Europe, the Americas and Asia, respectively. Our net sales and profitability could therefore be adversely affected by unfavorable economic conditions, an economic downturn or an otherwise uncertain economic outlook in these markets or new geographic markets that we may enter in the future. Deteriorating economic conditions could also increase pricing and, with respect to our own retail operations, markdown pressure on the products that we sell and a corresponding decline in our margins. Global economic conditions and uncertainties may also affect our suppliers, resulting in, for example, plant closures or increases in the cost of raw materials. As a result, an economic downturn or persistent uncertain and unfavorable economic conditions in the markets in which we source our raw materials and other components used to produce our ready-to-wear and accessories could have a material adverse effect on our business, financial condition and results of operations.

We may fail to appeal to the fashion tastes of our customers or to identify and respond to changing seasonal fashion trends and product demand.

The fashion industry is generally characterized by rapidly changing customer preferences and seasonal fashion trends. We produce, on average, four seasonal collections per year for our “Isabel Marant” (“**IM**”) and “Isabel Marant Homme” (“**Homme**”) lines and two seasonal collections per year for our “Isabel Marant Étoile” (“**Étoile**”) and, and we target a broad, fashion-conscious customer, with our core customers ranging from between 30 and 50 years old. Our target customers may not find our collections appealing, which may be due to, among other things, our misjudgment of fashion trends. Decisions about product designs are often made far in advance (up to one year) from the time the product is available for sale to the end consumer. Although we base our product design and collection planning processes on feedback from prior collections, the change in trends could negatively impact customer interest in our new collections.

Furthermore, we launch the same collection in each of the markets where our products are sold, and our target customer groups do not necessarily have the same consumer expectations and preferences across all of the markets where our products are sold, and adjustments for regional differences (including fashion tastes and sizing of customers in certain countries) present additional challenges in identifying and capitalizing on trends. Our failure to anticipate or identify changes in styles, trends or desired image preferences or to anticipate demand through our collections could lead to net sales declines with respect to our wholesale channel and excess inventories and a greater number of markdowns with respect to our own retail distribution channel, given our limited ability to adapt our collection appropriately and in a timely manner. Moreover, customers’ shifting shopping preferences have caused the retail environment to change at an accelerated pace. Our target customers increasingly rely on online and mobile channels for their apparel purchases. If we are unable to keep up with rapidly changing online and mobile technology to serve our e-commerce platform and sufficiently meet our customers’ changing expectations we may fail to capture a significant share of consumers in the fashion retail market and may lose such consumers to other long-standing, better positioned online retailers.

Any significant failure to anticipate, identify or adequately respond to changing tastes and preferences could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on preserving our strong brand image and if we are not able to maintain the value and resonance of our brand, we may be unable to retain consumers or attract new ones, which could reduce our net sales and adversely affect our business, financial condition and results of operations.

Our financial performance is closely linked to the success and reputation of our IM, Étoile and Homme lines, which in turn depend on factors such as design and quality of our products, design concept of our doors, our customer service, our relationship with the public, our marketing policy, public reception of our collections and our business practices, all of which are important factors in earning and maintaining customer goodwill. Products or communications policies that do not adequately reflect our lines’ image, inappropriate conduct by our staff, suppliers or distributors, or any circulation of damaging information to the media, could affect our brand recognition and image.

Customer acceptance of our brand and products is subject to change for a variety of reasons. Perceptions may also be affected by the entry of new competitors and/or adverse publicity concerning our brand, operations or suppliers. See also “*—Risks Related to Our Operations—The public perception and reputation of our lines could be damaged if our raw material suppliers or manufacturers of our products fail to comply with applicable labor laws or recognized ethical standards or other applicable laws, or if the public develops an impression that such violations are occurring*.” Moreover, increased concerns about climate change and the growing sentiment that large luxury apparel brands should address sustainability and responsible sourcing issues across the entire supply chain means that our brand could suffer if we, our suppliers or our other partners do not adequately address, or are perceived as not adequately addressing, relevant sustainability and responsible sourcing issues in the fashion industry. If we are unsuccessful in addressing this adverse publicity, our brand could suffer. Because our success depends significantly on our brand image, damage to our lines would have a particularly negative impact on us.

Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business and to maintain our current price point for our products. If we become directly subject to scrutiny, criticism and/or negative publicity, our business, financial condition and results of operations may suffer. Such situations may be costly and time consuming and distract our management from running our business. Even if such allegations are proven to be groundless, we and our business operations may be severely affected.

Maintaining and enhancing our brand image may require us to make substantial investments in areas such as store design, social media outreach, search engine optimization and employee training. These investments may divert funds that we could otherwise use to grow our business and/or could adversely affect our cash flow, and such initiatives may not ultimately be successful. Failure to successfully preserve our brand could have a material adverse effect on our business, financial condition and results of operations.

Sales of our products through our own-stores could be adversely impacted by unfavorable weather.

Unfavorable weather conditions could have a negative impact on the sale of our products through our own-stores. Significant swings or changes in weather conditions that are contrary to historical patterns in the autumn or winter and spring or summer seasons in the global luxury markets in which we operate may impact net sales of garments in our Spring/Summer ("**S/S**") and Fall/Winter ("**F/W**") collections, respectively. Adverse weather conditions during our peak sales periods would have a disproportionate effect on our financial condition and results of operations. Moreover, unseasonable weather may also impact our supply chain and our ability to delivery our products from our warehouses to designated doors. Natural disasters, such as storms, tornadoes, floods, earthquakes or other major weather disasters may also have a negative impact on our business. Our inability to effectively react to unfavorable weather conditions may have a material adverse effect on our business, financial condition and results of operations.

We depend on key personnel and may not be able to retain or replace such personnel.

Our success and future development depend in part on the continued involvement of our founder, designer and namesake Isabelle Marant, and the performance of the other members of our senior management team. Retention of senior management is important in our business due to the limited availability of experienced and talented design, sales and development executives and the close association of Isabelle Marant with our brand positioning. Our ability to anticipate and effectively respond to changing customer preferences and tastes depends, in part, on our attracting and retaining key personnel in our buying, design, marketing and other functions. Competition for such personnel is intense, and we may not be able to attract and/or retain a sufficient number of qualified personnel in the future on terms acceptable to us. If we were to lose the services of Isabelle Marant or other members of our senior management team and were unable to employ suitable replacements in a timely manner, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Risks related to our operations

The success of our growth and expansion plans depends on a number of factors that are beyond our control.

We have expanded our business at a rapid pace, for example, from seven own-stores as of January 1, 2016 to 32 own-stores (excluding our own e-boutiques) as of September 30, 2019. Our strategy calls for focusing or broadening the penetration of certain markets where we are already present and to expand into new geographic markets. We cannot guarantee that we will correctly estimate customer demand or that we will be able to successfully establish our brand in the new markets to which we expand. In addition, our expansion strategy includes the expansion of our sales channels (including an increase in our e-commerce and brick-and-mortar retail channel) as well as additional product lines (such as the further development of our Homme brand as well as our bag offerings). Our planned expansion may place strains on our existing operational, managerial, financial, logistics, administrative and other resources, particularly in the areas of product sourcing, strategic store planning, the management of subsidiaries, the relationship with our new and existing wholesalers and distribution partners and our customer relations. These increased demands could cause our business to operate less effectively, which in turn could cause deterioration in our financial performance. Our capital and other expenditures may also be higher than expected due to cost overruns, unexpected delay or other unforeseen factors. Delays in adapting the organizational and control structures, risk monitoring and risk management systems and in reaching an appropriate level of staffing may result in business and administrative oversights and errors which may also lead to higher operating expenses.

In particular, we may encounter complications increasing our scale, finding suitable locations for our own-stores, delivering to a greater number of locations or hiring and training additional staff. In most cities where we plan to expand, suitable first-tier retail locations are limited and there is significant competition for them. We may also experience difficulty in entering into leases for new stores on acceptable economic terms. In addition, we are sometimes required to pay key money to current tenants or landlords in order to secure leases and such amounts, particularly in Europe, can be significant. Furthermore, new doors could compete with our existing doors, causing the number of customers who visit our existing doors to decline and resulting in lower like-for-like net sales growth. Moreover, our other international expansion plans, by means of the expansion of our wholesale distribution channel, distribution partners or otherwise, means we will become subject to new regulatory regimes. Our internal functions to monitor our distribution partners' performance may be unable to keep pace. Additionally, we may not identify suitable distributors to partner with in countries where we may seek to establish our brand. See "*—Risks Related to Our Operations—We are exposed to risks related to conducting operations in several different countries.*"

If our expansion strategy is not successful or advances at a slower pace than planned, our competitive position and our profitability may be negatively affected. These risks could, individually or cumulatively, increase costs which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with leasing substantial amount of space, including future increases in occupancy costs. Negotiating, terminating or extending own-store leases may be difficult or costly, which could negatively impact our business.

We currently lease the premises for all of our directly operated stores. Each year, a portion of our lease agreements for our own-store locations becomes due for renewal or renegotiation. We may be unable to extend expiring lease agreements and may have to abandon the locations or renew the leases on unfavorable terms and continue managing the relevant stores less profitably. In addition, we may decide to close certain store locations that do not meet our financial targets, which may not be feasible on short notice or may be possible only at an unacceptably high cost. Our lease agreements typically require payment of fixed monthly rent that is subject to periodic adjustment based on an annual indexation clause or certain increases in rent at pre-agreed times. Shopping mall and certain in-demand areas leases may require payment of rent in the greater of a monthly minimum rent or a percentage of net sales. Certain of our current or future lease agreements may have no special termination right in our favor, and we may be unable to terminate these lease agreements (or enter into subleases) without considerable delay or expense.

Failure to extend expiring store leases, terminate lease agreements for unattractive existing store locations in a timely manner or to conclude new lease agreements on terms and conditions acceptable to us could have a material adverse impact on our business, financial condition and results of operations.

We are exposed to credit and relationship risks related to wholesalers which could expose us to loss of net sales if we are unable to find suitable alternatives for cancelled orders.

Although we review the credit risk related to our customers regularly, such risks may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. For our 2019 collections, our top 10 wholesale partners represented approximately 37% of total gross orders (in line with 2018), which accounted for approximately 11% of the total points of sale (which we refer to as "**doors**") within our wholesale distribution network as our client portfolio is primarily composed of multi-brand stores. There is however a risk that one or more of our large wholesalers is unable to pay for the orders they placed with us due to financial restructuring, insolvency, or other factors affecting their credit worthiness (for more information on our order timeline, see "*Business—Our Collections' Lifecycles*"*)*. This would require us to take back our inventory and find new buyers for it, which, given the customized nature of each order and certain regulatory requirements such as textile labeling laws that require products produced for specific geographies like the United States to be sold in those geographies only, may not be achievable with respect to the whole order. For example, in August 2019, department store chain Barneys New York Inc., one of our wholesalers as of the date of the Offering Memorandum, announced that it was seeking bankruptcy protection in order to restructure its business and pursue a sale and in November 2019 was sold to a third party. As part of its restructuring plans, Barneys New York Inc. announced its intention to close the majority of its store locations as well as most of its outlets. While the impact of Barneys New York Inc.'s contribution to our net sales is by itself not material, we face the risk that other large wholesalers may face similar issues which could either individually or in the aggregate have a material adverse effect on our business. Any order cancellations, requests for discounts or delays in payment brought on by similar financial difficulties with our wholesalers could damage our results of operations and, for cancellations, would require us to find suitable sales alternatives for the specific products we produced for such wholesaler which we may not be able to procure on favorable terms, or at all. In addition, given that we do not have long-term fixed supply contracts in place with our wholesalers and instead our wholesalers purchase from us on an order by order basis, we rely on our ability to maintain relationships which our wholesaler clients. If several of our wholesalers face operational challenges affecting their creditworthiness (as a result of macroeconomic changes, consumer shifts away from traditional brick-and-mortar retail or otherwise), and we are unable to find such suitable sales alternatives, it could have a material adverse effect on our business, results of operations or financial condition.

Our retail business could be harmed if we fail to maintain proper inventory levels.

Efficient inventory management is important to enable us to manage our net sales, margins and cash flow generation profile with respect to our own retail business. Although our own retail networks contributed a smaller portion of our net sales (30% for the nine months ended September 30, 2019) compared to our wholesale networks, our own retail operations may form a key growth driver of our business going forward. Our inventory consists of a broad range of ready-to-wear, shoes, leather goods and accessories and jewelry in various categories, sizes and colors. If we do not accurately predict customer demand when making purchasing decisions, we may have to take markdowns and discounts, which could have an adverse effect on our own retail margins and/or harm our brand image. Unsold products remain in our own retail stores until they are either sold during promotional periods or returned to our warehouse facilities and/or outlets for discounted sale, deteriorating the brand image. Alternatively, we may seek to sell these items to clearance specialists. Conversely, if we underestimate future demand for a particular product and are unable to respond quickly due to our long lead times, we may experience a shortfall in retail inventory of such products, leading to foregone net sales. Moreover, our inventory levels may be impacted by delays from our suppliers for reasons which may be out of our control and in turn could delay our collections arriving on time in our own-stores. While we centralize our inventory at our central warehouse in Pantin, France (and outsource our warehouse needs in the United States and China to third-parties with warehouse facilities located in New York, United States and Shanghai, China, respectively) and seek to provide weekly deliveries to our own-stores and wholesalers, if we cannot quickly and cost-efficiently move inventory to our doors, our business may suffer.

Maintaining adequate inventory with respect to our own retail operations requires significant attention and monitoring of market trends, local markets, developments with suppliers and our distribution network, and it is not certain that we will be effective in our inventory management. As we may expand our operations in the future, it may be even more difficult to manage our inventory effectively. If we do not appropriately manage our inventory balances, our business, financial condition and results of operations could be adversely affected.

The manufacturing of our products depends on third parties and could be delayed or not be possible at all.

We do not own or operate any manufacturing facilities and therefore depend entirely upon third parties for the manufacturing of our products. Although we tend to price our products based on the cost of our production, we face the risk that our production costs could become more expensive. We rely on a broad range of suppliers located in, among other countries, Portugal, Italy, Romania and France in Europe, Morocco and Tunisia in North Africa and India, China and Turkey in Asia. Purchasing of manufactured products and sub-contracting is managed at our central headquarters in Paris, sometimes supervised by local sourcing offices where we closely monitor our supplier's performance, quality and attention to cost and design details. In total, we work with over 260 suppliers in the production and manufacture of our ready-to-wear and other products. Our suppliers are changed from time to time as considered necessary or appropriate. If we experience a surge in demand or the need to replace an existing supplier, there can be no assurance that additional manufacturing capacity will be available when required on terms that are acceptable to us. Further, even if we were able to expand existing manufacturing sources or find new ones, we may encounter delays in production and added costs as a result of the time it would take to train the new manufacturing facilities in our methods, products, quality control standards, labor, health and safety standards.

The main inputs for apparel tend to be leather, textile, metals and labor costs. Leather, textile, metals and other raw materials used by our third-party suppliers to manufacture our products are subject to availability constraints and price volatility caused by factors such as the high demand for fabrics, weather, supply conditions, government regulations, labor costs, foreign currency exchange rate fluctuations and other unpredictable factors. Raw materials may be unavailable to manufacture our products as the result of political, economic or natural conditions in our source supplier countries, which are beyond our control and difficult to predict. Labor costs may fluctuate based on changes in the regulatory environment and rising wages. Moreover, if we are unable to pass cost increases related to raw material and other costs on to our customers, we may experience pressure on our gross margins.

We may also experience operational difficulties with our suppliers, such as a reduction in the availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines or increases in manufacturing costs that we may not be able to pass on to customers. Even if we monitor our suppliers directly, we may not be able to monitor their subcontractors or other parties, if any, to whom they have outsourced part of the manufacturing process. Such difficulties may negatively impact our ability to deliver quality products to our customers and our own-stores on a timely basis, which may, in turn, have a material adverse effect on our business, financial condition and results of operations.

Any increase in sourcing costs may impact our margins if we do not increase the prices of our products proportionally. If we pass the increase in sourcing costs on to our customers by raising the prices of our products, the demand for our products may decline, in particular if competitors choose not to do so or if they do not face the same increase in sourcing costs. A shortage of raw materials may result in the inability of our third-party suppliers to fulfill our orders and our inability to supply our own-stores and market our products. Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Because we rely on independent carriers to distribute our products to our doors and for direct delivery to our customers, any disruption in their services or increase in shipping costs could adversely affect our business.

We rely on independent carriers for the distribution of our products to our doors and for direct delivery to customers. We are exposed to any failures or shortcomings by these carriers, including delivery delays or the loss or theft of goods. Any breakdown or disruption, in whole or in part, of the activities of these carriers (in particular, air transport used for international product deliveries), for example resulting from information technology malfunctions, equipment failure, strikes, accidents, natural disasters, acts of terrorism, vandalism, sabotage, theft and damage to products, failure to comply with applicable regulations or any other disruption, could reduce our ability to supply our doors, make timely deliveries to customers or maintain an appropriate logistics chain and level of inventory, all of which could adversely affect our reputation. Additionally, there can be no guarantee that we will maintain relationships with our current independent carriers, and we may at any point be required to contract with other carriers at a greater cost.

The occurrence of one or more of these disruptions to our distribution network could have a material adverse effect on our business, financial condition or results of operations.

Disruptions at our warehouses or our inability to maintain warehouse leases or outsourcing agreements on terms acceptable to us could significantly impact our own retail operations.

We lease our central warehouse in Pantin, France and outsource our warehouse needs in the United States and China to third-parties with warehouse facilities located in New York, United States and Shanghai, China, respectively, to accommodate our logistics infrastructure with respect to our own retail operations. Our warehouse outsourcers receive products from our Pantin warehouse and distribute these to own-stores as well as store returned inventory from our own retail distribution channel until it is shipped to a local outlet. Our warehouse outsourcers also face risks with respect to third party distributors (see "—*Because we rely on independent carriers to distribute our products to our doors and for direct delivery to our customers, any disruption in their services or increase in shipping costs could adversely affect our business*"). We may be unable to renew our leases or agreements with outsourcers on terms acceptable to us or at all, or be required to replace them for reasons beyond our control, such as difficult conditions in the local real estate market or competition. If the amount of the corresponding rent should significantly increase or if we should fail to renew existing leases or to lease appropriate alternative premises on terms acceptable to us, this could have a significant effect on expenses and lead to disruptions in our own retail business.

Any damage or destruction of one or more of our warehouses or any theft or vandalism within these warehouses, technical problems, strikes or natural events, including adverse weather conditions, could result in the destruction or loss of all or a portion of our inventory and fixed assets located in these warehouses. Moreover, outsources may fail to meet their deadlines for other reasons outside of our control, which may, in turn, impact our capacity to deliver products to our wholesale clients and own-stores on time. Such events could, in turn, have a significant impact on our ability to distribute products to our own retail doors or deliver products to our customers in a timely manner and maintain an appropriate logistics chain and inventory levels with respect to our own retail operations. In addition, if we are faced with increased logistics costs, we may not be able to pass on the impact of this increase in costs to customers.

The occurrence of one or more of these risks could have a material adverse effect on our business, financial condition or results of operations with respect to our own retail activities.

The public perception and reputation of our lines could be damaged if our raw material suppliers or manufacturers of our products fail to comply with applicable labor laws or recognized ethical standards or other applicable laws, or if the public develops an impression that such violations are occurring.

We take various steps to ensure that our suppliers of products and manufacturers comply with applicable labor and social welfare laws, as well as acceptable social and environmental standards. For example, we have charters with our main suppliers that address ethical and environmental standards and we conduct audits of our suppliers. See "*Business—Our Design and Production Process—Production—Responsible sourcing*." Nonetheless, from time to time our suppliers, manufacturers or subcontractors may not be in compliance with local labor law or recognized ethical standards. If it emerges that our suppliers or manufacturers of our products have not complied with applicable labor laws or recognized ethical standards, or if the public perceives that such an event is occurring, whether or not it is, the public perception and reputation of us and our lines could suffer, possibly damaging customer relationships and causing a considerable decrease in net sales. We do not control our manufacturers and the subcontractors of our manufacturers on a day-to-day basis and they may fail to comply with our codes of conduct, applicable labor and social laws, acceptable social or ethical standards, adequate health and safety requirements, or international conventions on production and manufacturers. Our control mechanisms of our manufacturers and their subcontractors may not be successful or may fail. In addition, changing a supplier or manufacturer following discovery of a violation could result in additional costs and supply shortages or disruptions. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

We face certain risks in connection with our distribution partners.

In Asia, our distribution partners operate one Isabel Marant-branded store in Seoul, South Korea, three Isabel Marant-branded-stores in Japan (two in Tokyo and one in Osaka) and four Isabel Marant-branded stores in the Hong Kong and Macau Special Administrative Regions. Outside of Asia, our distribution partners operate an additional five Isabel Marant-branded stores: one in Denmark, one in Monaco, one in Germany and one each in Lebanon and the United Arab Emirates. As part of our expansion strategy, we are considering partnering with further distribution partners who will own and operate stores under our brand. If our distribution partners fail to comply with contractual provisions, or do not uphold best retailing practices related to inventory management, brand positioning and customer service, our brand image and/or our results of operations and financial condition may suffer. Our distribution partners are independent entrepreneurs and our ability to control the manner in which they operate their businesses are generally limited to certain contractual rights to terminate the distribution and provide our operating protocols.

Aspects of these arrangements are not within our control, such as the ability of these third parties to meet their commitments regarding payment of the wholesale gross orders they place with us, to meet their projections regarding store locations, store openings and net sales, or to provide the customer service excellence that we and our customers expect. There is also a risk that the distribution of our products through our distribution partners could be suspended or delayed, on a temporary basis or permanently, due to technical problems, economic difficulties, such as the insolvency of a partner, or changes in applicable laws or regulations. In addition, our distribution partners may settle their receivables to us later than the contractual arrangements stipulate. Furthermore, certain of our distribution partners are part of multi-brand distribution operators that operate stores bearing other brands that may compete with us. Other risks that may affect these third parties include general economic conditions in specific countries or markets, foreign exchange controls, changes in diplomatic and trade relationships and political instability.

Our failure to successfully conduct our operations with our distribution partners we are currently doing business with or we may do business with in the future could undermine our growth strategy and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks related to conducting operations in several different countries.

We currently outsource our manufacturing to third party manufacturers located in multiple countries, particularly in Europe, North Africa and Asia (see "*Business—Our Design and Production Process—Production*"). We also outsource our warehouse needs in the United States and China to third-parties with warehouse facilities located in New York, United States and Shanghai, China, respectively, and rely on a global distribution network to our international doors. Notwithstanding the benefits of geographic diversification, the international scope of our business increases the complexity of and the risks generated by its activities, especially as our central management is located in Paris and we may encounter limitations in overseeing our globally expanding business. Risks inherent in international operations include the following:

- general economic, social or political conditions in the countries in which we operate, including terrorist attacks (such as, for example, the terror attacks that occurred in 2015 in Paris) or policies that may restrict our business operations, could have an adverse effect on our earnings from operations in those countries;
- compliance with a variety of laws and regulations in various jurisdictions may place strains on our resources;
- unexpected or adverse changes in the legal, political or economic framework of countries in which we produce or sell products may occur;
- the local market or regulatory environment may require us to depend more heavily on the use of partnerships and affiliates;
- we may not be able to find suitable partners or affiliates;
- the imposition of withholding taxes or other taxes, or the adoption of other restrictions on foreign trade or investment, including currency exchange controls, could restrict our ability to transfer our cash flow;
- adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses could restrict our international distribution;
- intellectual property rights may be more difficult to enforce;
- transportation and other shipping costs may increase;
- staffing difficulties, national or regional labor strikes or other labor disputes could impact our ability to hire or retain staff;
- difficulty enforcing agreements and collecting receivables;
- competitive challenges with other retailers with potentially better knowledge of the local market;
- exposure to different customer demand dynamics;
- fluctuation in the exchange rate of currencies against the euro for our business outside the eurozone; and
- the need to adapt payment and delivery options and our customer support services to local markets, particularly by translating product presentation media into foreign languages and meeting diverse cultural standards.

The failure to address any one of these factors could have a material adverse impact on our business, financial condition and results of operations.

The June 2016 decision by the United Kingdom to leave the European Union ("**Brexit**") has resulted in increased uncertainty in the economic and political environment in Europe. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms, barrier-free access between the United Kingdom and other European Union member states could be diminished or eliminated. Additionally, based on the form of any withdrawal agreement, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following such withdrawal. Lack of clarity about future laws and regulations may increase costs associated with operating in the United Kingdom, including through UK-based wholesalers serving Europe, which could adversely affect our business, financial position, result of operations and cash flows.

We may face increased marketing costs or may be unable to attract new customers with our marketing initiatives.

Our success and profitability depend on our ability to attract new customers while maintaining control over costs. We make significant marketing efforts through advertising, product placement, search engine optimization and social media presence. These initiatives may fail to attract new customers or to generate the anticipated purchase volumes. In addition, modifications to search engine algorithms or their general terms of use could exclude our websites from search results or lower their ranking. Additionally, the costs of these marketing initiatives could increase in the future, particularly as a result of changes in the economic model or media used. From time to time, we will also need to refresh or reinvent our communication strategy, which will require additional expense.

We cannot guarantee that our marketing efforts will generate the required degree of brand recognition, promote growth in the number of customers, or expand the volume of net sales. For example, our marketing campaigns featuring celebrities and social media influencers (see "*Business—Marketing and Media Campaigns—Social media and influencers*" and "*—Risks Related to Our Operations—Use of social media and influencers may adversely impact our reputation*") may not be well received if the reputation of one of these celebrities or influencer is undermined. Ultimately, the net sales generated by new customers as a result of marketing initiatives may not cover the costs incurred to attract them. Finally, in markets where we have already achieved significant penetration, acquiring additional customers could prove more difficult and costly. If marketing efforts do not succeed, we could face a decrease in customer demand and a decline in sales, which could have a material adverse impact on our business, financial condition and results of operations.

We face certain risks in relation to e-commerce and online net sales.

We sell our products online in Europe, the United States and Asia, via our e-retail platform and through e-commerce platforms such as Net-à-Porter, MatchesFashion, Mytheresa and other e-tailers. Our e-commerce operations are subject to numerous risks, including:

- reliance on third parties for computer hardware and software (including website development, maintenance and hosting), the need to keep up with rapid technological change and the implementation of new systems and platforms;

- the risk that our website may become unstable or unavailable due to necessary upgrades or the failure of our computer systems or the related IT support systems as a result of computer viruses, telecommunication failures, security breaches and break-ins and similar disruptions, or disruption of Internet service, whether for technical reasons or as a result of state-sponsored censorship or other causes;

- risks related to our collection of personal information;

- operational risks associated with changes in the regulatory or legal environments in which our wholesalers operate, including Brexit;

- the risk that changes to search engines' algorithms or terms of services could cause our website to be excluded from or ranked lower in "natural" search results;

- an increase in the cost of, or any decrease in the effectiveness of, our online marketing, including search engine optimization; and

- liability for online content, security breaches and consumer privacy concerns.

Our failure to respond appropriately to these risks and uncertainties could reduce our net sales, as well as damage our reputation and brand. The materialization of any of these risks, if significant, could have an adverse effect on our business, financial condition and results of operations.

Our stores are susceptible to casualty events which could interrupt our business.

As of September 30, 2019, we operated 32 stores (excluding our own e-boutiques) in a variety of largely urban locations. Additionally, we lease our headquarters location in Paris that also houses our in-house design studio and *atelier*, which are solely responsible for the design of our product lines and production of our patterns. All of these locations are potentially susceptible to casualty events, such as damage from fire, flood, vandalism, power losses, severe weather and similar events and the insurance that we have in place to protect against such risks may not adequately cover us in the case of loss. Moreover, any such location may be required to close or curtail its opening hours due to events occurring in the immediate vicinity, such as protests, transportation strikes or extreme weather. Furthermore, if any such event results in damage to any such location, our business may be interrupted and our insurance coverage may be insufficient to compensate us. The occurrence of one or more of these disruptions to the stores and facilities on which we are dependent could have a material adverse effect on our business, results of operations and financial condition.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

We have taken out insurance policies to cover a wide range of risks and we intend to maintain an adequate level of insurance appropriate to our business. Nevertheless, insurance policies are subject to usual limitations (such as excesses and caps) and not all claims are covered by insurance policies. There can be no assurances that we may be faced with a major incident that is not covered by any of our insurance policies. In addition, the occurrence of several incidents in the same year and significant demands for indemnification resulting from them may have a material adverse effect on our business and financial condition. Moreover, the costs of the policies may increase in light of our claim history or as a result of a general increase in prices in the insurance market. As a result, we cannot guarantee that we will succeed in maintaining our current levels of coverage or will be able to do so at a reasonable cost, potentially leading to material adverse impacts on our business, financial condition and results of operations.

Product defects may cause supply shortages, expose us to claims and damage the public perception of our lines.

We depend on third party manufacturers to manufacture our products and ensure that our products comply with relevant specifications and quality standards as well as consumer safety requirements. If a defect is identified during our quality controls, we will not accept delivery of the relevant product. In this case, we may be unable to replace the rejected product in a timely manner, which may result in supply shortages and a decline in our net sales. In addition, there is the risk that our quality control procedures may not detect all defects and the reputation of our lines could be damaged by the marketing of defective products, especially in case of serious defects such as products containing harmful substances causing physical harm or other health problems. Such serious defects could also lead to a significant decline in net sales and expose us to liability for regulatory violations or damage claims.

From time to time in the normal course of our business, we may also become subject to product liability claims. We maintain general product liability coverage. However, we cannot assure you that any insurance coverage will be sufficient to insure against claims which may be brought against us, or that we will be able to maintain such insurance or obtain additional insurance covering existing or new products. Significant product liability claims may also lead to increased scrutiny by international, national or local regulatory agencies.

In all such cases, especially if there is a prolonged impact on product quality, there may be a material adverse effect on our business, financial condition and results of operations.

Our ability to attract customers to our stores may also depend on the attractiveness of the locations in which our stores are located, and any decrease in footfall in such areas could adversely impact our revenue.

We operate stores located in a variety of locations ranging from city centers to shopping malls and commercial areas. As a result, our net sales are dependent, to a significant degree, on the volume of customer traffic in the retail destinations in which our stores are located and the surrounding areas which, in turn, depends on several factors. To a large extent, customer traffic in the retail destinations in which our stores are located depends on several factors, including the ability of a particular retail location to generate and/or maintain its attractiveness, the ability of other retailers in those destinations to generate customer traffic in the vicinity, the accessibility of such retail location, the availability of parking, the distance from the consumer’s home or place of business and the mix of other retail, dining and entertainment options in the vicinity.

Adverse economic conditions or other factors in certain markets where we operate may cause other retailers to close stores. As a result, occupancy rates in certain shopping centers may decrease, and store closures by other retailers and vacancies in shopping centers and other retail destinations will tend to reduce footfall to the entire shopping center. We cannot control the availability or cost of appropriate locations, competition with other retailers for prominent locations or the success of individual shopping centers and there can be no assurance that we will be able to obtain alternative store leases in prime locations on commercially acceptable terms. Moreover, an existing prime location may deteriorate as a result of more popular shopping centers opening in the vicinity of the existing location or if consumer shopping patterns change.

Failure to make our stores an attractive “destination” or a significant decline in the volume of customer traffic would, with respect to our retail distribution channel, have a material adverse effect on our business, financial condition and results of operations. Any number of these factors may impact the level of customer traffic in our stores and could have a material adverse effect on our business, financial condition and results of operations.

Our operations may be interrupted or otherwise adversely affected as a result of failures in our IT systems.

Our success depends on the continuous and uninterrupted availability of our IT systems and software to process, among other things, customer transactions, design products, manage inventory, prepare our reporting, and manage the purchase and shipment of our products. The management of our IT infrastructure and systems are performed both in-house and outsourced to third-parties.

We rely on software acquired or licensed to us from third parties. We cannot guarantee that the various software programs we use to operate our business will not result in, among other things, loss of data and IT system underperformance, and our existing data backup, access protection, user management and IT emergency planning may not be sufficient to prevent information loss or disruptions to our IT systems.

Furthermore, if our IT systems are breached due to a cyber-attack, we could experience a material disruption to our IT systems as well as data loss that could have an adverse effect on our business. Future results could be negatively impacted by data theft, destruction or loss, or unplanned release of confidential information. In addition to the operational and data losses we could experience from a cyber-attack, our reputation with customers, suppliers or others could be damaged.

We face a risk of theft or misappropriation of funds and products in our doors or in our warehouses as well as customer data that we collect for marketing purposes.

In the ordinary course of our business, we are exposed to a risk misappropriation, theft or loss of products or funds in our own-stores. Products may also be misappropriated during transportation, at our warehouse or in third-party warehouses. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience significant rates of inventory shrinkage or incur increased security or other costs to combat inventory theft, our business, financial condition and results of operations could be materially and adversely affected. We also seek to prevent shop crime and fraud in our own-stores but despite these efforts, shop crime and fraud can still occur.

We also face the risk that customer data that we collect for marketing purposes may be stolen or misappropriated. In this case, customers may lose their confidence in us and be discouraged from providing us with their data and our marketing could be negatively affected as a result. Further, our reputation and brand may be negatively affected, which could have a material adverse effect on our business, financial condition and results of operations.

Use of social media and influencers may adversely impact our reputation.

There has been a marked increase in use of social media platforms and similar devices or other forms of internet-based communications which allow individual access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning retailers, manufacturers and their goods and services and often act on such information without further investigation, authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is significant. Information concerning or affecting us may be posted on such platforms and devices at any time. Such information posted may be inaccurate and adverse to us, and it may harm our business. The harm may be immediate without affording us an opportunity for redress or correction. Such platforms also could be used for the dissemination of trade secret information or compromise of other valuable company assets, any of which could harm our business. In addition, negative commentary regarding the social media influencers with whom we have worked, regardless if connected to their sponsorship of our products, may negatively impact our reputation or the perception of our brand.

We also use social media platforms as marketing tools. For example, we maintain Facebook, Instagram, YouTube, WeChat, Sina Weibo and Weitao accounts. We also maintain relationships with social media influencers by gifting them products to showcase. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our business or subject us to reputational damage, fines or other penalties.

We are exposed to liability and reputational harm from injury at our own-stores.

We are exposed to the risk of liability from lawsuits or reputational harm if customers or employees are injured at our premises, either through no fault of our own or due to unsafe conditions caused by, among other factors, crowded conditions or failure to adhere to safety standards. There can be no assurance that our insurance will be adequate to cover liabilities resulting from such actions or omissions or that reputational damage will not have a material adverse effect on our business, financial condition or results of operations.

Risks related to our financial condition

Our total assets include significant amounts of goodwill and other intangible assets, which are subject to the risk of impairment.

Our total assets as of September 30, 2019 include goodwill and other intangible assets for a total amount of €193.4 million, consisting of goodwill and leasehold rights which collectively represented 39.3% of our total assets. In accordance with French GAAP, we make certain estimates and projections in connection with impairment analyses for non-current assets. In connection with the acquisition as part of the IM Reorganization (see "*Summary—The Transactions—The IM Reorganization*") we will be required to recognize an increase in our goodwill. We also review the carrying value of these assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. We will record an impairment loss when the carrying value of the underlying asset, asset group or reporting unit exceeds its fair value. These calculations require us to make a number of estimates and projections of future results. If these estimates or projections change, we may be required to record additional impairment charges on certain of these assets, which could adversely affect our results of operations.

Our financial statements are prepared in accordance with French GAAP, and any transition to IFRS in the future could impair the comparability of our reported and historical results.

Our consolidated financial statements are prepared and presented in accordance with French GAAP, which differs in certain significant respects from IFRS. We have not presented in these listing particulars a full reconciliation of our French GAAP consolidated financial statements to IFRS consolidated financial statements. As there are significant differences between French GAAP and IFRS, if we were to prepare our consolidated financial statements based on IFRS instead of French GAAP, there could be substantial differences in our financial condition, results of operations and cash flows, including levels of indebtedness. Accordingly, if we transition our financial reporting standards, accounting policies and accounting adjustment from French GAAP to IFRS, the comparability of our reported and historical results could be significantly impaired.

We will be allowed under the Indenture to elect to report exclusively in IFRS. If we do so, the covenant calculations under the Indenture will be based on IFRS and our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. This could result in our being able to take actions that might be to your detriment, such as incurring greater amounts of debt than would otherwise have been possible had we continued to report in French GAAP. For a discussion of certain differences between French GAAP and IFRS, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Certain Differences between French GAAP and IFRS*."

The non-GAAP financial information presented in these listing particulars may not reflect what our actual results of operations would have been for the periods presented and may not be indicative of our future operating performance.

In these listing particulars, we include Non-GAAP Measures such as EBITDA and LTM Adjusted EBITDA which are not recognized measures of financial performance under French GAAP. See "*Presentation of Financial and Other Information*" for a discussion of each of these measures. These Non-GAAP Measures give effect to, among other things, currency fluctuations, certain adjustments related newly opened stores, including on a run-rate basis for the ramp-up period immediately following opening.

The "own-store run rate adjustments" made to EBITDA as described in footnote (g) under "*Summary Consolidated Financial and Other Information—Other Financial and Operating Data*" are not intended to be a projection, estimate or guarantee of performance regarding LTM Adjusted EBITDA generation for the year ending December 31, 2019 or any other future period, which may be affected by footfall, competitive dynamics, average selling price and basket size. Moreover, prospective investors should note that the increase in EBITDA modeled by LTM Adjusted EBITDA for new store openings may be offset, to a degree that will vary depending on the circumstances, by a number of factors, including but not limited to, the reduction of the sales uplift effect as we open more own-stores and/or the reduction of traffic. Additionally, as we use our budgeted sales figures for particular newly-opened own-stores to calculate the EBITDA attributable to such locations, our failure to accurately set our budget could introduce inaccuracies into LTM Adjusted EBITDA presented elsewhere in these listing particulars. As a result of the foregoing, LTM Adjusted EBITDA is subject to significant business, economic, financial and competitive risks and uncertainties that could have caused actual results to differ materially.

More generally, Non-GAAP Measures may not reflect what our actual results of operations would have been had we acquired these businesses for the periods presented, and may not be indicative of our future operating performance. These Non-GAAP Measures are also subject to significant assumptions and limitations. There can be no assurance, however, that our estimates and assumptions (some of which are forward-looking in nature) are or will prove accurate in all material respects. These Non-GAAP Measures are for information purposes only and are inherently subject to risks and uncertainties. They may not give an accurate or complete picture of our results of operations for the relevant period, and may not be comparable to the consolidated financial statements or other financial information included elsewhere in these listing particulars. Our actual results may differ significantly from those reflected in these Non-GAAP Measures. See "*Presentation of Financial and Other Information*" and "*Summary Consolidated Financial Information and Other Information*."

The Issuer is a holding company and will be dependent on payments from its subsidiaries in order to be able to make payments on the Notes.

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than the shares it holds in IM Growth and its receivables under the Proceeds Loan to be extended to IM Growth on the Issue Date, the Existing Intercompany Loan and any future intercompany loans. As a result, the Issuer will be dependent upon the cash flow from its subsidiaries in the form of dividends, intercompany loans, or otherwise to make any payments due on the Notes.

In addition, the Issuer's subsidiaries may be restricted from providing funds to the Issuer under some circumstances. These circumstances could include, among others, restrictions under French or other applicable corporate law, and future contractual restrictions, including restrictions in credit facilities and other indebtedness, that may affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer. In addition, applicable tax laws may also subject such payments to taxation.

We cannot assure you that the arrangements with our subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of our subsidiaries and our results of operations and cash flow generally will provide us with sufficient dividends, distributions or loans to fund payments on the Notes. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on the Notes, and we do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

The interests of our shareholders may be inconsistent with the interests of the holders of the Notes.

The Sponsor and certain members of our management team are the indirect majority shareholders of the Issuer. The interests of the Sponsor and/or any other principal shareholder or minority co-investor in the future could conflict with each other and/or the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our liabilities when due. Any such shareholder could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment could enhance its investment, although such transactions might involve risks to the holders of the Notes. In addition, our shareholders may also invest or acquire businesses that compete with us.

Risks related to laws and regulations

Our management of personal information and other customer data subjects us to European and national regulations and other legal obligations related to privacy, information security and data protection.

In the ordinary course of our business, we collect, store, process and use personal information and other data, including personally identifiable information, from our customers. Due to the volume and sensitivity of the personal information and data we manage, the security features of our platform and information systems are critical. If our security measures are breached or fail, unauthorized persons may be able to obtain access to customers' sensitive data. We may experience successful attempts by third parties to obtain unauthorized access to the personally identifiable information of our customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personally identifiable information could cause reputational damage and have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we are subject to laws regarding privacy and protection of data and in particular to the EU General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**"), which became directly applicable in all European countries on May 25, 2018. The GDPR is aimed at ensuring there is a homogeneous regulatory framework in matters of personal data protection in the European Union and in respect of data subjects who are in the European Union. Under the GDPR, among other things, customers have the right to know what data has been collected concerning them and, in certain circumstances, can ask us to expunge their data, which requires us to establish and implement certain protocols and procedures. It also introduces a number of new requirements and obligations which we are in the process of implementing. We are also subject to the European Parliament and Council Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector ("**E-Privacy Directive**"). The E-Privacy Directive requires, among other things, that in certain circumstances retailers such as us obtain an individual's consent prior to undertaking electronic direct marketing activities.

Our failure to comply with laws regarding privacy and protection of data (including the E-Privacy Directive) could lead to significant fines and penalties imposed by regulators (pursuant to the GDPR for example, up to €20 million or, in the case of an undertaking, up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher), as well as potential claims by our customers. These proceedings or violations could force us to expend funds in defense or settlement of these proceedings, result in the imposition of monetary liabilities, increase our costs of doing business and adversely affect our reputation. There can be no assurance that our existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that our insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to protect our trademarks and other intellectual property rights with the same strengths in all territories, and we may infringe the intellectual property rights of third parties.

Our trademarks and other intellectual property rights are important to our success and our competitive position. Our products are imitated and our intellectual property rights are infringed from time to time in the ordinary course of our business. This risk has increased in recent years in connection with the development of online sales and the advent of the "grey" market where authentic products are bought and commercially resold by unauthorized sellers. We cannot assure you that the actions we take to establish and protect our trademarks and other intellectual property rights will be adequate to prevent imitation of our products by others, particularly by producers of counterfeit products, or to prevent sales of genuine products by non-authorized retailers (parallel import/markets). In addition, even though a trademark has been duly registered, under some local regulations, the fact that a trademark is not used for a certain period of time may render the trademark registration voidable. The effective and prior use of a name may also prevail over the registration of the trademark. In addition, the unauthorized reproduction or other misappropriation of our trademarks would diminish the value of our brand, which could reduce demand for our products or the prices at which we can sell our products.

Our products may violate intellectual property rights (in particular trademarks and design rights) of third parties and we have been subject to such claims from time to time. If we are perceived to have adopted trends or designs developed by competitors, we may become subject to claims that we have violated the intellectual property rights of others. Such claims may cause lasting damage to our reputation, even if we are not actually responsible for causing such damage and no fault on our part is proven. We may be prevented by third parties from using, sourcing or marketing certain designs and product ideas. If we violate a third party's rights, we may be liable for damages as well as litigation costs and may be obligated to withdraw goods already produced from the market or purchase a license to use such rights. This may reduce net sales, erode margins or damage our reputation.

If any of these events occurs, this could negatively impact the image and reputation of our lines and have a material adverse effect on our business, financial condition and results of operations.

Changes in credit and debit card provider requirements or applicable regulations could adversely affect our business.

Since a substantial portion of our retail net sales is made to customers that pay for their purchases with credit or debit cards, rather than with cash, we are exposed to a variety of risks associated with credit and debit cards. For credit and debit card payments, we pay interchange and other fees amount to 2% of retail net sales. These fees may increase over time and thus increase our operating expenses and adversely affect our results of operations. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply.

Any failure to comply with applicable requirements or regulations may subject us to fines and higher transaction fees, the loss of our ability to accept credit and debit card payments from our customers or the cessation of payments from credit and debit card providers to us for purchases already made. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to the risk of rising labor costs, as well as work stoppages, strikes or other collective actions which might negatively impact our profitability.

As of September 30, 2019, our headcount was 474, the majority of which were engaged in sales and related activities in our own-stores, and personnel costs generally represent a significant portion of our cost base. We may in the future be forced to raise our wages due to new labor laws or regulations, pressure exerted by trade unions or general wage increases across the industry or in any particular region in which we operate our doors. An increase in labor costs may affect our profitability, our ability to compete effectively with other fashion retailers, and could have a material adverse effect on our business, results of operations and financial condition.

When collective bargaining agreements are subject to be renegotiated, or from time to time due to changing economic conditions, the union may seek wage increases; should we disagree, there is a risk of a strike, work slowdown or other industrial action. A strike, work slowdown or other action could result in the effective closure of our warehouse, or disrupt us from delivering our products to our own-stores, which would result in increased costs and/or reduced net sales which could have a material adverse effect on our business, results of operations and financial condition.

Recent and future political developments could result in increased regulation of trade, increased protectionism and a global trade war, which could adversely affect demand for our products.

The current U.S. administration has voiced strong concerns about imports from countries that it perceives as engaging in unfair trade practices and has imposed tariffs on certain goods, including wine, cheese and aircrafts, imported into the United States, while further raising the possibility of imposing significant, additional tariff increases. The announcement of unilateral tariffs on imported products by the U.S. has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a "trade war." Certain global trading partners, including the EU and China, have instituted or are considering imposing trade sanctions on certain U.S. goods. Others are considering the imposition of sanctions that will deny U.S. companies access to critical raw materials. These measures could negatively affect the economics of the end-markets in which we operate. A "trade war" of this nature or other governmental action related to tariffs or international trade agreements has the potential to adversely affect the competitiveness of our products.

We are subject to customs, advertising, consumer protection, privacy, zoning and occupancy and labor and employment laws that could require us to modify our current business practices, incur increased costs or harm our reputation if we do not comply.

We are subject to numerous laws and regulations, including employment, customs, textile labeling, truth-in-advertising, consumer protection, general privacy, identity theft, online privacy, unsolicited commercial communication and zoning and occupancy laws and ordinances that regulate retailers generally and/or govern the importation, promotion and sale of products and the operation of free standing stores and warehouse facilities. If these regulations were to change or were to be violated by our management, suppliers, distributors, distribution partners, wholesalers or agents, we could experience delays in shipments of our products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our products and hurt our business and results of operations.

Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Failure to define clear roles and responsibilities or to regularly communicate with and train our associates may result in noncompliance with applicable laws and regulations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business and have a material adverse effect on our business, financial condition and results of operations.

We may become involved in legal proceedings.

From time to time, we are subject to complaints or may be involved in litigation, administrative and arbitration proceedings, such as labor-related litigation, tax and social contribution reassessments, intellectual property litigation or sales-related litigation with our employees, suppliers or other business partners. Even if we were successful in defending any such proceedings, we would still suffer from the distraction of management resources in connection with such proceedings, incur certain expenses and possibly face damage to our reputation from case-related publicity. The involvement in litigation, administrative and arbitration proceedings as well as the outcome of such litigation and proceedings, which cannot be predicted and may not be in accordance with our assessments, may have a material adverse effect on our business, results of operations and financial condition. For further information see "*Business—Material Legal and Administrative Proceedings*."

Risks related to taxation

Changes in tax laws or challenges to our tax position could adversely affect our financial condition and results of operations.

We are subject to complex tax laws in each of the jurisdictions in which we operate as well as to international tax laws. Changes in tax laws or regulations or to their interpretations could adversely affect our tax position, including our effective tax rate or tax payments possibly with a retroactive effect.

In this respect, the current incorporation into European and French tax law of the Organization for Economic Cooperation and Development's (the "**OECD**") principles related to base erosions and profit shifting ("**BEPS**") included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017 and ratified by France on September 26, 2018, may increase the administrative efforts within our business and impact existing structures.

The EU is itself pursuing its work on the harmonization of the tax legislation of the Member States. In this respect, the Council of the EU (the "**Council of the EU**") adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "**ATAD**"). Among the set of proposed measures, the ATAD provides for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer's tax adjusted earnings before interest, tax, depreciation and amortization (EBITDA) or to a maximum amount of €3 million per fiscal year, whichever is higher (subject to several exceptions). In this respect, Article 34 of the French Finance Act for 2019 (Law 2018-1317 of December 28, 2018) transposed into French tax law such general interest limitation rule provided for by the ATAD with effect as from January 1, 2019. See "*Risk Factors—Risks Related to Taxation—French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness*" for more details on this rule. The ATAD was later amended on May 29, 2017 by the Council Directive (EU) 2017/952 (the "**ATAD 2**"), which, *inter alia*, extends the scope of the ATAD to hybrid mismatches involving third countries. In this respect, it should be noted that the French Finance Act for 2020, dated December 28, 2019, provides for the transposition into French tax law of such ATAD 2 rules on hybrid mismatches as from January 1, 2020 (or potentially January 1, 2022, for certain provisions) in lieu of the existing French anti-hybrid rules.

Furthermore, Article 108 of the French Finance Act for 2019 introduced under French tax law with effect as from January 1, 2019, the anti- abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities might ignore, for the determination of corporate income tax, an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine taking into account all relevant facts and circumstances. The condition relating to the absence of genuineness of the arrangement or series of arrangements would be met if such arrangement or series of arrangements were established for invalid commercial reasons. This reinforces the arsenal of the French tax authorities in the fight against abusive arrangements (without providing for specific penalties), other provisions being primarily focused on solely tax-driven schemes.

The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base ("**CCCTB**") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the Council of the EU for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on

March 15, 2018. It should be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards. Furthermore, new rules on tax dispute resolution already apply since January 1, 2019 following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Act for 2019. These new regulations could impact our tax position in the future.

Another area of uncertainty concerns the progressive decrease of the French statutory corporate income tax rate provided for by Article 219 of the French Tax Code from 33.33% to 25% (or from 34.43% to 25.83% taking into account the additional 3.3% social contribution provided for by Article 235 ter ZC of the French Tax Code) over a period of four years starting in 2019. Even though such decrease was enacted by the French Finance Act for 2018, a new law dated July 24, 2019 provided that the French statutory corporate income tax rate applicable to companies (together with the members of their tax consolidation group, as the case may be) generating a French turnover exceeding €250 million for the portion of their taxable profits exceeding €500,000 would still be set at 33.1/3% (or 34.43% including the abovementioned additional 3.3% social contribution) with respect to fiscal year 2019 instead of 31% (or 32.02% including the abovementioned additional 3.3% social contribution) to address budget constraints of the French State. Furthermore, the French Finance Act for 2020 dated December 28, 2019 provides for a new change in the decrease of the French statutory corporate income tax rate for the same companies by setting the corporate income tax for such companies at (i) 31% (or 32.02% including the abovementioned additional 3.3% social contribution) in 2020 instead of 28% (or 28.92% including the abovementioned additional 3.3% social contribution) and (ii) 27.5% (or 28.41% including the abovementioned additional 3.3% social contribution) for 2021 instead of 26.5% (or 27.37% including the abovementioned additional 3.3% social contribution). Therefore, it cannot be excluded that the pace of the progressive decrease for large companies be again amended in the future.

Finally since tax laws and regulations in the various jurisdictions in which we are located or operate, or may be located or may operate, may not always provide clear-cut or definitive guidelines, the tax regime applied to our operations, intra-group transactions or reorganizations (past or future) is or may sometimes be based on our interpretations of French or foreign tax laws and regulations. We cannot guarantee that such interpretations will not be questioned by the relevant tax authorities. More generally, any failure to comply with the tax laws or regulations of the countries in which we are located or operate may result in reassessments, late payment interests, fines and penalties and could materially adversely affect our business, financial condition, results of operations and cash flows.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "**Council Conclusions**") which is composed of two sub-lists (respectively, the "**Black List**" and the "**Grey List**," together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third-country jurisdictions to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as EU Member States do. The Black List, which shall be updated at least once a year and was initially composed of 17 jurisdictions, is currently composed of 11 jurisdictions (American Samoa, Belize, Fiji, Guam, the Marshall Islands, Oman, Samoa, Trinidad and Tobago, the United Arab Emirates, the United States Virgin Islands and Vanuatu). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, EU Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. A new French law that aims at fighting fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and expands under certain conditions the French tax regime regarding the non-cooperative States and jurisdictions as defined under Article 238-0 A of the French Tax Code to certain States and jurisdictions included into the Black List. As a result, interest paid or accrued to persons domiciled or established in certain States and jurisdictions included into the Black List or paid on an account opened in a financial institution located in such States and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. These new provisions apply to such States and jurisdictions after their inclusion by order (*arrêté*) on the list of non-cooperative States and jurisdictions as defined under Article 238-0 A of the French Tax Code, it being mentioned that the most recent list issued by the French government on January 6, 2020 includes the States and jurisdictions which are included in the Black List.

The services that we provide are subject to value-added taxes and sales taxes that may increase.

The services we provide to certain of our customers are subject to value-added taxes, sales taxes or other similar taxes. Tax rates may increase at any time and any such increase could affect our business and the demand for our services, and thereby reduce our operating profit, negatively affecting our business, financial condition, results of operations and cash flow available to service our indebtedness.

Transactions in the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (together, except for Estonia, the "**Participating Member States**") and which, if enacted and implemented by France, should replace the current French financial transaction tax provided by Article 235 *ter* ZD of the French Tax Code (the "**French FTT**"). Following the ECOFIN Council meeting of December 8, 2015, Estonia officially announced its withdrawal from the negotiations and, on March 16, 2016, completed the formalities required to leave the enhanced cooperation on FTT.

The EU FTT could, if introduced in its current draft form, apply, under certain circumstances, to some transactions involving the Notes and to persons both established within and outside the Participating Member States. On October 10, 2016, the European Commission has been tasked with the drafting of the legislation that will be submitted to the Participating Member States. However, and despite several attempts, no agreement has been found between the Participating Member States so far. Recently, France and Germany expressed their wish to adopt EU FTT that would be inspired by the French FTT. The ECOFIN indicated on June 27, 2018 that Participating Member States are currently considering such proposal. However, no final agreement has been reached yet.

The EU FTT proposal remains subject to negotiation between the Participating Member States, the scope of such tax being therefore uncertain. The timing of its implementation remains also unclear. Additional EU member states may decide to participate and certain of the Participating Member States may decide to withdraw. Here again, if the proposed EU FTT or any similar taxes are adopted, such taxes could increase the transaction costs associated with the purchases and sales of the Notes and reduce liquidity in the market for the Notes. Prospective holders of the Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

French tax legislation may restrict our ability to use French tax loss carry-forwards.

We may record deferred tax assets on our balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from our entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and the future results of the relevant entities. In particular, pursuant to Article 209, I, paragraph 3 of the French Tax Code, the fraction of French tax loss carry-forwards that may be used to offset the taxable profit with respect to a given fiscal year is limited to €1.0 million plus 50% of the portion of taxable profit exceeding €1.0 million. As the case may be, similar rules apply to tax losses generated by French tax consolidated groups.

Any reduction in our ability to use deferred tax assets in the future due to changes in laws and regulations, potential tax reassessment, or lower than expected results could have a negative impact on our business, results of operations and financial condition.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

The French Finance Act for 2019 introduced into French tax legislation the provisions of the ATAD regarding interest deductibility limitations in respect of fiscal years opened as from January 1, 2019.

In relation to such introduction, (i) the provisions of (x) Articles 212 bis and 223 B bis of the French Tax Code (i.e., the former 25% general limitation of deductibility of financial expenses ("rabot fiscal")) and (y) Article 209-IX of the French Tax Code (the "Amendement Carrez" limitation) have been repealed and (ii) the provisions of Article 212-II of the French Tax Code (i.e., existing thin-capitalization rules) have been amended, as developed in more detail below.

In addition, the French Finance Act for 2020 introduced into French tax legislation the provisions of the ATAD 2 rules on hybrid mismatches, as described below, and repealed Article 212-I-(b) of the French Tax Code (i.e., former domestic anti-hybrid rules) The other rules limiting interest deductibility remain unchanged, in particular the rules relating to the maximum rate for interest paid to direct minority shareholders or to related parties (Articles 39.1.3° and 212-I-(a) of the French Tax Code). Under Article 39.1.3° of the French Tax Code, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the French Tax Code, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (currently 1.32% for companies closing their fiscal year on December 31, 2019). Non-deductible interest pursuant to such limitation will be treated as deemed dividend under French tax law and may in particular be subject to withholding tax, subject to applicable tax treaties. By exception, Article 212-I-(a) of the French Tax Code provides that interest incurred on loans granted by a related party within the meaning of Article 39.12 of the French Tax Code is deductible up to the rate referred to in Article 39.1.3° of the French Tax Code or, if higher, up to the rate that the borrowing entity could have obtained from independent financial credit institutions in similar circumstances.

New Articles 205 B to 205 D of the French Tax Code, which implement the ATAD 2 rules on hybrid mismatches, apply to hybrid mismatches that arise between a taxpayer and its associated enterprises (i.e. generally, entities in which the taxpayer holds a 50% direct or indirect interest (or 25% interest in some cases)), between a head office and one of its establishments or between several establishments of the same entity. An exception applies to structured arrangements involving a taxpayer, in which case the presence of associated enterprises is not required. The hybrid mismatches which are targeted by these new rules result from the difference in the treatment of financial instruments, entities or payment attribution rules between two countries. Such differences may result in either a deduction in one country without corresponding taxation in the other, a deduction in both countries or no taxation in either country. The new rules provides for several ways to neutralize hybrid arrangements; in particular, France can either disallow the deduction of a payment that is not taxed or that is deducted in the other country, or tax income resulting from a payment that is deducted or not taxed in the other country. Unlike the previous domestic anti-hybrid rules, payments made to tax-exempt or low-taxed beneficiaries are not within the scope of the new rules that only target differences in qualification or attribution of the right to tax an element of income. Furthermore, these new rules apply to so-called "imported hybrid mismatches", i.e. payments made to entities that are themselves directly or indirectly involved in a structure including hybrid mismatches. In particular, this is the case of payments made by a French entity and included in the taxable income of an associated entity, but offset at the level of that entity by a transaction or a series of "hybrid transactions" with associated entities. Most of these new rules apply to fiscal years beginning on or after January 1, 2020.

Pursuant to Article 34 of the French Finance Act for 2019 (codified under Article 212 *bis* of the French Tax Code), the deductibility of net financial expenses incurred by an entity in respect of a given fiscal year is now limited to the highest of (i) € 3 million and (ii) 30% of its adjusted EBITDA in the same fiscal year (corresponding to its taxable income before offset of carry forward tax losses and without taking into consideration net financial expenses and, to some extent, depreciation, provisions and capital gains/losses) generated by such entity (the "**30% Limitation**"). Such limitation applies to both related-party and third-party financings regardless of the purpose of these financings, subject to certain limited exceptions.

Furthermore, for entities being part of a group that files eligible consolidated financial statements, a safeguard clause has been implemented in order to partially exempt companies that are able to demonstrate that the ratio of their equity over their total assets is equal to or higher than the same ratio computed at the level of the accounting consolidated group to which they belong. In this specific case, net financial expenses exceeding the 30% Limitation are deductible up to 75% of their amount.

French thin-capitalization rules have also been amended and apply cumulatively to the 30% Limitation, but only to loans granted by related parties and no longer to third-party debt guaranteed by related parties. In this respect, where the amount of the related party debt of a company exceeds a ratio equal to 1.5x the company's equity, the deduction of net financial expenses borne by such entity will be deductible for a portion of their amount up to the highest of (i) 30% of its adjusted EBITDA or (ii) € 3 million multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by non-related parties within the meaning of Article 39-12 of the French Tax Code increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses will be deductible for a portion of their amount up to the highest of (i) 10% of its adjusted EBITDA or (ii) € 1 million multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by related parties within the meaning of Article 39-12 of the French Tax Code exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year. Nevertheless, the interest deductibility restriction provided for by these amended thin-capitalization rules is not applicable if the borrowing company is able to demonstrate that the overall debt-to-equity ratio of the group (as determined under accounting consolidation rules) to which it belongs is higher than its own debt-to-equity ratio.

Financial expenses that are disallowed by virtue of the application of the 30% Limitation can be carried forward indefinitely and deducted in the future under the same conditions. On the other hand, the portion disallowed as a result of the application of the 10% limitation will only be eligible for carryforward for one third of its amount. The unused interest deduction capacity of a current fiscal year might also be used over the following five tax years, but only against financial expenses incurred in those fiscal years, it being noted that this measure is not available to thinly capitalized entities.

These new limitation rules also apply at the level of French tax consolidated groups, subject to certain conditions. In such a case, the relevant net interest expenses and EBITDA, as well as the thin-capitalization ratio, are computed at the level of the tax consolidated group.

In addition, Article 223 B § 6 of the French Tax Code imposes specific restrictions on the deductibility of net interest expenses incurred by a French company which belongs to a French tax consolidated group if such company has acquired from persons or entities which, directly or indirectly, control such company, legally or *de facto*, shares of another company which enters into such French tax consolidated group or is merged into such company or into another company belonging to the same French tax consolidated group.

The above-mentioned tax rules, as well as generally applicable tax principles, may limit the Group's ability to deduct interest accrued on the Group's indebtedness incurred in France and, as a consequence, may increase the Group's tax burden, which could adversely affect the Group's business, financial condition and results of operations and reduce the cash flow available to service the Group's indebtedness.

Risks related to our financing arrangements and the notes

Our significant leverage and debt service obligations could materially adversely affect our business, results of operations, financial condition and prospects and may make it difficult to operate our business.

After the issuance of the Notes, we will be highly leveraged. As of September 30, 2019, after giving effect to the Transactions, we would have had total third-party gross debt of €206.0 million, of which €200.0 million would have been represented by the Notes. See "*Capitalization*." In addition, we are party to a non-recourse Factoring Agreement with Crédit Agricole permitting us to factor up to €18.0 million of receivables from certain wholesale customers.

Our significant leverage could have important consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations.

In addition, we may be able to incur additional debt in the future, including indebtedness in connection with any future acquisition. The terms of the Indenture will permit our subsidiaries to do so subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. Moreover, certain of the debt we may incur in the future could be structurally senior to the Notes or may be secured by assets that do not secure the Notes. For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

Despite our significant leverage, we may incur substantial additional debt in the future. Although the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, the terms of the Indenture will permit us to incur substantial additional indebtedness, including in respect of certain other secured debt that shares in the Collateral on a first-priority, including super-senior, basis or second-priority basis. Furthermore, the Indenture will allow our non-Guarantor subsidiaries to incur additional debt that would be structurally senior to the Notes and will not prevent us from incurring liabilities that do not constitute "Indebtedness" as defined thereunder.

We do not have a revolving credit facility and we may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

We do not have a revolving credit facility and, in addition to cash generated by our businesses, we have historically relied on our factoring program to meet our short-term liquidity needs (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity and capital resources before the Transactions*"). While we believe we generate sufficient cash from operations to meet our working capital needs, our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes. Should we require cash in an amount exceeding the cash available from our factoring program, our short-term liquidity will be adversely affected.

Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our planned capital expenditure. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We can provide no assurance that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In such an event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions, including the Indenture, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit ratings, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, restrict or will restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

We are subject to covenants which limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.

The Indenture will contain covenants that impose significant restrictions on the way the Issuer and the Group can operate, including restrictions on our ability to:

- incur or guarantee additional indebtedness;
- make certain restricted payments and investments;
- transfer or sell assets;
- enter into transactions with affiliates;
- create or permit to exist certain liens;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- impair the security interests in the Collateral;
- pledge certain intellectual property;
- change the holding company status of the Issuer; and
- merge, consolidate or transfer all or substantially all of our assets.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*." These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If the debt under the Notes or the Indenture or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

Within 30 days following the Issue Date, IM Growth (the Post-Closing Guarantor) will guarantee the Notes. The amount enforceable under the Notes Guarantee of the Post-Closing Guarantor will be limited to the aggregate amount outstanding under the Proceeds Loan to IM Growth to repay amounts outstanding under the Existing Senior Facilities in full and the Existing Intercompany Loan. As of September 30, 2019, €58.5 million was outstanding under the Existing Senior Facilities (excluding accrued and unpaid interest and fees) and €16.1 million was outstanding under the Existing Intercompany Loan (including unpaid accrued interest and fees). The validity and enforceability of the relevant Notes Guarantees will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*." By virtue of these limitations, the Post-Closing Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or it may have effectively no obligation under its Notes Guarantee. Other indebtedness of the Post-Closing Guarantor may not be similarly limited. Furthermore, none of our other subsidiaries (other than the Post-Closing Guarantor) will guarantee the Notes. Such subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or the Post-Closing Guarantor, as a direct or indirect shareholder of such subsidiaries. Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Post-Closing Guarantor will have no right to proceed against the assets of such subsidiary; and
- the creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or the Post-Closing Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and the Notes Guarantees thereof will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries. In addition, upon the completion of the Post-IM Reorganization Mergers, the Notes Guarantee of IM Growth (the Post-Closing Guarantor) and IM Growth's obligations under the Proceeds Loan and the Existing Intercompany Loan will be released, and the Proceeds Loan and Existing Intercompany Loan will both be extinguished.

As of September 30, 2019, though the Issuer's non-Guarantor subsidiaries had third-party debt of €6.0 million, the Indenture will permit us to incur a certain amount of debt at the level of non-Guarantors in the future and such indebtedness and would rank structurally senior to the Notes and the Notes Guarantee. The subsidiaries of the Issuer that will not guarantee the Notes accounted for all of the net sales, EBITDA and total assets of the Group as of December 31, 2018.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain events constituting a "change of control," the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a change of control were to occur, there can be no assurances that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may result in a mandatory prepayment of some or all of our other indebtedness or an event of default under our Indenture. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not.

The ability of the Issuer to receive cash from its respective subsidiaries to allow it to pay cash to the holders of the Notes, following the occurrence of a change of control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon the occurrence of a change of control. There can be no assurances that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which could, in turn, constitute a default under certain future indebtedness we may incur. See "*Description of the Notes—Change of Control*." The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" (as defined in the Indenture).

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereto, a certain consolidated net leverage ratio of the Issuer and its restricted subsidiaries is met.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its respective restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise, established definition of that phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's and its restricted subsidiaries assets taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Corporate benefit, financial assistance laws and other limitations on the Notes Guarantees or the security interests may adversely affect the validity and enforceability of the Notes Guarantees or security interests in the Collateral.

The Post-Closing Guarantor will guarantee, and the Issuer and the Post-Closing Guarantor will provide security in respect of, the payment of the Notes on a first-priority basis. The Issuer and the Post-Closing Guarantor are incorporated under the laws of France, and future Guarantors could be incorporated in other jurisdictions. Enforcement of the obligations under a Notes Guarantee against a Guarantor or the enforcement of a security interest in the Collateral will be subject to certain defenses available to the Issuer and the relevant Guarantor, as applicable, in the relevant jurisdiction. Although laws differ in these jurisdictions, these laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, corporate purpose or benefit, voidable preference, insolvency or bankruptcy challenges, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, the Issuer and the applicable Guarantor, as applicable, may have no liability or decreased liability under their respective Notes Guarantee or the security interest in the Collateral may be void or may not be enforceable depending on the amounts of its other obligations and applicable law. For example, the amount enforceable under the Notes Guarantee granted by the Post-Closing Guarantor is limited to the aggregate amount outstanding under the Proceeds Loan to IM Growth to repay amounts outstanding under the Existing Senior Facilities in full and the Existing Intercompany Loan. As of September 30, 2019, €58.5 million was outstanding under the Existing Senior Facilities (excluding accrued and unpaid interest and fees) and €16.1 million was outstanding under the Existing Intercompany Loan (including unpaid interest and fees). The validity and enforceability of the relevant Notes Guarantee will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*." In addition, upon the completion of the Post-IM Reorganization Mergers, the Notes Guarantee of IM Growth (the Post-Closing Guarantor) and IM Growth's obligations under the Proceeds Loan and the Existing Intercompany Loan will be released, and the Proceeds Loan and Existing Intercompany Loan will both be extinguished.

By virtue of these limitations, the Post-Closing Guarantor's obligations under its Notes Guarantee could be significantly less than amounts payable under the Notes, or the Post-Closing Guarantor may have effectively no obligation under such Notes Guarantee. Other indebtedness of the Post-Closing Guarantor may not be similarly limited. In addition, limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of the Notes Guarantee or the security interest in the Collateral against the Post-Closing Guarantor or the Issuer, as applicable. The court may also in certain circumstances avoid the Post-Closing Guarantor's Notes Guarantee or the security interest in the Collateral granted during hardening periods (*période suspecte*).

Under French corporate benefit rules, a court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French guarantor did not receive some real and adequate corporate benefit from the transaction involving the grant of the guarantee as a whole. The existence of real and adequate corporate benefit to the French Guarantor and whether the amounts guaranteed are commensurate with the benefit received are a factual matters which must be determined on a case-by-case basis. French case law provides no clear guidance on this point.

A Notes Guarantee provides the holders of the Notes with a direct claim against the Guarantors giving such Notes Guarantee. In addition, the Issuer and any Guarantors will secure the payment of the Notes by granting security under the relevant Security Documents. However, each security interest granted under a Security Document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest and the Indenture will provide that any Notes Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by such Guarantors, without rendering the relevant Notes Guarantees/security interest voidable or otherwise ineffective under applicable law or without resulting in a breach of any applicable law, and enforcement of such Notes Guarantees and Security Document would be subject to certain generally available defenses. Any payment that would be made by the Post-Closing Guarantor under its Notes Guarantees would reduce the maximum amount of its Notes Guarantee. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*." In addition, upon the completion of the Post-IM Reorganization Mergers, the Notes Guarantee of IM Growth (the Post-Closing Guarantor) and IM Growth's obligations under the Proceeds Loan and the Existing Intercompany Loan will be released, and the Proceeds Loan and Existing Intercompany Loan will both be extinguished.

The Notes, the Notes Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.

French laws contain specific provisions dealing with fraudulent conveyance both in and outside bankruptcy. These provisions offer creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which the person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside the context of insolvency proceedings of the relevant person by the creditor's representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*) in the insolvency proceedings of the relevant person, any of the creditors of the relevant person outside insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside the context of insolvency proceedings, and may be declared unenforceable against third parties under French law if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the person's insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person's creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance.

As a result of any such successful challenge, holders of the Notes may not benefit from the Notes Guarantee granted by the Post-Closing Guarantor or the security interests in the share pledges or bank account pledges and the value of any consideration that holders of the Notes received with respect to the security interests in the share pledges or bank account pledges or the Notes Guarantee granted by the Post-Closing Guarantor could also be subject to recovery, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Post-Closing Guarantor, as applicable, as a result of the fraudulent conveyance. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*."

The insolvency and administrative laws of France may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the relevant Notes Guarantee or the security interests in the Collateral.

The Notes will be issued by the Issuer and will be guaranteed by the Post-Closing Guarantor, which is organized and existing under the laws of France. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France. Proceedings could also be initiated in France to enforce your rights against Collateral located in France. In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors. In the context of proceedings affecting creditors, including court-assisted pre-insolvency proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-administered proceedings (safeguard proceedings (*sauvegarde*, *sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*)), the ability of holders of the Notes to enforce their rights under the Notes or the applicable Notes Guarantee could be limited or suspended. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*."

In addition, under French law, enforcement of a security interest in the Collateral provided by the Issuer or the Post-Closing Guarantor, as the case may be, may be adversely affected by specific or general defenses available to debtors under French law, as the case may be, in respect of the validity, binding effect and enforceability of such security interest.

Moreover, the bankruptcy, insolvency, administrative and other laws of the Issuer and the Post-Closing Guarantor's may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-commencement interest and duration of the proceedings.

For more information regarding insolvency laws and enforceability issues as they relate to the Issuer, the Notes Guarantees and security interests in the Collateral, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Creditors under certain future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement will be entitled to be repaid with recoveries from the proceeds from the enforcement of the Collateral in priority over the Notes.

The Intercreditor Agreement includes provisions governing the sharing of recoveries from guarantee claims and proceeds from enforcement of the Collateral. Such recoveries and enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes. The Security Agent will be required to pay turned-over amounts and other recoveries by the Security Agent from enforcement actions to discharge obligations under certain future indebtedness permitted to be secured by the Collateral in priority to paying any such amounts to discharge the Notes. As such, in the event of a foreclosure of the Collateral, you may not benefit from such recoveries if the then outstanding claims under such super senior indebtedness is greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral will, after all obligations under such super senior indebtedness has been discharged, be applied *pro rata* in repayment of the Notes.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in France.

The granting of new security interests in connection with Notes previously issued may create hardening periods (*période suspecte*) (a specific period preceding the court decision opening juridical reorganization or liquidation proceedings) for such security interests in France. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or recreated. In addition, the Indenture will permit the security interests in the Collateral to be released and retaken in certain circumstances. Such release and retaking will restart the applicable hardening periods. Moreover, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in France. The applicable hardening period may run from the moment such new security is amended, granted or perfected. In each case, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it.

In the event any Permitted Reorganization is completed as described under "*Description of the Notes*," new hardening periods may be created in respect of security interests that are granted, perfected or recreated in connection with such Permitted Reorganization, and the security interests would be subject to the same risks described in the preceding paragraph. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected.

See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*."

The principal amount of the Proceeds Loan and the Existing Intercompany Loan forming part of the Collateral may be less than anticipated as a result of prepayments of such loan prior to the maturity date of the Notes.

On or about the Issue Date, the Issuer will enter into the Proceeds Loan and become the obligee under the Existing Intercompany Loan. The receivables relating to the Proceeds Loan and the Existing Intercompany Loan will form part of the Collateral and the receivables thereunder will be pledged to secure the Notes. Although the Intercreditor Agreement will restrict our ability to make repayments prior to the maturity date of the Notes of amounts due under the Proceeds Loan and the Existing Intercompany Loan, we will be permitted in certain circumstances to make such payments. Repayments prior to the maturity date of the Notes of amounts due under the Proceeds Loan (which are permissible in certain circumstances provided under the relevant proceeds loan agreement) or repayments prior to the maturity date of the Notes of the Existing Intercompany Loan would result in a reduction in the principal amount of the Proceeds Loan or the Existing Intercompany Loan, as applicable. Any reduction in the principal amount of the Proceeds Loan and the Existing Intercompany Loan could reduce the value of your security on the receivables and the value of the Notes Guarantee provided by the Post-Closing Guarantor.

We may be unable to complete the Post-IM Reorganization Mergers within the anticipated time frame, if at all.

We intend to complete the Post-IM Reorganization Mergers on or after January 1, 2021. Our estimation of the time frame required to complete the Post-IM Reorganization Mergers is based upon market practice for such mergers in France.

Upon the completion of the Post-IM Reorganization Mergers, the Issuer intends to merge with IM Growth and IM Managers, pursuant to which the Issuer will be the surviving company and will acquire of all of the rights and assets, and will assume all of the obligations, of IM Growth and IM Managers. Upon the completion of the Post-IM Reorganization Mergers, the Notes Guarantee of IM Growth and IM Growth's obligations under the Proceeds Loan and the Existing Intercompany Loan will be released, and the Proceeds Loan and the Existing Intercompany Loan will be extinguished. As a result of the Post-IM Reorganization Mergers, IM Production will become a direct wholly-owned subsidiary of the Issuer.

However, we have no obligation to complete the Post-IM Reorganization Mergers and our failure to do so will not be an event of default under the Indenture.

You may be required to pay a "soulte" in the event you decide to enforce a pledge over the securities account by judicial or contractual foreclosure of the Collateral consisting of securities rather than by a sale of such Collateral in a public auction.

Security interests governed by French law may only secure payment obligations, may only be enforced following a payment default and may only secure up to the secured amount that is due and remaining unpaid. Under French law, pledges over assets may generally be enforced at the option of the secured creditors either (i) pursuant to a judicial process (x) by way of a sale of the pledged assets in a public auction (the proceeds of the sale being paid to the secured creditors) or (y) by way of the judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) by way of contractual foreclosure (*pacte commissoire*) of the pledged assets to the secured creditors, following which the secured creditors become the legal owner of the pledged assets. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or private foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed attributed assets. Such value is determined either by the judge in the context of a judicial attribution (*attribution judiciaire*) or by an expert pre-contractually agreed or appointed by a judge in the context of a private attribution (*pacte commissoire*). In a proceeding regarding an *attribution judiciaire* or a *pacte commissoire*, an expert is appointed to value the collateral (in this case, the securities) and if the value of the collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a *soulte* equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. Since such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such auction might not reflect the value of our business as a going concern. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*."

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the ability of the Security Agent to enforce certain of the Collateral may be restricted by the Intercreditor Agreement and accepted by other creditors that have the benefit of first-ranking security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The ability of the Security Agent to enforce on the Collateral located in a particular jurisdiction or governed by the law of a particular jurisdiction is subject to mandatory provisions of the law of such jurisdiction. Enforcement of the Collateral may also be subject to certain statutory limitations and defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the

Security Agent may need to obtain the consent of a third party, including that of competent regulatory authorities or courts, to enforce a security interest. There can be no assurances that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Holders of the Notes may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles, the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

Pursuant to the Intercreditor Agreement and the Indenture, a common security agent will serve as the Security Agent for the secured parties under the Notes and certain future secured indebtedness (if any) permitted to be secured thereby, with regard to the shared Collateral. The Intercreditor Agreement will provide that the Security Agent will, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of an "instructing group."

Subject to certain exceptions described below and in further detail in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*," among other things, the "majority *pari passu* creditors" (generally, creditors representing the simple majority of, among other things, the outstanding principal amount under the Notes and any *pari passu* secured indebtedness) will constitute an instructing group and will have the right to instruct the Security Agent as to the enforcement of the Collateral, provided that such instructions are consistent with the "enforcement principles" set forth in the Intercreditor Agreement. To the extent that the Group has incurred indebtedness which is secured on the Collateral on a super senior basis, the majority *passu passu* creditors may not constitute the instructing group if:

- the majority *pari passu* creditors have not either: (i) made a determination as to the method of enforcement and notified the Security Agent of that determination or (ii) appointed a financial adviser to assist them in making such a determination, in each case, within three months of the date on which an instructing group delivers a copy of their proposed enforcement instructions (the "initial notice"); or

- the "super senior discharge date" (as described in the section below entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*") has not occurred within six months of the date of the initial notice; or

- an insolvency event is continuing with respect to a member of the Group; or

- the majority *pari passu* creditors have not either: (i) made a determination as to the method of enforcement and notified the Security Agent of that determination or (ii) appointed a financial adviser to assist them in making a determination, and the "majority super senior creditors" (as described below): (a) determine in good faith that a delay in issuing enforcement instructions could have a material adverse effect on the ability to effect a distressed disposal or on the expected realization proceeds of any enforcement and (b) deliver enforcement instructions they believe to be consistent with the enforcement principles before the Security Agent has received instructions from the majority *pari passu* creditors,

and in such circumstances the Security Agent will, instead follow the instructions that are subsequently given by the "majority super senior creditors" (generally, certain super senior creditors representing more than 66.67% of the aggregate of all unpaid and undrawn commitments under such credit facility and the termination value or assumed termination value of certain hedging liabilities), provided that such instructions are consistent with the “enforcement principles” set forth in the Intercreditor Agreement. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*.”

The foregoing security enforcement arrangements could be disadvantageous to the holders of the Notes in a number of respects. Disputes may occur between the holders of the Note and such super senior creditors, if any, and/or holders of any permitted *pari passu* secured indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations. In such an event, the holders of the Notes will be bound by any decisions of the relevant instructing group, which may result in enforcement action in respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders of the Notes. The super senior creditors, if any, and the holders of any permitted *pari passu* secured indebtedness may have interests that are different from the interest of holders of the Notes and they may elect to pursue their remedies under the relevant Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

Other creditors not party to the Intercreditor Agreement could commence enforcement action against the Issuer or one or more of its subsidiaries, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. In addition, if we incur substantial additional indebtedness which may be secured by the Collateral, the holders of the Notes may not comprise the requisite majority creditors for the purposes of instructing the Security Agent. Further, if the super senior creditors have not been repaid in full within six months of the date of the proposed enforcement instructions or in the event of the occurrence of certain other circumstances described above, then control of the enforcement proceedings will shift to the majority super senior creditors.

The holders of the Notes also have no separate right to enforce the Collateral securing the Notes. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, unless they comprise an instructing group which is entitled to give such instructions, which, in turn, will depend on certain conditions and circumstances including those described above.

The Issuer and any Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents relating to the Notes will allow the Issuer and any Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes to the extent that it relates to their assets. So long as no enforcement event has occurred, the Issuer and any Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.

For a description of the security over the Collateral, see “*Description of the Notes—Security*”. In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer’s obligations with respect to the Notes. No appraisal of the value of the Collateral has been made in connection with the Offering. The value of the assets underlying the pledges will also depend on many factors, including, among others, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located, the availability of buyers and whether approvals required to purchase the business would be available to a buyer of the assets. In addition, the Intercreditor Agreement will provide that, in the event of any distribution of the proceeds from the sale of certain Collateral, certain future super senior creditors, if any, will be entitled to receive from such distribution payment in full in cash before the holders of the pledges securing the Notes will be entitled to receive any payment from such distribution with respect to the Notes.

The shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, there can be no assurances that the Collateral will be salable or, if salable, that there will not be substantial delays in the liquidation thereof. Most of our assets will not secure the Notes, and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. As a result, the creditors secured by a pledge of the shares may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time.

The Indenture will also permit the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties have liens on the Collateral, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue additional notes under the Indenture, holders of such additional notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

The security over the Collateral will not be granted directly to the holders of the Notes.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of any Guarantors under the relevant Notes Guarantee will not be granted directly to the holders of the Notes, but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that only the Security Agent as security agent and Parallel Debt (as defined below) creditor has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

Under French law, prior to a recent reform of the security agent regime, as described below, certain "accessory" security interests such as rights of pledge require that the pledgee of a French law security interest and the creditor of the claim secured by such security interest are the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 *et. seq.* of the French Civil Code or as security agent (*agent des sûretés*) under Article 2488-6 *et seq.* of the French Civil Code (as modified by Ordonance No. 2017-748 of May 4, 2017, which came into force on October 1, 2017). The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the "**Parallel Debt**") mirroring the obligations of the Issuer and any Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture (the "**Principal Obligations**"). The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

None of the Parallel Debt and trust mechanism constructs have been generally recognized by French courts and to the extent that the Notes or security interests in the Collateral created under the Parallel Debt and/or trust constructs are successfully challenged by other parties, holders of the Notes may not receive on this basis any proceeds from an enforcement of the Notes Guarantees or security interests in the Collateral. The holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the creditor of the Parallel Debt.

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (*Cass. com.* September 13, 2011 n°10-25533 Belvédère) relating to a bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as a recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created for the benefit of the Security Agent as creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The concept of "trust" has been recognized by the French Tax Code and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (*Cass. com.* September 13, 2011 n°10-25533 Belvédère) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings opened in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition (the "**Trust Convention**"), and two *réponses ministérielles* dated January 24, 2008 and January 8, 2009 indicated its reluctance to do so to avoid conflicts between the "trust" and the French fiducie, so that the concept of "trust" has not been generally recognized under French law. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—France*."

Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by us or the secured party or the grantor of the security (as applicable). The liens on the Collateral securing the Notes and any Notes Guarantees may not be perfected with respect to the claims of the Notes and such Notes Guarantees if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the Security Agent will monitor, or that we will inform the Security Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. Neither the Trustee nor the Security Agent has any obligation or responsibility to monitor the acquisition of additional property or rights that constitute Collateral or to perfect or monitor to ensure the perfection of any security interest. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and such Notes Guarantees against third parties.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take a number of actions that might improve the perfection or priority of the security interests of the Security Agent in the Collateral. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and any Notes Guarantees will be released automatically and under which such Notes Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and any Notes Guarantees will be released automatically as described under "*Description of the Notes—Security—Release of Liens*," including:

- in connection with any sale or disposition of such property or assets to (a) any person that is not the Issuer or a Restricted Subsidiary (as defined under "*Description of the Notes*") either before or after giving effect to such transaction, if such sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or (b) the Issuer or any Guarantor; *provided* that such transfer is otherwise in compliance with the Indenture and, immediately following such sale or disposition, a lien of at least equivalent ranking over the same assets or property exists or is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the holders);

- in connection with the release of a Guarantor from its Notes Guarantees pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary (as defined under "*Description of the Notes*") in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";

- in compliance with the provisions of the Intercreditor Agreement or any additional intercreditor agreement relating to disposals of assets subject to security (see "*Description of Certain Financing Arrangements—Intercreditor Agreement*");

- (i) in accordance with "*Description of the Notes—Amendments and Waivers*," (ii) in accordance with the covenant described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*" and (iii) in accordance with the second paragraph under the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Liens*" so long as immediately after the release there is no other indebtedness secured by a lien on the property or assets that was the subject of the initial lien that would result in the requirement for the Notes and any Notes Guarantees to be secured equally and ratably with, or prior to, such lien;

- in order to effectuate a Permitted Reorganization (as defined under "*Description of the Notes*") or a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under the "*Description of the Notes—Certain Covenants—Merger and Consolidation*" (including, for the avoidance of doubt, the Liens over the Proceeds Loan and the Existing Intercompany Loan released in connection with the Post-IM Reorganization Mergers); *provided* that following such Permitted Reorganization or merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders) to the extent such assets or property continue to exist as assets or property of the Issuer or a Restricted Subsidiary;

- upon the full and final payment and performance of all obligations of the Issuer and the Post-Closing Guarantor under the Indenture and the Notes; or

- as otherwise permitted in accordance with the Indenture.

Under various circumstances, the Notes Guarantee of the Post-Closing Guarantor (and any future Notes Guarantees granted subsequent to the Issue Date) will be released automatically as described under "*Description of the Notes—Notes Guarantees—Release*," including:

- upon a sale or other disposition (including by way of merger, consolidation, amalgamation or combination) of capital stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and such that the relevant Guarantor no longer remains a Restricted Subsidiary;

- in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

- upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*Description of the Notes —Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";

- in accordance with the provisions of the Intercreditor Agreement or an additional intercreditor agreement relating to the release of the relevant Notes Guarantees on an enforcement sale or other disposal of such Guarantor;

- as described under "*Description of the Notes—Amendments and Waivers*";

- with respect to a future Notes Guarantee given under the covenant described below "*Description of the Notes—Certain Covenants—Additional Notes Guarantees*," upon release of the relevant Notes Guarantees that gave rise to the requirement to issue such future Notes Guarantees so long as no event of default would arise as a result and no other indebtedness that would give rise to an obligation to give such future Notes Guarantees is at that time guaranteed by the relevant Guarantor;

- with respect to any Guarantor which is not the continuing or surviving person in the relevant consolidation or merger, as a result of a Permitted Reorganization or a transaction permitted by the covenant described under "*Description of the Notes—Certain Covenants—Merger and Consolidation—The Guarantor*" and the Indenture;

- upon the full and final payment and performance of all obligations of the Issuer and the Guarantor under the Indenture and the Notes; and

- as otherwise permitted in accordance with the Indenture.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer, the Post-Closing Guarantor and their respective subsidiaries (save for IM USA Corp. and its subsidiaries) are organized outside the United States, and their business is conducted largely outside the United States. All of the directors and executive officers of the Issuer and the Post-Closing Guarantor are nonresidents of the United States. Although the Issuer and the Post-Closing Guarantor will submit to the jurisdiction of certain New York courts under the Indenture, you may be unable to effect service of process in the United States on the directors and executive officers of the Issuer and the Post-Closing Guarantor and their respective subsidiaries and their directors and executive officers who are located outside the United States, and you may be unable to enforce against them judgments obtained in U.S. courts. Moreover, as most of our assets and those of our directors and executive officers are located outside of the United States, actions of the Issuer and the Post-Closing Guarantor may not be subject to the civil liability provisions of the federal securities laws of the United States. However, it may be possible for investors to effect service of process in France upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

With respect to the Issuer and the Post-Closing Guarantor, the United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with France. There is, therefore, doubt as to the enforceability in France of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France. In addition, the enforcement in France of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a French court would have the requisite power or authority to grant remedies sought in an original action brought in France on the basis of U.S. securities laws violations. For further information, see "*Service of Process and Enforcement of Civil Liabilities*."

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which the investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the returns on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by U.S. dollars holders may also have important tax consequences as a result of foreign exchange gains or losses, if any. Investors should consult their tax advisor concerning the tax consequences to them of acquiring, owning and disposing of the Notes.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost, terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes and the Notes Guarantee of the Post-Closing Guarantor have not or will not have been, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. For further information, see "*Notice to Investors*."

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the Global Notes (as defined under "*Book-Entry, Delivery and Form*") will trade in book-entry form only, and Notes in definitive registered form, or Definitive Registered Notes (as defined under "*Book-Entry, Delivery and Form*"), will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global Notes representing the Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, the Issuer, the Trustee, any Paying Agent, the Transfer Agent and the Registrar will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, they will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an "Event of Default" under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

There may not be active trading markets for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are a new issue of securities for which there is currently no established trading market. There can be no assurances that:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates, our operating results and the markets for similar securities. The liquidity of the trading markets for the Notes may be adversely affected by a general decline in the markets for similar securities. Historically, the markets for non-investment-grade securities have been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. In addition, the Indenture will allow us to issue additional Notes in the future, which could materially adversely impact the liquidity of the Notes. The Initial Purchaser has advised that it intends to make markets in the Notes after completing this Offering. However, it has no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the Securities Act and other applicable laws and regulations. As a result, there may not be any active trading markets for the Notes. If no active trading markets develop, you may not be able to resell your Notes at a fair value, if at all.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange.

Although application has been made to the Exchange for the listing of the Notes on the Securities Official List of the Exchange (without admission to trading on one of the securities markets operated by the Exchange) after the Issue Date and the Indenture will require the Issuer to use its commercially reasonable efforts to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. If the Issuer cannot maintain the listing on the Securities Official List of the Luxembourg Stock Exchange or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange, *provided* that the Issuer will use commercially reasonable efforts to obtain (prior to the delisting of the Notes, if applicable) and maintain the listing of the Notes on another recognized stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance can be made as to the liquidity of the Notes as a result of listing on the Securities Official List of the Luxembourg Stock Exchange or another recognized exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Securities Official List of the Luxembourg Stock Exchange or another exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

Certain covenants will be suspended if the Notes receive investment grade ratings.

The Indenture will provide that, at any time following the Issue Date, if the Notes receive an investment grade rating (Baa3 or better by Moody's Investors Service, Inc., BBB- or better from Standard & Poor's Ratings Group or BBB- or better from Fitch Ratings, Inc.) and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as the Notes are no longer rated investment grade by at least two of the foregoing ratings agencies, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." At any time when these covenants are suspended, we will be able to, among other things, incur additional indebtedness, pay cash dividends, sell assets and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Use of proceeds

The gross proceeds of the Offering will be €200.0 million assuming an issuance at par. We intend to use such proceeds (i) to repay amounts due under the Existing Senior Facilities Agreement, (ii) to finance the cash consideration for the IM Reorganization and (iii) to pay fees, costs and expenses in connection with the Transactions.

The estimated sources and uses necessary to consummate the Transactions are shown in the table below. Amounts included in the table below are based on estimated data as of the Issue Date. Actual amounts will vary from estimated amounts depending on several factors, including the timing of the Transactions, differences from the estimates of outstanding amounts of existing debt to be refinanced on the Issue Date and differences between estimated and actual fees and expenses. The completion of the IM Reorganization is expected to occur on the Issue Date. This table should be read in conjunction with "*Capitalization*."

Sources	**(€ millions)**	**Uses**	**(€ millions)**
Notes offered hereby[(1)]	200.0	IM Reorganization consideration paid[(3)]	661.8
Non-cash equity contribution[(2)]	528.3	Repayment of the Existing Senior Facilities[(4)]	58.5
		Fees, costs and expenses[(5)]	8.0
Total sources	**728.3**	**Total uses**	**728.3**

(1) Does not reflect any initial purchaser discount or original issue discount.

(2) Represents the estimated value of the IMG Securities that will be indirectly contributed to the Issuer by the Shareholders pursuant to the IM Reorganization.

(3) Represents the aggregate consideration to be paid to the Shareholders in the form of cash and ordinary shares and bonds, preferred shares and convertible bonds (*obligations convertibles*) in Topco.

(4) Represents the amount outstanding under the Existing Senior Facilities (excluding accrued and unpaid interest and fees) as of September 30, 2019. On the Issue Date, the Issuer expects to enter into the Proceeds Loan with IM Growth, which will use such amounts to repay all amounts outstanding under the Existing Senior Facilities Agreement.

(5) Represents estimated fees, costs and expenses incurred in connection with the Transactions, including underwriting fees and commissions, professional fees and expenses and other transaction costs.

Capitalization

The following table describes the consolidated cash and cash equivalents and capitalization as of September 30, 2019 of (i) IM Growth and its subsidiaries on a historical basis derived from the 2019 Unaudited Interim Financial Statements, and (ii) the Issuer and its subsidiaries, as adjusted to give effect to the consummation of the IM Reorganization and the Financing Transactions, including the application of proceeds from the Offering as described in "*Use of Proceeds*," as if each had occurred on September 30, 2019. Actual amounts will vary from estimated amounts depending on several factors, including differences from the estimates of outstanding amounts of existing debt to be refinanced on the Issue Date and differences between estimated and actual fees and expenses. The completion of the IM Reorganization is expected to occur on the Issue Date.

You should read this table in conjunction with "*Summary—The Transactions*," "*Use of Proceeds*," "*Summary Consolidated Financial and Other Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*" and the Financial Statements and accompanying notes appearing elsewhere in these listing particulars. Except as set forth below, there have been no other material changes to our capitalization since September 30, 2019. The as adjusted information below is illustrative only and does not purport to be indicative of what our actual capitalization will be following the consummation of the IM Reorganization and the Financing Transactions.

	As of September 30, 2019	
(€ in millions)	**Historical**	**As Adjusted for the Transactions**
Cash and cash equivalents(1)	42.5	42.5
Debt		
Existing Senior Facilities(2)	58.5	—
Notes offered hereby(3)	—	200.0
Finance leases(4)	1.2	1.2
Other debt(5)	4.8	4.8
Total third-party financial debt	**64.5**	**206.0**
Existing Intercompany Loan(6)	16.1	—
Subordinated Shareholder Debt(7)	186.3	174.4
Total equity(8)	**153.5**	**353.9**
Total capitalization	**420.4**	**734.3**

(1) As of September 30, 2019, IM Growth had €42.5 million of cash and cash equivalents on its balance sheet.

(2) As of September 30, 2019, €58.5 million remained outstanding under the Existing Senior Facilities (excluding unpaid accrued interest and fees). The Issuer expects that on the Issue Date it will enter into the Proceeds Loan with IM Growth. IM Growth will use the gross proceeds received under the Proceeds Loan to repay all amounts outstanding under the Existing Senior Facilities Agreement (including unpaid accrued interest and fees).

(3) Debt represented by the Notes is presented at its aggregate principal amount, and does not reflect capitalized debt issuance costs.

(4) Our finance leases primarily relate to leases in respect of our headquarters, with lessors comprising both independent real-estate companies and lease companies owned by Isabelle Marant and leased on arm's length terms.

(5) Represents amounts outstanding under a €5.0 million loan agreement, dated April 27, 2017, entered into between IM Production, as borrower, and Bpifrance Financement, as lender. Loans under this loan agreement bear interest at a rate of 1.56% *per annum*, payable in cash. As of July 31, 2019, the loan has amortized at a rate of 5.0% of the original principal amount per quarter and, as of the date of the Offering Memorandum, €4.5 million in aggregate principal amount was outstanding with the final repayment scheduled for April 20, 2024. The loan is secured by cash collateral in the amount of €250,000 and will remain outstanding following consummation of the Transactions. See "*Description of Certain Financing Arrangements—Bpifrance financement loan*."

(6) As of September 30, 2019, €16.1 million was outstanding under the Existing Intercompany Loan (including unpaid accrued interest and fees). In connection with the Transactions, IM Création will sell its rights under the existing €16.1 million Existing Intercompany Loan to Topco in exchange for the issuance by Topco to IM Création of a corresponding amount of ordinary bonds (*obligations ordinaires*). In connection with the IM Reorganization, Topco will contribute the Existing Intercompany Loan to the Issuer in exchange for ordinary shares in the Issuer and, as a result, the Existing Intercompany Loan will become an obligation of IM Growth owing to the Issuer. Upon the completion of the Post-IM Reorganization Mergers, IM Growth's obligations under the

Existing Intercompany Loan will be released, and the Existing Intercompany Loan will be extinguished. See "*Certain Relationships and Related Party Transactions—Transactions with IM Création*."

(7) On a historical basis, Subordinated Shareholder Debt represents convertible bonds (*obligations convertibles*) issued by IM Growth to its shareholders in connection with the 2016 Acquisition. The convertible bonds (*obligations convertibles*) will be contributed by the Shareholders to Topco in exchange for ordinary shares and other securities in Topco in connection with the IM Reorganization. On an as-adjusted basis, Subordinated Shareholder Debt represents convertible bonds (*obligations convertibles*) issued by the Issuer to Topco in connection with the IM Reorganization. See "*Description of Certain Financing Arrangements—Subordinated Shareholder Debt.*" Such Subordinated Shareholder Debt will be unsecured and will be subordinated to the Notes and the Notes Guarantee issued by the Post-Closing Guarantor pursuant to the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(8) Represents, on a historical basis, the total equity shown on the balance sheet in the 2019 Unaudited Interim Financial Statements as of September 30, 2019 and, on an as adjusted basis, the estimated value of the IMG Securities that will be indirectly contributed to the Issuer by the Shareholders pursuant to the IM Reorganization.

Selected historical financial information

The following tables set forth certain selected consolidated financial information of (i) IM Growth and its consolidated subsidiaries with respect to financial information for the nine-month periods ended September 30, 2019 and 2018, the year ended December 31, 2018 and the 19-month period ended December 31, 2017 and (ii) IM Production and its consolidated subsidiaries with respect to financial information for the year ended December 31, 2016. The selected historical financial information presented below is derived from the English language translations of the Financial Statements presented elsewhere in these listing particulars. The Financial Statements were prepared in accordance with French GAAP.

IM Growth was formed on June 3, 2016 in connection with the Sponsor's acquisition of IM Developpement and its subsidiaries. It closed its first reporting period on December 31, 2017 (i.e. approximately 19 months after its formation). As such the 2017 Audited Financial Statements contain results of operations for IM Growth for 19 months of operations, and are therefore not comparable to the results of operations of IM Production for the year ended December 31, 2016 (included in the 2016 Audited Financial Statements) or the results of operations of IM Growth for the year ended December 31, 2018 (included in the 2018 Audited Financial Statements). In order to present a more meaningful comparison, the 2018 Audited Financial Statements include consolidated income statement information (and accompanying notes) for IM Growth covering 12 months of operations from January 1, 2017 to December 31, 2017. In the following tables, the consolidated income statement information for IM Growth for the 12 months ended December 31, 2017 is derived from the information covering IM Growth's 12 months of operations from January 1, 2017 to December 31, 2017 (as included in the 2018 Audited Financial Statements), and not from the 2017 Audited Financial Statements, which cover 19 months of operation.

In addition, as a result of the 2016 Acquisition and the preparation of the consolidated financial statements of IM Growth as of December 31, 2017 consisting of a 19-month period, no consolidated cash flow statement of IM Growth for the year ended December 31, 2017 has been audited by our independent statutory auditors. Management has prepared an unaudited consolidated cash flow statement for the 12 months ended December 31, 2017, which is presented in the tables below. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Statements Discussed*."

The data below is not necessarily indicative of results of future operations and should be read in conjunction with "*Use of Proceeds*," "*Capitalization*," "*Summary Consolidated Financial and Other Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the English language translations of the Financial Statements, and the accompanying notes thereto, which are included elsewhere in these listing particulars.

Consolidated income statement data

(in € millions)	Year ended December 31, 2016 (audited)	12 months ended December 31, 2017 (unaudited)	Year ended December 31, 2018 (audited)	Nine months ended September 30, 2018 (unaudited)	Nine months ended September 30, 2019 (unaudited)
Net sales	143.9	139.0	152.4	102.1	127.8
Other operating income	5.1	14.5	20.7	11.5	9.7
Total operating income	**149.0**	**153.5**	**173.1**	**113.6**	**137.5**
Cost of goods sold	(56.5)	(53.0)	(58.5)	(37.2)	(41.8)
External expenses	(30.7)	(28.8)	(36.4)	(24.2)	(30.9)
Taxes other than on income	(2.0)	(2.4)	(2.3)	(1.8)	(2.1)
Personnel costs	(17.1)	(22.8)	(26.5)	(17.7)	(21.2)
Depreciation, amortization, impairment and provision expense	(5.0)	(13.8)	(17.6)	(13.6)	(15.4)
Operating expenses	**(111.3)**	**(120.8)**	**(141.3)**	**(94.5)**	**(111.5)**
Net operating income	**37.7**	**32.7**	**31.8**	**19.1**	**25.9**
Financial income	0.5	0.6	2.0	1.3	1.8
Financial expenses	(1.4)	(18.9)	(18.5)	(13.2)	(14.4)
Net financial income (loss)	**(0.9)**	**(18.3)**	**(16.4)**	**(11.9)**	**(12.6)**
Recurring income of consolidated companies	**36.8**	**14.4**	**15.4**	**7.2**	**13.4**
Non-recurring income	0.2	1.0	0.6	0.6	0.3
Non-recurring expenses	(1.5)	(1.0)	(1.8)	(1.1)	(0.6)
Net non-recurring income (loss)	**(1.3)**	**—**	**(1.2)**	**(0.6)**	**(0.3)**
Income tax expenses	(12.0)	(3.4)	(7.9)	(4.1)	(6.1)
Net income of consolidated companies	**23.5**	**11.0**	**6.3**	**2.5**	**7.0**

Consolidated balance sheet data

(in € millions)	As of December 31, 2016	2017	2018	As of September 30, 2019
	(audited)			(unaudited)
Uncalled subscribed share capital	—	—	—	—
Goodwill	—	182.0	182.0	182.0
Plant, property, equipment and intangible assets	16.8	208.0	213.1	217.2
Long-term investments and equity accounted investments	1.0	1.7	2.4	2.8
Non-current assets	**17.8**	**391.7**	**397.5**	**401.9**
Inventories and work-in-progress	17.7	18.9	26.8	31.1
Trade receivables	17.4	26.7	14.3	10.9
Deferred tax assets	2.3	0.4	0.1	0.1
Other Receivables and accrual accounts	7.7	8.9	6.4	5.6
Marketable securities	16.3	1.3	0.3	0.3
Cash	51.6	25.0	48.1	42.5
Current assets	**113.1**	**81.1**	**96.0**	**90.6**
Total assets	**130.8**	**472.8**	**493.5**	**492.5**
Share Capital	0.5	126.3	126.3	126.3
Additional paid-in capital	—	0.9	0.9	0.9
Revaluation reserve	—	—	—	—
Reserves attributable to owners of the parent	37.4	(0.4)	12.5	19.2
Net income attributable to owners of the parent	23.5	12.7	6.3	7.0
Equity attributable to owners of the parent	**61.4**	**139.6**	**146.1**	**153.5**
Non-controlling interests	—	—	—	—
Other equity	—	—	—	—
Total equity	**61.4**	**139.6**	**146.1**	**153.5**
Negative goodwill	—	—	—	—
Provisions	1.4	46.1	0.7	0.7
Deferred tax liabilities	—	—	44.3	43.5
Provisions and deferred taxes	**1.4**	**46.1**	**45.0**	**44.2**
Borrowings and debt	2.3	248.8	254.2	253.9
Trade payables	14.4	14.7	18.5	16.4
Other liabilities and accrual accounts	51.4	23.6	29.8	24.4
Payables	**68.0**	**287.2**	**302.5**	**294.8**
Total equity and liabilities	**130.8**	**472.8**	**493.5**	**492.5**

Consolidated cash flow statement data

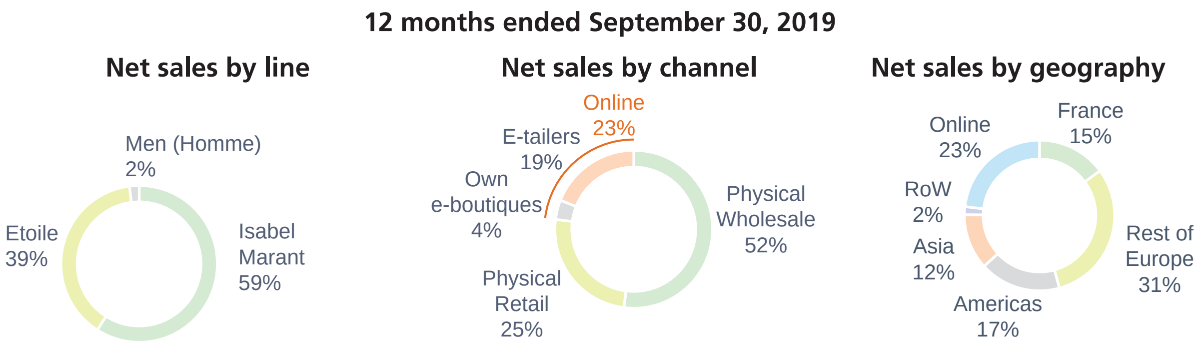
(in € millions)	Year ended December 31, 2016 (audited)	12 months ended December 31, 2017 (unaudited)	Year ended December 31, 2018 (audited)	Nine months ended September 30, 2018 (unaudited)	Nine months ended September 30, 2019 (unaudited)
Net income of consolidated companies	23.5	11.0	6.3	2.5	7.0
Movement in depreciation, amortization, impairment and provision expense	2.1	9.7	14.3	10.5	12.0
Change in deferred tax	(0.3)	(0.3)	(0.9)	(0.5)	(0.8)
Elimination of gains/losses on asset disposals	—	—	0.1	0.1	—
Cash from operating activities	**25.3**	**20.5**	**19.7**	**12.5**	**18.3**
Changes in working capital	44.8	(86.7)	16.7	5.4	(7.7)
(I) Net cash flows generated from/(used in) operating activities	**70.1**	**(66.2)**	**36.4**	**17.9**	**10.5**
Acquisition of non-current assets	(4.2)	(11.5)	(7.3)	(4.6)	(8.1)
Capitalization of collection costs	—	(10.0)	(12.6)	(8.9)	(8.2)
Reduction in other long-term investments	0.1		—	0.0	0.0
Proceeds from disposal of non-current assets	—	0.1	—	—	—
Impact of changes in the scope of consolidation	—	—	—	—	—
Internal transactions relating to non-current assets	—	—	—	—	—
(II) Net cash from/(used in) investing activities	**(4.1)**	**(21.3)**	**(19.9)**	**(13.4)**	**(16.3)**
New borrowings	—	17.1	15.2	10.0	10.5
Repayment of borrowings	(0.5)	(24.4)	(9.8)	(9.8)	(10.7)
Dividends received from/paid to the parent company	(85.0)	—	—	—	—
Share capital increase/decrease	—	—	—	—	—
Net change in bank overdrafts	—	—	—	—	—
(III) Net cash flows generated from/(used in) financing activities	**(85.5)**	**(7.3)**	**5.3**	**0.1**	**(0.2)**
(IV) Impact of exchange rates on cash and cash equivalents	(0.1)	(0.3)	0.2	0.1	0.4
Changes in cash and cash equivalents (I+II+III+IV)	**(19.6)**	**(95.2)**	**22.1**	**4.8**	**(5.6)**

Management's discussion and analysis of financial condition and results of operations

The following is a discussion and analysis of our financial condition and results of operations in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to the Financial Statements included elsewhere in these listing particulars. The following discussion should also be read in conjunction with "Presentation of Financial and Other Information," and "Summary Consolidated Financial Information and Other Information." The discussion in this section may contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in these listing particulars, particularly under "Risk Factors" and "Forward-Looking Statements."

Overview

We are an iconic French brand designing and distributing luxury ready-to-wear and accessories positioned in the advanced designer luxury segment. We design luxury ready-to-wear, shoes and accessories through two main product lines: IM and Étoile, and we have recently released our exclusive men's collection Homme in 2017. Our product ranges comprise high quality womenswear and menswear, shoes, leather goods and accessories and jewelry.



Within our ready-to-wear lines, which accounted for approximately 70% of our net sales in the 12 months ended September 30, 2019, the majority of our products sold for between €400 and €850 per product within our IM line and between €200 and €400 within our Étoile and Homme lines. In the 12 months ended September 30, 2019, we generated net sales of €178.1 million, generating an EBITDA margin of 30.6%. In addition, on a run-rate adjusted basis, our LTM Adjusted EBITDA for the 12 months ended September 30, 2019 was €60.0 million, generating an LTM Adjusted EBITDA margin of 31.7% from approximately 850 doors (including our distribution partners) in over 60 countries. While we have a strong French heritage, sales from our French operations stabilized at 14.7% of our net sales in the 12 months ended September 30, 2019, which we believe demonstrates our success as a truly global luxury brand. Driven by this success, we have expanded into other European markets in addition to the Americas (principally the United States) and Asia, for which our net sales in the 12 months ended September 30, 2019 represented 30.7%, 17.4% and 11.9% (9.4% excluding China) of net sales respectively, with the rest of world and e-commerce (across both wholesale and retail) making up the remaining 1.7% and 22.6%, respectively.

We design, market and sell our ready-to-wear creations under the IM, Étoile and Homme lines, in addition to our shoes, leather goods and accessories and jewelry products, catering to a broad and global customer base in the advanced designer luxury market. We believe that our Parisian heritage is an integral source of inspiration for our design aesthetic and a cornerstone of our brands' positioning. We use our key brand values—authenticity, openness and complicity with the “Parisian cool girl” aesthetic—to guide our creative, approach, while vigilantly catering to our customers’ preferences by drawing upon the expertise of our in-house design and development team of 50 persons. Our designs are meticulously prototyped and patterned for production by our in-house workshop (*atelier*) of 38 prototypists, pattern makers and tailors, to maximize creative support and ensure the highest standard of production quality and supplier base flexibility.

We believe our advanced designer luxury offerings both insulate our business to some extent from fashion risk and have delivered results that have consistently outperformed the market.

Financial statements discussed

The Issuer

The Issuer was incorporated for the principal purpose of facilitating the IM Reorganization. Prior to the consummation of the IM Reorganization, the Issuer is not expected to engage in any activities other than those in relation to its corporate existence and the Transactions, and its only material assets and liabilities are expected to be its interests in its subsidiaries and its indebtedness and intercompany balances incurred in connection with the Transactions. We do not present in this section or elsewhere in these listing particulars any financial information or financial statements of the Issuer.

Financial statements

All historical financial information included in this section refer to the following (i) IM Growth and its consolidated subsidiaries with respect to financial information for the nine-month periods ended September 30, 2019 and 2018, for the year ended December 31, 2018 and for the 19-month period ended December 31, 2017 and (ii) IM Production and its consolidated subsidiaries with respect to financial information for the year ended December 31, 2016. The foregoing financial statements with the accompanying notes and, in the case of the English translation of the Audited Financial Statements, the free English translation of the reports of our independent statutory auditors, are included elsewhere in these listing particulars. This section contains financial information and data summarized, extracted or derived from our audited consolidated financial statements prepared in accordance with French GAAP and/or our accounting records (with respect to financial data) and also includes and discusses management and operational information and data summarized, extracted or derived from our management reporting system. See “*Presentation of Financial and Other Information*.”

Factors affecting comparability

As a result of the factors discussed below, our operating results for the year ended December 31, 2016 discussed in these listing particulars are not directly comparable with the operating results for the 12 months ended December 31, 2017, the year ended December 31, 2018 and the nine-month period ended September 30, 2018 and 2019 discussed herein and will not be directly comparable with our operating results for future financial periods.

Comparability of the 2016 audited financial statements with the other financial statements presented herein

On June 3, 2016, IM Growth, our historical reporting entity with respect to the 2019 Unaudited Interim Financial Statements, the 2018 Audited Financial Statements and the 2017 Audited Financial Statements, was incorporated in connection with the acquisition of the Group by the Sponsor. Prior to the 2016 Acquisition, we reported our consolidated results at the level of IM Production, the main operating entity of the Group, as set forth in the 2016 Audited Financial Statements, an English translation of which is presented elsewhere in these listing particulars. Due to the following factors, the 2016 Audited Financial Statements and the other Financial Statements, English translations of which are presented herein, are not directly comparable.

- ***The capitalization of our design and creation costs.*** As of September 2016, we began capitalizing our design and creation costs in accordance with French GAAP ("**EC 2015-53**" issued by the CNCC) pursuant to which, we began to capitalize our design and creation costs within our intangible assets (given that our designs generate future economic benefits for our operations) on the balance sheet. These costs are then depreciated over the duration of the related production (generally six months) and the depreciation costs are included in the valuation of our inventory through a mark-up (varying by year and season) corresponding to the ratio between our design and creation costs and our purchases after our inventory variation, which for the products produced during the 12 months ended December 31, 2017 was 15.9% and for the products produced during the year ended December 31, 2018 was 21.8%. For more information, see "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation cost*s."
- ***The recharge of our salaries from IM Growth to IM Production***. IM Growth employs our key managers Anouck Duranteau-Loeper, Sophie Duruflé, Nathalie Chemouny and Marion Marie (for more information see "*Management*"). IM Growth previously employed our previous CFO. Since September 2016 (in the case of Sophie Duruflé and Nathalie Chemouny), November 2016 (in the case of Anouck Duranteau-Loeper) and June 2017 (in the case of Marion Marie) the salary costs of these key managers are recharged by IM Growth to IM Production through management fees. As a result, prior to June 3, 2016, certain line items such as personnel costs are not directly comparable as between the 2016 Audited Financial Statements and the other Financial Statements.

As a result of the foregoing, certain line items of our results of operations for the year ended December 31, 2016 may not be directly comparable with the other periods presented in these listing particulars. Specifically, IM Growth's consolidated income statement and consolidated cash flow statement for the 12 months ended December 31, 2017 and for the year ended December 31, 2018 cannot be directly compared with the corresponding statements of IM Production for the year ended December 31, 2016 because of the factors discussed above and because the amortization associated with the goodwill arising from the 2016 Acquisition has been included in the consolidated income statement and consolidated cash flow statement for the 12 months ended December 31, 2017 and for the year ended December 31, 2018 of IM Growth and not in the comparable statements of IM Production for the year ended December 31, 2016.

Key factors affecting results of operations

Our results of operations have been, and may continue to be, affected by the key factors set forth below as well as other factors, many of which are beyond our control.

General economic conditions and consumer confidence

Our business depends on the demand for luxury ready-to-wear and accessories in the markets in which we sell our products, particularly among women, who make up a substantial majority of our target customer group. Demand for luxury ready-to-wear and accessories can be cyclical and in certain circumstances can be affected by the overall level of consumer spending. Consumer spending is primarily driven by macroeconomic and other drivers influencing consumer-spending behavior, such as employment levels, salary and wage levels, inflation or deflation, interest rates, tax rates, currency exchange rates, fuel prices, civil unrest, terrorist attacks, consumer confidence with respect to current and future overall economic conditions and personal economic prospects. Furthermore, tourist travel, the number of high-net-worth individuals and growing middle classes in fast-growing economies are all factors that generally relate to the prevailing macroeconomic conditions, and which can significantly affect our business. For example, in our own-stores in Europe (excluding our concessions at Galeries Lafayette Haussmann), we generated approximately 25% of our net sales (or approximately 15% of total net sales from own-stores) from customers traveling in Europe in the 12 months ended September 30, 2019, according to VAT refund data. Tourism and spending by tourists are in turn related to various factors such as exchange rates, general economic conditions, unemployment and consumer confidence. Similarly, a portion of our recent growth has come from, and we expect will continue to come from or be otherwise related to, net sales in fast-growing markets such as China. We believe that these markets continue to enjoy robust economic growth, which correlates to increased consumer spending and demand for personal luxury goods, including our products. The growth of the number of high-net-worth individuals in fast-growing and other markets is also an important driver of our net sales.

While luxury apparel and accessory purchases are often considered to be discretionary, and sales of such discretionary products typically depend on positive consumer sentiment and the availability of discretionary income, luxury apparel and accessory purchases can exhibit a certain resiliency as high-income customers may not be affected to the same degree by macroeconomic pressures, or their discretionary spending is tied to other factors, including the deployment of their discretionary spending among categories of the personal luxury goods market. Additionally, we operate a second line (Étoile), which has lower price points and therefore helps hedge us against downturns in the economy that may affect our customers' propensity to spend. Furthermore, our strong wholesale channel activity (70% of our net sales for the nine months ended September 30, 2019) provides us with good revenue visibility as we take orders for our products from wholesalers prior to production runs. This means, for example, that by the end of the year we typically have an order book of approximately 35% to 45% of our yearly wholesale channel net sales related to the following S/S collection, which although subject to production risk and confirmation of sale upon delivery, helps steady our business planning with virtually no inventory risk. However, we do take limited inventory risk in respect of our own-store retail channel and online boutique. Moreover, we estimate that approximately 100% of our wholesale channel net sales are secured in our order book by July of a given year, subject to the foregoing production risk and confirmation of sale upon delivery.

Our products are sold in a number of jurisdictions globally, with 30.7%, 14.8%, 17.4% and 11.9% of our net sales for the 12 months ended September 30, 2019 generated in Europe (excluding France), France, the Americas (principally the United States) and Asia, respectively, excluding online net sales generated across our wholesale and own retail channels. Our net sales and profitability could therefore be adversely affected by unfavorable economic conditions, an economic downturn or an otherwise uncertain economic outlook in these markets or new geographic markets that we may enter in the future. Deteriorating economic conditions could also increase pricing pressure on the products that we sell and result in a corresponding decline in our margins. Global economic conditions and uncertainties may also affect our suppliers through, for example, plant closures or increases in the cost of raw materials.

Exposure to changing fashion trends, success of collections and brand awareness

Sales and margins in the personal luxury goods market can be impacted by changing fashion trends and the relative success of a collection. The success of a collection is attributable to a variety of factors, including the originality and attractiveness of the product or collection concept, pricing, perceived product quality and the success of other comparable collections as well as the reception of collections in influential publications and on social media. We believe that our brand image and its aesthetic of "Parisian cool girl" with a romantic and Boho edge for Isabel Marant and "Parisian cool guy" aesthetic of Isabel Marant Homme are suitable to construct everyday wardrobe embodying the effortless French style that is associated with our brand help mitigate our exposure to fashion risk. Certain of our products such as our permanent collections (see "*Business—Our Collections' Lifecycles*") as well as certain carry-over styles (for example an already-commercialized shape arranged in a different color, fabric or print) are considered "evergreen," which we estimate make up 51% of our ready-to-wear, shoes and leather goods net sales for our past two seasons as of the date the Offering Memorandum. This share of net sales remains fairly unchanged from season to season and we believe are that these products are iconic pieces that anchor a wardrobe, reduce the volatility risk of our collections and ensure stable sales and low customer churn. Additionally, as we further develop our menswear line, Isabel Marant Homme, along with Isabel Marant and Étoile, will help reduce the risk of any single season not being well-received by customers given our product diversification. We also believe that our advanced design prowess and capable 28-strong design team led by Isabelle Marant will help our Group keep abreast of trends, though we cannot guarantee that we will continue to replicate our past track record.

Although we base our product design and collection planning on feedback from prior collections, the attractiveness of the collection may vary from time to time. Furthermore, we launch the same collection in each of the markets where our products are sold, and our target customer groups do not necessarily have the same consumer expectations and preferences across all of the markets where our products are sold. Adjustments for regional differences (including fashion tastes and sizing of customers in certain countries) presents additional challenges in identifying and capitalizing on trends. Our failure to anticipate, identify or react swiftly to changes in styles, trends or desired image preferences or to anticipate demand is likely to lead to lower demand for our products, which could cause, among other things, sales declines, excess inventories and a greater number of markdowns.

We believe that an effective communication strategy is essential to the success of our brand. We consider our doors, the publicity and social media buzz we are able to generate following Paris Fashion Week and our engagement with customers as important communication channels. With physical stores and brand placement in prime locations and in leading multi-brand stores and department stores, and with recognizable brand placement among prominent e-commerce platforms, our doors are operated as luxury boutiques with specially-designed and curated shop windows. We leverage a variety of marketing and advertising channels to increase brand awareness, acquire new customers, drive customer traffic to our doors and e-commerce platforms, and strengthen and reinforce our brand image. However, our ability to maintain our consumer brand awareness will depend on the effectiveness of our communication strategy in the face of changing trends and consumer attitudes.

Consolidation, optimization and selective expansion of our wholesale channel

We maintain and continually expand our strong international wholesale distribution channel. This channel consists of sales and deliveries of our product lines to wholesalers at wholesale price points for onward sale to customers, through which wholesalers earn retail prices. We typically do not provide performance or other guarantees of any kind to wholesalers. Our wholesale activity is realized through approximately 850 doors in prominent multi-brand stores, prestigious department stores, e-commerce platforms and distribution partners (including stores bearing the "Isabel Marant" brand operated pursuant to distribution arrangements) located across Europe (including France, Germany, the United Kingdom and Russia), the United States, Asia (including China and the Hong Kong Special Administrative Region, Japan and South Korea), and the Middle East (including the United Arab Emirates and Lebanon). Our wholesale net sales has grown at a CAGR of 18.2% between the years ended December 31, 2016 to 2018. This growth was primarily driven by the desirability of the Isabel Marant brand, the commercial success of the Isabel Marant and Étoile lines, our well balanced product offering and our unique brand positioning in the personal luxury goods market, which has led to an increase in wholesale net sales and the consolidation of our wholesale footprint. Our strategy has been to continue to develop our wholesale channel to maintain our strong margins by focusing on the most profitable partners in our international markets, closing smaller, less attractive doors that have historically purchased lower volumes or that do not market our products in the retail environment that we deem suitable (e.g. location(s), other retail options, etc.). In addition, we employ new business planning metrics to selectively target wholesale partners in markets outside of France, whose profiles we believe are consistent with our brand position. For example, to consolidate our position with our best wholesale doors, we analyzed the performance of our existing selling agents and distributors and identified those that placed large orders and operated high quality doors, such as multi-brand doors in the markets in which our products are sold. As a result of the foregoing, during the periods under review, the number of doors have increased from 761 as of our S/S collection in the 12 months ended December 31, 2017 to 849 as of our F/W collection in the nine months ended September 30, 2019, but we have grown wholesale net sales leading to a greater average wholesale gross orders per door of 72.2 to 81.9 for our S/S collection in the 12 months ended December 31, 2017 and our F/W collection in the nine months ended September 30, 2019, respectively.

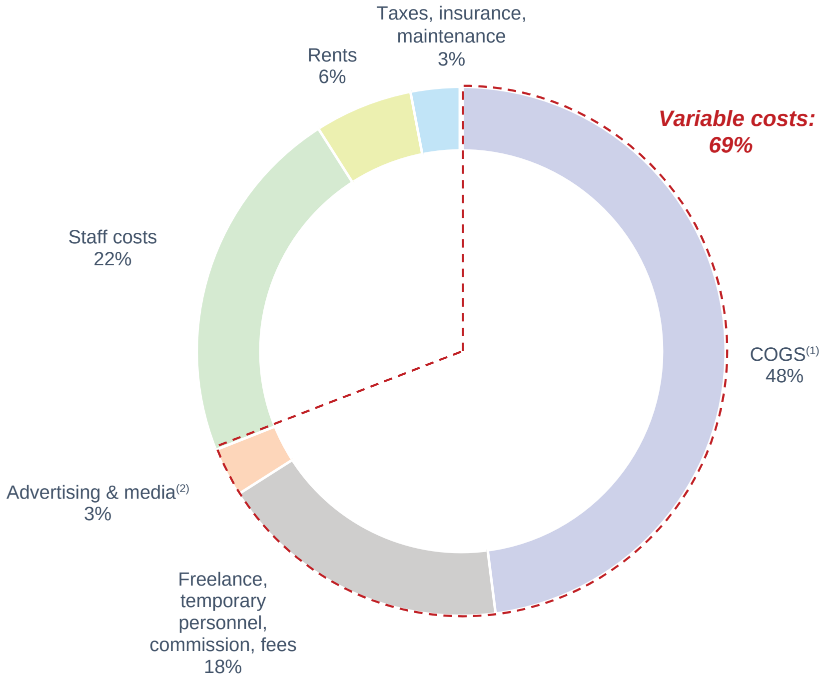
Variable and fixed costs

Like other businesses in the global luxury market, our cost base is composed of a mixture of variable and fixed costs. The ability of our cost base to be flexible in accordance with net sales may vary from quarter to quarter and may affect our operating profit. Variable costs primarily include our cost of goods sold ("**COGS**") and professional fees (including legal and accounting services and freelancers), as well as marketing and communication costs (which consist of our marketing campaigns, our website, print and electronic advertising, social media and our two runway shows) commissions paid on sales and other operating expenses (including commercial costs and other direct costs). Our variable costs also include certain of our real estate rental costs (primarily in China) that exceed a threshold minimum amount and retail credit card commissions, which can represent approximately 2% of retail net sales. We estimated that variable costs represented approximately 71%, 67% and 69% of our total costs for the year ended December 31, 2016, the 12 months ended December 31, 2017 and the year ended December 31, 2018, respectively. Our fixed costs primarily include our personnel costs, management fees and the majority of our rental expenses. Our personnel costs include the costs of the staff in our doors, our headquarters and our central office in Paris.

During the periods under review, we have made a number of hires to support and manage our own-store network as part of "gearing for growth" of this activity. For example, we have hired a retail director in the United States and two regional managers in Europe to supervise our stores. We believe these fixed costs will be better absorbed going forward as we increase the number of our own retail stores in operation and our existing own-stores finish ramping up their sales. The compensation of our point of sale employees includes a variable component based on the level of sales achieved. We have some degree of control over personnel costs in our doors by varying staffing levels in anticipation of customer traffic. Our personnel costs can also vary by changes in prevailing wage levels, such as adjustments to national or local minimum wages.

The following table sets forth an illustration of our variable and fixed cost items (excluding management fees) as a percentage of operating expenses for the year ended December 31, 2018, according to management's assessment, it being understood that such assessment is based on the majority of the components for each such category.

Cost items (% of total costs, excluding management fees)



(1) COGS include purchases of goods for resale, purchases of raw materials and supplies not accounted for in inventory, purchases of raw materials, supplies and other consumables, change in inventories and other purchases.

(2) Excluding fees related to communication (including with respect to fashion shows), which are accounted for under freelance, temporary personnel, commissions and fees.

In the event of a decrease in net sales, we may not be able to preserve our margins by reducing our cost base in a timely manner, particularly with respect to our fixed costs (though the speed at which we are able to reduce our cost base varies from country to country).

Production and distribution costs

Our results of operations can be impacted by changes in production and distribution costs. Our cost of goods sold consists primarily of purchases of finished goods, raw materials and packaging as well as changes in inventory, transport and duties. Our production costs can be significantly impacted by raw material costs, transportation expenses and wage inflation. We generally contract to manufacture according to two arrangements: trade purchases and sub-contracting. Trade purchases consist of acquiring finished products, whereby we supply the product design specifications and prototypes developed in-house to our suppliers and they produce the merchandise with raw material sourced by them, subject to our specifications and quality control procedures. Pursuant to sub-contracting arrangements, we contract with suppliers for manufacturing output, providing them with the fabrics and components that we source, develop and/or purchase (for more information, see "*Business—Our Design and Production Process—Production*"). We believe high quality, advanced design is embedded in the price of our products and our high margins typical of the personal luxury goods market have the effect of reducing our exposure to raw materials. Additionally, the purchasing by our wholesale channel distribution partners prior to production runs means that we can seek to adjust suggested retail prices (and therefore sell-in prices) to absorb raw material costs. An increase in costs related to transporting products from their place of manufacture to our central distribution center in Pantin, France (largely dependent on shipping and freight costs, which are themselves largely dependent on fuel costs) could also add to the overall cost of the products. The costs of products are also impacted by wage inflation; increases in wage levels in markets where our products are manufactured may impact the costs of our products.

In our consolidated income statement, our distribution and other logistics costs are recorded as part of cost of goods sold with respect to products purchased from suppliers and as external expenses with respect to products that are sent to our own retail network. An increase in costs related to transporting products from our central distribution center in Pantin, France, to our doors can impact our costs, particularly due to our model of maintaining low stocks of inventory at our stores and concessions. Through the auto-replenishment model for our own retail channel, organized by region (Europe, China and the United States), we put in place minimums per store and replenish our inventory once or more weekly depending on sales so that the inventory is sent to the store that needs it most.

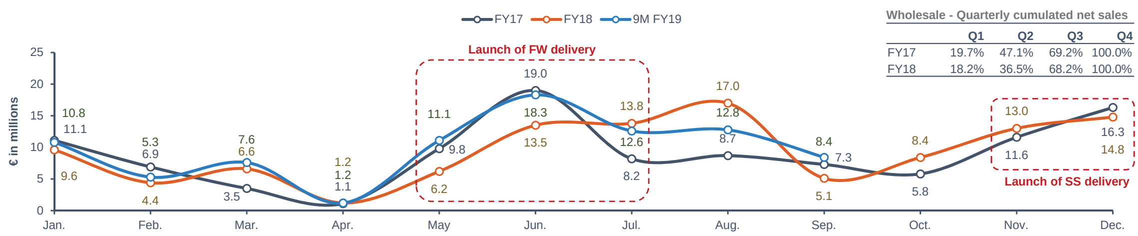
In order to maintain our margins, we focus on implementing an efficient sourcing policy and utilizing our increasing bargaining power with suppliers. This, together with the relatively high average sale prices for our products as compared to the mass market, has enabled us to achieve attractive margins.

Seasonality

Similar to other businesses with retail channels, our business is subject to certain seasonal trends and our net sales tend to follow our collection cycles. We offer four main seasonal collections consisting of four Isabel Marant, two Isabel Marant Étoile and four menswear collections. Typically, the first item of the F/W collection is available from May onwards and the first item of the S/S collection is available from November onwards. Other than our own retail distribution channel, net sales made in the second half of the calendar year are typically higher than in the first half of the calendar year, as more expensive items such as coats are sold as part of the F/W collection. Restocking orders for each season are limited.

The following graphic set forth the seasonal fluctuation of our net sales generated by our wholesale channel (excluding net sales to discounters) for the 12 months ended December 31, 2017, the year ended December 31, 2018 and the nine months ended September 30, 2019, which we believe is substantially consistent with the typical seasonal distribution for our business.

Wholesale net sales seasonality(1)

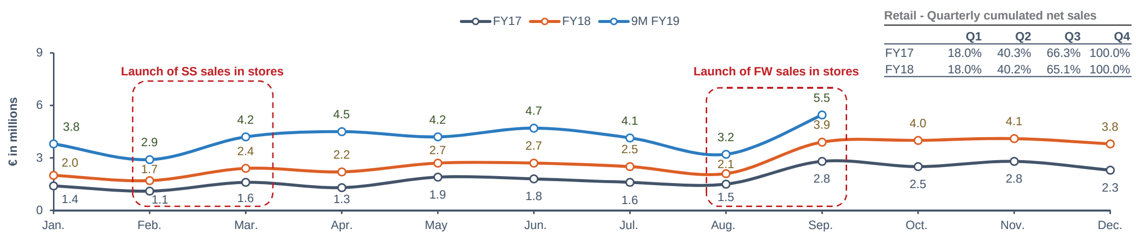


	Q1	Q2	Q3	Q4
FY17	19.7%	47.1%	69.2%	100.0%
FY18	18.2%	36.5%	68.2%	100.0%

(1) Results shown for IM Growth on a consolidated basis. Excludes sales to other minor networks (e.g. discounters or private sales) of €6.2 million in the 12 months ended December 31, 2017 and €3.2 million in the year ended December 31, 2018.

The following table set forth the seasonal fluctuation of our net sales generated by our own retail channel (excluding press sales (as further described under "*Business—Our Distribution Channels—Retail—Outlets and press sales*")) for the 12 months ended December 31, 2017, the year ended December 31, 2018 and the nine months ended September 30, 2019, which we believe is substantially consistent with the typical seasonal distribution for our business.

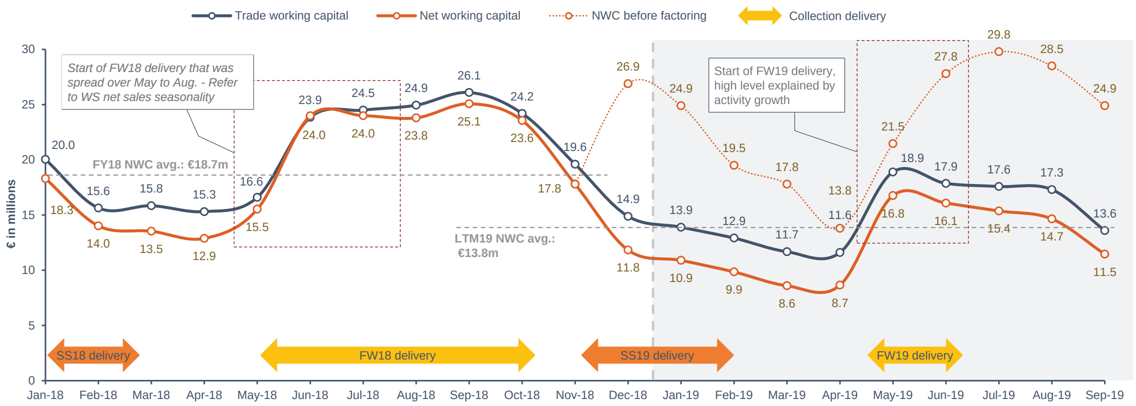
Retail net sales seasonality(1)



(1) Results shown for IM Growth on a consolidated basis.

The following table sets forth the seasonal fluctuation of our monthly trade and net working capital for the year ended December 31, 2018 and the nine months ended September 30, 2019, which we believe is substantially consistent with the typical seasonal distribution for our business. IM Production, which is the primary operating subsidiary within our Group, is the main contributor to total net working capital, for which results are shown below. In addition, our monthly net and trade working capital is also impacted by our factoring arrangements. See "*—Liquidity and capital resources*" and "*Description of certain financing arrangements—Factoring Agreement.*"

Monthly net and trade working capital(1)



IM Production—Factoring impact on net working capital

€ in millions	Dec-18	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
NWC after factoring	**11.9**	**9.9**	**8.6**	**8.7**	**16.8**	**16.1**	**15.4**	**14.7**	**11.5**
Factored receivables	13.0	9.6	9.2	5.1	4.7	11.7	14.4	13.8	13.4
NWC before factoring	**24.9**	**19.5**	**17.8**	**13.8**	**21.5**	**27.8**	**29.8**	**28.5**	**24.9**

(1) Results shown for IM Production only.

Price policy

The interaction of our pricing policy with the product mix of items sold may affect our results of operations. In addition, differences in our pricing strategy across geographies may affect the comparability of our results between geographic reporting segments. While we generally maintain consistent prices across geographies that account for, among other things, distribution costs, variances in VAT and currency exchange rates, the prices of our items vary by product line and product type. We follow a different pricing policy outside of the Eurozone to set retail prices for our own-stores and recommended retail prices for our wholesalers (including, among other currencies, in USD, GBP, HKD, CNY and NOK for our own-stores and various other currencies for our wholesalers). To calculate our recommended retail prices, we apply a coefficient to the euro price to translate it into local currency and take into consideration local tax duties and VAT.

We control markdown periods by providing a yearly calendar of markdowns to our wholesale and our own retail stores to ensure consistency of pricing throughout the year and across channels. We control the "open to buy" (or, the amount of merchandise delivered to our own retail stores and our own e-boutiques) to ensure that we do not end the season with a surplus of stock to be marked down, and for the nine months ended September 30, 2019, our average retail discount rate was 16.6%. With respect to our own retail distribution channel, discount rates vary among regions and we believe that our discount policy is generally in line with the luxury segment. Our discount rates are generally higher in the United States than in Europe.

Product and distribution channel sales mix

Our margins vary depending on the mix of sales of our three brands, Isabel Marant, Isabel Marant Étoile and Isabel Marant Homme, the type of products that we sell and the distribution channels through which we sell our products. In the past, we have achieved slightly higher net sales for our F/W collections due to the higher prices associated with winter clothing, such as coats. We believe that some of our brands and products, such as our Isabel Marant Homme brand and our accessories products, which we continue to develop, will form a more significant part of our sales going forward. We have typically generated a significant percentage of our net sales in our wholesale and our own retail distribution channel (excluding online). Traffic in physical stores affected, to a degree, by the secular trend in recent decades consisting of changing consumer shopping habits moving from the "brick-and-mortar" channel towards online and omni-channel retailing. As a result, we are investing in our digital experience and expanding our network of own-stores as attractive retail destinations.

Our margins as a percentage of net sales also vary according to the distribution channel through which we sell. For example, our margins between our main distribution channels, wholesale and retail, vary and we observe a higher gross margin rate with respect to our own retail activity (given that in our wholesale channel, some of our gross margin is captured by the wholesaler (upon sales to the end-customer) whereas in our own retail channel, the gross margin made on our net sales is wholly for the benefit of the Group). As we move towards the expansion of our own retail distribution network (see "—*Expansion through door openings*"), our increased own retail channel activity could further improve our gross margins.

Expansion through door openings

While the majority of our net sales are made through our wholesale distribution network (70% of our net sales for the nine months ended September 30, 2019), we expect our own retail activity to be our main growth driver in the short to medium term. Our own retail sales activity is realized through 32 doors (excluding our own e-boutiques), comprised of 27 own-stores, two outlets and three concessions in Galeries Lafayette Haussmann, over which we exercise full inventory ownership and design and concept control. As we continue to build out and expand our own retail network, our results of operations will be increasingly affected by our point of sale offerings. In particular, our profitability has been affected, and we believe will continue to the affected, by the total number of own-stores. Retail net sales from own-stores are also strengthened by the difference between the sell-in price and sell-out price as compared to our wholesale distribution channel. However, the expansion of our own-store network will also increase fixed costs (mainly rent and personnel). Given the fixed cost structure for most of our own-stores, these expenses may not be immediately offset by greater net sales generated by the stores as the ability of our newly-opened retail stores to reach stabilized levels of earnings is related to the ramp-up periods for such stores which may vary by region, store size or location, though generally is two years according to management's estimates. In addition, as another measure of our own retail network's performance, we track the payback period (defined as the time required to recuperate the originally invested growth capital expenditure associated with opening the store) for our own-stores, which was 6 to 16 months at the Group level with 8 to 11 months for stores in China, according to management's estimates based on historical results. There can be no assurance that we can maintain such payback period for any future store openings, however. See "*Business—Our Distribution Channels—Retail—Own-stores*" for more information regarding our own retail store network.

Geographic footprint, pricing and sourcing policy designed to insulate from currency exchange rate risk

We do not believe that currency exchange rates are a significant factor affecting our business due to the manner in which we have organized our wholesale channel, in which all of our sales to distribution partners are made in euro and which comprises the majority over our net sales (comprising 71.2% (including wholesale e-tailers) of our net sales for the 12 months ended September 30, 2019). In addition, the majority of our net sales within our own retail channel (comprising 28.8% of our net sales (including our own e-boutiques) for the 12 months ended September 30, 2019) are denominated in euro and as a result, the impact of fluctuations in foreign exchange rates on our results of operations is minimal.

We follow a different pricing policy outside of the Eurozone with respect to our own retail sales denominated, among other non-euro currencies, in U.S. dollar, GBP, CNY and NOK for our own-stores in the United States, the United Kingdom, China and Norway, respectively, where we apply a coefficient to the euro price to translate it into local currency and take into consideration local tax duties and VAT. This coefficient reflects currency fluctuation, local cost of living, transportation costs, tax and duty rates and competitors' pricing policies (and we use this same methodology for recommending non-euro prices to our wholesale distribution partners). Consequently, the evolution of our own retail pricing outside the Eurozone also reflects the evolution of the foreign exchange rate, though we generally do not reduce prices if a local currency appreciates in value as we aim to maintain a local consistency of prices.

Additionally, we generally make the majority of our purchases in euro, thus mitigating currency transaction risk in our sourcing, with the exception of approximately $4.0 million of purchases *per annum* over the periods under review denominated in U.S. dollars with primarily Chinese suppliers.

Weather conditions

Our results of operations can be affected by periods of abnormal, inclement or unseasonal weather conditions, which can negatively impact revenue if footfall is decreased to our own retail stores or if the relevant seasonal collection on offer is not appropriate for prevailing weather conditions.

Effects of the IM reorganization

Under French GAAP, the application of purchase accounting as a result of the IM Reorganization will require that our assets and liabilities be adjusted to their fair value as of the closing of the IM Reorganization. We expect that this will result in an increase of our amortization expense following the closing of the IM Reorganization. The excess of the consideration paid over the fair value of our identifiable assets and liabilities will be allocated to goodwill.

Under French GAAP, such allocated goodwill is subject to testing for annual impairment. In addition, as a result of the IM Reorganization and related transactions, our level of indebtedness and interest expense will significantly increase, and we may not be successful in forming tax group between Topco, the Issuer and IM Production for tax purposes.

We also expect that following the IM Reorganization and the Transactions, due to the non-cash interest charges on the Subordinated Shareholder Debt and the interest payments on the Notes, our fixed charges will increase as shown in our financial statements prepared in accordance with French GAAP.

Key income statement items

The following is a brief description of the revenues and expenses that are included in the line items of our income statement.

Net sales

Net sales consists of our revenue generated by our wholesale and retail activities after the deduction of discounts, rebates and returns, as well as other revenue from ancillary activities (such as the commission received from tax free companies or royalties received from certain wholesalers).

The following table presents our net sales for the periods discussed in this section by channel, geography, line and product category. For more information, see "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

(in € millions)	Year ended December 31, 2016[1]	12 months ended December 31, 2017	Year ended December 31, 2018	Nine months ended September 30, 2018	Nine months ended September 30, 2019
		(unaudited)			
Net sales data					
Net sales by channel:					
Wholesale, *of which:*	121.5	113.9	115.2	78.4	88.7
Online e-commerce	*27.2*	*23.8*	*27.3*	*17.4*	*23.6*
Retail, *of which:*	21.6	24.2	35.7	23.0	38.0
Online own e-boutiques	—	*2.3*	*5.3*	*3.6*	*5.0*
Income from ancillary activities	0.7	0.9	1.5	0.8	1.1
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**
Net sales by geography:					
Europe (excluding France)	46.6	44.7	45.6	31.5	40.6
France	19.7	18.5	21.7	14.5	19.1
Americas	29.1	27.6	29.6	19.9	21.3
Asia (excluding China)	15.7	16.1	15.5	10.1	11.3
China	0.9	0.7	2.0	1.0	3.4
Rest of world	3.9	4.3	3.9	3.3	2.4
Online	27.2	26.1	32.6	20.9	28.6
Income from ancillary activities	0.7	0.9	1.5	0.8	1.1
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**
Net sales by line:					
IM, *of which*:	87.3	83.1	89.2	61.9	78.8
Wholesale	*72.7*	*66.9*	*64.9*	*46.8*	*53.5*
Retail	*14.6*	*16.3*	*24.3*	*15.2*	*25.3*
Étoile, *of which*:	55.9	54.9	61.7	39.3	47.9
Wholesale	*48.8*	*47.0*	*50.3*	*31.6*	*35.2*
Retail	*7.0*	*7.9*	*11.4*	*7.7*	*12.7*
Income from ancillary activities	0.7	0.9	1.5	0.8	1.1
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**
Net sales by product category:					
Women's ready-to-wear	99.1	97.3	102.7	68.8	85.6
Women's shoes	37.3	32.9	32.4	22.1	26.1
Women's leather goods	0.8	1.7	4.5	3.1	4.0
Women's other accessories	6.0	6.1	8.9	5.8	8.2
Men's ready-to-wear and accessories	—	—	2.4	1.5	2.9
Income from ancillary activities	0.7	0.9	1.5	0.8	1.1
Total net sales	**143.9**	**139.0**	**152.4**	**102.1**	**127.8**

(1) Our results for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information*."

Wholesale

Our wholesale net sales primarily includes gross orders and revenue generated by our distribution partners, multi-brand stores, department stores and web retailers. Our wholesale net sales are recognized upon delivery of our products. In any given year, our wholesale net sales will include the F/W collection of the year, a part of the S/S collection of the year and a part of the Spring collection of the next year.

The following table presents certain key performance indicators ("**KPIs**") for our wholesale channel for the seasons pertaining to the periods discussed in this section by number of customers and doors, gross orders per season and percentage of orders cancelled per season.

	2017		2018		2019	
	S/S	F/W	S/S	F/W	S/S	F/W
(in € millions, unless otherwise indicated)			(unaudited)			
Wholesale KPIs[(1)]						
No. of customers	533	507	523	576	616	625
No. of doors	761	746	727	785	848	849
Gross orders per season	55.1	59.6	56.6	63.3	61.2	69.5
Percentage of orders cancelled per season	0.8%	1.7%	1.6%	3.2%	1.7%	1.6%

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data.*"

Own retail

Our own retail net sales includes net sales generated by our own-stores, websites, concessions in department stores, outlets and press sales (organized twice a year, as further described under "*Business—Our Distribution Channels—Retail—Outlets and press sales*"). Our retail net sales are recognized upon the sale of our products to our end customers.

The following table presents certain KPIs for our own retail channel for the periods discussed in this section by number of own-stores and own e-boutiques, like-for-like sales growth, average retail discount retail and certain retail basket KPIs.

	As of and for the year ended December 31,	As of and for the 12 months ended December 31,	As of and for the year ended December 31,	As of and for the nine months ended September 30,	
	2016	2017	2018	2018	2019
(in € millions, unless otherwise indicated)		(unaudited)			
Retail KPIs[(1)]					
No. of own-stores,					
of which:	9	10	22	17	32
Europe (excluding France)	1	1	6	4	11
France	4	4	7	6	12
United States	4	5	5	5	5
China	—	—	4	2	4
Own e-boutiques	—	1	1	1	2
Like-for-like sales growth		(2.2)%	6.3%		7.5%
Average retail discount rate	18.4%	18.1%	16.0%	15.7%	16.6%
Retail basket KPIs:					
No. of transactions	41,281	40,277	52,202	37,388	60,605
Average basket size(€)	553.3	573.5	604.5	570.1	587.0
Average unit price(€)	315.2	326.5	359.7	330.8	352.8

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data.*"

Other operating income

Other operating income primarily includes the amount of design and creation costs that we capitalize (see "*—Depreciation, amortization, impairment and provision expense—Design and creation costs*"). These costs are disbursed across several lines in our income statement, including, for example, prototype costs, a portion of our personnel costs related to the creation team and design fees. We do not remove these costs from our income statement when we capitalize them, but instead include, on a euro for euro basis, the amount of these costs in our other operating income. In addition, our other operating income also includes production of our inventory (increasing our inventory of finished goods), provision reversals on inventories and bad debt.

Cost of goods sold

Our cost of goods sold consists primarily of raw material costs, labor costs, purchases of finished goods, customs, freight and logistics costs related to our merchandise bought from suppliers as well as inventory variations in respect of raw materials and goods. As we do not operate or own any manufacturing facilities, we rely on independent third parties for the manufacturing of our products. We source two types of goods: "trade purchases," or products where we purchase raw materials and outsource their production to subcontractors, and finished products where we buy finished goods directly from manufacturers to which we provide our designs and who are responsible for sourcing raw materials and the production process. We own the inventory held in our own-stores, website, outlets and concessions in department stores, our website and outlets.

External expenses

External expenses consists primarily of rent for our own-stores and expenses associated with the premises rented, subcontracting, fees and related services including marketing, event and advertising expenses, travel expenses and outsourced fees payable to our logistics and transportation partners for products sent to our retail distribution network as well as other miscellaneous expenses that we incur when operating our business.

Taxes other than on income

Taxes other than on income relate to operating taxes and expenses, such as property taxes, local taxes and CET (contribution économique territoriale) tax which includes CFE (contribution économique territoriale) and CVAE (cotisation sur la valeur ajoutée des entreprises).

Personnel costs

Personnel costs primarily include base salaries, bonuses, incentive compensation, social security tax expenses and profit sharing. The majority of our personnel costs consist of store sales staff and related functions, logistics staff at our warehouse, product design and collection employees as well as all manner of headquarters and support staff engaged in central functions such as marketing, human resources and finance.

Depreciation, amortization, impairment and provision expense

Depreciation, amortization, impairment and provision expense primarily includes the depreciation of our design and creation costs, tangible assets (consisting primarily of our own-stores and our headquarters in Paris as well as raw materials and finished products) and intangible assets (composed of the "Isabel Marant" brand, key money for our own retail stores and our capitalized designed and creation costs) as well as the accruals of provisions on inventories and bad debt.

Design and creation costs

In accordance with French GAAP ("EC 2015-53" issued by the CNCC), since January 1, 2017 we have capitalized our design and creation costs within our intangible assets (given that our designs generate future economic benefits for our operations) on the balance sheet. These costs are then depreciated over the duration of the related production (generally six months) and the depreciation costs are included in the valuation of our inventory in the income statement (through a mark-up calculated based on the actual purchases made by the Group with respect to both our wholesale and own retail channels corresponding to the ratio between the amortization of our design and creation costs and our purchases after our inventory variation). By comparison, French GAAP and IFRS follow similar approaches to the EC 2015-53 CNCC standard, such that once the capitalization criteria under IAS 38 (Intangible Assets) is met, the capitalization of intangible assets is required. For the products produced during the 12 months ended December 31, 2017 and the year ended December 31, 2018, this ratio was 15.9% and 21.8%, respectively.

Included in our design and creation costs are personnel costs, materials and other costs to produce prototypes, part of the management fees of Isabelle Marant, our founder and designer and, to a lesser extent, freelance fees. Our design and creation personnel costs primarily consist of the salaries and costs of our creative team consisting of designers, stylists, craftsmen and members of our workshop team that are involved in designing and creating the prototypes that we show in our showrooms to sell our collections for the upcoming seasons. Fees and salaries with respect to both Isabelle Marant and our creative teams are allocated per season. For some of our workshop team members who also work on other tasks and projects including production of our merchandise following the design phase, we only capitalize those costs directly allocated to the design and creation phase. With respect to costs incurred by our founder Isabelle Marant, we take the same approach, capitalizing only those costs directly related to the design and creation phase. To do this, we identify the percentage of time spent by Isabelle Marant on design and creation activity, capitalizing those costs, versus on production and other activity post the design and creation phase, including traveling or events.

For the 12 months ended September 30, 2019, our capitalized design and creation costs amounted to €11.9 million, of which €5.6 million related to payroll costs (including studio and workshop personnel costs), €2.7 million related to creation and freelance fees and €3.6 million related to costs in respect of the development of our prototypes and samples for our showrooms (including materials and manufacturing costs) for our F/W and S/S collections (and include prototypes and samples that we presented during our showrooms). For the year ended December 31, 2018 and the 12 months ended December 31, 2017, our capitalized design and creation costs amounted to €12.6 million and €10.0 million, respectively, of which €5.4 million and €4.5 million, respectively, related to payroll costs, €2.8 million and €2.9 million, respectively, related to creation and freelance fees and €4.3 million and €2.6 million, respectively, related to prototype and samples development costs.

Raw materials and supplies

Our raw materials and supplies are depreciated according to the collection they belong to and their respective delivery dates. Seasonal raw materials and supplies (mainly composed of textile and packaging) are completely depreciated once fully delivered because of the low market value of those items and the fact that they will no longer be used, except for permanent items that are not depreciated such as white or black t-shirts. Concerning finished products, items which have not been sold with a positive margin in the sales network (including through our Marne La Vallée and Noventa outlets) and press sales (as further described under "*Business—Our Distribution Channels—Retail—Outlets and press sales*") are depreciated according to our projections (which in turn are based on historical results and statistics) on the expected loss when selling these items to clearance stores.

Financial expenses

Financial expenses consist primarily of capitalized interest payments made in respect of our historical shareholder funding comprising certain convertible bonds (*obligation convertible*) issued to our shareholders (the "**Existing Shareholder Funding**") and, to a lesser extent (i) interest and amortizing payments in respect of our Existing Senior Facilities entered into in connection with the 2016 Acquisition by the Sponsor (which will be fully cancelled and prepaid in connection with the Transactions), (ii) the capitalized interest payments in respect of our Existing Intercompany loan and (iii) interest and amortizing payments in respect of our loan with Bpifrance Financement (see "*Description of Certain Financing Arrangements—Bpifrance Financement Loan*").

Income tax expenses

Income tax expenses primarily consist of corporate income taxes and deferred tax.

Results of operations

The following table sets forth our results of operations for the periods indicated:

(in € millions)	Year ended December 31, 2016[(1)] (audited)	12 months ended December 31, 2017 (unaudited)	Year ended December 31, 2018 (audited)	Nine months ended September 30, 2018 (unaudited)	Nine months ended September 30, 2019 (unaudited)
Net sales	143.9	139.0	152.4	102.1	127.8
Other operating income	5.1	14.5	20.7	11.5	9.7
Total operating income	**149.0**	**153.5**	**173.1**	**113.6**	**137.5**
Cost of goods sold	(56.5)	(53.0)	(58.5)	(37.2)	(41.8)
External expenses	(30.7)	(28.8)	(36.4)	(24.2)	(30.9)
Taxes other than on income	(2.0)	(2.4)	(2.3)	(1.8)	(2.1)
Personnel costs	(17.1)	(22.8)	(26.5)	(17.7)	(21.2)
Depreciation, amortization, impairment and provision expense	(5.0)	(13.8)	(17.6)	(13.6)	(15.4)
Operating expenses	**(111.3)**	**(120.8)**	**(141.3)**	**(94.5)**	**(111.5)**
Net operating income	**37.7**	**32.7**	**31.8**	**19.1**	**25.9**
Financial income	0.5	0.6	2.0	1.3	1.8
Financial expenses	(1.4)	(18.9)	(18.5)	(13.2)	(14.4)
Net financial income (loss)	**(0.9)**	**(18.3)**	**(16.4)**	**(11.9)**	**(12.6)**
Join ventures					
Recurring income of consolidated companies	**36.8**	**14.4**	**15.4**	**7.2**	**13.4**
Non-recurring income	0.2	1.0	0.6	0.6	0.3
Non-recurring expenses	(1.5)	(1.0)	(1.8)	(1.1)	(0.6)
Net non-recurring income (loss)	(1.3)	—	(1.2)	(0.6)	(0.3)
Income tax expenses	(12.0)	(3.4)	(7.9)	(4.1)	(6.1)
Net income of consolidated companies	**23.5**	**11.0**	**6.3**	**2.5**	**7.0**

(1) Our results for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information*."

Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018

The following table sets forth our results of operations for the nine months ended September 30, 2018 and 2019, and the percentage change for each line item of our consolidated income statement.

	Nine months ended September 30,		
	2018	**2019**	**% change**
(in € millions)	**(unaudited)**	**(unaudited)**	
Net sales	102.1	127.8	25.2%
Other operating income	11.5	9.7	(15.7)%
Total operating income	**113.6**	**137.5**	21.0%
Cost of goods sold	(37.2)	(41.8)	12.4%
External expenses	(24.2)	(30.9)	27.7%
Taxes other than on income	(1.8)	(2.1)	16.7%
Personnel costs	(17.7)	(21.2)	19.8%
Depreciation, amortization, impairment and provision expense	(13.6)	(15.4)	13.2%
Operating expenses	**(94.5)**	**(111.5)**	18.0%
Net operating income	**19.1**	**25.9**	35.6%
Financial income	1.3	1.8	38.5%
Financial expenses	(13.2)	(14.4)	9.1%
Net financial income (loss)	**(11.9)**	**(12.6)**	5.9%
Join ventures			
Recurring income of consolidated companies	**7.2**	**13.4**	86.1%
Non-recurring income	0.6	0.3	(50.0)%
Non-recurring expenses	(1.1)	(0.6)	(45.5)%
Net non-recurring income (loss)	**(0.6)**	**(0.3)**	(50.0)%
Income tax expenses	(4.1)	(6.1)	48.8%
Net income of consolidated companies	**2.5**	**7.0**	180.0%

Net sales

Net sales increased by €25.7 million, or 25.0%, from €102.1 million in the nine months ended September 30, 2018 to €127.8 million in the nine months ended September 30, 2019. This increase was primarily due to an increase in net sales generated by our own retail channel, as we operated 17 own-stores as of September 30, 2018 as compared to 32 own-stores as of September 30, 2019.

The following table presents our net sales for the periods discussed in this section by channel, geography, line and product category. For more information, see "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

	Nine months ended September 30,	
	2018	**2019**
(in € millions)	**(unaudited)**	
Net sales data[(1)]		
Net sales by channel:		
Wholesale, *of which:*	78.4	88.7
Online e-commerce	*17.4*	*23.6*
Retail, *of which:*	23.0	38.0
Online own e-boutiques	*3.6*	*5.0*
Income from ancillary activities	0.8	1.1
Total net sales	**102.1**	**127.8**
Net sales by geography:		
Europe (excluding France)	31.5	40.6
France	14.5	19.1
Americas	19.9	21.3
Asia (excluding China)	10.1	11.3
China	1.0	3.4
Rest of world	3.3	2.4
Online	20.9	28.6
Income from ancillary activities	0.8	1.1
Total net sales	**102.1**	**127.8**
Net sales by line:		
IM, *of which:*	61.9	78.8
Wholesale	*46.8*	*53.5*
Retail	*15.2*	*25.3*
Étoile, *of which:*	39.3	47.9
Wholesale	*31.6*	*35.2*
Retail	*7.7*	*12.7*
Income from ancillary activities	0.8	1.1
Total net sales	**102.1**	**127.8**
Net sales by product category:		
Women's ready-to-wear	68.8	85.6
Women's shoes	22.1	26.1
Women's leather goods	3.1	4.0
Women's other accessories	5.8	8.2
Men's ready-to-wear and accessories	1.5	2.9
Income from ancillary activities	0.8	1.1
Total net sales	**102.1**	**127.8**

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

Our net sales by geography increased across all of our primary geographies. We saw particular growth in China as a result of the full year impact of the four stores opened in the year ended December 31, 2018 and increased e-tailer activity.

Our net sales by line increased primarily as a result of the continued growth of our two main lines.

Our net sales by category increased across all of our categories, with particular growth from men's ready-to-wear due the continued growth of our nascent Homme line.

The following table presents certain KPIs for our own retail channel for the periods discussed in this section by number of own-stores and own e-boutiques, like-for-like sales growth, average retail discount rate and certain retail basket KPIs.

	As of and for the nine months ended September 30,	
	2018	2019
(in € millions, unless otherwise indicated)	(unaudited)	
Retail KPIs[(1)]		
No. of own-stores,		
of which:	17	32
Europe (excluding France)	4	11
France	6	12
United States	5	5
China	2	4
Own e-boutiques	1	2
Like-for-like sales growth		7.5%
Average retail discount rate	15.7%	16.6%
Retail basket KPIs:		
No. of transactions	37,388	60,605
Average basket size(€)	570.1	587.0
Average unit price(€)	330.8	352.8

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

Our own retail KPIs improved as a result of our continued retail expansion as evidenced by the opening of 15 new stores across Europe and China, as a result of which we also saw a significant increase in our number of transactions while increasing the average basket size.

Other operating income

Other operating income decreased by €1.8 million, or 15.7%, from €11.5 million in the nine months ended September 30, 2018 to €9.7 million in the nine months ended September 30, 2019. This decrease was primarily due to a decrease of the production in inventory and of capitalized research and development costs.

Cost of goods sold

Cost of goods sold increased by €4.6 million, or 12.4%, from €37.2 million in the nine months ended September 30, 2018 to €41.8 million in the nine months ended September 30, 2019. This increase was in line with the increase in net sales.

External expenses

External expenses increased by €6.7 million, or 27.7%, from €24.2 million in the nine months ended September 30, 2018 to €30.9 million in the nine months ended September 30, 2019. This increase was primarily due to costs associated with the transport of our goods (associated with the net sales increase), an increase in rents related to new store openings in our own retail channel, an increase in commissions paid to wholesale agents and an increase in temporary workshop personnel.

Taxes other than on income

Taxes other than on income increased by €0.3 million, or 16.7%, from €1.8 million in the nine months ended September 30, 2018 to €2.1 million in the nine months ended September 30, 2019. This increase was primarily due to taxes payable in connection with new store openings.

Personnel costs

Personnel costs increased by €3.5 million, or 19.8%, from €17.7 million in the nine months ended September 30, 2018 to €21.2 million in the nine months ended September 30, 2019. This increase was primarily due to the impact of our own new retail stores opened during the periods as well as the full year impact of the hiring of a commercial team in the United States to partially replace our agent. This increase is also due to the continued evolution of the headquarter staff.

Depreciation, amortization, impairment and provision expense

Depreciation, amortization, impairment and provision expense increased by €1.8 million, or 13.2%, from €13.6 million in the nine months ended September 30, 2018 to €15.4 million in the nine months ended September 30, 2019. This increase was primarily due to the amortization costs of the new stores opened during the period as well as the amortization of the capitalized design and creation costs. In addition, the increase was due to a lesser extent to the reserve on bad debt accounted for as a result of the closure of Barneys New York Inc.

Financial expenses

Financial expenses increased by €1.2 million, or 9.1%, from €13.2 million in the nine months ended September 30, 2018 to €14.4 million in the nine months ended September 30, 2019. This increase was primarily due to capitalized interest charges in relation to the Existing Shareholder Funding and, to a lesser extent, (i) interest and amortization charges in relation to the Existing Senior Facilities, (ii) the capitalized interest payments in respect of our Existing Intercompany loan and (iii) interest and amortizing payments in respect of our loan with Bpifrance Financement.

Income tax expenses

Income tax expenses increased by €2.0 million, or 48.8%, from €4.1 million in the nine months ended September 30, 2018 to €6.1 million in the nine months ended September 30, 2019. This increase was primarily due to the tax impact of an increase in the net result of our French tax group as well as, to a lesser extent, an increase in the taxes imposed on our U.S. operations.

Year ended December 31, 2018 compared to the 12 months ended December 31, 2017

The following table sets forth our results of operations for the 12 months ended December 31, 2017 and the year ended December 31, 2018, and the percentage change for each line item of our consolidated income statement.

(in € millions)	12 months ended December 31, 2017 (unaudited)	Year ended December 31, 2018 (audited)	% change
Net sales	139.0	152.4	9.6%
Other operating income	14.5	20.7	42.8%
Total operating income	**153.5**	**173.1**	**12.8%**
Cost of goods sold	(53.0)	(58.5)	10.4%
External expenses	(28.8)	(36.4)	26.4%
Taxes other than on income	(2.4)	(2.3)	(4.2)%
Personnel costs	(22.8)	(26.5)	16.2%
Depreciation, amortization, impairment and provision expense	(13.8)	(17.6)	27.5%
Operating expenses	**(120.8)**	**(141.3)**	**17.0%**
Net operating income	**32.7**	**31.8**	**(2.8)%**
Financial income	0.6	2.0	233.3%
Financial expenses	(18.9)	(18.5)	(2.1)%
Net financial income (loss)	**(18.3)**	**(16.4)**	**(10.4)%**
Join ventures			
Recurring income of consolidated companies	**14.4**	**15.4**	6.9%
Non-recurring income	1.0	0.6	(40.0)%
Non-recurring expenses	(1.0)	(1.8)	80.0%
Net non-recurring income (loss)	**—**	**(1.2)**	
Income tax expenses	(3.4)	(7.9)	132.4%
Net income of consolidated companies	**11.0**	**6.3**	**(42.7)%**

Net sales

Net sales increased by €13.4 million, or 9.6%, from €139 million in the 12 months ended December 31, 2017 to €152.4 million in the year ended December 31, 2018. This increase was primarily due to the strong performance of our collections, coupled with the launch of our Homme line and the expansion of our own retail distribution channel. In addition, our like-for-like store growth (i.e. only counting those own-retail doors that were open for full 12 month periods) showed a 6.3% growth between the 12 months ended December 31, 2017 and the year ended December 31, 2018.

The following table presents our net sales for the periods discussed in this section by channel, geography, line and product category.

(in € millions)	12 months ended December 31, 2017 (unaudited)	Year ended December 31, 2018[(2)] (unaudited, except for total net sales)
Net sales data[(1)]		
Net sales by channel:		
Wholesale, *of which*:	113.9	115.2
Online e-commerce	*23.8*	*27.3*
Retail, *of which*:	24.2	35.7
Online own e-boutiques	*2.3*	*5.3*
Income from ancillary activities	0.9	1.5
Total net sales	**139.0**	**152.4**
Net sales by geography:		
Europe (excluding France)	44.7	45.6
France	18.5	21.7
Americas	27.6	29.6
Asia (excluding China)	16.1	15.5
China	0.7	2.0
Rest of world	4.3	3.9
Online	26.1	32.6
Income from ancillary activities	0.9	1.5
Total net sales	**139.0**	**152.4**
Net sales by line:		
IM, *of which*:	83.1	89.2
Wholesale	*66.9*	*64.9*
Retail	*16.3*	*24.3*
Étoile, *of which*:	54.9	61.7
Wholesale	*47.0*	*50.3*
Retail	*7.9*	*11.4*
Income from ancillary activities	0.9	1.5
Total net sales	**139.0**	**152.4**
Net sales by product category:		
Women's ready-to-wear	97.3	102.7
Women's shoes	32.9	32.4
Women's leather goods	1.7	4.5
Women's other accessories	6.1	8.9
Men's ready-to-wear and accessories	—	2.4
Income from ancillary activities	0.9	1.5
Total net sales	**139.0**	**152.4**

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data.*"

(2) Only the total net sales lines above have been audited.

Our net sales by channel increased across the periods presented, primarily driven by growth in our retail channel (including e-retail) and e-wholesale. Net sales growth was partially offset by a decrease in wholesale net sales during the periods presented, driven primarily by exceptional off-season sales in the 12 months ended December 31, 2017 compared to the year ended December 31, 2018 and, to a lesser extent, by the conversion of selected wholesale accounts into retail (which in turn resulted in the corresponding increase in retail net sales).

Our net sales by geography remained largely stable across the periods presented as a result of our consistent focus on key geographies. Our Chinese net sales grew as a result of the opening of four of our own retail stores in the year ended December 31, 2018. Our online net sales grew due to the full-year impact of our isabelmarant.com e-boutique (launched in 2017) and our e-tailer wholesale partners.

Our net sales by line increased primarily as a result of the continued growth of our two main lines.

Our net sales by category increased across all of our categories, with particular growth from our leather goods (which nearly tripled in growth) and men's ready-to-wear with the launch of our Homme line.

The following table presents certain KPIs for our wholesale channel for the seasons pertaining to the periods discussed in this section by number of customers and doors, gross orders per season and percentage of orders cancelled per season. Because orders for a particular season are placed in the calendar year preceding that season, we present the wholesale KPIs below in the calendar year in which orders actually occur to avoid the cut-off effect of the fiscal year. We present such KPIs as the aggregate of the S/S and F/W seasons of a given calendar year (other than number of customers and number of doors, which we present at the end of the deliveries of the F/W season for that year).

	2017	**2018**
	S/S 2018 + F/W 2018	**S/S 2019 + F/W 2019**
(in € millions, unless otherwise indicated)	**(unaudited)**	
Wholesale KPIs[1]		
No. of customers	576	625
No. of doors	785	849
Gross orders per season[2]	119.9	130.7
Percentage of orders cancelled per season[3]	2.4%	1.7%

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*.

(2) Reflects the aggregate gross orders per season for the S/S and F/W seasons for the periods presented.

(3) Reflect the average percentage of orders cancelled per season across the S/S and F/W seasons in the periods presented.

The number of customers and doors increased for the year ended December 31, 2018 as compared to the 12 months ended December 31, 2017. This increase was primarily due to the continuous expansion of our wholesale customer base, which remained stable over the periods presented. Our gross orders per season for the year ended December 31, 2018 as compared to the 12 months ended December 31, 2017 increased as a result of increased order completions. Our percentage of orders cancelled per season remained relatively stable with the exception of the F/W 2018 season (in the 12 months ended December 31, 2017), where we saw an increase in the amount of cancelled orders (3.2%) primarily from wholesale customers in Turkey and the Middle East due to geopolitical conflicts in such regions.

The following table presents certain KPIs for our own retail channel for the periods discussed in this section by number of own-stores and e-boutiques, like-for-like sales growth, average retail discount rate and certain retail basket KPIs.

	As of and for the 12 months ended December 31,	As of and for the year ended December 31,
	2017	2018
(in € millions, unless otherwise indicated)	(unaudited)	
Retail KPIs(1)		
No. of own-stores,		
of which:	10	22
Europe (excluding France)	1	6
France	4	7
United States	5	5
China	—	4
Own e-boutiques	1	1
Like-for-like sales growth	(2.2)%	6.3%
Average retail discount rate	18.1%	16.0%
Retail basket KPIs:		
No. of transactions	40,277	52,202
Average basket size(€)	573.5	604.5
Average unit price(€)	326.5	359.7

(1) For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data.*"

Our own retail KPIs improved across the periods presented as a result of contribution of leather goods to the basket size and average unit price, our continued retail expansion as evidenced by the opening of 12 new stores across Europe and China all the while improving our profit margins due to a decline in our average retail discount rate.

Other operating income

Other operating income increased by €6.2 million, or 42.8%, from €14.5 million in the 12 months ended December 31, 2017 to €20.7 million in the year ended December 31, 2018. This increase was primarily due to growing capitalized production and related capitalized design and creation income corresponding to our capitalized costs (which grew in part as a result of the launch of our Homme line and new investment in accessories) and an increase of inventory production. See "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs.*"

Cost of goods sold

Cost of goods sold increased by €5.5 million, or 10.4%, from €53.0 million in the 12 months ended December 31, 2017 to €58.5 million in the year ended December 31, 2018. This increase was primarily due to an increased amount of purchased products associated with our net sales growth for the corresponding period. As a percentage of net sales, cost of goods sold remained flat at 38% over the same periods.

External expenses

External expenses increased by €7.6 million, or 10.4%, from €28.8 million in the 12 months ended December 31, 2017 to €36.4 million in the year ended December 31, 2018. This increase was primarily due to higher rents paid as a result of the expansion of our retail distribution channel, higher commissions on sales (including in respect of our own e-boutique paid to our e-commerce partners as well as agents used in connection with our wholesale channel), higher professional fees (mostly related to our investment in marketing and communication), higher travel expenses related to the build-out and management of our distribution network.

Taxes other than on income

Taxes other than on income remained largely stable, decreasing by only €0.1 million, or 4.2%, from €2.4 million in the 12 months ended December 31, 2017 to €2.3 million in the year ended December 31, 2018.

Personnel costs

Personnel costs increased by €3.7 million, or 16.2%, from €22.8 million in the 12 months ended December 31, 2017 to €26.5 million in the year ended December 31, 2018. This increase was primarily due to additional store-related personnel costs, as we hired additional staff to support our expanded distribution channel. Such hires also included the development of a new commercial team in the United States.

Depreciation, amortization, impairment and provision expense

Depreciation, amortization, impairment and provision expense increased by €3.8 million, or 27.5%, from €13.8 million in the 12 months ended December 31, 2017 to €17.6 million in the year ended December 31, 2018. This increase was primarily due to additional depreciation costs in connection with our capitalized design and creation costs for the period, which increased in line with the increase in other operating income (as described above).

Financial expenses

Financial expenses decreased slightly by €0.4 million, or 2.1%, from €18.9 million in the 12 months ended December 31, 2017 to €18.5 million in the year ended December 31, 2018. This slight decrease was primarily due to foreign currency exchange gains through IM Asia and our non-euro denominated retail locations.

Income tax expenses

Income tax expenses increased by €4.5 million, or 132.4%, from €3.4 million in the 12 months ended December 31, 2017 to €7.9 million in the year ended December 31, 2018. This increase was primarily due to effect of the 19 month fiscal year given that IM Growth was incorporated on June 3, 2016 and audited 19 month financials were prepared through December 31, 2017, therefor the increase is due to the effect of comparing a 19 month period with a 12 month period (in respect of the year ended December 31, 2018).

Twelve months ended December 31, 2017 compared to the year ended December 31, 2016

The following table sets forth our results of operations for the years ended December 31, 2016 and 2017, and the percentage change for each line item of our consolidated income statement.

(in € millions)	Year ended December 31, 2016[(1)] (audited)	12 months ended December 31, 2017 (unaudited)	% change
Net sales	143.9	139.0	(3.4)%
Other operating income	5.1	14.5	184.3%
Total operating income	**149.0**	**153.5**	**3.0%**
Cost of goods sold	(56.5)	(53.0)	(6.2)%
External expenses	(30.7)	(28.8)	(6.2)%
Taxes other than on income	(2.0)	(2.4)	
Personnel costs	(17.1)	(22.8)	33.3%
Depreciation, amortization, impairment and provision expense	(5.0)	(13.8)	176.0%
Operating expenses	**(111.3)**	**(120.8)**	**8.5%**
Net operating income	**37.7**	**32.7**	(13.3)%
Financial income	0.5	0.6	20.0%
Financial expenses	(1.4)	(18.9)	
Net financial income (loss)	**(0.9)**	**(18.3)**	
Join ventures			
Recurring income of consolidated companies	**36.8**	**14.4**	**(60.9)%**
Non-recurring income	0.2	1.0	
Non-recurring expenses	(1.5)	(1.0)	33.3%
Net non-recurring income (loss)	**(1.3)**	—	100.0%
Income tax expenses	(12.0)	(3.4)	**71.7%**
Net income of consolidated companies	**23.5**	**11.0**	**(53.2)%**

(1) Our results for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information*."

Net sales

The following table presents our net sales for the periods discussed in this section by channel, geography, line and product category. For more information, see "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

(in € millions)	Year ended December 31, 2016(1) (unaudited, except for total net sales)	12 months ended December 31, 2017 (unaudited)
Net sales data		
Net sales by channel:		
Wholesale, *of which:*	121.5	113.9
Online e-commerce	*27.2*	*23.8*
Retail, *of which:*	21.6	24.2
Online own e-boutiques	—	*2.3*
Income from ancillary activities	0.7	0.9
Total net sales	**143.9**	**139.0**
Net sales by geography:		
Europe (excluding France)	46.6	44.7
France	19.7	18.5
Americas	29.1	27.6
Asia (excluding China)	15.7	16.1
China	0.9	0.7
Rest of world	3.9	4.3
Online	27.2	26.1
Income from ancillary activities	0.7	0.9
Total net sales	**143.9**	**139.0**
Net sales by line:		
IM(4), *of which:*	87.3	83.1
Wholesale	*72.7*	*66.9*
Retail	*14.6*	*16.3*
Étoile, *of which:*	55.9	54.9
Wholesale	*48.8*	*47.0*
Retail	*7.0*	*7.9*
Income from ancillary activities	0.7	0.9
Total net sales	**143.9**	**139.0**
Net sales by product category:		
Women's ready-to-wear apparel	99.1	97.3
Women's shoes	37.3	32.9
Women's leather goods	0.8	1.7
Women's other accessories	6.0	6.1
Men's ready-to-wear and accessories	—	—
Income from ancillary activities	0.7	0.9
Total net sales	**143.9**	**139.0**

(1) Our results as of and for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information.*" For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data.*"

Net sales decreased by €4.9 million, or 3.4%, from €143.9 million in the year ended December 31, 2016 to €139.0 million in the 12 months ended December 31, 2017. This decrease was primarily due to an optimization of timing difference of our invoices for the S/S 2017 season in which we delivered a higher percentage of orders in 2016 and therefore recognized net sales that had historically been recognized in the following year. In addition, we recorded lower net sales in 2017 partially as a result of the natural phase-out of our Bekett, Bobby and Dicker shoes, which historically contributed more to total net sales than the corresponding growth in net sales from ready-to-wear over the same periods, as well as the beginning of our products being distributed by Saks Fifth Avenue which led to a decrease in the amount of orders placed by Saks' competitor Barneys New York Inc. This decrease was partially offset by the positive impact of the launch of our isabelmarant.com e-boutique and the opening of our own-store in Miami.

Our net sales by geography and line remained largely stable across the periods presented as a result of our consistent focus on key geographies.

Our net sales by category remained largely stable except for our bags, in respect of which we saw our net sales double due to the significant further investment in developing our leather goods offerings since the middle of the year ended December 31, 2016.

The following table presents certain KPIs for our wholesale channel for the seasons pertaining to the periods discussed in this section by number of customers and doors, gross orders per season and percentage of orders cancelled per season. Because orders for a particular season are placed in the calendar year preceding that season, we present the wholesale KPIs below in the calendar year in which orders actually occur to avoid the cut-off effect of the fiscal year. We present such KPIs as the aggregate of the S/S and F/W seasons of a given calendar year (other than number of customers and number of doors, which we present at the end of the deliveries of the F/W season for that year).

	2016	**2017**
	S/S 2017 + F/W 2017	**S/S 2018 + F/W 2018**
(in € millions, unless otherwise indicated)	**(unaudited)**	
Wholesale KPIs[(1)]		
No. of customers	507	576
No. of doors	746	785
Gross orders per season[(2)]	114.7	119.9
Percentage of orders cancelled per season[(3)]	1.3%	2.4%

(1) Our results as of and for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information." For the footnotes relevant to the above table, please refer to "Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

(2) Reflects the aggregate gross orders per season for the S/S and F/W seasons for the periods presented.

(3) Reflect the average percentage of orders cancelled per season across the S/S and F/W seasons in the periods presented.

The number of customers and doors increased for the 12 months ended December 31, 2017 as compared to the year ended December 31, 2016. This increase was primarily due to the continuous expansion of our wholesale customer base, which remained stable over the periods presented. Our gross orders per season for the 12 months ended December 31, 2017 as compared to the year ended December 31, 2016 increased as a result of increased order completions. Our percentage of orders cancelled per season remained relatively stable with the exception of the F/W 2018 season (in the 12 months ended December 31, 2017), where we saw an increase in the amount of cancelled orders primarily from wholesale customers in Turkey and the Middle East due to geopolitical conflicts in such regions.

The following table presents certain KPIs for our own retail channel for the periods discussed in this section by number of own-stores and own e-boutiques, like-for-like sales growth, average retail discount retail and certain retail basket KPIs.

(in € millions, unless otherwise indicated)	As of and for the year ended December 31, 2016(1)	As of and for the 12 months ended December 31, 2017
	(unaudited)	
Retail KPIs(1)		
No. of own-stores,		
of which:	9	10
Europe (excluding France)	1	1
France	4	4
United States	4	5
China	—	—
Own e-boutiques	—	1
Like-for-like sales growth		(2.2)%
Average retail discount rate	18.4%	18.1%
Retail basket KPIs:		
No. of transactions	41,281	40,277
Average basket size(€)	553.3	573.5
Average unit price(€)	315.2	326.5

(1) Our results as of and for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information*." For the footnotes relevant to the above table, please refer to "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data*."

Our retail KPIs remained largely stable across the periods presented as a result of our consistent focus on key geographies, except that average basket size increased along with average unit price largely due to the lower discounting rate.

Other operating income

Other operating income increased by €9.4 million, or 184.3%, from €5.1 million in the year ended December 31, 2016 to €14.5 million in the 12 months ended December 31, 2017. This increase was primarily due to the income attributable to our capitalized research and development production of €10.0 million and a reallocation of certain personnel costs as described below under "*—Personnel costs*." See "*—Factors Affecting Comparability—Comparability of the 2016 Audited Financial Statements with the other Financial Statements presented herein*" and "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs*."

Cost of goods sold

Cost of goods sold decreased by €3.5 million, or 6.2%, from €56.5 million in the year ended December 31, 2016 to €53.0 million in the 12 months ended December 31, 2017, representing 39% of net sales for the year ended December 31, 2016 versus 38.1% of net sales for the 12 months ended December 31, 2017. This decrease in absolute amount was primarily due to the volume effect related to the decline in net sales in the 12 months ended December 31, 2017. The decrease in cost of goods sold as a percentage of net sales was driven by changes in our channel mix, which saw the increase of retail sales (which in turn generate higher margins than our wholesale channel, as no portion of the net sales margin is passed on to the wholesaler).

External expenses

External expenses decreased by €1.9 million, or 6.2%, from €30.7 million in the year ended December 31, 2016 to €28.8 million in the 12 months ended December 31, 2017. This decrease was primarily due to IM Growth's inclusion into our consolidated perimeter in 2017. In IM Growth, our salaries invoiced to IM Production are shown as management fees (amounting to €2.5 million) while in IM Production, they were reflected as costs within external expenses.

Taxes other than on income

Taxes other than on income remained largely flat, increasing slightly by €0.4 million, from €2.0 million in the year ended December 31, 2016 to €2.4 million in the 12 months ended December 31, 2017.

Personnel costs

Personnel costs increased by €5.7 million, or 33.3%, from €17.1 million in the year ended December 31, 2016 to €22.8 million in the 12 months ended December 31, 2017. This increase was primarily due to the presentation of salaries at the level of IM Growth beginning in 2017 as compared to 2016, when we presented them in external expenses. Increased personnel costs were also due to the hiring of additional staff.

Depreciation, amortization, impairment and provision expense

Depreciation, amortization, impairment and provision expense increased by €8.8 million, or 176.0%, from €5.0 million in the year ended December 31, 2016 to €13.8 million in the 12 months ended December 31, 2017. This increase was primarily due to the amortization of the design and creation costs (amounting to €8.0 million) as well as, to a lesser extent, the amortization of new fixed assets. See "*—Factors Affecting Comparability—Comparability of the 2016 Audited Financial Statements with the other Financial Statements presented herein*" and "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs*."

Financial expenses

Financial expenses increased by €17.5 million, from €1.4 million in the year ended December 31, 2016 to €18.9 million in the 12 months ended December 31, 2017. This increase was primarily due to capitalized interest charges in relation to the Existing Shareholder Funding and, to a lesser extent, (i) interest and amortization charges in relation to the Existing Senior Facilities, (ii) the capitalized interest payments in respect of our Existing Intercompany loan and (iii) interest and amortizing payments in respect of our loan with Bpifrance Financement.

Income tax expenses

Income tax expenses decreased by €8.6 million, or 71.7%, from €12.0 million in the year ended December 31, 2016 to €3.4 million in the 12 months ended December 31, 2017. This decrease was primarily due to the decrease of the tax result of our French tax group due to capitalized interest owed on our Existing Intercompany Loan and, to a lesser extent, (i) interest and amortization charges in relation to the Existing Senior Facilities and (ii) interest and amortization charges in respect of our loan with Bpifrance Financement.

Liquidity and capital resources

General

Our cash requirements consist mainly of the following:

- operating activities, including our working capital requirements and purchase of products;
- servicing our indebtedness;
- funding capital expenditures, including store refurbishments and the opening of new stores as well as funding our capitalized design and creation costs; and
- paying taxes.

Liquidity and capital resources before the transactions

Our sources of liquidity and capital resources before the Transactions during the periods under review have consisted mainly of the following:

- cash generated from operating activities;
- our Existing Senior Facilities to be refinanced in connection with the Transactions; and
- our non-recourse factoring program implemented from December 31, 2018 (for more information see "*Description of Certain Financing Arrangements—Factoring Agreement*").

We generally rely on our factoring program to smooth peaks in trade working capital. For example, in December 2018, we factored €13.0 million of receivables from wholesale customers and €11.7 million in June 2019, whereas factoring was the lowest in April 2019, just prior to the peak in wholesale net sales.

Liquidity and capital resources after giving pro forma effect to the transactions

After giving *pro forma* effect to the Transactions, as of September 30, 2019, we expect to have €200.0 million in aggregate principal amount of Notes outstanding, €174.4 million of indebtedness outstanding under the Subordinated Shareholder Debt, €4.8 million of indebtedness outstanding under the Bpifrance Financement facility and €42.5 million in cash and cash equivalents (for more information, see "*Capitalization*"). We will pay interest on the Notes semi-annually in cash at an annual interest rate and on the dates as set forth on the cover of these listing particulars. Interest will accrue from the Issue Date.

Following the Transactions, our primary sources of liquidity and capital resources are expected to consist of cash generated from operating activities and the Notes offered hereby as well as our CALF Factoring Agreement (see "*Description of Certain Financing Arrangements—Factoring Agreement*"). While historically our CALF Factoring Agreement and cash generated from operations have provided, and we expect will continue to provide, sufficient cash to meet our liquidity needs, there is no guarantee that they will continue to provide sufficient liquidity to meet our needs. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—We do not have a revolving credit facility and we may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.*"

The Indenture will contain incurrence covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: incur or guarantee additional indebtedness, make certain restricted payments and investments, transfer or sell assets, enter into transactions with affiliates, create or permit to exist certain liens, create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, impair the security interests in the Collateral, pledge certain intellectual property and merge, consolidate or transfer all or substantially all of our assets. These covenants will be subject to important exceptions and qualifications. See "*Description of the Notes—Certain Covenants" and "Risk Factors—Risks related to Our Financing Arrangements and the Notes*."

For more information regarding our indebtedness and cash service requirements on our indebtedness following the Transactions, see "*Capitalization*" and *"Description of Certain Financing Arrangements."*

Cash flows

The table below summarizes our consolidated cash flow for the periods indicated.

(in € millions)	Year ended December 31, 2016[1] (audited)	12 months ended December 31, 2017[2] (unaudited)	Year ended December 31, 2018 (audited)	Nine months ended September 30, 2018 (unaudited)	Nine months ended September 30, 2019 (unaudited)
Net income of consolidated companies	23.5	11.0	6.3	2.5	7.0
Movement in depreciation, amortization, impairment and provision expense	2.1	9.7	14.3	10.5	12.0
Change in deferred tax	(0.3)	(0.3)	(0.9)	(0.5)	(0.8)
Elimination of gains/losses on asset disposals	—	—	0.1	0.1	—
Cash from operating activities	**25.3**	**20.5**	**19.7**	**12.5**	**18.3**
Changes in working capital	44.8	(86.7)	16.7	5.4	(7.7)
(I) Net cash from/(used in) operating activities	**70.1**	**(66.2)**	**36.4**	**17.9**	**10.5**
Acquisition of non-current assets	(4.2)	(11.5)	(7.3)	(4.6)	(8.1)
Capitalization of collection costs	—	(10.0)	(12.6)	(8.9)	(8.2)
Reduction in other long-term investments	0.1		—	0.0	0.0
Proceeds from disposal of non-current assets	—	0.1	0.0	—	—
Impact of changes in the scope of consolidation	0.0	0.0	—	—	—
Internal transactions relating to non-current assets	—	—	—	—	—
(II) Net cash from/(used in) investing activities	**(4.1)**	**(21.3)**	**(19.9)**	**(13.4)**	**(16.3)**
New borrowings	—	17.1	15.2	10.0	10.5
Repayment of borrowings	(0.5)	(24.4)	(9.8)	(9.8)	(10.7)
Dividends received from/paid to the parent company	(85.0)	—	—	—	—
Share capital increase/decrease	—	0.0	—	—	—
Net change in bank overdrafts	0.0	0.0	—	—	—
(III) Net cash from/(used in) financing activities	**(85.5)**	**(7.3)**	**5.3**	**0.1**	**(0.2)**
(IV) Impact of exchange rates on cash and cash equivalents	(0.1)	(0.3)	0.2	0.1	0.4
Changes in cash and cash equivalents (I+II+III+IV)	**(19.6)**	**(95.2)**	**22.1**	**4.8**	**(5.6)**

(1) Our results for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information.*"

(2) As a result of the 2016 Acquisition, and the preparation of the consolidated financial statements of IM Growth as of December 31, 2017 consisting of a 19-month period, no consolidated cash flow statement of IM Growth for the year ended December 31, 2017 has been audited by our independent statutory auditors. Management has prepared an unaudited consolidated cash flow statement for the 12 months ended December 31, 2017. See "—*Financial Statements Discussed*."

Net cash from/(used in) operating activities

Cash from operating activities totalled €25.3 million for the year ended December 31, 2016. This was primarily comprised by income generated from our consolidated companies. Net cash from operating activities was €70.1 million for the year ended December 31, 2016. This was driven primarily by an increase in retained cash of €44.8 million in an intercompany account (*compte courant*) between IM Production and IM Developpement (now IM Growth) in connection with the 2016 Acquisition. This retained cash is presented in our statement of cash flows as a result of the fact that for the year ended December 31, 2016, IM Production was at the time the direct wholly-owned subsidiary of IM Developpement (now IM Growth).

Cash from operating activities totalled €20.5 million for the 12 months ended December 31, 2017. This was primarily comprised by income generated from our consolidated companies. In addition, had we not recognized in our cash flow statement the effect of capitalized interest owed in respect of our Existing Shareholder Funding, which is offset in our new borrowings line within our cash flow statement, we would have recognized cash from operating activities of €31.5 million for the period. Net cash used in operating activities was €66.2 million for the 12 months ended December 31, 2017, primarily reflecting payments (in respect of the repayment of advances made previously by IM Création) made to IM Création from an intercompany account (*compte courant*) between IM Growth and IM Création in the amount of €76.0 million agreed in connection with the 2016 Acquisition, in addition to a decrease in our net working capital of €10.7 million (excluding the €76.0 million payment to IM Création in connection with the 2016 Acquisition and including a €0.8 million increase in changes in income tax receivables and payables).

Cash from operating activities totalled €19.7 million for the year ended December 31, 2018. This was primarily comprised by income generated from our consolidated companies. In addition, had we not recognized in our cash flow statement the effect of capitalized interest owed in respect of our Existing Shareholder Funding (which is offset in our new borrowings line within our cash flow statement), we would have recognized cash from operating activities of €33.5 million for the period. Net cash from operating activities was €36.4 million for the year ended December 31, 2018. Net cash from operating activities for this period was driven by an increase in our net working capital of €16.7 million (including a €8.0 million increase in changes in income tax receivables and payables) mainly due to the decrease in our receivables as a result of the CALF Factoring Agreement put in place at the end of the year ended December 31, 2018 (for more information see "*Description of Certain Financing Arrangements—Factoring Agreement*") and by our net income of consolidated companies net of the movements in depreciation, amortisation, impairment and provisions.

Cash from operating activities totalled €12.5 million for the nine months ended September 30, 2018. This was primarily comprised by income generated from our consolidated companies. In addition, had we not recognized in our cash flow statement the effect of capitalized interest owed in respect of our Existing Shareholder Funding (which is offset in our new borrowings line within our cash flow statement), we would have recognized cash from operating activities of €22.4 million for the period. Net cash from operating activities was €17.9 million for the nine months ended September 30, 2018. Net cash from operating activities for this period was driven by our net income of consolidated companies in addition to the movements in depreciation, amortisation, impairment and provisions and change in deferred tax (represented by an increase of €12.5 million) and an increase in our net working capital of €5.4 million (including changes in tax receivables and payables).

Cash from operating activities totalled €18.3 million for the nine months ended September 30, 2019. This was primarily comprised by income generated from our consolidated companies. In addition, had we not recognized in our cash flow statement the effect of capitalized interest owed in respect of our Existing Shareholder Funding (which is offset in our new borrowings line within our cash flow statement), we would have recognized cash from operating activities of €28.8 million for the period. Net cash from operating activities was €10.5 million for the nine months ended September 30, 2019. Net cash from operating activities for this period was driven by our net income of consolidated companies in addition to the movements in depreciation, amortisation, impairment and provisions and change in deferred tax (represented by an increase of €18.3 million) partially offset by the decrease in our net working capital of €7.7 million (including a €3.2 million decrease in changes in income tax receivables and payables).

Net cash from/(used in) investing activities

Net cash used in investing activities were €4.1 million for the year ended December 31, 2016. The outflow in our net cash used in investing activities for this period was driven primarily by our investment in our Miami (Florida) and Upper East Side (New York) stores, our own-website and our new Parisian showroom.

Net cash used in investing activities were €21.3 million for the 12 months ended December 31, 2017. The outflow in our net cash used in investing activities for this period was driven by our capitalized design and creation costs of €10.0 million, the investment in our own retail channel of €10.0 million and ordinary course maintenance capital expenditures.

Net cash used in investing activities was €19.9 million for the year ended December 31, 2018. The outflow in our net cash used in investing activities for this period was driven by our capitalized design and creation costs of €12.6 million, the investment in our own retail channel of €6.0 million and ordinary course maintenance capital expenditures.

Net cash used in investing activities was €13.4 million for the nine months ended September 30, 2018. The outflow in our net cash used in investing activities for this period was driven by our capitalized design and creation costs of €8.9 million, the investment in our own retail channel of €4.0 million and ordinary course maintenance capital expenditures.

Net cash used in investing activities was €16.3 million for the nine months ended September 30, 2019. The outflow in our net cash used in investing activities for this period was driven by our capitalized design and creation costs of €8.2 million, the investment in our own retail channel of €6.9 million and ordinary course maintenance capital expenditures.

Net cash from/(used in) financing activities

Net cash used in financing activities was €85.5 million for the year ended December 31, 2016. The outflow in net cash in financing activities for this period was driven by the dividends paid to IM Developpement (now IM Growth) in connection with the 2016 Acquisition. This dividend is presented as a cash outflow from financing activity due to the consolidation of the cash flows presented herein for the year ended December 31, 2016 at the level of IM Production, which at the time was the direct wholly-owned subsidiary of IM Developpement (now IM Growth).

Net cash used in financing activities was €7.3 million for the 12 months ended December 31, 2017. The outflow in net cash used in financing activities for this period was driven by our interest and amortization payments in respect of the Existing Senior Facilities. In this period, we repaid €24.0 million of our Existing Senior Facilities and entered into a new loan agreement between IM Production, as borrower, and Bpifrance Financement, as lender in the amount of €5.0 million. In addition, the balance of our Existing Shareholder Funding increased by €11.0 million due to interest amounts capitalized, which offset the amount netted in our cash from operating activities. See "*Capitalization*."

Net cash used in financing activities was €5.3 million for the year ended December 31, 2018. The outflow in net cash from financing activities for this period was primarily driven by our interest and amortization payments (amounting to €9.5 million) in respect of the Existing Senior Facilities, offset by an increase in the balance of our Existing Shareholder Funding of €13.8 million, due to capitalized interest, which offset the amount netted in our cash from operating activities. See "*Capitalization*."

Net cash from financing activities was €0.2 million for the nine months ended September 30, 2018. Net cash from financing activities for this period was driven by our interest and amortization payments (amounting to €9.5 million) in respect of the Existing Senior Facilities, offset by an increase in the balance of our Existing Shareholder Funding of €9.9 million, due to capitalized interest, which offset the amount netted in our cash from operating activities. See "*Capitalization*."

Net cash used in financing activities was €0.1 million for the nine months ended September 30, 2019. The outflow in net cash from financing activities for this period was driven by our interest and amortization payments (amounting to €8.0 million) in respect of the Existing Senior Facilities, offset by an increase in the balance of our Existing Shareholder Funding of €12.2 million, due to capitalized interest, which offset the amount netted in our cash from operating activities. See "*Capitalization*."

Change in working capital

The table below sets forth our change in working capital for the periods indicated.

(in € millions)	Year ended December 31, 2016[(1)]	12 months ended December 31, 2017	Year ended December 31, 2018	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Changes in inventories	(1.0)	(1.7)	(7.7)	(3.0)	(3.9)
Changes in trade receivables	(0.1)	(8.3)	12.4	3.0	3.8
Changes in trade payables	0.2	(0.2)	3.7	2.1	(2.1)
Changes in non-trade working capital[(2)]	45.7	(76.5)	8.4	3.3	(5.4)
Total change in working capital	**44.8**	**(86.7)**	**16.7**	**5.4**	**(7.7)**

(1) Our results for the year ended December 31, 2016 are presented for IM Production. For more information, see "*Presentation of Financial and Other Information*."

(2) Changes in non-trade working capital for the year ended December 31, 2016 and the 12 months ended December 31, 2017 primarily reflects the increase of an intercompany account (*compte courant*) between IM Production and IM Developpement (now IM Growth) in connection with the 2016 Acquisition during the year ended December 31, 2016, which was subsequently paid during the 12 months ended December 31, 2017. For more information, see "*—Cash flows—Net cash from/(used in) operating activities*."

During the periods under review, the following drove our change in working capital for continuing operations:

- ***Inventories***. Inventories are managed under a centralized inventory system. A physical inventory count is performed at the end of each production season at the warehouse and third party producers level. Our inventory levels are correlated with our collections cycles. We have high inventories after the end of the collections production (in June for the F/W collection and in October for Summer/Spring collection). Our inventory value is increased by our design and creation costs, representing a 15.9% mark-up for the products produced during the 12 months ended December 31, 2017 and a 21.8% mark-up for the products produced during the year ended December 31, 2018. See "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs*."

  Finished products are produced on demand based on actual orders received from our wholesalers during our December/January (for Fall) and March (for Winter and runway shows) showrooms to present the F/W collection and during our June (for Spring) and October (for Summer and runway shows) showrooms for our S/S collection. All orders that we take are firm orders, therefore limiting the risk on our inventories. For our own retail distribution channel, unsold products in our European stores are transferred to our Pantin, France warehouse at the end of the promotion periods (around March for the F/W collection and around September for the S/S collection). These products are then sold through our outlets and in press sales (as further described under "*Business—Our Distribution Channels—Retail—Outlets and press sales*") within the following ten months. After this period, unsold products are sold to discounters. Unsold products in our U.S. stores are sold in press sales and to U.S. discounters. In August 2019, we contracted to open an outlet store in Woodbury Commons, New York (scheduled to open in mid-December 2019) to absorb our unsold products. We do not have a contractual obligation to take back unsold products from our wholesale customers.

Our inventories increased by €1.7 million between December 31, 2016 and December 31, 2017. This increase was due to ordinary course trading and to the development of our own e-boutique.

Our inventories increased by €7.7 million between December 31, 2017 and December 31, 2018. This increase was primarily due to an increase in orders across our channels as well as the increase of our own retail channel perimeter (22 own-stores as of December 31, 2018 as compared to 10 own-stores as of December 31, 2017). As a result, we saw an increase in merchandise at our warehouse, raw material and retail inventory.

Our inventories increased by €3.0 million between January 1, 2018 and September 30, 2018. This increase was primarily due to an increase in orders across our channels.

- ***Trade receivables***. Our trade receivables derive from our wholesale activity through IM Production and IM USA. On December 12, 2018, we entered into the CALF Factoring Agreement with Crédit Agricole under which we have the ability to factor up to €18.0 million on a non-recourse basis through the monthly sale of receivables on invoices of IM Production denominated in euro. For more information, see "*Description of Certain Financing Arrangements—Factoring Agreement*." The decrease in our net trade receivables for the nine months ended September 30, 2019 and the year ended December 31, 2018 as compared to prior periods primarily reflects the sale of receivables under our factoring arrangement. Bad debt provisions in relation to our trade receivables are determined on a case-by-case basis but have historically been small and non-material. We have entered into an insurance agreement covering the customer risk on trade receivables. As of September 30, 2019, there were no major receivables overdue at IM Production or at the IM USA level. Any minor amounts derive from multiple clients that are covered by our insurance agreement. Weekly follow-ups are made by the credit manager and the sales person in charge of the client relationships.

  Our trade receivables increased by €8.3 million between December 31, 2016 and December 31, 2017. This increase was primarily attributable to an increase in our net sales between November and December 2017 as compared with the year ended December 31, 2016, and the continued growth of our wholesale distribution channel.

  Our trade receivables decreased by €12.4 million between December 31, 2017 and December 31, 2018. This decrease was primarily due to the CALF Factoring Agreement, which we implemented in December 2018 as a result of which €13.0 million of trade receivables were factored.

  Our trade receivables decreased by €3.0 million between January 1, 2018 and September 30, 2018. This increase was primarily due to ordinary course trading.

- ***Trade payables***. Our trade payables consist primarily of commitments towards clothes and accessories manufacturers. For the year ended December 31, 2018, trade payables represented on average approximately 70 days of past purchases on average. Standard payment terms vary from one supplier to another and generally range between 30 and 60 days. We also make a limited amount of prepayments to suppliers to confirm orders As of September 30, 2019, we had no major payables overdue.

  The changes in our trade payables were due to ordinary course trading.

- ***Non-trade working capital***: Non-trade working capital primarily includes receivables and payables in respect of IM Création and payables attributable to IM Production and IM Growth (as well as IM Developpement prior to the establishment of IM Growth). Non-trade working capital also includes tax receivables and payables primarily related to VAT. See "*Cash flows—Net cash from/(used in) financing activities.*"

Capital expenditures

During the periods under review, our capital expenditures related largely to growth capital expenditures dedicated to store openings and, starting from the end of the year ended December 31, 2016, the capitalization of our design and creation costs (see "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs*"). Since our inception in 1998, we have expanded to a total of 32 own-stores (excluding our own e-boutiques) as of September 30, 2019, of which we opened stores in Amsterdam, Milan, Rome, Paris and China in the year ended December 31, 2018 alone. Since the beginning of 2019 and as of the date of the Offering Memorandum we had opened stores in London, Florence, Barcelona, Madrid, Brussels, Lyon Paris and Toulouse. According to our estimates, our own retail stores opened in 2018 have an average capital expenditure of approximately €3,200 per square meter.

For the 12 months ended September 30, 2019, our capital expenditures (excluding the capitalization of our design and creation costs) amounted to €10.9 million, representing 6.1% of net sales for the same period, of which €1.8 million related to maintenance capital expenditure and €9.1 million related to growth capital expenditure. Maintenance capital expenditure primarily relates to expenditure on refurbishment and maintenance of our own retail network and showrooms, as well as various head office related investments, such as the upgrade of our IT systems. Maintenance capital expenditure has historically been approximately €2.0 million *per annum*. Growth capital expenditure relates to expenditure on new own-store openings, primarily consisting of investments in key money (*droit au bail*). For the 12 months ended September 30, 2019, maintenance capital expenditure and growth capital expenditure represented 16.5% and 83.5% of total capital expenditure over the period, respectively.

For the year ended December 31, 2018 and the 12 months ended December 31, 2017, our capital expenditures (excluding the capitalization of our design and creation costs) amounted to €7.3 million and €11.5 million, respectively, representing 4.8% and 8.3% of net sales, respectively, for the same periods, of which €1.1 million and €1.6 million, respectively, related to maintenance capital expenditure and €6.2 million and €9.9 million, respectively, related to growth capital expenditure. For the year ended December 31, 2018 and the 12 months ended December 31, 2017, maintenance capital expenditure represented 15.1% and 13.9%, respectively, of total capital expenditures for the same periods and growth capital expenditure represented 84.9% and 86.1%, respectively, of total capital expenditures for the same periods.

For the year ended December 31, 2020, we estimate our cumulative capital expenditures (excluding the capitalization of our design and creation costs) will be €5.3 million, of which €2.9 million (representing 55% of such capital expenditures for the period) will be related to store openings, with the remaining €2.4 million (representing 45% of such capital expenditures for the period) to be related to refurbishment and maintenance of our existing own-stores. In addition, we intend to continue to make capital expenditures in connection with the expansion of our IT capabilities and opening new corners in department stores. The foregoing estimate is preliminary, is subject to change based on developments in our industry and our business results and actual capital expenditures incurred may differ.

In addition, for the 12 months ended December 31, 2017, the year ended December 31, 2018 and the 12 months ended September 30, 2019, we generated free cash flows (which we define as EBITDA less exceptional cash items, changes in net working capital (excluding changes in income tax receivables and payables), maintenance capital expenditures, capitalized design costs and growth capital expenditures) of €9.8 million, €33.6 million and €26.2 million, respectively. Free cash flow over these periods was driven in large part by growth capital expenditures and capitalized design costs discussed above, as well as by exceptional cash items totalling €0.4 million, €1.3 million and €1.0 million in the 12 months ended December 31, 2017, the year ended December 31, 2018 and the 12 months ended September 31, 2019, respectively, and by a decrease in net working capital (excluding changes in income tax receivables and payables) of

€11.5 million, an increase in net working capital (excluding changes in income tax receivables and payables) of €8.7 million and a decrease in net working capital (excluding changes in income tax receivables and payables) of €4.5 million, respectively.

Contractual obligations and commitments

The following table shows our third-party contractual commitments as of September 30, 2019, after giving *pro forma* effect to the Transactions. We also make regular lease payments pursuant to our store leases, which are not shown in the table below.

(€ in millions)	Less than 1 year	1-5 years	More than 5 years	Total
Notes offered hereby	—	—	200.0	200.0
Bpifrance Financement loan	—	—	4.8	4.8
Finance leases	—	1.2	—	1.2
Total	**—**	**1.2**	**204.8**	**206.0**

Off-balance sheet arrangements

Other than guarantees we have provided to landlords in connection with retail locations, following the Transactions, we will not have any off-balance sheet special purpose entities and do not intent to utilize significant off-balance sheet arrangements.

Qualitative and quantitative disclosure about market risk

Our overall risk management program focuses on the strategic and operation risks of our operations and the markets in which we operate and seeks to manage potential adverse effects on our financial performance. Our activities expose us to a variety of financial risks including credit risk and liquidity risk. Several of these and other risks are described in further detail in the "*Risk Factors*" section.

Credit risk

We are subject to exposure to potential losses resulting from a default by commercial counterparties, especially with respect to our wholesale and distribution partners. Our arrangements with distribution partners and wholesale counterparties varies according to our assessment of the credit risk of the particular counterparty as well as general political and macroeconomic risks inherent with conducting business across borders. As presented below, payment terms depend on the cover rate of the customer, the cover rate corresponding to the order amount as a percentage of the cover from our credit insurance provider Coface (see "*Business—Insurance—Coface*").

Cover Rate	Payment Term
None	30% deposit in addition to payment before delivery ("**PAL**")
Below 25%	PAL
Between 25% and 30%	30% deposit upon one month before shipment in addition to 70% payment upon 30 days of the invoice date
Between 30% and 50%	payment upon the 30 days of the invoice date
Over 50%	payment upon 30 days of the invoice date or payment upon 60 days of the invoice date (upon the customer's request and our approval of such request)

Certain customers are also either covered by a stand-by letter of credit for the full order or dispatch of the order can be made upon presentation of a letter of credit. We factor certain receivables pursuant to our €18.0 million non-recourse CALF Factoring Agreement.

Sales to retail customers in our own retail and online distribution channels are made in cash or through third-party credit cards and debit cards or, with respect to online sales, PayPal services. Trade receivable balances are monitored on a continuous basis and our exposure to bad debt has not been significant for the periods under review and appropriate allowances are made for doubtful accounts. Our trade receivables have historically not been concentrated with any singular counterparty. For more information, see "*—Change in working capital—Trade receivables*."

Liquidity risk

We manage our liquidity risk by monitoring the items of operational current assets, in particular our trade receivables and trade payables. We have historically focused on generating sufficient cash flow to fund necessary outgoings such as the payment of suppliers without disrupting the short-term treasury balance and avoiding critical liquidity issues. Our sourcing strategy is operated in a flexible manner using a variety of delivery dates depending on the product so as to avoid concentrating, insofar as possible, trade payables during any particular period. See "*—Liquidity and Capital Resources*."

Critical accounting policies and use of estimates

The preparation of our financial statements requires management to make estimates and assumptions, based on historical experience and various other factors that are considered to be reasonable under the circumstances, and that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Inventories

Inventories are valued using the cost price of each individual stock keeping unit ("**SKU**") and include all direct production costs and mark-up related to our capitalized design and creation cost, representing 15.9% for the products produced during the 12 months ended December 31, 2017 and 21.8% for the products produced during the year ended December 31, 2018 (see "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs*"). Seasonal raw materials are completely depreciated at the end of each season because of the low market value of those items and the fact that they are not used anymore. Permanent raw material is not depreciated. Concerning finished goods, items which have not been sold with a positive margin in the sales network (including through our Marne La Vallée and Noventa outlets) and the press sales (as further described under *"Business—Our Distribution Channels—Retail—Outlets and press sales"*) are depreciated according to our projections on the expected loss when selling these items to clearance stores (based on historical data and statistics).

Goodwill and intangible assets

Goodwill consists of the difference between the purchase price of the company's securities and the valuation of identified assets and liabilities at the acquisition date. Operational assets are stated at their value in use. Non-operating assets are valued at their market value at the acquisition date or, in the absence of a market, at their probable net realizable value. Our goodwill has historically consisted primarily of the acquisition of IM Developpement by IM Growth in July 2016 in connection with the 2016 Acquisition and will, *pro forma* for the Transactions, rise in connection with the acquisition to be consummated as part of the IM Reorganization (see "*Summary—The Transactions—The IM Reorganization*"). Goodwill is not depreciated over time and was tested for impairment at December 31, 2018 for the first time. Impairment losses are recorded when the carrying amount of goodwill is greater than its recoverable amount, which is determined based on the discounted future cash flows of the Group. Following the same methodology as the goodwill, intangible assets (mainly the "Isabel Marant" brand) were tested for impairment. Both tests did not lead to any impairment.

Deferred taxes

We recognize deferred tax using the liability method in respect of all temporary differences between the tax value and the carrying amounts of assets and liabilities on our balance sheet.

Deferred taxes are recognized at the tax rate applicable at the reporting date and adjusted to reflect the impact of changes in French tax laws and current tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax losses and tax loss carryforwards. Deferred tax assets arising on tax loss carryforwards are recognized when it is probable that the tax entity will generate taxable earnings against which they can be utilized.

Deferred taxes are shown as assets or liabilities on a net basis at the level of each tax entity.

Provisions

A provision is recognized if, as a result of a past event, we have a possible obligation existing on the balance sheet, that will probably lead to a cash outflow and whose amount can be reliably estimated.

Tangible assets

Tangible assets are accounted for at acquisition cost, net of accrued depreciation. Tangible assets are depreciated over their useful life starting at the operating use of the asset. The estimated useful lives of the different tangible assets are as follows: general and technical facilities (5 to 10 years), office and IT equipment (2 to 5 years), office furniture (5 to 10 years), transport equipment (1 to 5 years) and construction (20 years).

Foreign currency translation

Euro is the functional currency of our main operating entities. A limited number of subsidiaries report in other currencies (including U.S. dollar, GBP, CNY and NOK). The related foreign income and expenses are translated into our reporting currency (euro) at the average exchange rates for the relevant accounting periods.

Industry

Certain information set forth in this section has been derived from external sources, including the Market Report. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information contained therein may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation and therefore the accuracy and completeness of such information is not guaranteed. None of the Issuer, the Post-Closing Guarantor or the Initial Purchaser has independently verified these market data. Forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk factors," "Forward-looking statements" and "Market and Industry Data." Growth rates for 2018-2019 are calculated at constant exchange rates unless otherwise specified.

Isabel Marant is a fast-growing luxury company involved in the design and marketing of premium ready-to-wear and accessories for women and more recently since 2017 for men. Isabel Marant sells a comprehensive range of quality products through its wholesale, retail and e-commerce distribution channels. The product range includes high quality ready-to-wear sold through two lines for women (Isabel Marant and Isabel Marant Étoile) and one line for men (Isabel Marant Homme) in addition to a full range of accessories for everyday fashion including leather goods, hats, scarves, belts and shoes.

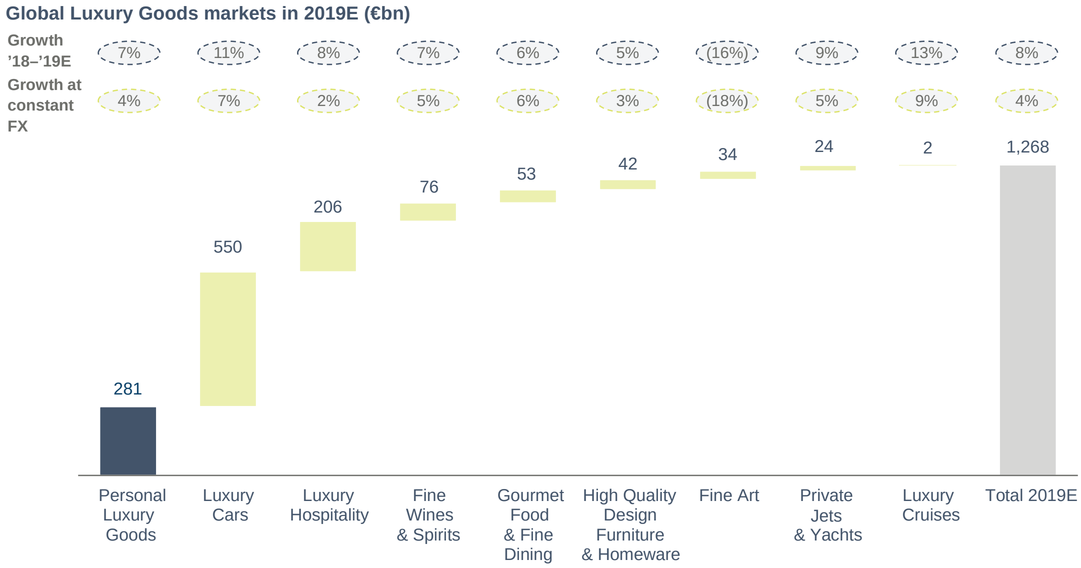
Due to its advanced design, as epitomized by the many fashion shows that the flagship label has held during Paris Fashion Week, the premium average selling price and the consistent positioning with peers such as Marni and Chloe, Isabel Marant operates within the global luxury goods market with an offering focused on the ready-to-wear, shoes and leather goods accessories subcategories.

Global luxury goods market

The global luxury goods market continues to deliver solid growth across regions and categories growing in 2019 by 4% at constant exchange rates to €1.3 trillion in terms of net sales. The market is composed of multiple verticals that focus both on merchandise and experiential luxury including personal luxury goods (the key reference vertical for Isabel Marant), luxury cars, luxury hospitality, fine wines and spirits, gourmet food and fine dining, high quality design furniture and homeware, fine art, private jets and yachts and luxury cruises.

Though certain secular and macroeconomic trends underpin growth for the entire luxury goods market, there is some differentiation that can be observed between the various verticals that are linked to the average selling price and certain other societal and economic factors.

The graphic below displays the global luxury goods market from 2018 to 2019 along with a breakdown of its component verticals.

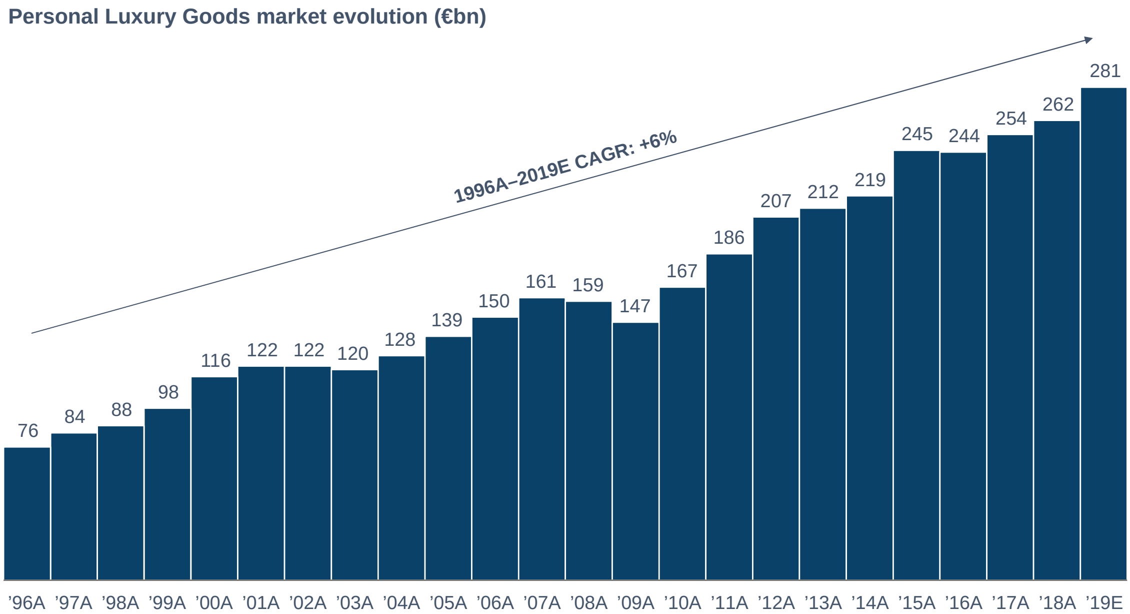


Source: Market Report.

Personal luxury goods market

Focusing on the segment in which Isabel Marant competes, in 2019, the personal luxury goods market grew at 4% constant exchange rates to approximately €281 billion. Growth has been driven by demand from younger generations, Asia and, in particular, mainland China, which has grown at 26% at constant exchange rates, and the online channel which has gained share towards physical stores growing at 12% and reaching 10% of the segment in 2019. See also "*—Drivers of growth in the personal luxury goods market.*"

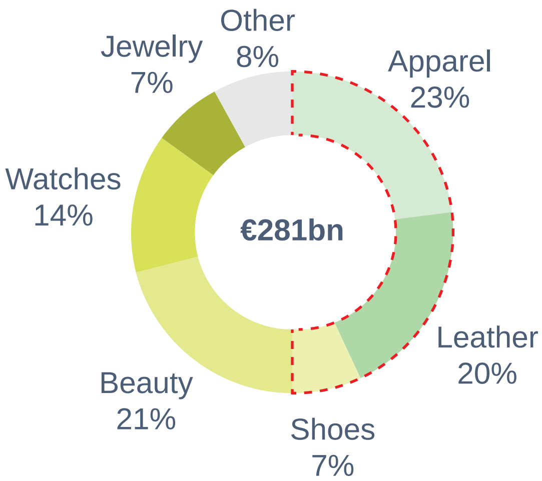
The graphic below sets forth the growth of the personal luxury goods market from 1996 to 2019E.



Source: Market Report.

The personal luxury goods market includes the apparel, leather, beauty, jewelry, shoes, watches and other (e.g. textiles, eyewear) subcategories. On an actual foreign exchange basis, in 2019, apparel presented solid growth (+5%) with improving performance in both women's and men's ready-to-wear driven by the increasing streetwear trend and preserving its weight of the total segment compared to 2016 (23%). The leather subcategory grew in 2019 on an actual foreign exchange basis (+11%) sustained by entry—price items, increasing its share of the segment to 20%. On an actual foreign exchange basis, beauty exhibited a positive trend in 2019 (+7%) driven by cosmetics and skincare, with fragrances highlighting an improvement in performance, and representing 21% of the segment. Jewelry was among the top performing categories in 2019 on an actual foreign exchange basis (+12%) largely due to rising demand for high-end jewelry in Asia, particularly in China and Japan (7% share of the segment). In 2019, the casualization trend drove a strong positive performance of the shoes subcategory on an actual foreign exchange basis (+12%), which represented 7% of the segment. Finally, the watches subcategory remained broadly flat on an actual foreign exchange basis (+1%) with performance impacted by the political situation in Hong Kong and represented 14% of the segment.

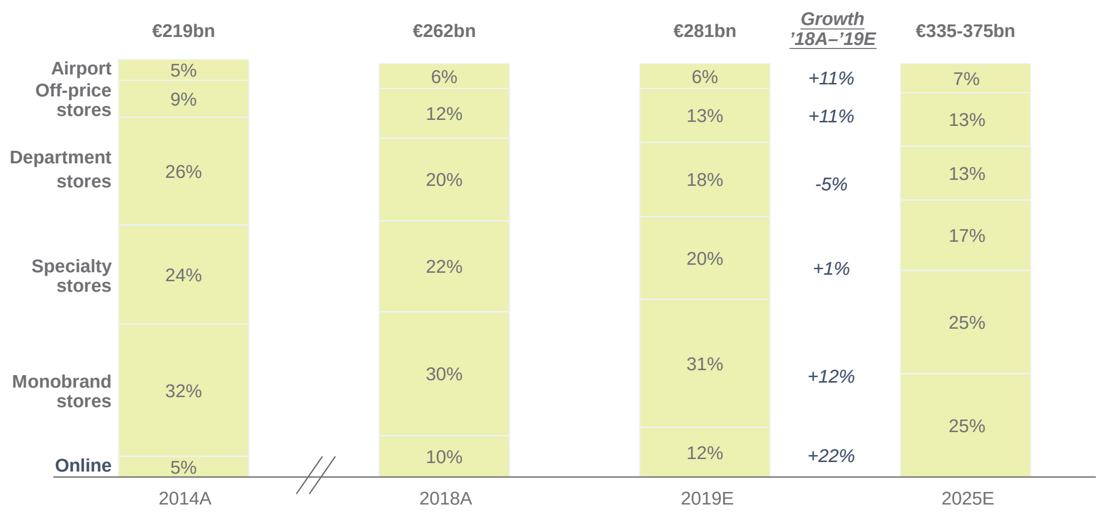
Personal luxury goods market by subcategory



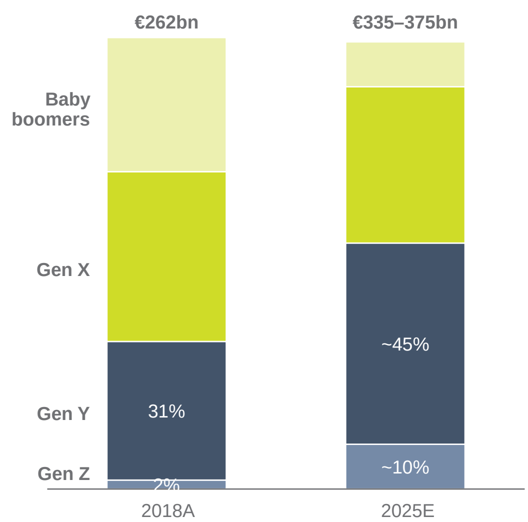
Source: Market Report.

The personal luxury goods market is expected to grow at 3 to 5% *per annum* by 2025 reaching €335 billion to €375 billion. Growth is expected to be supported by a solid mid-term macroeconomic outlook, which will sustain positive consumer confidence towards consumption of luxury goods, particularly from the rising middle class. Chinese consumer demand is expected to drive industry growth, while relevance of mature segments is expected to decrease. The online channel is expected to increase its share reaching 25% of the personal luxury goods market by 2025. New technologies will further enrich shopping experiences and connectivity, including increased use of mobile technologies. Physical channels will need to reshape their roles and adapt to the increasing online trend. Airport retailing and the off-price channels are expected to reach full potential and contribute 7% and 13% respectively to the personal luxury goods by 2025. Mono-brand stores and more traditional retail channels, including specialty stores and department stores, are expected to represent a lower portion of the segment. Younger customers will represent 55% of the segment in 2025 and are expected to deliver 130% of total growth over the 2019-2025 period.

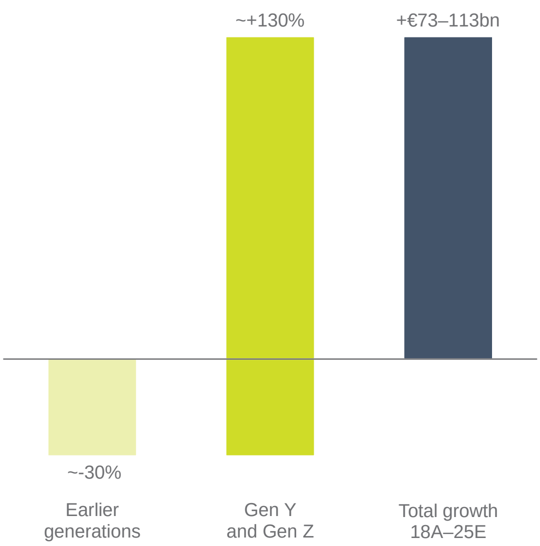
Personal Luxury Goods market by channel (€bn)



Personal Luxury Goods market by generation (€bn)



Personal Luxury Goods market growth by generational contribution (€bn)



Source: Market Report (2018 and 2019).

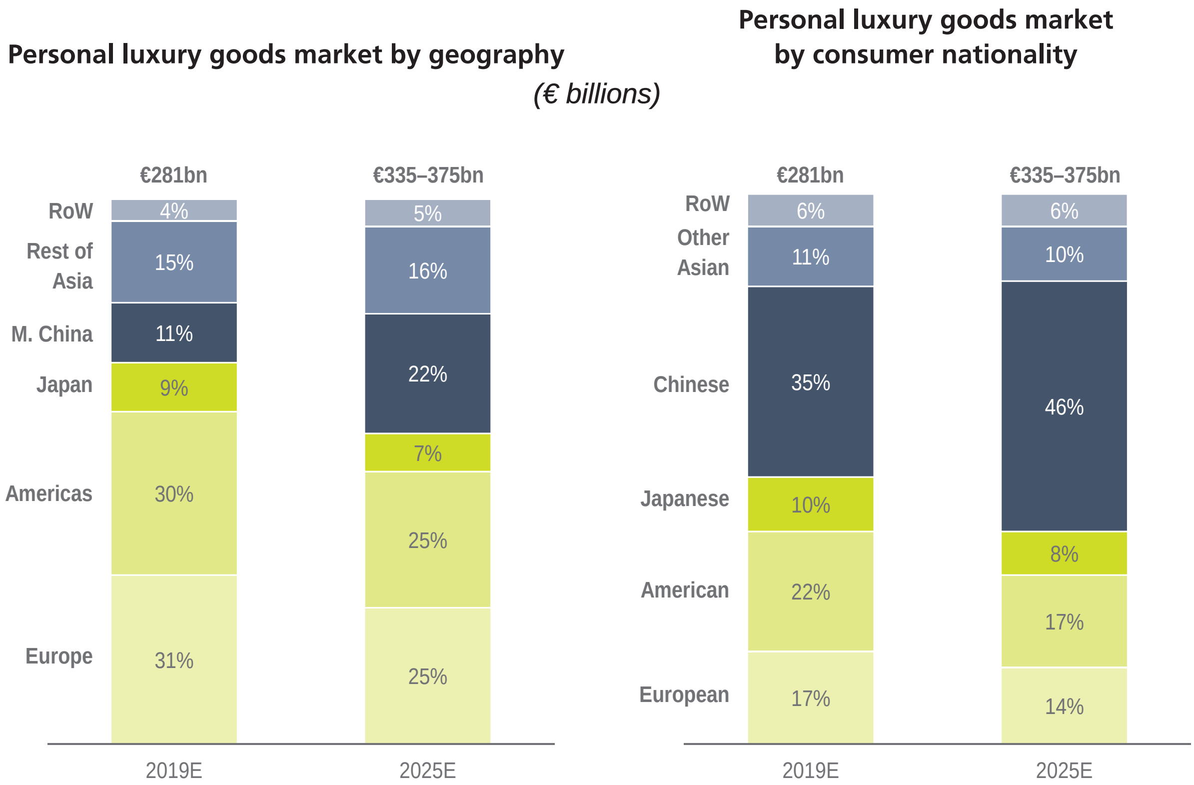
Personal luxury goods market by geography

While preserving its Parisian heritage and roots, Isabel Marant operates globally with a focus on Europe, the Americas (particularly the United States) and Asia Pacific (particular greater China, Japan and Korea), with a presence in certain other regions such as the Middle East. Similarly, the personal luxury goods market exhibits global demand and reflects global societal and macroeconomic trends. Positive growth in the personal luxury goods market was recorded across regions during 2019. The segment is expected to continue growing at an annual rate of 3% to 5% from 2019 to 2025.

The European market, where Isabel Marant generated approximately 44% of net sales for the year ended December 31, 2018, was estimated at €84 billion of sales for 2018, an increase of 3% at constant exchange rate compared to 2017. In Europe there has been mildly positive local consumption, with mixed individual country performance during 2018 and a continued importance of tourist arrivals and tourist spending in certain key Western European economies such as France, Spain, the United Kingdom and Italy.

In the Americas, where Isabel Marant generated approximately 19% of net sales for the year ended December 31, 2018, the personal luxury goods market was estimated at €80 billion for 2018. The increase as compared to 2017 in local purchases was driven by the positive U.S. macroeconomic conditions, as slightly offset by a strong dollar, negatively impacting Asian and Latin American tourist spending in the United States.

In the Asia Pacific, where Isabel Marant generated approximately 11% of net sales for the year ended December 31, 2018, the personal luxury goods market was estimated at €84 billion for 2018. Asia Pacific also outperformed in 2018 as compared to 2017 due to good performance of Hong Kong and Macau, benefitting from Chinese purchases – whereas South Korea exhibited strong local consumption. China is expected to grow its share of the segment from 8% in 2017 to 22% in 2025 – Chinese consumers are continuing to grow their purchases through both international and local consumers. Local Chinese consumption is expected to increase supported by higher volumes driven by decreased price differentials with other countries, favorable local government policies and potential for decreased taxes on imports. Conditions in Japan are increasingly pushing brands to find new solutions to boost local purchases and brands are starting to rethink their distribution model in light of increased purchases by tourists.



Source: Market Report (2018 and 2019).
Note: 2025 estimates calculated based on estimated market sizes cited in the Market Report (2018).

Drivers of growth in the personal luxury goods market

The growth of the personal luxury goods market has been supported by secular changes in consumer habits and macroeconomic trends. In particular, (1) demand from China and Chinese customers through both international and local purchasing, (2) an increase in digital penetration with the proliferation of the online channel (personal luxury goods market is leading the digital penetration versus other luxury sectors), (3) coupled with higher demand from younger generations and (4) more holistic brand propositions are the main factors driving growth. Within the apparel, leather goods and accessories subcategories of this segment, the following factors are expected to support future demand growth.

Growth in purchasing power in certain geographies, particularly Asia, driving traffic to stores in Asia Pacific and beyond

The rapid increase in affluent consumers in China is transforming patterns of consumption in greater China, but also in other regions, including Europe and North America, based on spending by tourists (of which tourists from Asia are an important component). In addition, the women's apparel subcategory growth will accelerate relative to the men's subcategory driven by purchases in emerging markets such as China (but also Russia and the Middle East) and in other markets where tourists from such regions are increasingly present due to better transport connections directly from tier one and tier two cities to Europe and more efficient visa policies. We believe that this trend has the potential to drive footfall to Isabel Marant doors, particularly in premium department stores in Europe and the United States that are "shopping destinations" such as Galeries Lafayette Haussmann in Paris, Harrods and Selfridges in London and Saks Fifth Avenue in New York as well as in freestanding Isabel Marant retail stores in the most visited fashion corridors in Paris, New York, London and more proximately in Asia (such as Hong Kong and Shanghai).

Digital connectivity increasing proximity and influencing the way consumers discover and communicate with and about apparel brands

We believe that social media is reshaping how consumers discover and communicate with and about apparel brands. Research indicates that purchases are increasingly influenced by digital media, whether it is social media platforms such as Instagram and Wechat produced by the brands themselves, or influencers or other content created or curated by others, video content of fashion shows and other media, as well as recommendations of friends, peers and celebrities. Engagement on social media also has the potential, alongside other customer relationship management tools, to capture loyalty and become yet another differentiating factor as consumers navigate the choices in the segment. Moreover, we believe that social media can amplify the reach of smaller, independent fashion houses and connect with consumers who fit with the brand's ethos in ways that were not available with conventional media such as television without significant media spend.

Younger, savvier consumers with more casual everyday preferences

We believe that younger, savvier consumers with more casual everyday preferences are becoming an important source of demand in the apparel subcategory of the personal luxury goods market and have the potential to become a significant driver of growth, in particular for brands such as Isabel Marant as it cultivates a sense of exclusivity. Social media permits young women and men to research their apparel choices in detail prior to making purchases, and they are much more informed about various options than ever before. Additionally, we believe that the workplace environment is shifting to accommodate generally more casual attire and consequently a reduction in the traditional formalwear that was previously a key component of the subcategory.

Omni-channel purchasing habits for which a directly owned store network can help seize opportunities and capture demand

We believe that digital devices and e-commerce are not only an important vehicle for sales, but also plays a critical role in the decision-making process for consumers who are increasingly demanding omni-channel propositions, that is to say, interacting with brands through visits and making purchases across both wholesale and own retail channels, including digital and brick-and-mortar. We believe visitors to our websites and social media feeds come to get new ideas for apparel, driving both online and in-store purchases. E-commerce sites, coupled with the proliferation of mobile devices, have created new ways for people to view and review products, interact with retailers and be inspired by what they see and share with each other, including our "total look" suggestions. We further believe that e-commerce remains a complementary channel to in-store shopping. Consumers want to visit retail destinations that are specially curated to be attractive, welcoming spaces, but also retain the convenience of premium wholesale doors (and shop-in-shop corners) which can provide additional shopping in complementary brands and products as well as strategically located directly owned stores that can anchor a distribution network, facilitate click-and-collect and help buttress brand awareness.

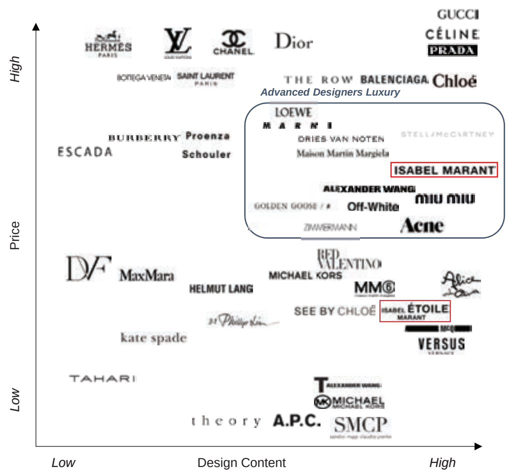
Competition

Isabel Marant competes with luxury operators selling comparable product categories in a similar price range. Isabel Marant has two main lines – Isabel Marant (which generated approximately 60% of net sales for the year ended December 31, 2018) and Étoile (which generated approximately 40% of net sales for the year ended December 31, 2018), the latter targeting customers at a slightly lower price range. Isabel Marant competes with brands such as Maison Martin Margiela, Stella McCartney, Alexander Wang, Marni and Off-White. Étoile competes with the broader universe of second line of luxury fashion brands including, among others, See By Chloé, Red Valentino, alexanderwang.t, MM6, Versus Versace and Michael Kors, as well as the upper part of the contemporary market with SMCP, A.P.C. and Theory.

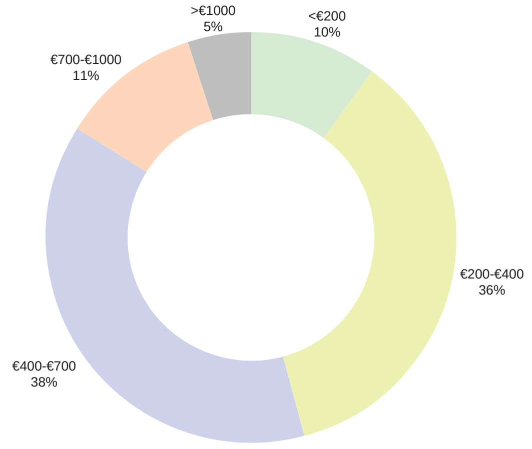
Isabel Marant's positioning within the personal luxury goods market is strengthened by its participation in fashion shows, with four collections per year being presented in Paris for Isabel Marant main line, four collections for Isabel Marant Homme and two collections for Étoile. We believe our brand also differentiates itself for its style and unique expression, empowering customers and resonating well with "Gen Z" and millennials, with its Parsian chic and boho trait, while conveying an effortless style. Its product quality is the result the Group's unique in-house know-how and craftsmanship tradition. Isabel Marant's experienced creative team includes over 50 designers in the brand's studio and an in-house atelier covering all key functions involved in the control of the designs which further firmly associates the brand with the aforementioned peers.

The graphic on the left below sets forth the positioning of Isabel Marant within the broader luxury personal goods segment based on management's estimation of price and fashion content. The pie chart on the right below sets forth the retail prices of Isabel Marant's products on the basis of retail sales in 2019 (Summer, Spring, Fall and Winter 2019 collections), demonstrating a product pricing slightly weighted towards €400 to €700 per product.

Isabel Marant brand positioning within luxury



Isabel Marant price range per item (retail)



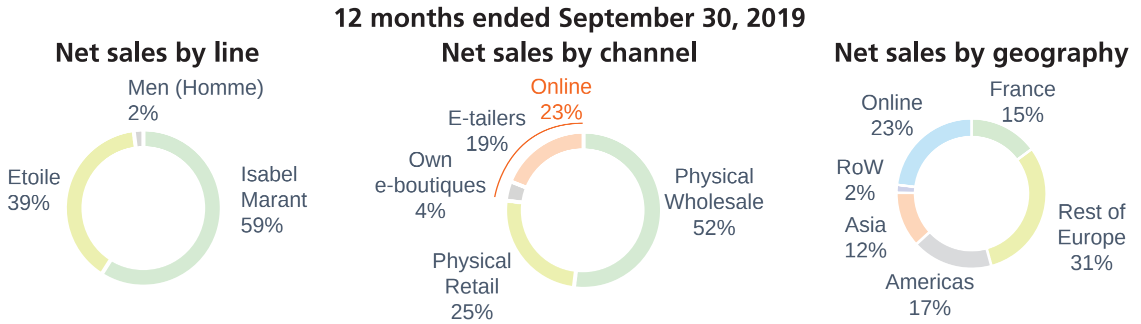
Source: Market Report and Isabel Marant estimates.

Business

Overview

We are an iconic French brand designing and distributing luxury ready-to-wear and accessories positioned in the advanced designer luxury segment. Championing an effortless Parisian aesthetic with a romantic and bohemian edge, our brand has achieved global appeal and is credited with making the "Parisian cool girl" look globally desirable. Strengthened by this unique positioning, we have captivated a worldwide audience of women (and now men) of all ages by making them feel cool and empowered while wearing our products. We are one of the few French luxury houses founded in the past 25 years that has achieved international recognition and strong credibility by employing our unique "Boho French chic" fashion statement. Our credibility as a global luxury fashion-setting brand has been endorsed by noted authorities in fashion media and chosen by top celebrities in each of our primary geographies. We are members of the *Fédération de la Haute Couture et de la Mode* and have been a constant staple at Paris Fashion Week, where we showcase our new collections, since 1994. We are well positioned among advanced designer luxury brands thanks to our strong luxury proposition underpinned by our unwavering adherence to our brand's heritage.

We design luxury ready-to-wear, shoes and accessories through two main product lines: IM and Étoile, and we have recently released our exclusive men's collection Homme in 2017. Our product ranges comprise high quality womenswear and menswear, shoes, leather goods and accessories and jewelry. Our design house is often credited by the media (including primary fashion authorities such as Vogue) with popularizing the bohemian ready-to-wear "Parisian cool girl" look, which underpins everything we produce for our female customers and remains the cornerstone of our business philosophy. More than just our unique, chic and innovative designs created by our skilled in house design team, we are constantly striving to offer our customers a superior luxury purchase brand experience, including targeted, high-quality media and promotional campaigns, premium doors across our wholesale and retail distribution networks and a personalized shopping experience in our own-stores.



Within our ready-to-wear lines, which accounted for approximately 70% of our net sales in the 12 months ended September 30, 2019, the majority of our products sold for between €400 and €850 per product within our IM line and between €200 and €400 within our Étoile and Homme lines. In the 12 months ended September 30, 2019, we generated net sales of €178.1 million, generating an EBITDA margin of 30.6%. In addition, on a run-rate adjusted basis, our LTM Adjusted EBITDA for the 12 months ended September 30, 2019 was €60.0 million, generating a LTM Adjusted EBITDA margin of 31.7% from approximately 850 doors (including our distribution partners) in over 60 countries. While we have a strong French heritage, sales from our French operations stabilized at 14.7% of our net sales in the 12 months ended September 30, 2019, which we believe demonstrates our success as a truly global luxury brand. Driven by this success, we have expanded into other European markets in addition to the Americas (principally the United States) and Asia, for which our net sales in the 12 months ended September 30, 2019 represented 30.7%, 17.4% and 11.9% (9.4% excluding China) of net sales respectively, with the rest of world and e-commerce (across both wholesale and retail) making up the remaining 1.7% and 22.6%, respectively.

We design, market and sell our ready-to-wear creations under the IM, Étoile and Homme lines, in addition to our shoes, leather goods and accessories and jewelry products, catering to a broad and global customer base in the advanced designer luxury market. We believe that our Parisian heritage is an integral source of inspiration for our design aesthetic and a cornerstone of our brands' positioning. IM and Étoile are complementary, yet individual, distinct lines, each firmly grounded in their own distinct identity and product offerings, allowing us to diversify our business activities while benefiting from IM's high-end luxury brand image, a shared global platform and an optimized supply chain. We use our key brand values – authenticity, openness and complicity with the "Parisian cool girl" aesthetic – to guide our creative, approach, while vigilantly catering to our customers' preferences by drawing upon the expertise of our in-house design and development team of 50 persons. Our designs are meticulously prototyped and patterned for production by our in-house workshop (*atelier)* of 38 prototypists, pattern makers and tailors, to maximize creative support and ensure the highest standard of production quality and supplier base flexibility. We believe that our focus on creating fashion-setting, luxury products that epitomize our brand philosophy is the foundation for our success in carving-out a large and loyal customer base while maintaining the quality and distinctiveness of our lines and brand position.

We also design luxury garments for men through our new Homme line focused on the "Parisian cool guy" aesthetic. We believe our advanced designer luxury offerings both insulate our business to some extent from fashion risk and have delivered results that have consistently outperformed the market.

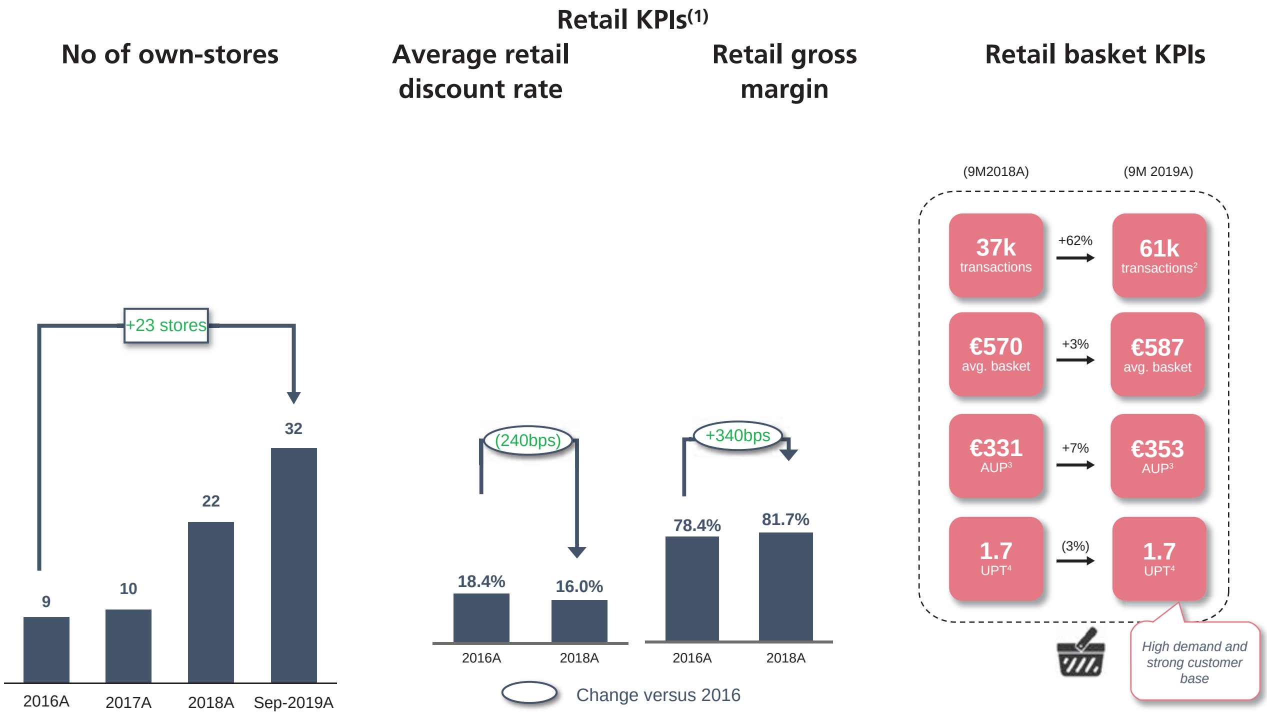
Our competitive strengths

We believe we benefit from the following competitive strengths and key credit highlights.

One-of-a-kind luxury brand with a distinctive identity

We are an iconic French brand designing and distributing luxury ready-to-wear and accessories positioned in the advanced designer luxury segment within the growing personal luxury goods market. The personal luxury goods segment has increased in size from €159 billion in sales in 2008 to €281 billion in sales in 2019, representing a CAGR of approximately 5%, and is expected to continue to expand at this rate to reach up to €375 billion in sales by 2025. We believe that as a result of Isabel Marant's differentiated brand positioning within the advanced designer luxury segment of personal luxury goods, our net sales growth from 2008 to 2018 has outperformed this market growth, recording a CAGR of 18%.

Championing an effortless Parisian aesthetic with a romantic and bohemian edge, our brand has achieved global appeal and is credited with making the "Parisian cool girl" look globally desirable. With the launch of Homme in 2017, we have also begun expanding our customer focus to include men to whom Homme's "Parisian cool guy" aesthetic would appeal. We believe our success at achieving international appeal and recognition of our brand and lines is reflected in our customer social media engagement. On Instagram, one of our key social media platforms, we achieved an engagement rate (defined as the ratio of "likes" and comments on Instagram posts to number of Instagram followers) of 0.4% in September 2019 (above certain other luxury brands such as Gucci (0.3%) and Chloé (0.2%)). Our brand also generates a high-level of celebrity and influencer support to whom we occasionally gift our merchandise (with over 35 celebrities choosing to wear our products publicly).



(1) Retail network only, excluding our own e-boutiques and outlets. All euro figures are shown inclusive of VAT.
(2) For the 12 months ended September 30, 2019, total number of transactions totaled approximately 75,000.
(3) Reflects average unit price.
(4) Reflects units per transaction.

Our consistent and successful track record of setting fashion trends has strengthened our brand equity, allowing us to maintain high pricing power and low discounts. The average retail discount rate of our products has decreased by 2.4% (excluding our own e-boutiques) from an already low base of 18.4% for the year ended December 31, 2016 to 16.0% in the year ended December 31, 2018, while retail gross margin improved 3.4 percentage points over the same period. Meanwhile, the average unit price of our products increased 6.6% from €331 for the nine months ended September 30, 2018 to €353 for the same period in 2019. Additionally, the average customer basket size in our own retail channel (excluding our own e-boutiques and outlets) for all product lines combined, net of returns, also increased over the same period, from approximately €570 for the nine months ended September 30, 2018 to €587 for the same period in 2019. As a result of our ability to command high price points and low discounts, we have been able to increase our gross margins despite the expansion of our own retail network from nine stores as of December 31, 2016 to 32 own-stores as of September 30, 2019, further evidencing the scalability and favorable economics of our store concept.

Diversified business model with wholesale and physical store networks in premium locations of global fashion capitals

We operate a diversified business model across geographies, lines, product categories and sales channels, which we believe provides resiliency to our business. We maintain a global footprint with presence across key international cities in over 60 countries. For the 12 months ended September 30, 2019, excluding e-tailer and e-boutique sales, 85.2% of our net sales were generated outside of France, our heritage market, with 30.7% of net sales generated in Europe (excluding France), 17.4% generated in the Americas (principally the United States), 11.9% of net sales generated in Asia (including China, Japan and South Korea) and 1.7% generated in the rest of the world. Complementing our international presence, we sell our luxury ready-to-wear, shoes, leather goods and accessories and jewelry through our wholesale and retail distribution networks, including online e-commerce platforms that span both.

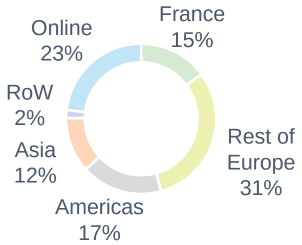
Our wholesale channel, which generated 51.7% of our net sales for the 12 months ended September 30, 2019 (71.2% including wholesale e-tailers), consists of prominent multi-brand and department stores, as well as our distribution partners, all of whom buy stock from us directly at wholesale prices for resale to end consumers and thus generate the retail margins. We also have partnerships with third-party online e-tailers, such as Net-à-Porter and Mytheresa, which helps strengthen our brand image and heightens our international exposure.

Our own retail channel includes brick-and-mortar own-stores, concessions in department stores (e.g., Galeries Lafayette Haussmann) and our two outlet stores, in addition to our own e-boutiques. For the year ended December 31, 2018, these physical retail stores (with an average store size of 127 square meters) allowed us to generate an average of €17,000 in sales per square meter (excluding retail own-stores not open for the full year ended December 31, 2018 and e-retail sales), with our best performing retail stores generating €33,000 per square meter. Our own-stores implement the Isabel Marant design concept and standards across Europe, the United States and China. In addition, we have a rigorous selection process in choosing to open retail own-stores, which we believe has historically delivered strong results. For example, we had targeted net sales from new retail own-stores opened in 2018 of €9.0 million, which we exceeded within the first year with net sales of €9.1 million (a 2.0% increase from target). For the 12 months ended September 30, 2019, these stores generated net sales of €9.5 million (a 3.7% increase in net sales from those same retail own-stores' first 12 months of operations). We believe this demonstrates our success in achieving profitable ramp-up from our retail own-stores, further supporting our run-rate annualization adjustment to EBITDA for recently opened stores.

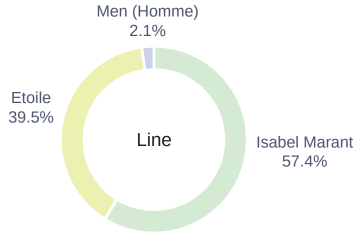
We also launched our own isabelmarant.com e-boutique in 2017 and, more recently, a T-mall store to address growing demand in China. For the nine month period ended September 30, 2019, we received over 4.1 million unique visits to our own e-boutiques (representing an increase of approximately 40% from the same period in the previous year), of which approximately 73% were unpaid visitors (representing an increase of approximately 3% from the same period in the previous year), with a conversion to sales rate of approximately 0.8% and an average order value of €378 per order (representing an increase of approximately 7% from the previous year). Overall, online sales across our wholesale and own retail channels represented 22.6% of our net sales for the 12 months ended September 30, 2019.

12 months ended September 30, 2019

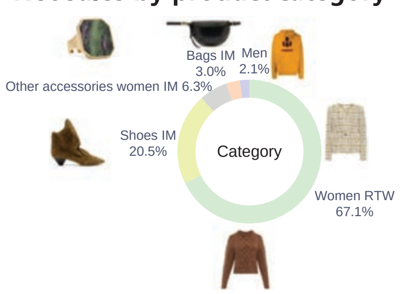
Net sales by geography



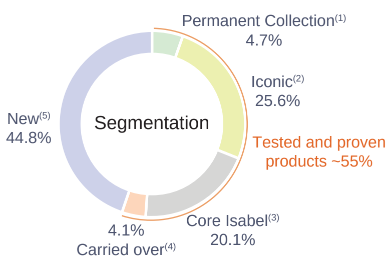
Net sales by line



Net sales by product category



Net sales by product type

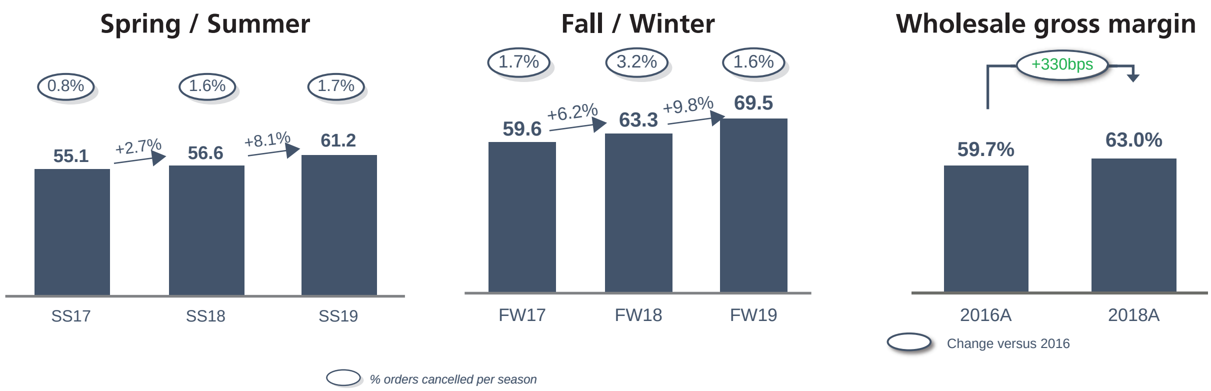


(1) Permanent collection reflects certain signature permanent pieces produced year-on-year.
(2) Iconic pieces are produced every year from the same garment "shape" and fabric, with stylistic variations.
(3) Core Isabel pieces are produced every year based on a common "shape," with variations in fabric, materials, design and style.
(4) Carried over pieces reflect pieces that sold particularly well in one season and were therefore continued in a following season.
(5) New pieces are designed and produced new each year as part of our seasonal collections.

We sell our products through two main product lines, IM and Étoile, allowing us to target a broad base of customers with whom our advanced design products can resonate, and we have recently released our exclusive men's collection Homme in 2017. Our product offering is further diversified outside of our core ready-to-wear category through the sale of women's shoes, leather goods and other accessories, representing 20.4%, 6.3% and 3.0% of our net sales for the 12 months ended September 30, 2019, respectively. While we maintain a "total look" offering through our various lines and product categories, we mitigate against fashion risk by deploying products that are "tested and proven," and we mitigate against product concentration risk by maintaining diverse and desirable product offerings. Over half of the net sales generated in any given season is derived from pieces that comprise "Iconic" and "Core Isabel" products based on an existing pattern, with variations in style, fabric and material or are repurposed from previously well-performing models, permanent collection pieces or carried over production runs of best-sellers, while less than 10% of our total order value for the 2019 F/W and S/S seasons was derived from our top 10 products by sales. As a result, for the 12 months ended September 30, 2019, we estimate our full retail sales equivalent was approximately €290 million (based on prices in Europe and an assumed mark-up of 2.3 times, excluding VAT and average discount on retail sales). While preserving our heritage and remaining true to our brand identity, we continue to innovate, responding to the demands of our clientele by addressing the changing nature of customers demand.

Wholesale proposition with flexibility, sales visibility and negligible inventory risk

Our wholesale channel allows us to reach customers through multiple doors across the globe, including some of the most prestigious department stores, multi-brand stores and online e-tailers. For the F/W 2019 purchasing season, our wholesale customer base included 625 wholesale clients, which distributed our products through 849 doors. We also have agreements in place that provide for the exclusive right to sell our products in specific regions through dedicated mono-brand stores that are managed and operated by our distribution partners in regions that we consider too specific and/or remote to operate directly. We believe the growth in wholesale gross orders per season (from €55.1 million in S/S 2017 to €67.1 million in S/S 2020 (as of October 2019) and from €59.6 million in F/W 2017 to €69.5 million in F/W 2019) and very low cancellation rates (1.7% in S/S 2019 and 1.6% in F/W 2019), coupled with strong wholesale gross margins (which increased 3.3 percentage points from the year ended December 31, 2016 to the year ended December 31, 2018), confirm the success of our business model. We have a loyal customer base reflected in our approximately 89% retention rate in S/S 2019 vs. S/S 2018 and approximately 90% retention rate in F/W 2019 vs. F/W 2018.



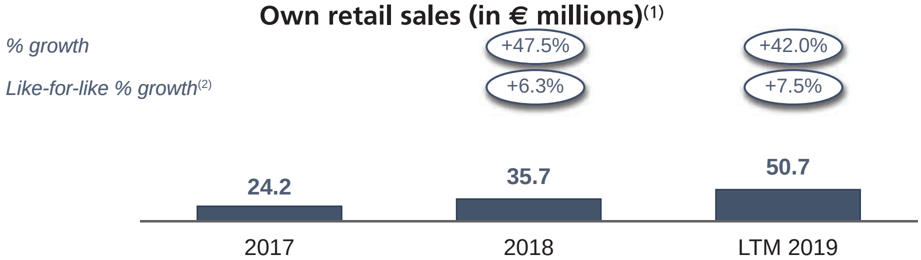
Our wholesale channel has a number of attractive features due to the fact that we only produce merchandise based on confirmed orders (giving us revenue visibility and virtually no inventory risk) and that our clients order four to six months prior to delivery so that by the end of July, we know our wholesale net sales for the year. As an illustration, €27 million of net sales (based on S/S 2020 gross orders) from our wholesale customers has already been secured for 2020. Further, we bear virtually no inventory risk as sales to wholesalers are made on a final-sale basis and once delivered, we have very limited obligations to recognize stock returns. As there are no commercial conditions attached to our orders (e.g., no sell-through, performance or other forms of guarantee) we retain a significant degree of flexibility. At the same time we continue to exercise control of our production, due in large part to our long-standing relationship with suppliers and our ability to predict our production with a degree of certainty based on final wholesale gross orders. We believe our pricing strategy, through which we adapt our prices depending on the geography and production cost, has allowed us to keep stable gross margins.

We carefully curate our wholesale distribution network and actively manage our brand image and positioning, by providing wholesalers with recommended prices based on an internal geopricing strategy and mark-down schedules to ensure consistency of our products' price positioning globally. We also monitor wholesalers' continued adherence to our pricing policy. To ensure the continuity of our brand image and policies, we only repeat business with wholesale commercial partners that act in line with our requirements. For the F/W 2019 season, our average order per door was €82,000 and our average order per wholesale customer was €111,000, demonstrating consistent increase in these metrics since 2017.

Successful track record in developing direct-to-consumer channels

We have a successful track record in developing our own retail distribution channel. We operate today through a high-quality network of 27 own-stores, complemented by two outlets and three concessions in Galeries Lafayette Haussman. The number of own-stores that we operate has increased from nine to 32 own-stores between December 31, 2016 and September 30, 2019. Since our first store opening, we have adopted an efficient and prudent approach, focusing on providing a curated experience to our customers that reinforces the Isabel Marant image while preserving robust store economics. The success of our retail store openings is reflected in a short payback period (measured as the length of time it takes to recoup initial capital expenditure on new store openings), ranging between 6 to 16 months on average for our stores globally, with a faster payback period between 8 to 11 months for China. The sales performance of our recent store openings have met, and in some cases exceeded, their initial 12 month budget, with continued sales growth in the last 12 months. Our own retail network, including our own e-boutique activity, has recorded like-for-like net sales growth of 6.3% in the year ended December 31, 2018 and 7.5% in the 12 months ended September 30, 2019.

Own retail sales (in € millions)(1)



(1) Includes sales from our own e-boutiques.
(2) Includes like-for-like growth from our own e-boutiques.

Our most recent openings have also shown success in their early performance, generating an average store EBITDA margin (defined as the ratio of EBITDA generated by each of our own-stores excluding head office EBITDA to net sales for the period, expressed as a percentage) of approximately 33% in the 12 months ended June 30, 2019, confirming the potential to roll-out our proven store concept.

Our physical retail network is complemented by our own fast-growing e-boutiques. Our own e-boutique isabelmarant.com, launched in June 2017, was developed in partnership and operated in conjunction with YNAP, while our isabelmarant.tmall.com platform, launched in 2019, is hosted by T-mall and operated in partnership with Ibaiqu. Our own e-boutiques enable us to be fully operational across ten currencies with a global delivery platform in seven languages. Our own e-boutiques accounted for €6.7 million, or 3.8%, of our total net sales for the 12 months ended September 30, 2019, generating an average order value of €390. Our online sales (including sales from our own e-boutique and wholesale e-tailers) generated approximately 23% of our net sales for the 12 months ended September 30, 2019. We believe, based on market research (including the Market Report) that our online personal luxury goods market penetration was almost double the average of approximately 12%.

Highly experienced management team and internationally recognized designers

We have an exceptional management team that works closely with our founders, the creative design team and a well-invested organization of 474 employees as of September 30, 2019. Our founder Isabelle Marant is supported by an in-house proprietary creation team, including dedicated employees covering each line and product category, which consistently introduce internationally sought-after products into the marketplace. Our management team brings over 75 combined years of experience in the luxury industry, including leadership roles in global brands such as LVMH, Céline, Paco Rabanne, Hermès, Lanvin and Goyard. Our top management is supported by valuable commercial, retail, design, development, operations, logistics, marketing and communication personnel among others, which collectively drive the results of the company. Since its initial investment in 2016, Montefiore, which has a strong track record of leading companies in France into their next growth phase, has been instrumental in key developments of the business. Changes in leadership, reinforcement of top management positions with professionals who have strong backgrounds and the diversification of sales by channel has been backed by Montefiore as the main shareholder, and this in turn has enabled Isabel Marant to further expand its internationally well-recognized luxury position today.

Solid financial performance combining profitable growth and strong cash generation

We have delivered solid top line growth while preserving profitability with EBITDA margins of 27.6%, 31.0%, 30.2% and 30.6% for the year ended December 31, 2016, the 12 months ended December 31, 2017, the year ended December 31, 2018 and the 12 months ended September 30, 2019, respectively, and a LTM Adjusted EBITDA margin of 31.7% for the 12 months ended September 30, 2019. The trend in EBITDA margins has been driven by the expansion of our own-store retail network allowing us to capture the higher margins of directly operated stores and the continued optimization of our wholesale network, both of which have been accomplished with low capital expenditure. This trend has also been driven by our commitment to partnering with high quality wholesale clients that demonstrate strong performance. We have also been increasing our investment in marketing and communication while entering new cities. This profitability has led to high cash flow generation, with EBITDA excluding capital expenditure margins (defined as the ratio of EBITDA minus capital expenditure to EBITDA for the period indicated, expressed as a percentage) of 50.3%, 56.8% and 58.2% for the 12 months ended December 31, 2017, the year ended December 31, 2018 and the 12 months ended September 30, 2019, respectively. Our cash flow generation is underpinned, in part, by our extensive wholesale channel, characterized by relatively low fixed costs, and in part by our own retail channel, which requires limited maintenance capital expenditures due to the number of new stores and carefully selected store layouts.

Our strategy

Continue to develop Isabel Marant's inspired vision of luxury

Our vision

We will continue to create highly desirable and innovative collections that capture the effortless Parisian aesthetic with a romantic and bohemian edge while preserving our core price range. Over the past 25 years, we have proven our ability to successfully develop the Isabel Marant vision with the addition of new categories to offer a diversified customer proposition, including all women's ready-to-wear categories (from T-shirts to evening dresses) and accessories (shoes, bags, gloves, scarfs and jewelry). More recently in 2017, we augmented this vision to encompass our newly launched men's line, Homme. We aim to continue to launch our ten collections within our existing categories every year through hundreds of new models alongside our permanent, iconic and "core Isabel" best-sellers.

Our organization

We believe our people form the foundation of our success. Internationally recognized designer Isabelle Marant, our founder and namesake, is supported by our in-house creative team of 50 designers and developers, who enable us to successfully launch collections that we believe set the market fashion trends and allow us to continuously innovate and grow. We plan to continue to nurture and scout the talented individuals who enable us to consistently lead our market. We plan to further develop our international teams, particularly in the Americas and Asia, by recruiting and promoting talented individuals. We also plan to integrate new capabilities to our customer relationship management and logistics organization. As part of our commitment to sustainable fashion, we are also currently building a company foundation that will support environmental, social and governance initiatives.

Our brand

We are members of the *Fédération de la Haute Couture et de la Mode* and have been a constant staple at Paris Fashion Week since 1994, where we showcase our new collections We will continue to build on the strength and recognition that the brand has gained from its showcases at Paris Fashion Week, as evidenced by the brand's place in the top 15 list for Paris Fashion Week F/W 2019 shows among influencers. We believe our brand and its values (integrity, openness and complicity) resonate with "Gen Z" and millennials through a social media ecosystem of over 1.8 million followers, located predominantly in France, the United States and Italy. We believe our customer engagement is further driven by the brand's high-level of celebrity and influencer support and its multiple collaborations with well-recognized brands (such as H&M and L'Oreal) and artists. Our bespoke store formats in key international fashion-bases such as Paris, New York, Los Angeles, London, Tokyo, Milan and Rome are one of the best ways to convey our brand values to our customers. We also plan to continue increasing targeted communication to keep building Isabel Marant's brand awareness, focusing our investments on outdoor, digital and press editorials.

Increase presence in key markets

Given the increasing worldwide demand for personal luxury goods (of which advanced designer luxury forms a part), targeted international expansion in key markets presents a particularly attractive growth opportunity for us. We have a proven track record of disciplined growth in multiple international markets across Europe, the United States and Asia. We intend to continue our growth in key urban areas including in France, the rest of Europe, Asia and the United States, targeting luxury avenues to reinforce our presence in the advanced designer luxury market and increasing recognition of our brands in these key markets. We also aim to increase our brand penetration in existing geographies, either directly or, where appropriate, through strategic distribution partners. We expect to continue building our presence directly in our key markets: Europe (particularly in France, Germany, Austria, Spain and Portugal), the Americas (particularly in the United States and Canada) and Asia (particularly in China). In addition, we have historically generated strong online wholesale sales through our e-commerce platforms of our wholesale partners and, since 2017, strong online retail sales through the e-boutiques. We expect to continue strengthening the online sales channel to drive continued sales growth. For the 12 months ended September 30, 2019, net sales from our online channel across both wholesale and retail accounted for 22.6% of net sales.

We intend to expand our network mainly through opening new own-stores, increasing wholesale partnerships and further developing our e-commerce platforms.

It is expected that by 2025, more than 45% of the personal luxury goods market will be attributable to Chinese customers and half of their luxury purchases will take place in China. We are building a significant presence in China, with six own-stores as of the date of the

Offering Memorandum (four as of September 30, 2019) and a growing wholesale distribution network. We intend to continue developing our footprint in the near- to medium-term and maintaining a disciplined approach to carefully monitor payback from new own-store openings in accordance with our investment criteria.

Speed-up customer acquisition through our omni-channel distribution network

Continue developing our wholesale presence

We have developed a strong global presence with more than 600 partners (multi-brand stores, department stores and distribution partners) and approximately 850 doors in global fashion capitals. As of September 30, 2019, our key markets of Europe (excluding France), France, the Americas and Asia, accounted for 388, 74, 94 and 44 wholesale partners, respectively. We are proud to partner with some of the most prestigious and internationally-recognized department stores (including Galeries Lafayette, Printemps, Le Bon Marché, Harrods, Selfridges, Bergdorf Goodman and Harvey Nichols), e-tailers (including Net-à-Porter, Matches Fashion and Mytheresa) and multi-brand stores (including Le Bon Genie and Maxfield). Our main markets of Europe (including France), the Americas and Asia have all experienced significant growth in total orders from our wholesale partners for the F/W and S/S 2018 and 2019 collections, which we believe belies our rapidly expanding brand awareness. We plan to continue developing our wholesale business and increase our average order per door while strategically selecting our wholesale partners to ensure continuity of our strong global brand proposition. We believe that our high-quality product offerings will continue to make us an attractive brand for all stakeholders, including distributors and landlords, allowing us to negotiate best-in-class partnerships, with continued success in our wholesale business driving improvements in our retail relationships and allowing us to further expand into high-end locations.

Accelerate our own-store roll-out

We intend to continue improving the attractiveness of our own-stores in order to enrich our customers' experiences. In 1998, Isabel Marant opened its first store in a former artist's studio in Paris in the "Bastille" neighborhood. In 2017, our store network expanded to include ten stores in some of the most prestigious locations of Paris, London, New York, Los Angeles, San Francisco and Miami. Since then, we have launched an expansion plan for our own-store retail network deploying high-quality physical doors across the globe targeting the urban cities to reach a retail network of 32 own-stores as of September 30, 2019, covering Europe (including France), the United States and China. We plan to further expand this network through a focused campaign targeting additional own-store openings in strategic geographies in the United States, Europe and China. In addition to opening new own-store locations, we plan to improve the in-store experience through customer relationship management tools and enhanced omni-channel capabilities.

Expand our digital presence

We intend to expand our e-commerce presence across both online multi-brand e-tailers and our e-boutiques with a view to maintaining the growth of our online distribution channel. We have experienced rapid growth in online sales in recent years, with e-commerce sales (including sales to multi-brand e-tailers as well as our own e-boutiques) representing 22.6% of our total sales for the 12 months ended September 30, 2019. Within our online sales, our isabelmarant.com and isabelmarant.tmall.com e-boutique sales to consumers represented 3.8% of total sales for the 12 months ended September 30, 2019, with approximately 470,000 average monthly visits and strong potential for additional future growth. We have already implemented omni-channel capacity in most of our stores, and would like to expand such capability to our distribution partners to provide a consistent level of shopping experience all around the world. In particular, we are planning to further develop our Chinese e-boutique launched in 2019 in partnership with T-Mall following strong success in the ramp-up phase. We will continue to reinforce our relationships with our strongest performing e-tailers (including Net-à-Porter, Matches Fashion and Mytheresa), in addition to the e-commerce platforms of our department and multi-brand store partners.

Expanding our accessories offerings
In addition to our ready-to-wear, our shoes, leather goods and accessories and jewelry products represent a large and growing piece of our total product offerings by net sales, which we believe is driven by corresponding growth in the personal luxury goods market. Accessories have historically been instrumental to our success, driven by a number of key products, including the tremendous success of the Bekett, Bobby and Dickers sneakers and boots. Our current women's shoes, leather goods and accessories and jewelry product offerings represented 29.8% of total net sales for the 12 months ending in September 30, 2019, with women's shoes alone representing 20.4%. We believe that there is significant growth potential in the our non-apparel product offerings, which have been supported by stable sales in ready-to-wear, and that these products will represent an increasing share of our net sales in the future. In 2017 we launched a full line of leather goods, which we plan to expand further. Leather goods is a key category that enables us to reach a more widespread clientele while remaining loyal to our brand identity. We believe that building out our product offering will further buttress customer loyalty and increase average basket size by allowing us to capitalize on incremental sales opportunities.

Capture the high potential of menswear
We launched the first Isabel Marant men's collection in our S/S 2018 show and intend to continue developing our menswear offering based on Isabel Marant's vision of the "Parisian cool guy" aesthetic through a curated use of knitwear, t-shirts, shorts, pants and iconic jackets, which has already demonstrated great success. We believe there is potential for additional growth in our Homme menswear line, which represented only 2.1% of net sales for the 12 months ended September 30, 2019. In September 2019, we opened our first Homme store in Paris and are planning to further develop the Homme concept through our wholesale network. We are also targeting the opening of additional men's stores across our targeted geographies in the near to medium term. Sales of menswear have shown solid growth in recent years, and the menswear segment of the global luxury market is expected to continue expanding. To further tap into this potential in menswear, we also intend to leverage targeted events, social media and partnerships with leading trend setters.

Maintain a disciplined financial policy to deliver profitable growth and cash generation
Disciplined approach to design and creation
We will continue to focus on the categories and products that we believe have the highest perceived appeal to our customers and the highest sell-through potential. In this respect, we are committed to creating desirable and innovative collections that define fashion trends and include strategic product collaborations. We are committed to providing customers with high-quality collections. We also intend to continue improving the attractiveness of our doors and e-commerce platforms across our wholesale and retail networks to enrich our customers' purchasing experience.

Balance channel mix to minimize business risk
We intend to continue generating a substantial part of our net sales primarily through wholesale and e-commerce, maintaining a balance over our own more capital-intensive retail operations. We believe we have a proven ability to manage growth simultaneously across our multiple distribution channels of wholesale, retail and online.

Focus on operating leverage and margins
We are committed to maintaining operational efficiencies to ensure high standards and appropriate cost control. We are continuously focused on growing our business not just in size, but also in terms of margins and profitability. We believe we have demonstrated our ability to deliver profitable growth while undergoing a rapid network expansion. We continue to seek increased distribution efficiencies through economies of scale and marketing efficiencies such as

building our brand's online presence, including through social media and wholesale partners' e-commerce platforms, in order to drive further profitability. Our continued focus on cost control and efficiency aims to further EBITDA margin improvement. In particular, we will seek to continue to increase our net sales through like-for-like sales growth and profitable expansion to increase EBITDA and cash flow. We believe there are opportunities to achieve further operational efficiencies and procurement benefits within our business, and we intend to continue to identify and implement such initiatives.

Cash flow generation initiatives

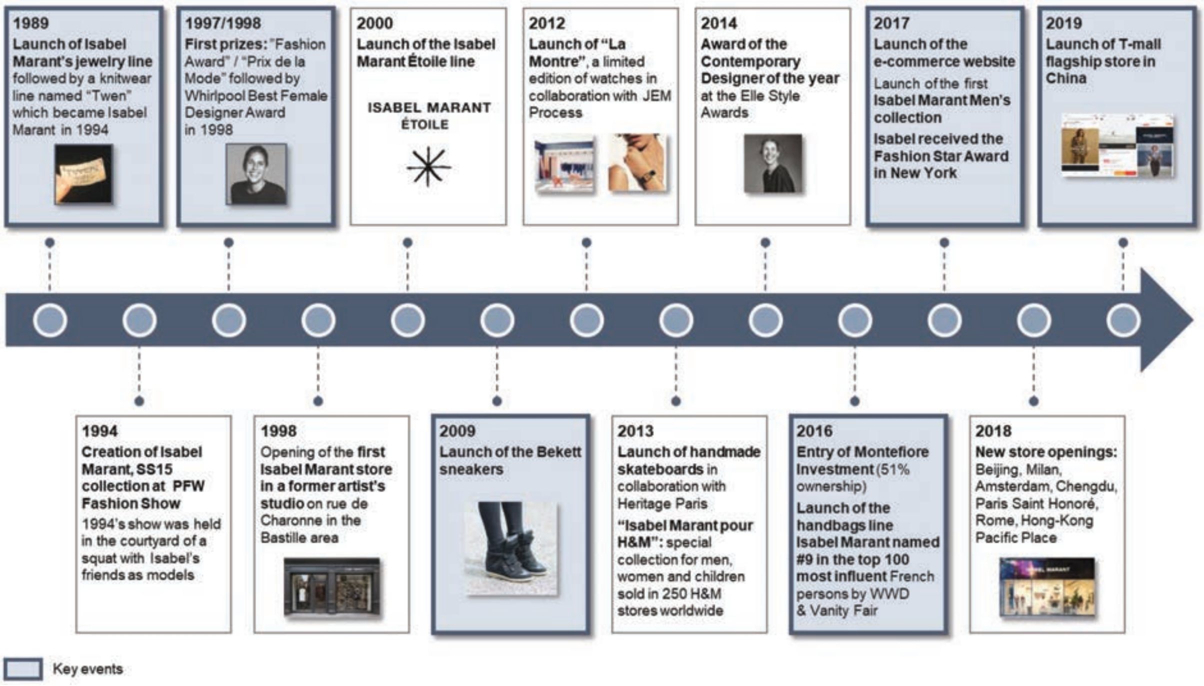
We intend to maintain our lean business model which delivers an efficient cost structure and strong cash flow generation. As part of our return-driven investment strategy, we seek a high level of excellence in managing our network, which we believe will drive profitability and high returns from our new own-stores. We believe our disciplined investment approach enables us to minimize the ramp-up period of new own-stores and to realize short payback periods for those stores. We expect that as our EBITDA increases, our continued working capital optimization efforts and capital expenditures efficiencies will continue to support strong cash flow generation and help to maintain our high cash conversion.

Our history

Isabel Marant was founded in Paris in 1994 by French fashion designer, Isabelle Marant. Our brand focuses primarily on ready-to-wear, leather goods, accessories, shoes and jewelry that appeal to a wide range of customers. Since our first fashion show showing our Spring/Summer collection in 1995 the brand has sustained continuous growth in terms of:

- product categories, with the addition of Étoile (our second line) in 2000 and Homme (our menswear line) in 2017;
- geographies, from a studio in Paris to a presence in over 60 countries today; and
- distribution, from a single door to over 800 doors, including 32 own-stores in some of the most prestigious shopping areas globally.

The following presents our history from our beginnings in 1989 through to the date of the Offering Memorandum:



Our lines

As a global luxury brand operating in the advanced designer segment of the personal luxury goods market, our mission is to create innovative, high-quality collections centered around the S/S and F/W fashion seasons, which in turn drive orders from wholesalers and our seasonal retail offerings. We structure our collections around our two main lines, IM (under which we also market our shoes, leather goods and accessories and jewelry product offerings) and Étoile, in addition to our new exclusive men's line Homme, each of which has its own identity and dedicated design team. We believe our lines harmoniously cater to a wide range of customer tastes and budgets among advanced designer luxury brands within the personal luxury goods market. These complementary lines and product offerings allow us to achieve better penetration of segment by addressing different customer profiles with appropriate products and price ranges. We are known not only for our pioneering style and recognizable silhouette and design, but also for the wearability of our pieces, which we believe makes us a favored brand among a broad age range of our loyal customer base. Our primary focus of designing pieces that our team would wear themselves has led the creation of iconic pieces such as our Bekett sneaker which, launched in 2009, has been imitated across the world.

Isabel Marant

IM, our womenswear flagship line, is known for successfully integrating a mixture of genres, inspirations, craftsmanship traditions and styles to champion an effortless Parisian aesthetic with a romantic and bohemian edge. The IM line is characterized by its ability to remain true to the "less is more" look and we strive to create pieces that reflect our customers personality as well as staple, everyday wardrobe pieces that cater to and resonate with women of all ages, targeting a wide customer base in the advanced designer luxury market.

IM is our largest line by net sales and made up 57.4% of our net sales (including sales of shoes, leather goods and accessories and jewelry sold under the IM line) in the 12 months ended September 30, 2019. The IM line produces both ready-to-wear and our shoes, leather goods and accessories and jewelry product offerings. For the S/S 2020 season (based on wholesale and retail sales already made as of the time of the Offering Memorandum) our average retail price point for IM products was €558 per product.

IM produces two pre-collections of 110 different SKUs (which we refer to as "**models**") and two show collections of 150 models per show collection annually.

Isabel Marant Étoile

Étoile, our ready-to-wear-only diffusion line, was launched in 2000, six years after the creation of IM, its parent line. The philosophy of Étoile is principled on the same values of our IM line, but is meant to meet the weekend, vacation or casual needs of the same woman that can afford our IM line.

For the 12 months ended September 30, 2019, Étoile contributed 39.5% of our net sales. The Étoile line consists only of ready-to-wear apparel. For the S/S 2020 season (based on wholesale and retail sales already made as of the time of the Offering Memorandum) our average retail price point for Étoile products was €278 per product.

Étoile produces two collections per year with approximately 200 models per collection. In addition, Étoile maintains certain signature ready-to-wear pieces as part of its permanent products collection.

Isabel Marant Homme

We marked a new chapter by expanding into menswear in 2017. After showing our first menswear products as part of our collaboration with H&M (see "—*Collaborations*"), the success of the collection encouraged us to expand into a full men's capsule collection that was presented in the S/S 2017 fashion show and was first offered for sale to our end customers in 2018. The menswear range remains true to our brand philosophy of effortless French style. Homme pieces draw their inspiration from the female wardrobe and are re-designed to create our version of the "Parisian cool guy" aesthetic through a curated use of knitwear, t-shirts, shorts, pants and iconic jackets. For us, the transition to menswear was seamless due to the often-genderless and androgynous nature of the womenswear line, while at the same time creating new and quality pieces tailored and fitted to our male customers.

For the 12 months ended September 30, 2019, Homme contributed 2.1% of our net sales. The Homme line produces both ready-to-wear and accessories targeted at our growing male customer base. For the S/S 2020 season (based on wholesale and retail sales already made as of the time of the Offering Memorandum) our average retail price point for Homme products was €252 per product.

Homme produces two collections with 100 models per collection and two show capsules with 60 models per show capsule annually.

Shoes, leather goods and accessories and jewelry

We design a range of shoes, bags, hats, scarves, belts and jewelry to complement our distinct garment pieces and to complete the Isabel Marant silhouette and showcase the distinct Isabel Marant style. Our shoes, leather goods and accessories and jewelry pieces are all branded under the IM and Homme lines. We have historically had a strong shoe offering in particular and are observing a promising increase in our more recent leather goods offerings.

Due to the significance we place on our shoes, leather goods and accessories and jewelry designs, we tailor collections of these pieces to match our line offerings. We produce two collections and two show collections of each of our shoes, leather goods and accessories and jewelry lines annually. Our shoe collections have approximately 120 models per collection, while our leather goods and accessories and jewelry collections each have approximately 80 models per collection.

Selling prices for a piece in our shoes, leather goods and accessories and jewelry lines vary considerably based on the design, material and manufacture of the individual piece. For the S/S 2020 season (based on wholesale and retail sales already made as of the time of the Offering Memorandum) the average retail price points for women's and men's shoes was €495 and €335 per pair of shoes, respectively, while the average retail price point for our bags was €357 per bag. For the 12 months ended September 30, 2019, our shoes, leather goods and accessories and jewelry (excluding our Homme line) contributed 29.8% of our net sales.

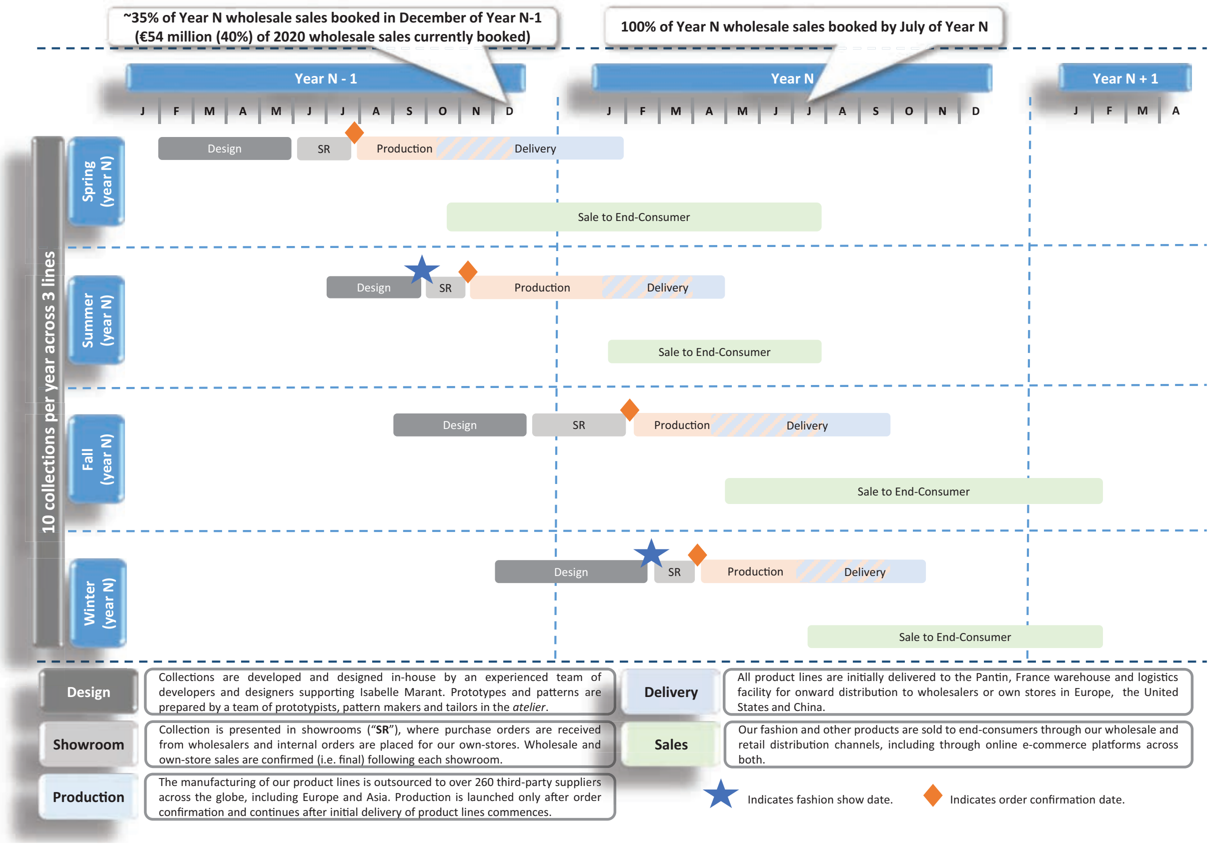
Collaborations

We have historically partnered with leading recognized global brands to support and expand our brand recognition. By collaborating with H&M and L'Oréal, we received exposure beyond our existing base of customers. The "*Isabel Marant pour H&M*" launch in 2013 resulted in increased brand awareness among a historically untapped segment of our fashion-conscious but price-sensitive customer base, while ensuring that all garments were created with the same standards and philosophy as with our traditional Isabel Marant-branded pieces. For instance, as a direct result of the success of the pieces we created for men as part of the H&M, we made the strategic decision to launch our Homme line. H&M's selection of Isabel Marant for this collaboration positioned our brand among some of the most iconic global fashion houses, while increasing our brand recognition on a global scale. The "*L'Oréal x Isabel Marant*" makeup collaboration and resulting international media campaign launched in 2018 further strengthened the brand's global recognition and allowed IM to penetrate the previously untapped beauty market, and the lower price point served as a gateway into fostering a relationship between the brand and potential future customers. In the past we have also collaborated with JEM, a watchmaker (2014), Maison Héritage, a maker of skateboards and other gaming equipment (2013-2014) and Oliver Peoples, an eyewear producer (2014) to further enhance our product offering.

Our collections' lifecycles

Our design activity and luxury product offerings are centered around our S/S and F/W collections. Collections have an approximate life cycle of one year from design to sale to customers in the market and include four main stages: (i) collection design and prototype/pattern production; (ii) collection shows at which wholesalers place orders; (iii) manufacturing of collection product lines by third-party suppliers; and (iv) sales of finished collection pieces to wholesalers and to our customers. In addition to our S/S and F/W seasonal collections, we also collaborate with certain third-party retailers to create non-seasonal capsule collections. For example, in April 2019, we launched our exclusive Isabel Marant capsule with Net-à-Porter consisting of 35 pieces spanning ready-to-wear, swimwear, shoes and leather goods (see also "*—Our Distribution Channels—Online—Online retail*").

The following diagram presents an illustrative lifecycle of IM line's four collections across the S/S and F/W seasons.



Our distribution channels

We sell our luxury ready-to-wear, shoes, leather goods and accessories and jewelry through our wholesale and retail distribution networks, including online e-commerce platforms that span both. We believe we benefit from diversification of our distribution channels such that we are able to capitalize on the benefits of each, which in turn allow us to partially offset individual downsides within each distribution channel. For the 12 months ended September 30, 2019, our net sales were split 51.7% for our physical wholesale (i.e. excluding wholesale e-commerce) and 24.7% for our physical retail (i.e. excluding our own e-boutiques) and 22.6% for our online activities (including wholesale e-tailers and our own e-boutiques).

Our wholesale network consists of prominent multi-brand and department stores, as well as our distribution partners and core multi-brand e-tailers, all of whom buy stock from us directly at wholesale prices for resale to end consumers for retail prices. We provide wholesalers with recommended retail prices (based on a geopricing strategy setting forth differentiated pricing depending on country and currency) and mark-down schedules to ensure the consistency of our product's price positioning globally. Although we exercise virtually no control over our wholesalers' practices, our products or our brand placement once delivered to the wholesaler, we monitor our wholesalers' practices to check, among other things, whether pricing discounts are being applied according to our recommendations. Our own retail distribution channel comprises our own-store, concessions in prestigious department stores and outlet networks, through which we sell our apparel and other products directly to our customers at retail prices. Our own retail distribution channel provides us with total control over pricing, merchandising, brand environment and customer experience across these own-stores. Due to our direct operation of each of our own retail doors, our own retail networks also expose us to operating and stocking risk with respect to the doors we operate and products we sell. Our online distribution channel intersects both wholesale and retail, and enables us to sell to both multi-brand and e-commerce platforms and directly to customers through our own e-boutiques.

Wholesale

Our wholesale distribution channel consists of sales and deliveries of our product lines to third-party retailers at wholesale price points for onward sale to customers, through which they earn retail prices. Our collections are presented to third-party retailers four times a year (corresponding to the S/S and F/W purchasing seasons), at which point orders are taken. We place production orders based on confirmed orders from our wholesale partners as well as our expected retail needs, with delivery of the finished products between four and six months after conclusion of each buying season. For the F/W 2019 season, we worked with 625 wholesale partners globally, of which 388 were located in Europe (excluding France), 74 were in France, 94 were in the Americas (predominantly in the United States), 44 were in Asia (including China) and 11 were located throughout the rest of the world. In addition, we worked with 14 wholesale e-tailer partners. All sales to wholesalers are made on a final-sale basis and once delivered, we have very limited obligations to recognize stock returns. In addition, we typically do not provide performance or other guarantees of any kind to wholesalers.

Our average order per door for the F/W 2019 season was approximately €82,000 with an average order per client of approximately €111,000. We believe that our wholesale distribution channel enjoys strong relationships with our customers, having recorded an average cancellation rate of 1.7%, 3.2% and 1.6% for the F/W 2017, F/W 2018 and F/W 2019, respectively and a 0.8%, 1.6%, 1.7% for the S/S 2017, S/S 2018 and S/S 2019, respectively and a retention rate of 90% from F/W 2018 to F/W 2019 and 89% from S/S 2018 to S/S 2019, meaning the same wholesale customer placed an order in the relevant order book. We have been able to defend and increase our wholesale margins due to our optimized wholesale network, whereby we partner with high quality wholesale clients that demonstrate strong performance.

We sell to wholesalers through agents in four regions: the United States, Scandinavia, Eastern Europe and the Benelux region (Belgium, Netherlands and Luxembourg). Our agents operate showrooms and promote our brand recognition and development. For example, in 2007 we entered into an agreement with Findings New York, Inc. (with U.S. offices in Los Angeles and New York) for the promotion and marketing of each season's collection across our wholesale channels in the United States and, since 2018, for the promotion and marketing of our collections to multi-brand stores in the United States. Since January 2019, our collections in the United States have also been showcased in our New York showroom to improve our brand image. Other agents with which we work include Place Rouge in Eastern Europe, Soledad in the Benelux region and Blender in Scandinavia.

Multi-brand stores

We sell our ready-to-wear, shoes, leather goods and accessories and jewelry products to exclusive high-end multi-brand stores across the globe and particularly in Europe, the United States and Asia. Multi-brand stores are physical brick-and-mortar stores where multiple brands are sold within the same store, including, in addition to our own, Dries Van Noten, Miu Miu, Alexander Wang and Stella McCartney. Examples of multi-brand stores that sell our products include Maxfield in Los Angeles, Antonia in Milan, Browns in London, Joyce in Hong Kong and Bon Génie in Zurich. We generally exercise no control over store layout, design or concept with respect to the prominent multi-brand stores to which we sell our products. Orders by multi-brand stores constituted the largest portion of our wholesale distribution channel, accounting for 37.6% and 36.8% of our total gross orders for the S/S and F/W 2019 seasons, respectively.

Department stores

Our ready-to-wear and other products are also sold in large, prestigious department stores across the world in brand-designated sections, including in Le Bon Marché, Printemps, Selfridges, Harrods Galeries Lafayette and El Corte Ingles in Europe, Bergdorf Goodman, Nordstrom, Saks Fifth Avenue, and Neiman Marcus in the United States and Shinsegae and Isetan in Asia. As of September 30, 2019, our lines were distributed through 202 doors in approximately 30 countries. We negotiate with certain department stores for "shop-in-shop" arrangements under which our doors in such stores are tailored to the IM, Étoile and/or Homme branding concepts (including the provision of a dedicated, branded space and design concept within the department store), as we believe this provides the customer with a better shopping experience. In addition, in certain of our department store doors in France and the United States, a portion of the attendants employed in these areas are employed or financed by us directly, rather than by the relevant department store, which we believe permits us greater control over our brand management and shopping experience for our customers. Orders by department stores accounted for 30.7% and 29.3% of total gross orders for the S/S and F/W 2019 seasons, respectively.

Distribution partners

We sell our ready-to-wear and other products to Isabel Marant-branded physical stores that are managed and operated by our distribution partners in regions that we consider too specific and/or remote to operate directly. As of September 30, 2019, our products were sold to 15 Isabel Marant-branded stores operated by our distribution partners in Denmark, Germany, Monaco, Russia, Lebanon, Dubai, the Hong Kong and Macau Special Administrative Regions, South Korea and Japan. In general, our agreements with our distribution partners provide regional (by city or country) exclusivity to such distribution partner to sell our products. We authorize our distribution partners to use the Isabel Marant branding, design and other intellectual property in their stores pursuant to distribution agreements that ensure the quality and design of the brand, as well as the customer experience, are upheld. We categorize our arrangements with our distribution partners as wholesale activity due to the fact that such distribution partners retain ownership of stock upon delivery and are contracted with on wholesale terms (i.e. without the benefit of performance guarantees and with limited ability to return stock once purchased). We provide certain discounts to our distribution partners based on a business plan that is negotiated and revised at set points throughout the year, and we continuously monitor the performance of our distribution partners and their brand representation to ensure continuity of brand integrity. Orders by distribution partners accounted for 6.4% and 7.4% of our total gross orders for the S/S and F/W 2019 seasons, respectively.

Online wholesale
We primarily sell our ready-to-wear, shoes, leather goods and accessories and jewelry to large, prominent online wholesalers specializing in high-end ready-to-wear, such as Net-à-Porter, MatchesFashion and Mytheresa, who in turn sell our products to customers on their e-commerce platforms. In addition, our products are sold on the e-commerce platforms of large, prominent multi-brand stores and department stores, many of which also sell our products in-store. We select these platforms according to a commercial strategy based on exclusive distribution and minimum order levels.

The wholesale e-commerce platforms on which our products are sold generally have full control over management of their own website, including marketing, publishing and hosting, provided that they respect the image and uphold the specific branding requirements of the branded products they sell. We may nevertheless make specific requests to showcase key products. Our wholesale e-commerce partners are also responsible for order acceptance, dealing with customer requests for information and order processing and follow-up. Under the terms of our arrangements with the wholesale e-commerce platforms, sale prices on e-commerce platforms are consistent with our own pricing policy in the region or regions in which the e-commerce platform operates.

For the 12 months ended September 30, 2019 wholesale activity linked to e-commerce platforms accounted for €33.5 million, or 18.8%, of our net sales.

Retail
Our retail distribution channel consists of direct sales of our ready-to-wear lines and our shoes, leather goods and accessories and jewelry product offerings to our customers. Our retail sales activity is realized through 32 doors (excluding our e-boutiques), comprised of 27 own-stores, two outlets and three concessions in Galeries Lafayette Haussmann in France, over which we exercise full inventory ownership and design and concept control, as well as two e-boutiques. Our own retail doors are located across Europe (including France and the United Kingdom), the United States and China and generated 28.8% of our net sales for the 12 months ended September 30, 2019 (including our own e-boutiques). In the year ended December 31, 2018, we sold 110,000 units in our own retail stores.

In addition, our retail performance has generated successful growth for our business and brand, with like-for-like net sales (being net sales of our own-stores and e-boutiques for the periods presented, adjusted to reflect net sales attributable only to those stores that operated continuously for the full two periods presented expressed as a percentage of growth) from our own-stores growing 6.3% in the year ended December 31, 2018 compared to the 12 months ended December 31, 2017, and 7.5% in the nine months ended September 30, 2019 compared to the corresponding period in 2018. We have successfully maintained and increased our retail gross margins in recent years, despite opening several new own-stores.

Part of our strategy is to increase the weight of our own retail distribution channel, partially to capture the higher retail gross margin that this channel can command, and partially to respond to changes in the industry that are redirecting footfall from certain multi-brand department stores to mono-brand retail stores.

Own-stores
We operate freestanding brick-and-mortar Isabel Marant-branded doors implementing our own design concept and standards across Europe, the United States and China (see "—*Our Real Estate*"). We manage our own-stores pursuant to lease and commercial agreements and we are directly responsible for all inventory, personnel and marketing of our own-stores. For the 12 months ended September 30, 2019, our ready-to-wear and other products were sold in 27 physical stores (15 of which were opened in the last two years and are still in their ramp-up phase) that accounted for €39.9 million, or 21.7% of our total net sales.

Our store concept is centered on showcasing all three of our lines depending on factors such as the geography, size and local positioning of a particular store. Our strategy is to target luxury avenues and shopping districts in urban centers. Our own-stores are designed by an in-house team of five architects and rolled out in close partnerships with contracted local architects, to provide a uniquely-Isabel Marant curated luxury shopping experience. We pride ourselves on creating a very specific store design that reinforces the customer experience, mixing art and artisan pieces specifically developed for our stores with a customer experience curated around our products' placement.

In almost every own-store, customers can browse through our IM and Étoile product lines. Additionally, we offer our Homme product line in 14 stores where there is sufficient size and traffic area to support the line, plus one dedicated store in Le Marais in Paris opened end of September 2019.

Department store concessions

We operate under three concession arrangements in Galeries Lafayette Haussmann, a prestigious French department store offering luxury ready-to-wear and benefit from a strong flow of occasional customers. Under these concession arrangements, all sales, employees, inventories and marketing activities are directly managed and operated by us. We believe the concession model, when well negotiated, can improve profitability by maximizing sales above what a pure-wholesale model would otherwise provide and enables us to better control our concept and branding. As with our directly operated freestanding stores, we retain full control over our directly-operated concessions, particularly with regard to the choice of decor and furnishings, which allows us to create an ambience similar to that in our own-stores.

For the 12 months ended September 30, 2019, sales to customers made through our concessions in Galeries Lafayette Haussmann accounted for €1.4 million, or 0.8% of our net sales.

Online retail

A significant portion of our own retail sales is conducted on our e-boutiques, isabelmarant.com (our e-commerce platform serving our customers across the world outside of China) and isabelmarant.tmall.com (our e-commerce platform serving our customers in China). Our e-boutique isabelmarant.com, launched in June 2017, was developed in partnership and operated in conjunction with YNAP, while our isabelmarant.tmall.com platform, launched in 2019, is hosted by Tmall and operated in partnership with Ibaiqu. Our e-boutiques enable us to be fully operational across ten currencies with a global delivery platform. We believe our e-boutique partnerships provide us total control over the product mix and brand identity (for example by providing our own product media and website design concepts), while outsourcing both the logistics of our online sales (including shipments, returns and exchanges) as well as administrative functions (including order procurement, digital marketing and platform maintenance) to such partners. Our own e-boutiques are available in seven languages and allow us to deliver our customers what we believe to be the highest level of online customer experience. We have also implemented omni-channel capabilities in our own e-boutiques, such as pick up in store, return in store, "Click and Collect" and "Click from Store" and are also in the process of developing in-store appointment bookings and in-store ordering functions, which we believe will enable us to increase in-store foot traffic. Over the past 12 months from the date of the Offering Memorandum, more than 650 items have been sold through pick up in store transactions, representing two percent of gross sales for the isabelmarant.com website. More than 3,700 items have been reserved. We believe the development of our own e-boutiques has further accelerated the digitalization of our business by enabling us to provide a uniquely Isabel Marant luxury online shopping experience to our customers, which we believe to be comparable to that offered at our physical doors. For the nine month period ended September 30, 2019, we received over 4.1 million unique visits to our own e-boutiques (representing an increase of approximately 40% from the same period in the previous year) with a conversion to sales rate of approximately 0.8% and an average order value of €378 per order (representing an increase of approximately 7% from the previous year). Our online sales principally came from buyers in the United States, France and the United Kingdom. Based on our internal data, we believe approximately 73% of the visitors to our own e-boutique were unpaid, either searching for or typing isabelmarant.com into their internet browser rather than having been directed to our website through key word advertisement on search engines and other portals.

For the 12 months ended September 30, 2019, sales generated in our own e-boutiques accounted for €6.7 million, or 3.8% of our total net sales, with highest number of orders placed from customers located in the United States, France and the United Kingdom.

Outlets and press sales

In addition to our own-stores, we operate outlets to manage unsold inventory from our own retail networks and distribute IM products from previous collections at discounted prices. We manage our outlets pursuant to lease and commercial agreements and we are directly responsible for all of their inventory, employees and marketing. During the 12 months ended September 30, 2019, we operated two outlets in premium sales locations in Europe, which together accounted for €2.3 million, or 1.3% of our net sales, and have finalized the contract on another lease for an outlet in the United States to be opened by the end of 2019.

We also organize "press sales" twice a year (in April and in November for four days each) in the center of Paris to sell products from older seasons. For the 12 months ended September 30, 2019, sales to customers during press sales accounted for €1.8 million or 1.0% of total net sales.

Online

Our online distribution channel consists of sales of our ready-to-wear and other product lines through both wholesale and retail e-commerce platforms. Our wholesale online activity is executed through prominent, luxury-focused multi-brand e-tailers, as well as through the e-commerce platforms of multi-brand and department stores. Our online retail sales activity is executed through our two own e-boutiques. E-commerce platforms represent an increasing proportion of our net sales as well as a marketing tool to develop awareness of our lines across the globe. For the 12 months ended September 30, 2019, online sales activity across both wholesale and retail distribution channels accounted for 22.6% of our net sales. See "*—Wholesale—Online wholesale*" and "*—Retail—Online retail*."

Our design and production process

Design

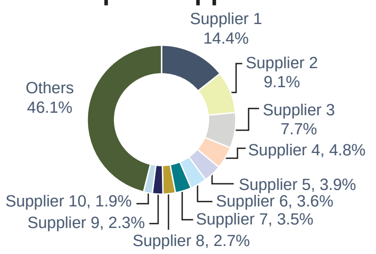
Our ready-to-wear, shoes, leather goods and accessories and jewelry products' design and development process is conducted 100% in-house, as befits our membership in the *Fédération de la Haute Couture et de la Mode*, the most prestigious trade body for the French fashion industry. Isabelle is supported by 28 designers in the design of our IM, Étoile and Homme lines, accessories and jewelry, split into product-specific design teams to maintain line independence and distinctiveness. Those teams are in turn supported by a development team of 22 developers organized by discipline (such as fabric development, knitwear, jersey and shoes), as well as certain merchandisers overseeing our collections and ensuring price positioning. In addition to Isabelle Marant herself, the design teams are headed by a Director of Ready-to-Wear and Accessories and a Director of Studio.

In order to ensure the best product fitting and quality, the design teams are assisted by an in-house workshop (*atelier)* supported by a team of 38 prototypists, pattern makers, cutters and tailors to create prototypes and patterns for each fashion piece designed in our studio. The prototypes and patterns in turn serve as the model from which our pieces are manufactured. We believe our in-house design and prototype creation process gives us total control over each of our design concepts, costing, quality, fitting and grading, as well as flexibility to foster creativity. Not until we are completely satisfied with the quality, design or aesthetic of each of our garments and other products are the prototypes and patterns released to our manufacturing partners for line production.

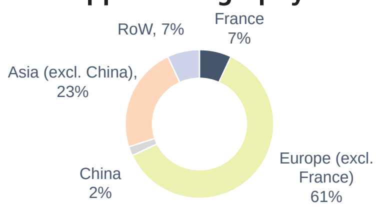
Production

We do not own or operate any manufacturing facilities and as a result we fully outsource our production to third-party suppliers for production of our fashion lines, which we believe provides us additional flexibility to negotiate competitive purchase orders and to maximize industry know-how and balance between production capabilities and capacities in the selection of our suppliers. We generally contract to manufacture according to two arrangements: trade purchases and sub-contracting. Trade purchases consist of acquiring finished products, whereby we supply the product design specifications and prototypes developed in-house to our suppliers and they produce the merchandise with raw material sourced by them, subject to our specifications and quality control procedures. Pursuant to sub-contracting arrangements, we contract with suppliers for manufacturing output, providing them with the fabrics, components and other raw materials that we source, develop and/or purchase. While sub-contracting arrangements expose us to some risk because we own the raw material inventory, we believe they provide us with better quality control in ensuring our designs are manufactured according to our stringent specifications. We use both trade purchase agreements and sub-contracting arrangements depending on the product category and the supplier skills across our ready-to-wear, shoes, leather goods and accessories and jewelry products production.

Top 10 Suppliers(1)



Supplier Geography(1)



(1) As of the end of October, 2019.

We rely on a broad range of suppliers across the globe including Europe and Asia. As of the end of October, 2019, our suppliers in Europe (excluding France), France, Asia (excluding China), China and the rest of the world accounted for approximately 61%, 7%, 23%, 2% and 7% of our supply costs, respectively. In addition, we maintained relationships with over 260 suppliers in the production and manufacture of our ready-to-wear and other products, and we sourced approximately 53.9% by supplier cost of our raw materials (*négoce*) and finished goods (*façon*) from our top ten suppliers. All of our top ten suppliers have been suppliers to our brand for over ten years on average, with our négoce and façon suppliers working with the brand for 12 years and 9 years on average, respectively. Given the diversity of our supplier base, we do not believe we are reliant on any one manufacturer to deliver our supply chain needs and we tend to maintain relationships with multiple suppliers in each product category and use them depending on cost, design specifications and time-to-market. Purchasing of manufactured products and sub-contracting is managed at our central headquarters in Paris. We supervise our suppliers both from our head offices and, in certain instances, from local sourcing offices, in order to closely monitor and control our supplier's performance, quality and attention to cost and design details both during production and post-production. For certain ready-to-wear products we provide our own-sourced fabrics and raw materials to ensure product quality, design and cost. We do not enter into term or volume-based production contracts with our suppliers, rather we enter into production orders for the manufacture of individual or related product runs on a flexible, season-by-season basis.

Our procurement and purchasing functions are managed by teams organized by discipline. Quality control employees regularly carry out strict inspections of the prototypes and patterns for each product and final inspections prior to dispatch to our warehouse facilities or stores. When we identify a defective product prior to delivery, we demand reimbursement from the supplier. Historically, the percentage of defective products has been low.

The majority of our purchasing is denominated in euro, with the exception of approximately $4 million of purchases *per annum* denominated in U.S. dollars, which corresponds to the sourcing of ready-to-wear in Asia (mainly certain outerwear and knitwear products and shoes).

Our logistics and order fulfillment

Logistics

All products manufactured by our third-party suppliers are delivered to our warehouse and logistics facility in Pantin, France, on completion. The wholesaler acts as buyer in our wholesale sales arrangements and we act as buyer in our own retail arrangements. We have not experienced any material issues with our delivery arrangements.

Our warehouse and logistics facility in Pantin, France, is a bonded warehouse. This means that we do not bear the cost of import taxes on products received at the facility for delivery outside EU, which enables us to minimize our exposure to import taxes and duties. We also have established "first sale rule" practices for products that are delivered to the United States, such that products produced specifically for the United States market are tagged both digitally in our inventory systems and physically at the point of production and when received at our Pantin, France facility and then shipped to the USA. This enables us to further minimize our import duty and tax exposure in the United States.

In 2018, we subcontracted with an additional warehouse in Shanghai, China, where we store all products necessary for restocking our Chinese retail stores and isabelmarant.tmall.com e-boutique. In addition, in July 2019 we outsourced a third-party warehouse facility in New York, United States, to manage our restocking needs for our U.S. retail stores.

Warehouses and logistics facilities

Our primary warehouse and central distribution facility is located in Pantin, France, which covers our global logistics and order fulfilment needs, and we outsource our warehouse needs related to retail in the United States and China to third-parties with warehouse facilities located in New York, United States and Shanghai, China, respectively.

Pantin, France

Our logistics and warehouse facility in Pantin, France comprises two units, one with 2,533m^2 of storage space and 279m^2 of office space and the other with 2,603m^2 of storage space and 266m^2 of office space. We continue to evaluate storage capacity to support the business and the growth plans of our business from existing and new doors over the medium to long term. The Pantin, France facility serves as our central logistics center and serves all doors, directly or indirectly, as well as serving as the base for our customer services and accounting teams. The lease on the facility is for a term of nine years and is provided under French law, which generally provides a high level of protection for tenants including with respect to our ability to renew the lease.

New York, United States

We outsource warehousing services comprising stocking and fulfillment functions necessary to service our own retail stores in the United States to a third-party warehouse facility located in Melville, New York. In addition, the New York warehouse facility provides replenishment to our stores in the United States as well as end of season storage before the products are allocated to the outlets to support our wholesale activity in the United States.

Shanghai, China

In China, we outsource warehousing services comprising stocking and fulfillment functions necessary to service our own retail stores in China and our isabelmarant.tmall.com e-boutique to a third-party facility located in Shanghai, China.

Order fulfillment

We subcontract transportation and delivery to a number of air and freight carriers, including UPS and Gondrand & Schneider in Europe and Acte International & Mallaury in the United States. We estimate that our logistics process (not including maritime transportation) from order preparation to downstream transport takes a maximum of one to two weeks.

We outsource our e-retail order fulfillment to YNAP, which owns four warehouses located in Italy, the United States, Japan and Hong Kong (Special Administrative Region), as well as a number of air and freight carriers, including UPS in Europe and the United States. See "—*Online*." Orders intended for home delivery are dispatched directly from our subcontractor warehouses to the customer's address using UPS. Orders that are intended for in-store delivery are fed into the stream of deliveries to our facility for onward transportation to our stores.

Our customers

We target a broad, fashion-conscious customer base, with our core customer base ranging from between 30 to 50 years old. Historically, our customer base, like our product lines' focus, has been predominantly female. With the launch of Homme in 2017, we have also begun expanding our customer focus to include men to whom Homme's "Parisian cool guy" aesthetic would appeal. We believe our target customers are looking for items that can be worn both on an everyday basis as well as for special occasions and who care about both product quality and product value. While IM and Homme target customers at the upper end of the advanced designer luxury brands, our Étoile line is aimed at customers in the mid-range of the advanced designer luxury brands with products priced accordingly.

We benefit from a loyal customer base and we analyze our customer base across all lines based on yearly sales per customer. As of September 30, 2019, we had a database of more than 100,000 customers in total in our retail own-store network and our own online boutique that we track as part of our customer relationship management database (we do not track whether these same customers also purchase our products via our wholesale distribution channel). For the nine months ended September 30, 2019, more than one third of this database were active purchasers of our products. Of these customers:

- our top 10 customers spent between €30,000 and €58,000 on our products per year, visiting our own-store network on average 28 times per year. Our top 10 customers generated an average order value of €1,400 and a maximum transaction value of €11,228;
- approximately 0.6% of our customer base (or approximately 200 customers) was made up of customers that spent between €8,350 and €29,000 on our products per year. Customers in this range visited our own-store network on average 10 times per year, with an average order value of €1,220 and a maximum transaction value of €15,113;
- approximately 1.4% of our customer base (or approximately 500 customers) was made up of customers that spent between €4,650 and €8,350 on our products per year. Customers in this range visited our own-store network on average six times per year, with an average order value of €994 and a maximum transaction value of €8,140;
- approximately 10.0% of our customer base (or approximately 3,600 customers) was made up of customers that spent between €1,520 and €4,650 on our products per year. Customers in this range visited our own-store network on average three times per year, with an average order value of €823 and a maximum transaction value of €4,714; and
- approximately 87.0% of our customer base of the year (or approximately 30,350 customers) was made up of customers that spent less than €1,520 on our products per year. Customers in this range visited our own-store network on average between one and two times per year, with an average order value of €375 and a maximum transaction value of €3,963.

Satisfying our customers' expectations and preferences is an important component of the Isabel Marant ethos and underpins every design we produce, from our ready-to-wear, shoes, leather goods and accessories and jewelry lines, to the outfit and merchandising of our own-stores and retail spaces. We strive to form and maintain positive and lasting relationships with our customers, which we believe has enabled us to develop and grow our loyal customer base. Our customer database segments our customers according to the amount and frequency of their purchases for each of our lines and we use this information to create targeted, effective communication. We cultivate loyalty in our customer base as we believe loyal customers drive repeat sales and act as brand ambassadors, promoting the Isabel Marant aesthetic and further increasing brand penetration.

Marketing and media campaigns

Our primary communication channel to reach customers are our doors. By creating unique retail spaces, we aim to convey our brand messages of premium, effortless style and showcase our product lines' high-quality designs. With physical stores and brand placement in prime locations and in leading multi-brand stores and department stores, and with recognizable brand placement among prominent e-commerce platforms, our doors are operated as luxury boutiques with specially-designed and curated shop windows. We believe our curated approach to our doors increases the desirability of our products and further strengthens loyalty among our customer base through the luxury shopping engagement it affords them.

We leverage a variety of marketing and advertising vehicles to increase brand awareness, acquire new customers, drive customer traffic to our doors, own-stores and e-commerce platforms, and strengthen and reinforce our brand image. Our primary media channels are social media, our website, print and electronic media and advertising as well as outdoor media investment. Thanks to strong brand visibility driven in part by our positive media coverage and in part by loyalty among devoted customers, we are able to maximize our brand exposure with what we believe to be reasonable marketing outlays.

Social media and influencers

We are active on social media platforms including Instagram, Facebook, Wechat, Weibo and Weitao, which we believe allows us to directly engage with our customers, increase brand recognition, communicate new product offerings and drive traffic to our doors, own-stores and e-boutiques. Additionally, we leverage our social media presence to disseminate advertising campaigns in various formats. Across our global social media platforms, we have over 1.8 million followers, located predominantly in France, the United States and Italy. On Instagram, one of our key social media platforms, we earned an engagement rate, being the ratio of "likes" and comments on Instagram posts to number of Instagram followers, of 0.4% in September 2019 (compared to 0.3% for Gucci and 0.2% for Chloe).

We believe that as a result of our success at fashion shows and our strong brand recognition driven in large part by our social media presence, we have generated a high-level of celebrity and influencer support to whom we occasionally gift our merchandise (with over 35 celebrities choosing to wear our products publicly). We ranked number 15 out of the top 40 fashion shows mentioned by social media influencers and publications during the F/W 2019 Paris Fashion Week, ahead of some significantly larger brands by estimated market value. We believe that as a result of our strong brand recognition and global luxury appeal, our high-quality fashion has been chosen by top celebrities and social influencers across Europe and the Americas, including global supermodels Kaia Gerber, Gigi Hadid and Claudia Schiffer and Alessandra Ambrosio, global film and media stars Marion Cotillard, Charlize Theron and Vincent Cassel and global entertainment stars Beyoncé and Miley Cyrus (who also wore one of our pieces in her recent music video "Nothing Breaks Like a Heart"). We also have a prominent and dedicated media and social influencer following in Asia, including Chinese supermodels Mi Yang and Xun Zhou, Chinese actor Leo Wu and Korean actress Ryeo-won Jung and Korean pop stars BTS and Chinese singer Han Lu.

Print media

Our marketing strategy involves press coverage and glossy print advertising in high-end fashion magazines such as Vogue and ELLE. We work with a highly experienced public relations agency to collaborate and establish close relationships with magazine editors and stylists to maximize their coverage of our products. The reviews and articles published about our fashion and other products are not paid for or sponsored by us and we believe provide us with outstanding product coverage without expenditure on media investment. Our media investment expenditure is instead spent on media and advertising placements in those magazines, further enabling us to promote our products to a fashion-conscious customer base, as well to enhance our brand visibility.

We commission independent media investment analysis to evaluate the effectiveness and cost strategy of our media investments. Based on analyst data, for the six-month period ended June 30, 2019, we had a print media investment of €0.6 million. This investment resulted in approximately 4,465 print media placements (in addition to our paid-for advertising) with a potential reach of 317.2 million readers, spread across approximately 931 pages. We estimated total media impact value (“**MIV**”) for the period to be approximately €16.3 million, producing a media return-on-investment (“**Media ROI**”) of 27.2x.

As a luxury brand with collections produced around the S/S and F/W fashion seasons, media placements typically increase during fashion show weeks at which collections for each season are launched. For example, in March 2019 following Paris Fashion Week, we had approximately 1,000 media placements, compared to 600-800 media placements per month in the rest of the six months ended June 30, 2019.

We tailor our print media strategy in each of our largest geographic markets to maximize Media ROI, which doesn’t always correlate to our print media investment. For instance, we had no print media investment in China in the six months ended June 30, 2019, yet China accounted for the largest contribution to MIV over the period (approximately €3.2 million), with 477 placements across 125 pages reaching a potential base of approximately 82 million customers. Over the same period, the top six countries by MIV accounted for 86.6% of our total MIV, 69.4% of print media placements across 69.8% of total pages and represented 88.4% of our potential customer-base reach.

Outdoor

In addition to our social and print media investments, we also invest in outdoor media campaigns in most of the cities where we have own-stores. This enables us to promote recent store openings to the local and regional customer base and increase overall brand awareness in a qualitative way.

For the nine months ended September 30, 2019, outdoor media campaigns represented €1.1 million of our media investment.

Our information technology

We manage our own information technology (“**IT**”) systems that deploy and maintain the software we use on a daily basis to integrate and coordinate our worldwide design and fashion business activities and processes. Our IT systems provide a full range of business process support and information to our own-stores, design, branding, sourcing and finance and point of sale teams (including e-commerce). We believe the combination of our business processes and systems provides us with improved operational efficiencies, scalability, increased management control and timely reporting that allow us to identify and respond to trends in our business. We utilize a combination of customized and industry standard software systems to provide various functions related to:

- product design and collection development;

- purchasing;
- production management
- inventory management;
- point of sale front office and back office applications;
- accounting and financial reporting; and
- human resources.

We believe our IT systems are currently adequate to serve the needs of our business.

Our intellectual property

Our intellectual property ("**IP**") policy focuses on the protection of our trademarks and domain names. This policy is implemented by local applications or reservations, or applications or reservations in all the countries where we are present or wish to protect our rights. Our employment contracts, including our service contract with Isabelle Marant herself, generally contain provisions assigning all IP rights of our designers and other employees over any designs to us. Our contractual arrangements with our distribution partners, wholesalers and suppliers also include customary provisions requiring each to take appropriate and prudent steps to safeguard our IP, including the use of trademarks and our know-how.

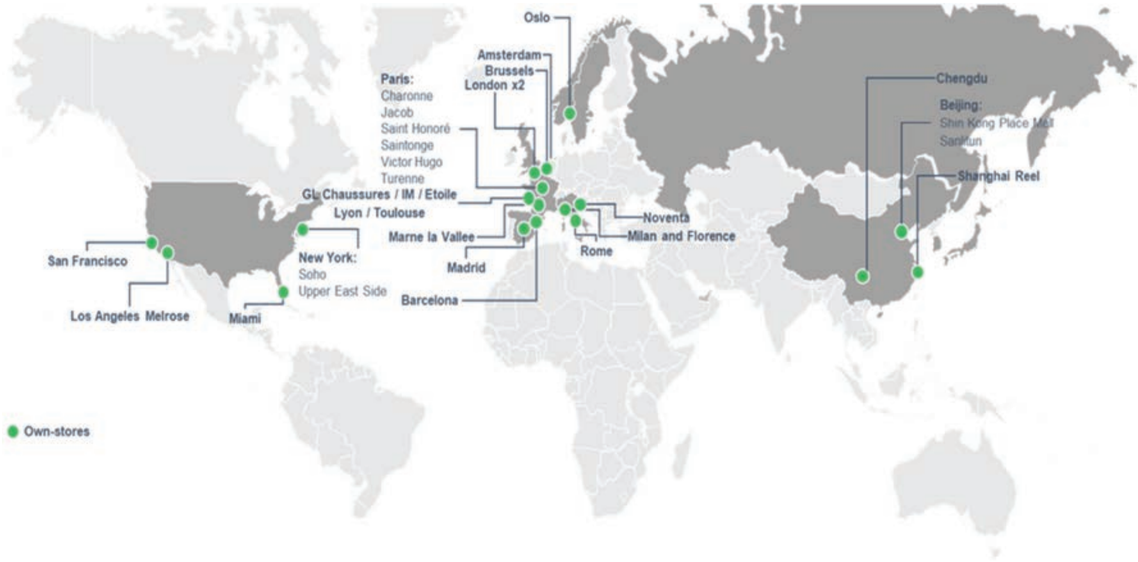
Trademarks, patents and domains

We believe that our "Isabel Marant" and derivative trademarks have significant value. We hold a portfolio of 319 trademarks which have been registered in the relevant countries and territories where we currently operate directly or through our distribution partners and wholesalers, including France, with the Office for Harmonization in the Internal Office of the European Union. We believe our most notable include the IM, Étoile and Homme line logos and the logo "i." We also have a portfolio of approximately 319 domain names, including the isabelmarant.com domain (and its regional variations) and a portfolio of 638 patents, which have been registered with the appropriate authorities in France and within the European Union.

Our real estate

In the countries where we are directly present, we distribute our ready-to-wear and other products through our network of own-stores, wholesalers, distribution partners and online (either to e-commerce wholesalers or directly to our customers through our e-boutiques). We do not own any real estate and all of our office and warehouse space and own-stores are leased pursuant to lease agreements. Nearly all the leases are subject to periodic rent reviews, lease expiries and renegotiations. See "—*Leases*."

The following graphic illustrates our global own-store network as of September 30, 2019.



For the 12 months ended September 30, 2019, the average size of our retail own-stores was 127m^2. The below table provides a summary overview of our office, warehouse and own-store space, as of September 30, 2019.

Property	Address	Opening Date	Capacity[1]	Lease Maturity
Office & Warehouse				
Head Office and Showroom[2]	50 rue Croix des Petits Champs 75001 Paris France	2012	1,400m^2	07/08/2028
Warehouse & Logistics Facility	110 Avenue du Général Leclerc Cellules 16 ET 17 93500 Pantin France	2012	5,681m^2	04/04/2021
Place des Victoires (office & showroom)	3 Place des Victoires 75001 Paris France	2017	526m^2	10/31/2025
New York (office & retail)	210 11th Ave. New York, NY 10001 United States	2018	440m^2	03/31/2029
Europe				
<u>France</u>				
Isabel Marant Paris Charonne	16 Rue de Charonne 75011 Paris	February 1998	82m^2	11/30/2025
Isabel Marant Paris Jacob	1 Rue Jacob 75006 Paris	November 1999	62m^2	06/30/2025
Isabel Marant Paris Saintonge	47 Rue de Saintonge 75003 Paris	April 2007	90m^2	12/31/2025
Isabel Marant Paris Victor Hugo . .	151 Avenue Victor Hugo 75116 Paris	September 2012	127m^2	10.16/2021
Isabel Marant Paint Saint Honoré	354 Rue Saint Honoré 75001 Paris	June 2018	106m^2	11/30/2027
Isabel Marant Lyon	7 Rue Auguste Comte 69002 Lyon	February 2019	160m^2	09/03/2027

Property	Address	Opening Date	Capacity(1)	Lease Maturity
Isabel Marant Toulouse	21 Rue Antonin Mercié 31000 Toulouse	April 2019	92m²	09/05/2027
Isabel Marant Paris Turenne	111 Rue de Turenne 75003 Paris	September 2019	50m²	03/19/2028
United Kingdom				
Isabel Marant London Mayfair	29 Bruton Street Mayfair, London, W1J 6QP	September 2013	180m²	11/29/2025
Isabel Marant London Walton	186-188 Walton Street London, SW3 2JL	August 2019	98m²	04/16/2029
Italy				
Isabel Marant Florence	Piazza Degli Antinori 2/3R 50123 Florence	September 2019	66m²	03/31/2035
Isabel Marant Milan	Via Santo Spirito 17 20121 Milan	July 2018	201m²	11/14/2029
Isabel Marant Rome	Via del Babuino, 87-88 00187 Rome	October 2018	130m²	01/31/2029
Spain				
Isabel Marant Madrid	Callejon de Jorge Juan 12 28001 Madrid	January 2010	120m²	Unlimited
Isabel Marant Barcelona	Paseo De Gracia, 32 08007 Barcelona	March 2019	200m²	08/23/2030
The Netherlands				
Isabel Marant Amsterdam	P.C. Hooftstraat 114H 1071CD Amsterdam	April 2018	141m²	09/30/2027
Belgium				
Isabel Marant Brussels	Boulevard de Waterloo 63 1000 Brussels	March 2019	110m²	08/31/2027
Norway				
Isabel Marant Oslo	Prisens Gate 22 0157 Oslo	March 2017	60m²	10/31/2028
United States				
Isabel Marant New York—SoHo	54 Greene Street New York, NY 10013	April 2010	200m²	08/31/2026
Isabel Marant Los Angeles	8454 Melrose Place Los Angeles, CA 90069	January 2013	125m²	02/17/2027
Isabel Marant San Francisco	455 Jackson Street San Francisco, CA 94111	June 2015	250m²	08/31/2024
Isabel Marant New York—Upper East Side	23 E. 67th Street New York, NY 10065	March 2016	76m²	05/31/2025
Isabel Marant Miami	Garden Lounge Building 175 N.E. 40th Street Miami, FL, 33137	April 2017	140m²	11/30/2026
China				
Isabel Marant Shanghai Reel	Shop 213 2/F, No. 1601 Nanjing West Road Jing'an District, Reel Department Store Shanghai	January 2016	116m²	01/21/2021
Isabel Marant Beijing SKP	D3018, 3rd Floor Beijing Shin Kong Place Mall No. 87 Jiangou Road Chaoyang District Beijing	February 2018	75m²	04/30/2020

Property	Address	Opening Date	Capacity[(1)]	Lease Maturity
Isabel Marant Beijing Taikoo Li Sanlitun	N4-17b No. 19 Sanlitun Road Chaoyang District Beijing	November 2018	94m²	09/30/2021
Isabel Marant Sino-Ocean Taikoo Li Chengdu	1207a, 1st Floor Sino-Ocean Taikoo Li Chengdu No.8 ZhongShamao Road Jinjiang District Chengdu	November 2018	86m²	09/22/2021
Isabel Marant Pacific Place[(3)]	Shop 230B, Level 2 Pacific Place 88 Queensway, Admiralty	June 2018	68m²	04/16/2021

(1) Indicates retail selling space.
(2) Includes recently added office space at 52 rue Croix des Petits Champs to house our architecture and IT service teams in 2019.
(3) Indicates a store operated by our distribution partner Imaginex over which we own the lease.

In addition, we have opened certain additional stores and leased additional office space since September 30, 2019, including a small office space of approximately 195m² located next to our head office in Paris, as well as own-stores in Hamburg, Germany (opened on November 19, 2019), Costa Mesa, California (opened on November 12, 2019), an additional outlet in Woodbury Common, New York (opened on December 17, 2019) in the United States and Shenzen, Mix C (opened on November 17, 2019) and Shanghai, IAPM (opened on November 20, 2019) in China. We are also planning to open own-stores in Bordeaux, France and Stockholm, Sweden (to be opened in the first half of 2020) and Dallas, Texas in the United States (to be opened during the first quarter of 2020).

Headquarters and own-stores

Headquarters

As of the date of the Offering Memorandum, we operated three headquarter facilities at 50 and 52, rue Croix des Petits Champs and at 3 Place des Victoires in Paris. Our head offices are all located in the 1st *arrondissement* in Paris, and comprise a newly-renovated four-story 1,400m² space under which we have centralized some of our key headquarters functions, including management, design, sourcing, product development, and support, as well as showroom space for our Étoile line. Our head office is practical yet flexible, designed in an industrial loft atmosphere that is configurable to meet the demands of the business, which we believe epitomizes the Isabel Marant aesthetic. In 2017 we added additional office space on the Place des Victoires to house our wholesale, retail and online teams and our image and communication team in addition to a new showroom for our IM line. In October 2019, we expanded our office space on rue Croix des Petits Champs to accommodate our team of five architects and our IT service team. The majority of our headquarters space is rented pursuant to two lease agreements with real-estate companies directly owned by Isabelle Marant (see "*Certain Relationships and Related Party Transactions*").

Europe

As of the date of the Offering Memorandum we directly operated eight own-stores in France. In the rest of Europe we directly operate two own-stores across the United Kingdom (including our UK flagship store in Mayfair, London), three in Italy, two in Spain, one in each of the Netherlands, Belgium, Norway and Germany.

United States

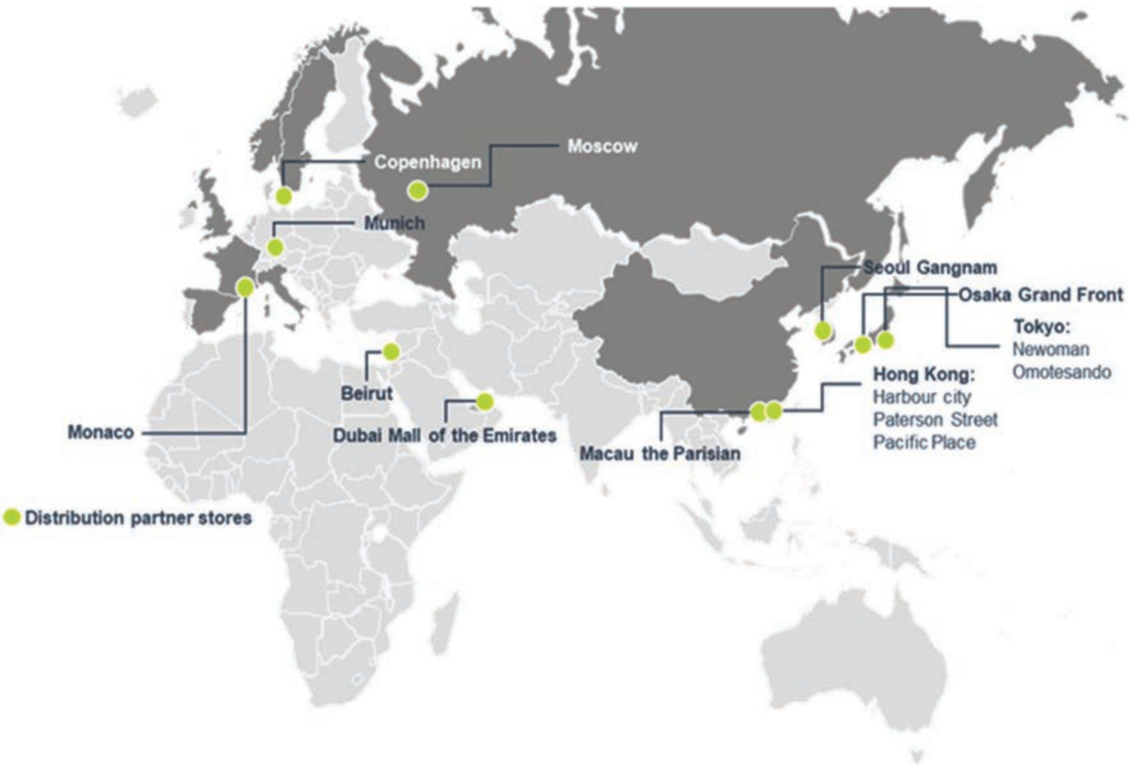
As of the date of the Offering Memorandum we directly operated seven own-stores in the United States. We have two stores in New York City: our U.S. flagship store is located in Soho (currently under renovation until early 2020) and a store on the Upper East Side. We also have stores in Miami, Los Angeles and San Francisco, South Coast Plaza in Costa Mesa, California and an outlet in Woodbury, New York, as well as one store which we expect to open in Dallas Northpark in Dallas, Texas in February, 2020.

China
As of the date of the Offering Memorandum, we directly operated six own-stores in China, located in Beijing (two own-stores), Chengdu, Shanghai (two own-stores) and Shenzen.

Stores operated by distribution partners
As of the date of the Offering Memorandum, in Asia, our distribution partners operated one Isabel Marant-branded store in Seoul, South Korea, three Isabel Marant-branded-stores in Japan (two in Tokyo and one in Osaka) and four Isabel Marant-branded stores in the Hong Kong and Macau Special Administrative Regions including the Pacific Place store for which we own the lease.

Globally outside of Asia, our distribution partners operate an additional six Isabel Marant-branded stores: one in Denmark, one in Monaco, one in Germany and one each in Lebanon and the United Arab Emirates. An additional store was recently opened in November by our distribution partner in Moscow.

The following graphic illustrates our global distribution partner network as of the date of the Offering Memorandum.



We may from time to time terminate our agreements with our distribution partners or seek to acquire Isabel Marant-branded stores from our distribution partners to grow our retail own-store portfolio as part of our growth strategy.

Leases
The terms of our leases vary according to the location of the property and the legal environment applicable to it. We may also be subject to certain fees, in additional to periodic rent, when opening new own-stores or when we are assigned a lease from a prior lessee. The below is a general description of the key legal terms applicable to our own-store and office leases organized by region.

Europe

In France, we enter into store lease agreements, which comply with Article L. 145-1 et seq. of the French Commercial Code (*Code de commerce*), which grant significant rights under French law to commercial lessees. Commercial leases have a minimum initial duration of nine years and rarely exceed 12 years. The lessee has the right to terminate a commercial lease at the end of each three-year period. The lessor may only terminate the lease at the conclusion of each three-year period in certain limited circumstances. At the end of the contractual term of the lease, the lessee is entitled to a renewal. If the lessor refuses such renewal, the lessor will be required to compensate the lessee, unless the lessor can show god cause. Upon expiration of the lease agreement, if the lessor and lessee take no action to renew or to terminate the lease, the original lease will be automatically renewed until either the lessor or the lessee serves a notice of termination. An automatically renewed lease may be terminated at any time by either the lessor or the lessee provided that six months' prior notice is given. The parties to a commercial lease governed by the French Commercial Code are free to determine the initial rent, generally according to the current market value of the property at the signing of the contract. The rent may be fixed, variable or composed of a fixed portion and a variable portion. Our lease arrangements in France generally call for fixed rent. Generally, the lease contains an annual rent indexation clause. The agreed index must have some connection with the activity carried out by one of the parties or to the purpose of the lease. The majority of our leases are based on the Commercial Rent Index (ILC) (*Indice des loyers commerciaux*) published by The National Institute of Statistics and Economic Studies (*Institut national de la statistique et des études économiques*).

In other European countries where we are present, commercial leases are governed by laws and regulations that are similar to those of France, with certain variations such as a different minimum lease period of six years for Italy. In such countries, our lease arrangements are negotiated pursuant to standard form contracts with institutional landlords. We typically negotiate for rights to terminate the leases prior to its expiration during certain windows upon giving a certain specified notice period.

In the United Kingdom, our leases are for a minimum period of five years and contain terms with respect to rent reviews (typically every five years), options to renew, break clauses (at the option of both the lessee and the lessor) and requirements and obligations relating to repairs, reinstatement, any relevant service charges and insurance. Typically, landlords seek upward rent revisions at each rent review.

United States

In the United States, the duration of our leases are generally for a term of at least five years long or longer and contain terms with respect to rent reviews, options to renew, breaks and requirements and obligations relating to repairs, reinstatement, any relevant service charges and insurance. Typically, landlords seek upward rent revisions at each rent review. Rents may also include a minimum rent amount as well as a rent payable as a percentage of net sales upon achieving certain net sales targets. Our leases in the United States generally include an ability to sublease, subject to certain exceptions and obtaining the landlord's consent.

Asia and the Middle East

The majority of Isabel Marant-branded stores operating in Asia and the Middle East are operated through our distribution partners, who are fully responsible for the ownership / leasing arrangements with respect to those stores. In China, we lease and operate own-stores directly. The duration of our Chinese leases are generally for a term of one to three years and are governed by the respective legal regimes relating to commercial leases in China, and typically contain terms with respect to rent reviews, options to renew, breaks and requirements and obligations relating to repairs, reinstatement, any relevant service charges and insurance. Typically, the landlords of our Chinese leases seek upward rent revisions at each rent review.

Our material contracts

The primary contracts of our business include:

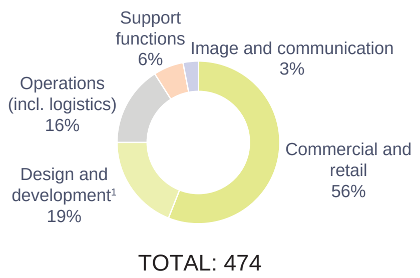
- our lease and commercial agreements for our offices, own-stores and concessions in prestigious department stores, and in particular our head office in Paris, France and logistics facilities in Pantin, France and our outsourcing agreement for the warehouse in New York, United States;
- our distribution agreements with our wholesale distribution partners; and
- supply outsourcing agreements that we enter into with our suppliers and manufacturers.

While these agreements in aggregate are material to our business as a whole, in our view, no individual lease or outsourcing agreement constitutes a material contract.

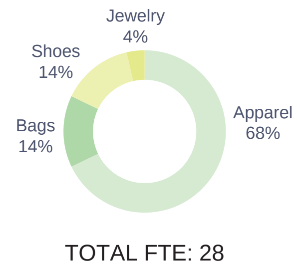
Our employees

As of September 30, 2019, we employed 474 full-time equivalent employees ("**FTE**"), of which 226 worked in our own-stores, 88 worked in our creative team (including jewelry), 75 worked in our logistics team, 39 worked in our commercial head office (including customer management and our U.S. head office function), 31 worked in support and 15 worked in marketing and communications.

FTE by function



Creative team by function[1]



(1) Includes one part-time for "Bijoux" who is also in charge of heading the production of jewelry.

In France, our employee compensation generally includes a fixed component starting point based on the legal minimum wage or prevailing market rate for employment location, with an incentive system in place for sales-based employees at the store level based on sales objectives set according to job category. We also provide a variety of training and internal mobility schemes to support training and retention.

Our head office, administrative, design and production and sales teams are generally not unionized or subject to collective bargaining arrangements. Our logistics staff at our Pantin, France facility is not unionized. We have historically enjoyed good labor relations with our employees and we are committed to maintaining a positive relationship with them. In the past three years, we have not experienced any industrial action or labor stoppage that has had a material impact on our business.

Material legal and administrative proceedings

We have been, and may from time to time be, a party to legal disputes and administrative proceedings within the scope of our business activities. In particular, we bring copyright infringement / counterfeiting and IP misappropriation claims against other market participants as required to protect our IP, and we are occasionally a defendant in similar claims.

In addition, from time to time, we are subject to certain audits by tax or social security authorities. Although the outcome of these legal disputes, administrative proceedings or audits cannot be predicted with certainty, we do not believe that the ultimate resolution of these matters and any current or potential future matters that we are currently aware of will have a material adverse effect on our financial condition or results of operations.

Insurance

Coface

We have entered into an insurance agreement with Coface covering our exposure to customers with respect to our trade receivables. Coface assigns a credit rating to our wholesaler and other customers. For more information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure about Market Risk—Credit risk.*"

Other insurance

We have product, public liability and property insurance coverage for risks like fire, lightning, storms, vandalism and employee action. In addition to other risk insurance, we have also acquired group accident insurance for certain employees and insurance relating to the transportation of our products.

We believe that we have adequate insurance coverage against all material risks that are typically insured by similar companies with comparable risk exposure. Insurance cover is regularly verified and adjusted when necessary. However, we may incur losses that are not covered by existing policies or that exceed the coverage level stipulated in our insurance policies. Furthermore, it is possible that we may not be able to maintain adequate insurance coverage at appropriate premiums in the future.

Environmental matters

We do not believe that we have exposure to any material environmental liabilities or risks with respect to our operations. We have established the necessary internal procedures (in particular concerning procurement) to comply with Regulation (EC) No. 1907/2006 of the European Parliament concerning the registration, evaluation and authorization of chemicals and applicable restrictions (known as the "REACH" regulations).

Our regulatory environment

We are subject to the applicable laws and regulations of the various countries in which we operate, including requirements with respect to data protection and data privacy, the import and export of goods, product liability and regulation of distribution arrangements. Set forth below are brief descriptions of the main regulatory frameworks to which we are subject. In the European Union, and notably in France, where we conduct a significant portion of our operations, the regulatory framework consists of directives which must be transposed in each member country. We are additionally subject to regulations concerning workplace safety, employment conditions and fire safety which regulate all commercial and retail businesses generally.

Data protection and data privacy

Given that retailers process customer data (including for marketing purposes), compliance with data protection laws is a priority for us. We are subject to laws regarding privacy and protection of data and in particular to the EU General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**"), which became directly applicable in all European countries on May 25, 2018. The GDPR is aimed at ensuring there is a homogeneous regulatory framework in matters of personal data protection in the European Union and in respect of data subjects who are in the European Union. Under the GDPR, among other things, customers have the right to know what data has been collected concerning them and in certain circumstances, can ask us to expunge their data, which requires us to establish and implement certain protocols and procedures. We are also subject to the European Parliament and Council Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector (**"E-Privacy Directive"**). The E-Privacy Directive requires, among other things, that in certain circumstances retailers such as us obtain an individual's consent prior to undertaking electronic direct marketing activities. As of the date of these listing particulars, we are in full compliance with the GDPR and E-Privacy Directive and have had no breaches of which we are aware. See also "*Risk Factors—Risks Related to Our Business—Our management of personal information and other customer data subjects us to European and national regulations and other legal obligations related to privacy, information security, and data protection.*"

Foreign trade and customs laws

We source most of our products from Europe, Asia (particularly India and China) and North Africa (particularly Morocco and Tunisia). Within the European internal market, the principle of free movement of goods applies. With respect to import and export of goods from countries which are not members of the EU, we must comply with national and European foreign trade and customs regulations. At the EU level our relevant regulatory framework is based on the Modernized Customs Code (Regulation (EC) No 450/2008). Since January 1, 2008 there have not been any general restrictions on the import of textiles into the EU.

Whereas imports and exports within the European Economic Area (the "**EEA**") are in principle not liable to customs duty, the movement of goods beyond the frontiers of the EEA is subject to customs control (including, potentially, the United Kingdom. See *"Risk Factors—Risks Related to Our Business—We are exposed to risks related to conducting operations in several different countries").* The customs control charges, *inter alia*, statutory import duties. Customs offices may from time to time initiate customs inspections to assess whether customs regulations have been infringed.

Product liability

As a vendor and distributor, we are required to comply with consumer safety requirements applicable in many of the jurisdictions in which we operate and are potentially liable for any harmful consequences of the products we sell or distribute. This liability may be criminal or civil on the basis of several regimes. Moreover, specification agreements (*cahiers de charges*) as well as code of conducts concluded with our suppliers provide for clauses on compliance with the applicable standards and regulations, guarantees relating to supplier qualification (reputation, financial health, existence of adequate insurance policies, compliance with applicable standards and regulations, etc.) and "product return" clauses under which the supplier undertakes to take back products subject to certain conditions.

As a distributor, we must adopt all useful measures to achieve compliance with all legal and regulatory obligations regarding safety and absence of harm to consumers' health. A safe product is one which does not present any risk or which presents only minimal risks that are compatible with use of the product. When a distributor is informed that products intended for consumers which it has placed on the market do not satisfy these requirements, it must immediately inform the competent administrative authorities and specify the actions it intends to undertake to prevent risks to consumers. Distributors must also refrain from supplying products which they are aware, on the basis of information in their possession and their status as professionals, do not satisfy the relevant safety obligations. Finally, distributors must contribute to the safety of products placed on the market by providing information concerning the risks linked to these products, by maintaining and providing the necessary documents to ensure traceability and by cooperating in actions taken by manufacturers and competent administrative authorities to avoid risks.

Textile labelling laws

We are subject to European Regulation 2018/122/EU which concerns textile names and labelling and which replaced European Directive 1007/2011/EC as of January 26, 2018. Pursuant to this regulation, textiles may only be made available on the European market if they are labelled with certain information, in particular with respect to the nature and weight proportion of the used raw materials.

In the United States, many laws, at both the federal and state level, govern the relationships between retailers and consumers of textile products. At the federal level, the Textile and Wool Acts, the application of which is controlled by the Federal Trade Commission, applies to the sale of textile products. It requires a label to be affixed detailing the composition, country of origin and identity of the manufacturer. At the state level, many states have adopted the Uniform Deceptive Trade Practices Act which regulates fraudulent business activities and misleading advertising.

Regulation of arrangements with distribution partners

Other than for our U.S. clients, where U.S. law applies, French law regulates the majority of our relationships with our distribution partners with a view to protecting the distribution partners. We have entered into distribution arrangements in several countries across Europe, Asia and the Middle East, including France, Monaco, Germany, Hong Kong and Macau Special Administrative Regions, South Korea, Japan, the United Arab Emirates and Lebanon.

Consumer protection law

As a distributor, through our various doors and e-boutiques, we are subject to a set of strict rules governing sales and relations between merchants and consumers (addressing such issues as labelling, terms of sale, regulation on unfair practices, etc.) and, more generally, the functioning of our own-stores (sales periods, administrative approval for trading, regulations covering buildings open to the public, accessibility, safety, etc.).

Regulations on shop closing time

In almost all countries in which we operate, the opening and closing hours of shops are regulated, particularly on weekends and public holidays. In particular, regulations in France and elsewhere limit evening and Sunday opening hours. In France, Law No. 2015-990 of August 6, 2015 regarding growth, activity and equality of economic opportunity granted certain types of retail establishments additional flexibility with regard to evening and Sunday opening hours.

Bulk selling regulations

As a distributor, we are subject to a set of strict rules on bulk selling, sales and stock liquidations.

At the European level, Directive 2005/29/EC of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market is applicable to bulk selling, sales and stock liquidations. The text establishes a general prohibition on unfair business-to-consumer commercial practices, such as selling loss leaders. In France, the regulations are established in the French Commercial Code (*Code de commerce*) in Articles L. 310-1 and R. 310-1 et seq. The legislation establishes a framework for stock liquidations, bulk selling and sales to guarantee fair competition between traders and ensure consumer protection. Law No. 2008-776 of August 4, 2008 on the modernization of the economy has made the regime for these practices more flexible by replacing administrative authorizations by advance declarations and allowing traders more freedom to choose sales periods. Moreover, the two annual sales periods (in principle, January to February and June to August) have been increased from five to six weeks and floating sales were eliminated by Law No. 2014-626 of June 18, 2014 on craft industries, trading and micro- enterprises.

In the United States, retailers may freely determine the dates and frequencies of sales periods.

Management

On or around the Issue Date, the Group will be managed by Topco. Topco will in turn be managed by a chairperson (*président*) and one or more managing directors (*directeurs généraux*) (collectively with the chairperson (*president*), the "**Management Board**"). The Management Board of Topco will be under the control of a supervisory board established on or around the Issue Date (the "**Supervisory Board**").

Topco

Management board

The Management Board will be the principle governing body of the Group. The Management Board is expected to be made up of one chairperson (*président*) and three managing directors (*directors généraux*), who will be appointed prior to the Issue Date. On or around the Issue Date, it is expected that the Management Board will be constituted with the following members:

Name	Age	Position
Isabelle Marant	52	Chairperson (*président*)
Sophie Duruflé	52	Managing director (*directeur général*)
Nathalie Chemouny	54	Managing director (*directeur général*)
Anouck Duranteau-Loeper	42	Managing director (*directeur général*)

The following are brief biographical descriptions of the members of the Management Board mentioned above.

Isabelle Marant. Since the age of 15, Ms. Marant has been designing fashion-setting trends true to her unique sense of individualism. She began her fashion studies in 1987 when she attended the prestigious Studio Berçot in Paris and released her first label (producing jewelry) two years later. In 1989 Isabelle launched her jersey and knitwear label "Twen" which, in 1994, was expanded under the newly-formed "Isabel Marant" brand. Today, Ms. Marant serves as founder and President of Isabel Marant, which continues to drive fashion-trends globally through curated seasonal collections of luxury ready-to-wear, shoes, leather goods and accessories and jewelry that channel the individualistic ethos of Isabelle herself.

Sophie Duruflé. Ms. Duruflé is one of the Co-Founders of the Isabel Marant brand and serves as joint Chief Executive Officer with Ms. Duranteau-Loeper. Ms. Duruflé has taken an active role in the global and commercial strategy and development of the brand since its inception.

Nathalie Chemouny. Ms. Chemouny is one of the Co-Founders of the Isabel Marant brand. Ms. Chemouny joined Isabel Marant in 1999, having initially worked as a costume designer. Ms. Chemouny is now especially involved in the Isabel Marant brand and image, its accessories offering and the interior design of own-stores.

Anouck Duranteau-Loeper. Ms. Duranteau-Loeper joined Isabel Marant with Montefiore in 2016, as Deputy Chief Executive Officer, becoming joint Chief Executive Officer in January 2019. After graduating from ESCP Europe (*École supérieure de commerce de Paris*) in 2001, she worked as a consultant at McKinsey & Co. for five years, but left consultancy in 2004 to join LVMH as a project manager of strategy and operations for its fashion division. During her time at LVMH, she worked on redefining strategy at Loewe, analyzing potential acquisitions and strategic brand plans. She also paved the way for Phoebe Philo's arrival at Céline, as director of leather goods and accessories division in 2009, where she worked for six years. Immediately prior to joining Isabel Marant, Ms. Duranteau-Loeper held the position of Chief Executive Officer of Paco Rabanne fashion for two years.

Supervisory board

On or around the Issue Date, it is expected that the Supervisory Board will be established to oversee the Management Board. The Supervisory Board is expected to be made up of one chairperson (*président*) and two additional members. On or around the Issue Date, it is expected that the Supervisory Board will be constituted with the following members:

Name	Age	Position
Eric Bismuth	52	Chairperson (*président*)
Henri Topiol	42	Member of the Supervisory Board
Montefiore Investment SAS		Member of the Supervisory Board

The following are brief biographical descriptions of the members of the Supervisory Board mentioned above.

Eric Bismuth. Mr. Bismuth founded Montefiore in 2005. He is in charge of Montefiore's Investment Committee and of its development (human resources, marketing and investor relations). He is also involved in new investments and their monitoring. Mr. Bismuth began his career as an entrepreneur by founding a financial software company. In 1990, he joined The Boston Consulting Group and became its youngest Partner and Director worldwide in 1997, where he specialized in the Consumer & Retail sectors and ultimately lead the BCG Hotels and Leisure practice worldwide. Mr. Bismuth is a graduate of the École Centrale de Paris.

Henri Topiol. Mr. Topiol is a partner at Montefiore, having joined the private equity firm in 2012. He oversees the management of a number of Montefiore's portfolio investments, including BVA, Evariste and Interflora, in addition to Isabel Marant. Mr. Topiol started his career in 2001 as a consultant at McKinsey & Co. In 2004, he joined LVMH in the Group Corporate Finance Department and, from 2008 to 2012, he worked as an investment manager for L Capital, a San Francisco-based private equity firm specializing in co-investment in buyout and growth equity investments. Mr. Topiol holds a masters in Public Administration from the Paris Institute of Political Studies (*Institut d'Etudes Politiques de Paris*) and is a graduate of HEC Paris (*École des hautes études commerciales de Paris*).

Montefiore. Created in 2005, Montefiore is a private equity fund focusing on small- and medium-sized service companies in France. Montefiore has over €1.2 billion of assets under management, with a targeted focus supporting entrepreneurs, managers and shareholders in high-growth potential companies with pre-acquisition revenues between €50 million and €250 million through buy-out and growth-capital transactions. Montefiore typicaly invests between €30 million and €200 million in equity and employs an investment strategy centered around two pillars: "Focus" and "Growth," focusing on service businesses and leveraging its unique experience in developing ambitious growth projects in France and internationally.

Supervisory board practices

The Supervisory Board is expected to meet on a regular basis, at least once every two months. All resolutions at meetings of the Supervisory Board will be decided by a simple majority of votes cast.

Senior management

As of the date of these listing particulars, the senior management of IM Growth consists of the following persons:

Name	Age	Position
Isabelle Marant	52	President and Founder
Sophie Duruflé	52	Co-Founder and Joint CEO
Nathalie Chemouny	54	Co-Founder
Anouck Duranteau-Loeper	42	Joint CEO
Marion Marie	45	Chief Financial Officer

The following is a brief biographical description of the senior management not included above. See "*Topco—Management Board*" above for brief biographical descriptions of the additional members of senior management.

Marion Marie. Ms. Marie is our Chief Financial Officer. Marion has over 20 years of experience in the industry. After graduating from the Neoma Business School of ESC Rouen (*École supérieure de commerce de Rouen*) in 1997, Ms. Marie started her career at Thalès. Ms. Marie then spent ten years at the Hermès Group, in both their Paris and New York offices, where she worked in the consolidation department and as Financial Controller for South America & Canada, and Head of Financial Control of the leather goods division. Ms. Marie also spent four years at Lanvin, as Head of Financial Control, and four years as Chief Financial Officer of Goyard.

The Issuer

On or around the Issue Date, the Issuer will be a direct subsidiary of Topco and will be managed by Topco, as chairperson (*président*).

Compensation

In the year ended December 31, 2018, the total compensation paid to the Group's key management named in "*—Senior Management*" above, including benefits, was €2.4 million. In addition, the Group pays design and other fees to Isabelle Marant. See "*Certain Relationships and Related Party Transactions*."

Principal shareholders

Upon completion of the IM Reorganization, the Sponsor will indirectly hold 50.6% of the equity interests in the Issuer and IM Création will indirectly hold 38.9% of the equity interests in the Issuer. The remaining 10.5% of equity interests in the Issuer will be indirectly held by certain management investors of the Group (0.8%) and the Co-founders of the Group (9.7%), Ms. Sophie Duruflé and Ms. Nathalie Chemouny (shown in the section entitled "*Summary Corporate and Financing Structure*" as "other shareholders" and, collectively with IM Création, the "**Co-Founders**").

The sponsor

Created in 2005, Montefiore is a private equity fund focusing on small- and medium-sized service companies in France. Montefiore has over €1.2 billion of assets under management, with a targeted focus supporting entrepreneurs, managers and shareholders in high-growth potential companies with pre-acquisition revenues between €50 million and €250 million through buy-out and growth-capital transactions. Montefiore typically invests between €30 million and €200 million in equity and employs an investment strategy centered around two pillars: "Focus" and "Growth," focusing on service businesses and leveraging its unique experience in developing ambitious growth projects in France and internationally.

IM création

Established in 2013, IM Création serves as the investment vehicle and service provider of our founder, designer and namesake, Isabelle Marant. Since the age of 15, Ms. Marant has been designing fashion-setting trends true to her unique sense of individualism. She began her fashion studies in 1987 when she attended the prestigious Studio Berçot in Paris and released her first label (producing jewelry) two years later. In 1989 Ms. Marant launched her jersey and knitwear label "Twen" which, in 1994, was expanded under the newly-formed "Isabel Marant" brand. Today, Isabel Marant continues to drive fashion-trends globally through curated seasonal collections of luxury ready-to-wear, shores, leather goods and accessories and jewelry that channel the individualistic ethos of Isabelle herself.

Shareholders' agreements

On the Issue Date, Topco's shareholders will enter into two shareholders' agreements as follows:

- a shareholders' agreement entered into by the Sponsor and the Co-Founders (as subsequently amended and restated, the "**Main Shareholders' Agreement**"). The Main Shareholders' Agreement will contain provisions regarding the corporate governance of Topco and certain other rights and restrictions associated with the transfer of the Topco's securities. Per the terms of the Main Shareholders' Agreement, each of Topco's shareholders (other than the Sponsor) shall generally be prohibited from transferring its Topco securities until July 21, 2026, subject to certain specified exceptions, which include proportional and total tag-along rights as well as total a drag-along right for permitted transfers of securities. The Sponsor and the Co-Founders shall also have a right of first refusal on transfers of Topco's securities; and

- a shareholders' agreement entered into by the Sponsor, the Co-Founders and the certain other management investors (the "**Managers**") (as subsequently amended and restated, the "**Management Shareholders' Agreement**"). The Management Shareholders' Agreement will contain provisions regarding the corporate governance of a potential management company that may be established at the discretion of the parties thereto ("**Manco**") and restrictions associated with the transfer of Topco's securities and Manco's securities (if any), similar to the ones provided for in the Main Shareholders' Agreement. In addition, pursuant to the Management Shareholders' Agreement, each Manager shall grant a call option on the securities they hold in Topco and Manco (if applicable), in favor of the Sponsor and the Co-Founders, and the Sponsor and the Co-Founders shall grant put options on the securities held by each Manager in Topco and Manco (if applicable), subject to specific terms and conditions.

Certain relationships and related party transactions

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. We believe that these agreements are on terms no more favorable to the related parties or our affiliates than they would expect to negotiate with disinterested third parties.

In addition to these ordinary course transactions, we have also entered into, or will enter into in connection with the Transactions, the following transactions with related parties.

Transactions with IM création

From time to time, we enter into transactions with IM Création, one of our shareholders and the investment vehicle and service provider of Isabelle Marant, and companies controlled by her. IM Création invoices the Group for the design and other services provided to the Group by Ms. Marant. For the year ended December 31, 2016, the 12 months ended December 31, 2017, the year ended December 31, 2018 and the nine months ended September 30, 2019, we incurred €2.4 million, €2.4 million, €2.2 million and €1.5 million of design fees, respectively, due to IM Création.

We capitalize costs we incur from IM Création for the design of our collections. See "*—Key Income Statement Items—Depreciation, amortization, impairment and provision expense—Design and creation costs.*"

Existing intercompany loan

On July 21, 2016, in connection with the 2016 Acquisition, IM Création and IM Growth entered into a €91.1 million shareholder loan facility (as amended on March 31, 2017, the "**Existing Intercompany Loan**"). The Existing Intercompany Loan accrues non-cash interest at a rate of EURIBOR 12 months plus 3% (with a floor of 2.8% and a cap of 3.5%) *per annum* is repayable at the option of the borrower at any time up to August 21, 2023, after which point additional interest would be payable. For the 12 months ended December 31, 2017, €15.3 million in aggregate principal amount was outstanding under the Existing Intercompany Loan (consisting of €15.0 million in principal and €0.3 million in interest). Interest on the Existing Intercompany Loan is capitalized on the anniversary of the signing date of the Existing Intercompany Loan each year. As of September 30, 2019, €16.1 million remained outstanding under the Existing Intercompany Loan, comprising a principal amount of €15.9 million and accrued and uncapitalized interest and other fees of €0.2 million. The Existing Intercompany Loan is governed by French Law.

In connection with the Transactions, IM Création will sell its rights under the existing €16.1 million Existing Intercompany Loan (including unpaid accrued interest and fees as of September 30, 2019) to Topco in exchange for the issuance by Topco to IM Création of a corresponding amount of ordinary bonds (*obligations ordinaires*). In connection with the IM Reorganization, Topco will contribute the Existing Intercompany Loan to the Issuer in exchange for ordinary shares in the Issuer and, as a result, the Existing Intercompany Loan will become an obligation of IM Growth owing to the Issuer. Upon the completion of the Post-IM Reorganization Mergers, IM Growth's obligations under the Existing Intercompany Loan will be released, and the Existing Intercompany Loan will be extinguished.

Transactions with SCI hérold and IM foncière

We pay rent in respect of the majority of our Paris headquarters at Croix des Petits Champs to two entities owned by Ms. Marant, SCI Hérold and IM Foncière, on an arm's length basis. For the year ended December 31, 2016, the 12 months ended December 31, 2017, the year ended December 31, 2018 and the nine months ended September 30, 2019, we paid €0.3 million, €0.3 million, €0.3 million and €0.2 million, respectively, in rent to SCI Hérold and €0.6 million, €0.6 million, €0.7 million and €0.5 million, respectively, in rent to IM Foncière.

Description of certain financing arrangements

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Capitalized terms used in the following summaries not otherwise defined in these listing particulars have the meanings ascribed to them in their respective agreement.

Intercreditor agreement

To establish the relative rights of certain creditors under the financing arrangements, the Issuer, Topco, each of the Guarantors and certain other members of the Group (together, along with any other members of the Group that accede to the Intercreditor Agreement from time to time, the "**Debtors**"), on or about the Issue Date will enter into an intercreditor agreement with, among others, BNY Mellon Corporate Trustee Services Limited in its capacities as Security Agent and as trustee for the Senior Secured Notes. Unless stated otherwise, capitalized terms set forth and used in the remainder of this section entitled "—*Intercreditor agreement*" have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms used elsewhere in these listing particulars.

The Intercreditor Agreement will set forth, among other things:

- the relative ranking of certain indebtedness of, and security interests over certain assets and property granted by, the Debtors (such security, the "**Transaction Security**");
- when payments can be made in respect of certain indebtedness of the Debtors;
- the terms pursuant to which certain indebtedness will be subordinated;
- when enforcement actions can be taken in respect of that indebtedness;
- when Transaction Security and guarantees may be released to permit a sale or disposal of any assets subject to Transaction Security;
- turnover provisions; and
- the order for applying proceeds from enforcement actions and other amounts received by the Security Agent.

The Security Agent will hold all Transaction Security.

The Intercreditor Agreement will also contain provisions relating to certain other and future permitted indebtedness, including:

- obligations to counterparties to certain hedging agreements permitted under the terms of the Credit Facility Documents, Pari Passu Debt Documents and Senior Debt Documents (each as defined below) and entered into by the Issuer and/or any other Debtor for the purpose of hedging interest rate risk ("**Hedge Counterparties**," and such obligations, the "**Hedging Liabilities**" and each finance document relating thereto, a "**Hedging Agreement**");
- indebtedness (excluding Hedging Liabilities) entitled to be treated with a priority ranking to the Senior Secured Notes in respect of the Transaction Security and under the terms of the Intercreditor Agreement (such indebtedness, the "**Credit Facility Liabilities**," and the holders of such indebtedness, the "**Credit Facility Lenders**," and each finance document relating thereto, a "**Credit Facility Document**" and each such financing a "**Credit Facility**");

- indebtedness entitled to be treated *pari passu* with the Senior Secured Notes (excluding Hedging Liabilities) in respect of the Transaction Security and under the terms of the Intercreditor Agreement (such indebtedness, together with the Senior Secured Notes, the "**Pari Passu Debt Liabilities**," and the holders of such indebtedness, the "**Pari Passu Debt Creditors**" and each finance document relating thereto, a "**Pari Passu Debt Document**"); and

- Indebtedness to be treated with a junior ranking to the Pari Passu Debt Liabilities in respect of the Transaction Security and under the terms of the Intercreditor Agreement (such indebtedness the "**Senior Debt Liabilities**," and the holders of such Senior Debt Liabilities, the "**Senior Debt Creditors**" and each finance document relating thereto, a "**Senior Debt Document**") (excluding any Senior Debt Creditor Representative Amounts).

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines your rights as holders of the Notes. For the avoidance of doubt, by accepting a Note, the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and will be deemed to authorize and instruct the Trustee to enter into the Intercreditor Agreement.

Ranking and priority

Ranking and priority of liabilities

The Intercreditor Agreement will provide that the liabilities shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior-ranking liabilities as follows:

- *first*, the "**Super Senior Liabilities**," consisting of the Credit Facility Liabilities and any Hedging Liabilities solely in respect of the Credit Facility Liabilities, Pari Passu Debt Liabilities and Senior Debt Liabilities (as defined below) (provided that the notional amounts relating thereto constitute Designated Super Senior Hedged Amounts under the Intercreditor Agreement and that the aggregate amount of all Designated Super Senior Hedged Amounts do not exceed the aggregate nominal amount of the Credit Facility Liabilities, Pari Passu Debt Liabilities and Senior Debt Liabilities (the "**Super Senior Hedging Liabilities**," and the holders of such Super Senior Liabilities, the "**Super Senior Creditors**"), the "**Pari Passu Liabilities**," consisting of the Pari Passu Debt Liabilities and the Hedging Liabilities to the extent they are not Super Senior Hedging Liabilities (the "**Pari Passu Hedging Liabilities**," and the holders of such Pari Passu Liabilities, the "**Pari Passu Creditors**") and following a Proceeds Loan Appropriation Date, the relevant Senior Secured Proceeds Loan Liabilities and any "**Senior Debt Creditor Representative Amounts**," consisting of certain fees, costs and expenses payable (including but not limited to fees, expenses and disbursements of its legal counsel and its agents) to the relevant creditor representative for its own account under any Senior Debt Documents or incurred by it in connection with any actual or attempted Enforcement Action which is permitted under the Intercreditor Agreement and recoverable pursuant to the terms of the Debt Documents for its own account and certain Liabilities payable to the Security Agent *pari passu* and without any preference between them; and

- *second*, the liabilities in respect of any Senior Notes and certain other indebtedness permitted to rank *pari passu* without any preference between them (the "**Senior Debt Liabilities**," and the holders of such Senior Debt Liabilities, the "**Senior Debt Creditors**" and each finance document relating thereto, a "**Senior Debt Document**") (excluding any Senior Debt Creditor Representative Amounts) and following a Proceeds Loan Appropriation Date, the relevant Senior Debt Proceeds Loan Liabilities.

The Intercreditor Agreement will also provide that certain intercompany obligations of the Issuer and certain of its subsidiaries to other members of the Group (the "**Intra-Group Liabilities**") and investor debt consisting of liabilities owed to certain shareholders of the Issuer under Investor Documents (being each document evidencing any loan made by an Investor Creditor to Topco or other indebtedness incurred by Topco to an Investor Creditor which would, save for exclusion of "Subordinated Shareholder Debt" in the definition of "Financial Indebtedness", constitute "Financial Indebtedness", *provided that* no person shall be required to accede to the Intercreditor Agreement as an Investor Creditor unless at such time there are outstanding Senior Debt Liabilities) ("**Investor Liabilities**") are postponed and subordinated to the liabilities owed by the Debtors to the Super Senior Creditors, the Pari Passu Creditors and the Senior Debt Creditors (such creditors together, the "**Primary Creditors**"). The Intercreditor Agreement will not purport to rank any of the Investor Liabilities or the Intra-Group Liabilities as between themselves.

Subject to the section below entitled "*—Application of proceeds*," the Intercreditor Agreement will not prevent payment by the Debtors of certain fees, costs and expenses (as set out in further detail in the Intercreditor Agreement) owing to the representatives of the creditors in relation to the Credit Facility Liabilities, the Pari Passu Debt Liabilities and the Senior Debt Liabilities (each such representative, a "**Creditor Representative**").

Ranking and priority of security

The Intercreditor Agreement will provide that the Transaction Security shall rank and secure the following liabilities (but only to the extent such Transaction Security is expressed to secure those liabilities) as follows:

- *first*, the Super Senior Liabilities, the Pari Passu Liabilities, any Senior Debt Creditor Representative Amounts and certain Liabilities payable to the Security Agent, *pari passu* and without any preference between them; and

- *second*, any Senior Debt Liabilities (excluding any Senior Debt Creditor Representative Amounts).

Under the Intercreditor Agreement, the proceeds from an enforcement of Transaction Security are required to be applied as provided under the section below entitled "*—Application of proceeds*").

Restrictions on credit facility liabilities, pari passu debt liabilities and senior debt liabilities

Permitted payments: credit facility liabilities and pari passu debt liabilities

Prior to the occurrence of an Acceleration Event in respect of the Credit Facility Liabilities or the Pari Passu Debt Liabilities (a "**Senior Secured Acceleration Event**"), the Intercreditor Agreement will impose no restrictions on payments to be made in respect of the Credit Facility Liabilities pursuant to the Credit Facility Documents or the Pari Passu Debt Liabilities pursuant to the Pari Passu Debt Documents. Following a Senior Secured Acceleration Event, no member of the Group may make (and no Super Senior Creditor or Pari Passu Creditor (such creditors together, the "**Senior Secured Creditors**") may receive) payments of the Super Senior Liabilities or Pari Passu Liabilities (as applicable) except from, subject to certain exceptions, enforcement proceeds distributed in accordance with the section below entitled "*—Application of proceeds*."

Permitted payments: senior debt liabilities

The Intercreditor Agreement will restrict any member of the Group from making payments in respect of any Senior Debt Liabilities, except in certain circumstances as summarized below.

Prior to the later of the date on which all the Super Senior Liabilities are discharged in full (the "**Super Senior Discharge Date**") and the date on which all the Pari Passu Liabilities are discharged in full (the "**Pari Passu Discharge Date**") (the later to occur of the Super Senior Discharge Date and the Pari Passu Discharge Date, the "**Senior Secured Discharge Date**"), certain payments may be made in respect of the Senior Debt Liabilities in accordance with the Senior Debt Documents if:

(a) (i) the payment is of any of the principal amount (including capitalized interest and/or redemption premium) of any Senior Debt Liabilities or any other amount which is not an amount of principal or capitalized interest (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages)), default interest on such Senior Debt Liabilities accrued and payable in cash in accordance with the terms of the relevant Senior Debt Document (as at the date of issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to such Senior Debt Liabilities and amounts in respect of currency indemnities in any Senior Debt Document; (ii) no Senior Debt Payment Stop Notice (as defined below) is outstanding; and (iii) no default arising by reason of non-payment under any Credit Facility Document, Pari Passu Debt Document or Hedging Agreement (together, the "**Senior Secured Finance Documents**") has occurred and is continuing (a "**Senior Secured Payment Default**"); or

(b) the requisite majority of Credit Facility Lenders (the "**Majority Credit Facility Lenders**") and each Creditor Representative acting on behalf of any Pari Passu Lenders or Pari Passu Noteholders (as each term is defined in the Intercreditor Agreement) (the "**Required Pari Passu Creditors**") give prior consent to that payment being made; or

(c) the payment is of any Senior Debt Creditor Representative Amount; or

(d) the payment is of costs, commissions, taxes and expenses reasonably incurred (with documented evidence thereof) in respect of any Senior Debt Documents.

On or after the Senior Secured Discharge Date, payments may be made to the Senior Debt Creditors in respect of any Senior Debt Liabilities in accordance with the Senior Debt Documents.

Permitted payments: senior debt liabilities—issue of senior debt payment stop notice

A Senior Debt Payment Stop Notice is "outstanding" during the period from the date on which, following the occurrence of an event of default arising under any Senior Secured Finance Document (other than a Senior Secured Payment Default) (a "**Senior Debt Payment Stop Event**"), any Creditor Representative (other than the relevant Senior Debt Creditor Representative) (acting on the instructions of the Majority Credit Facility Lenders or the Required Pari Passu Creditors) (a "**Relevant Representative**") delivers a written notice (a "**Senior Debt Payment Stop Notice** ") to any person who is an officer within the corporate trust and agency department of the relevant Creditor Representative, including any director, associate director, vice president, assistant vice president, senior associate, assistant treasurer, trust officer, or any other officer of the relevant Creditor Representative who customarily performs functions similar to those performed by such officers, or to whom any corporate trust matter is referred because of such individual's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Intercreditor Agreement (each such person, a "**Responsible Officer**") and the Security Agent (with a copy to the Issuer) advising that that Senior Debt Payment Stop Event has occurred and is continuing until the first to occur of: (i) the date which is 179 days after the date of issue of the Senior Debt Payment Stop Notice ; (ii) if a Senior Debt Standstill Period (as defined below) commences after the issue of a Senior Debt Payment Stop Notice , the date on which that Senior Debt Standstill Period expires; (iii) the date on which the Senior Debt Payment Stop Event in respect of which that Senior Debt Payment Stop Notice was issued is no longer continuing provided that at such time no other event of default is continuing under any Senior Secured Finance Document; (iv) the date on which the Relevant Representative cancels that Senior Debt Payment Stop Notice by notice to a Responsible Officer of the Relevant Representative and the Security Agent (with a copy to the Issuer); (v) the Senior Secured Discharge Date; and (vi) the date on which any Senior Debt Creditor takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

The ability of a Relevant Representative to deliver a Senior Debt Payment Stop Notice will be subject to certain conditions, including that: (i) a new Senior Debt Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Debt Payment Stop

Notice and (ii) no Senior Debt Payment Stop Notice may be delivered in reliance on a Senior Debt Payment Stop Event more than 60 days after the date each Relevant Representative received notice of that Senior Debt Payment Stop Event.

Permitted enforcement: senior debt creditors

The Intercreditor Agreement will restrict Senior Debt Creditors from taking any enforcement action in respect of any Senior Debt Liabilities prior to the Senior Secured Discharge Date, except in certain circumstances as summarized below.

The Senior Debt Creditors may take enforcement action in respect of any Senior Debt Liabilities if, at the same time as or prior to that action (and subject to certain other conditions): (i) the relevant Senior Debt Creditor Representative has given notice (a "**Senior Debt Enforcement Notice**") to each Relevant Representative and the Security Agent specifying that an event of default under the relevant Senior Debt Documents has occurred and is continuing; (ii) a period (a "**Senior Debt Standstill Period**") of not less than 179 days has elapsed from the date on which that Senior Debt Enforcement Notice becomes effective and (iii) the relevant event of default is continuing at the end of the Senior Debt Standstill Period.

The Senior Debt Creditors may also take certain limited enforcement action: (i) in circumstances where the Senior Secured Creditors has taken enforcement action in relation to the Issuer (provided that the Senior Debt Creditors may only take the same enforcement action in relation to the Issuer as the enforcement action taken by the Senior Secured Creditors against the Issuer (but not against any other Debtor or any other member of the Group)) and (ii) in certain circumstances, following the occurrence of an insolvency event in relation to the Issuer (but only to the extent that such insolvency event did not arise as a result of any action taken by, or at the request of, a Senior Debt Creditor).

Ensuring priority of pari passu debt

The Security Agent will be authorized to effect an amendment, replacement or other modification, replacement or release of any Transaction Security over any asset under the applicable Transaction Security Documents to ensure that the Pari Passu Debt Liabilities may be secured with the ranking of contemplated in accordance with the terms of the Intercreditor Agreement, provided that:

- without prejudice to any consent to be obtained under the Credit Facility Documents and other Pari Passu Debt Documents (as the case may be), if an Event of Default under a Credit Facility (that is not to be refinanced or replaced in whole) is continuing at that time, the requisite consent under the Credit Facility is obtained;

- immediately upon any such release of Transaction Security, new Transaction Security will be provided in favor of the providers of such Pari Passu Debt Liabilities and the relevant existing Secured Parties on terms substantially the same as the terms of the Transaction Security Documents released and subject to the same ranking as set out in the Intercreditor Agreement; and

- contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of Security of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent, either a solvency opinion from an internationally recognized investment bank or accounting firm or an opinion of counsel.

No Secured Party will be required to release any Transaction Security under the Transaction Security Documents where such release under this section "*Ensuring priority of pari passu debt*" may result in such Secured Party incurring any hardening period risk in respect of any such Transaction Security if and to the extent that the Pari Passu Debt Liabilities: (i) can be secured by lower ranking Security in favor of the Secured Parties and (ii) can be secured by such lower ranking Security with the ranking contemplated under the Intercreditor Agreement.

Major terms: senior debt

No liabilities shall constitute Senior Debt Liabilities for the purposes of the Intercreditor Agreement unless the following conditions are satisfied:

- the only issuer or borrower of the Senior Debt Liabilities shall be Topco or a holding company of the Issuer and no other member of the Group may be a co-issuer or co-borrower of the Senior Debt Liabilities; and

- the original maturity date of the Senior Debt Liabilities is not earlier than the date falling 6 months after the final maturity date of the Pari Passu Debt Liabilities other than in respect of the initial maturity for a bridge facility or an interim facility in relation to any Senior Debt but only to the extent the applicable maturity following the conversion date in respect of thereof meets such condition.

The Security Agent is authorized to effect an amendment, replacement or other modification, replacement or release of any Transaction Security over any asset under the applicable Transaction Security Documents to ensure that the Senior Debt may be secured with the ranking of the terms thereof, provided that:

- without prejudice to any consent to be obtained under the Senior Debt Documents, if an Event of Default under Senior Debt Documents (that is not to be refinanced or replaced in whole) is continuing at that time, the requisite consent under the Senior Debt Documents is obtained;

- immediately upon any such release of Transaction Security, new Transaction Security will be provided in favor of the Senior Debt Creditors in respect of such Senior Debt Liabilities and the relevant existing Secured Parties on terms substantially the same as the terms of the Transaction Security Documents released and subject to the same ranking as set out in the Intercreditor Agreement; and

- contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of Security of at least equivalent ranking over the same assets), the Parent delivers to the Security Agent, either a solvency opinion from an internationally recognized investment bank or accounting firm or an opinion of counsel.

No Secured Party will be required to release any Transaction Security under the Transaction Security Documents where such release under this section "*—Major terms: senior debt*" may result in such Secured Party incurring any hardening period risk in respect of any such Transaction Security if and to the extent that the Senior Debt Liabilities: (i) can be secured by lower ranking Security in favor of the Secured Parties and (ii) can be secured by such lower ranking Security with the ranking contemplated under the Intercreditor Agreement.

The Senior Debt Creditors (and the Debtors) may amend or waive the terms of the Senior Debt Documents in accordance with their terms (and subject to any consent required under them) at any time.

Prior to the Senior Secured Discharge Date, the Senior Debt Creditors and the Debtors may not amend or waive (or agree to amend or waive) the terms of any documents or instruments pursuant to which Senior Debt Liabilities are constituted, unless:

- that amendment or waiver is not materially adverse to the interests of the Senior Secured Creditors;

- that amendment or waiver would not result in the terms of the Senior Debt Documents not complying with the major terms set out in this section "*—Major terms: senior debt*" and is permitted or not prohibited by the Credit Facility Documents, the Senior Secured Finance Documents, the Pari Passu Debt Documents and the Senior Debt Documents; and

- provided that prior to the Senior Secured Discharge Date, the Senior Debt Creditors (and the Debtors) may not amend or waive (or agree to amend or waive) the maturity date of the Senior Debt Liabilities so as to shorten the original maturity of the Senior Debt Liabilities to be earlier than the date falling 6 months after the latest maturity date of any Senior Secured Debt Liabilities as in existence at the time the Senior Debt Liabilities were incurred.

Restrictions on investor liabilities, issuer subordinated liabilities and intra-group liabilities

Restriction on issuer liabilities

Prior to the Final Discharge Date, the Issuer shall not make any payment of liabilities owed to Topco and any other person that becomes a Company Subordinated Creditor under the Intercreditor Agreement (the "**Company Subordinated Liabilities**") at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

The aggregate of all Company Subordinated Liabilities in the form of bonds or notes issued by the Issuer shall at no time exceed sixty per cent of the aggregate outstanding amount of all Senior Secured Debt Liabilities and all Company Subordinated Liabilities in each case in the form of bonds or notes issued by the Issuer that would vote in the same class of creditors in the context of any insolvency proceedings.

Permitted payments: issuer liabilities

The Issuer may make payments in respect of the Company Subordinated Liabilities then due if:

- not prohibited under the Senior Secured Debt finance documents;

- in the case of payments in respect of any Senior Debt Proceeds Loan liabilities or payments of costs, commissions, taxes, consent fees and expenses incurred in respect of any agreement or instrument in respect of any Senior Debt Proceeds Loan and, in each case, that payment would, if it were a payment of Senior Debt Liabilities, constitute a permitted Senior Debt payment; or

- if the consent of an instructing group is obtained as contemplated in the Intercreditor Agreement

Restriction on payment: investor liabilities

Prior to the Final Discharge Date, the Issuer shall not make any payment of the Investor Liabilities at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

To the extent that Topco (or its holding company, as applicable) incurs Senior Debt Liabilities in bond or note form, the aggregate of all Investor Liabilities in the form of bonds or notes issued by Topco (or its holding company, as applicable) shall at no time exceed sixty per cent of the aggregate outstanding amount of all Senior Debt Liabilities and all Investor Liabilities in each case in the form of bonds or notes issued by Topco (or its holding company, as applicable) that would vote in the same class of creditors in the context of any insolvency proceedings.

Permitted payments: investor liabilities

The Issuer may make payments in respect of the Investor Liabilities then due if:

- the payment is permitted pursuant to the Credit Facility Agreement(s), the Pari Passu Facility Agreement(s), the Pari Passu Note Indenture(s) and the Senior Debt Documents(s); or

- the Majority Credit Facility Lenders and the Required Pari Passu Creditors or, after the Senior Discharge Date, the Majority Senior Debt Creditors, each consent to such payment being made.

Restriction on payment: intra-group liabilities

Prior to the Senior Secured Discharge Date, the Debtors shall not, and shall procure that no other member of the Group will, make any payments of the Intra-Group Liabilities at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

Permitted payments: intra-group liabilities

The Debtors and other members of the Group may make payments in respect of Intra-Group Liabilities when due, subject to the circumstances as summarized below.

Payments in respect of Intra-Group Liabilities may not be made if, at the time of payment, an Acceleration Event has occurred unless:

- prior to (i) the Senior Secured Discharge Date, the Majority Credit Facility Lenders and the Required Pari Passu Creditors and (ii) the Senior Debt Discharge Date, the Majority Senior Debt Creditors, consent to that Payment being made; or

- the payment is made to facilitate the making of a Permitted Credit Facility Payment, Permitted Hedge Payment, a Permitted Pari Passu Debt Payment or a Permitted Senior Debt Payment.

No payment of principal may be made in respect of:

- the Pari Passu Structural Intra-Group Liabilities by a Debtor thereunder unless such payment is made to facilitate the making of a payment by the Issuer under any Pari Passu Debt, which was downstreamed to such Debtor under such Pari Passu Structural Intra-Group Liabilities; and

- any Senior Debt Proceeds Loan by a Debtor thereunder unless such payment is made to facilitate the making of a payment by Topco (or its holding company, if applicable) under or in respect of any Pari Passu Debt and/or Senior Debt Liabilities.

The Structural Intra-Group Liabilities Lenders shall not sell, factor, discount, transfer, assign or otherwise dispose of any of its right, title or interest in or to the Structural Intra-Group Liabilities.

In addition, the Structural Intra-Group Liabilities Lenders shall not amend or modify the acceleration rights they have in connection with the Structural Intra-Group Liabilities, amend the Structural Intra-Group Liabilities in a manner which would reduce the principal amount thereof (unless such reduction would constitute a payment permitted under this section “Permitted payments: intra-group liabilities”), reduce the maturity date of the Structural Intra-Group Liabilities, add any scheduled repayment obligations or make any such modifications to the Structural Intra-Group Liabilities which will be prejudicial to the Primary Creditors.

However, Structural Intra-Group Liabilities may be cancelled, forgiven or otherwise repaid, released or discharged:

- in respect of any Pari Passu Structural Intra-Group Liabilities, upon the occurrence of the Pari Passu Discharge Date or the defeasance of all Pari Passu Liabilities in accordance with the Debt Documents or in connection with a Post IM Reorganization Merger;

- in respect of any Senior Debt Proceeds Loan, upon the occurrence of the Senior Debt Discharge Date or the defeasance of all Senior Debt Liabilities in accordance with the Debt Documents or in connection with a Post IM Reorganization Merger;

- to the extent such cancellation, forgiveness, repayment, release or discharge, whether by capitalization or prepayment:
    - is applied *pro rata* to the Structural Intra-Group Liabilities, after it has been applied to any Intra-Group Liabilities at the relevant time that do not constitute Structural Intra-Group Liabilities;
    - is necessary to comply with applicable tax regulations regarding the deductibility of interest expense, as confirmed by a leading tax firm advising the Issuer; and
    - is only applied up to the amount of Structural Intra-Group Liabilities raising such interest deductibility issues, as evidenced by calculations provided for by the tax advisor referred to in the preceding sub-paragraph.

Enforcement of transaction security

The Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the relevant Instructing Group (as defined below).

Enforcement of transaction security: majority pari passu creditors

Subject to the certain exceptions including those summarized in the sections below entitled "—*Enforcement of transaction security: majority super senior creditors*" and "—*Enforcement of transaction security: majority Senior Debt Creditors*," the Security Agent will act in accordance with the enforcement instructions provided by the requisite majority of Pari Passu Creditors (the "**Majority Pari Passu Creditors**").

Enforcement of transaction security: majority super senior creditors

The Security Agent will act in accordance with the enforcement instructions received from the requisite majority of Super Senior Creditors (the "**Majority Super Senior Creditors**") until the Super Senior Discharge Date has occurred if:

(a) the Majority Pari Passu Creditors have not either made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing) or appointed a financial adviser to assist them in making such a determination, in each case, within three months of the date of delivery of the initial enforcement notice;

(b) the Super Senior Discharge Date has not occurred within six months of the date of the initial enforcement notice;

(c) an Insolvency Event is continuing with respect to a member of the Group (to the extent the Majority Super Senior Creditors elect to provide enforcement instructions); or

(d) the Majority Pari Passu Creditors have not either made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing) or appointed a financial adviser to assist them in making such a determination and the Majority Super Senior Creditors: (i) determine in good faith (and notify the other Creditor Representatives, the Hedge Counterparties and the Security Agent) that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a Distressed Disposal (as defined below) or on the expected realization proceeds of any enforcement; and (ii) deliver enforcement instructions which they reasonably believe to be consistent with the enforcement principles (as to which, see the section below entitled "—*Enforcement principles*") before the Security Agent has received any enforcement instructions from the Majority Pari Passu Creditors.

Enforcement of transaction security: majority senior debt creditors

Prior to the Senior Secured Discharge Date, the Security Agent shall give effect to any instructions to enforce the Transaction Security (but only to the extent such security is expressed to secure the Senior Debt Liabilities) which the requisite majority of Senior Debt Creditors (the "**Majority Senior Debt Creditors**") are then entitled to give in accordance with the section above entitled "*—Restrictions on credit facility liabilities, pari passu debt liabilities and Senior Debt Liabilities—permitted enforcement: Senior Debt Creditors*" if:

(a) (i) the Majority Super Senior Creditors or the Majority Pari Passu Creditors (as the case may be) have instructed the Security Agent to cease or not to proceed with enforcement or (ii) in the absence of such instructions; and

(b) in each case, the Majority Super Senior Creditors and the Majority Pari Passu Creditors have not required any Debtor to make a Distressed Disposal (as defined below).

Notwithstanding the above paragraph, if at any time the Majority Senior Debt Creditors are entitled to give the Security Agent instructions as to enforcement of the Transaction Security pursuant to the above paragraph and give such instructions, the Majority Super Senior Creditors or the Majority Pari Passu Creditors (as the case may be) shall remain entitled to give instructions to the Security Agent as to enforcement in lieu of any instructions given by the Majority Senior Debt Creditors and the Security Agent shall act on the first instructions received from the Majority Super Senior Creditors or the Majority Pari Passu Creditors (as the case may be).

Following the Senior Secured Discharge Date, any Enforcement Instructions with respect to the Common Transaction Security (as defined in the Intercreditor Agreement) may be given by the then applicable Instructing Group.

Exercise of voting rights and power of attorney

Each (i) creditor in respect of the Intra-Group Liabilities (solely in its capacity as a creditor in respect of Intra-Group Liabilities) and (ii) creditor in respect of the Investor Liabilities (solely in its capacity as a creditor in respect of Investor Liabilities) and (iii) (insofar as it relates to the enforcement, protection or preservation of the Common Transaction Security securing the Senior Debt Liabilities) each Senior Debt Creditor is required to cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency, rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent (acting in accordance with the terms of the Intercreditor Agreement), and each creditor referred to in (i) and (ii), together with the Debtors, irrevocably appoints the Security Agent to be its attorney to do anything which that creditor, or Debtor (as the case may be), has authorized the Security Agent to do under the Intercreditor Agreement or is itself required to do under the Intercreditor Agreement but has failed to do (including casting any vote as described above).

No Primary Creditor will be required to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for (or change the basis for accrual of any) payment of or reschedule any of the Liabilities owed to that Primary Creditor.

Payment of the soulte

"Foreclosure" means the enforcement of any Transaction Security as a result of which the relevant foreclosed assets are owned either by Secured Parties or any Representative on their behalf following an Appropriation (including pursuant to a *pacte commissoire* or by judicial foreclosure) in favor of, or attribution to, Secured Parties (or any Representative on their behalf), in accordance with the relevant Transaction Security Documents.

"*Soulte*" means, in relation to any enforcement action of Transaction Security occurring by way of contractual or judicial foreclosure or appropriation (including, pursuant to a *pacte commissoire* or any similar enforcement mechanism), the amount by which the value of the Collateral appropriated or foreclosed pursuant to that enforcement exceeds the amount of the Liabilities secured by that Transaction Security Document which is discharged as a result of that enforcement being carried out.

If, in the context of a Foreclosure, a *Soulte* is owed by the Secured Parties to any grantor of Transaction Security or Debtor, such *Soulte* shall be payable:

(a) only by the relevant Secured Creditors having participated to the relevant Foreclosure (pro rata to the amount of Liabilities which have been discharged as a result of such Foreclosure);

(b) only on the earlier of:

  (i) the date which is 10 days after the Final Discharge Date; and

  (ii) the date falling 12 months after the date of such Foreclosure,

provided that in such case, the *Soulte* be paid in accordance with the terms specified below.

For the avoidance of doubt, the obligations of each Secured Party to pay its *Soulte* are several and, in the case of the Security Agent, shall only arise to the extent it has not paid on the Liabilities to which such *Soulte* relates.

Any payment of the *Soulte* to any Debtor, which shall occur prior to the Final Discharge Date, shall be made by the Security Agent in a blocked bank account opened in the name of, and selected by, such Debtor and pledged pursuant to a Transaction Security Document substantially in the form of the pledges over bank accounts previously entered into pursuant to the Debt Documents in favor of the Secured Parties as security for any obligation of the relevant Debtor under any of the Debt Documents to which they are parties including any obligation under the Intercreditor Agreement to pay back any Recoveries by the Debtor prior to the Final Discharge Date in accordance with the provisions of the Intercreditor Agreement.

Each of the Debtors shall authorize the Security Agent to make from such pledged bank account any payment required to be fulfilled under the Intercreditor Agreement or any other Debt Documents (including pursuant to any obligations under section below entitled "—*Turnover*").

If, for any reason, following a Foreclosure certain Secured Parties have not paid their *Soulte* Share, such Secured Parties will make such payments amongst themselves as the Security Agent shall require to put the Secured Parties in such a position that (after taking into account such payments) the amount paid or payable in respect of such corresponding *Soulte* is borne by all the Secured Parties having participated in such Foreclosure in the proportions which their respective exposures at the date of the Foreclosure bore to the aggregate exposures of all such Secured Parties at the date of the Foreclosure.

Enforcement principles

The Security Agent shall enforce the Transaction Security or take other action as to enforcement in such manner as the relevant group of Primary Creditors entitled to give instructions as summarized in the section above entitled "—*Enforcement of transaction security*" (the "**Instructing Group**") shall instruct (provided that such instructions are consistent with the enforcement principles).

The enforcement principles are set out in a schedule to the Intercreditor Agreement and provide, among other things, that:

(a) it shall be the primary and over-riding aim of any enforcement to maximize, to the extent consistent with a prompt and expeditious realization of value and with the rights and obligations of the Security Agent under the terms of the Intercreditor Agreement and under applicable laws, the value realized from enforcement (the "**Enforcement Objective**"), provided that the Security Agent shall have no obligation to postpone (or request the postponement of) any Distressed Disposal (as defined below) or liabilities sale in order to achieve a higher price;

(b) to the extent the Instructing Group is the Majority Super Senior Creditors, all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the section below entitled "*—Application of proceeds*;"

(c) to the extent the Instructing Group is the Majority Pari Passu Creditors: (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the section below entitled "*—Application of proceeds*" or (ii) sufficient proceeds from enforcement will be received by the Security Agent to ensure that, when the proceeds are applied in accordance with the section below entitled "*—Application of proceeds*", the Super Senior Discharge Date would occur (unless the Majority Super Senior Creditors (or, where the relevant amendment or waiver would result in any Super Senior Creditor being treated in a manner inconsistent with the treatment proposed to be applied to any other Super Senior Creditor, all the Super Senior Creditors) agree otherwise);

(d) to the extent the Instructing Group is the Majority Senior Debt Creditors, either: all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the section below entitled "*—Application of proceeds;*" or sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that, when the proceeds are applied in accordance with the section below entitled "*—Application of proceeds*", the Super Senior Discharge Date and Pari Passu Debt Discharge Date will occur (unless the Majority Super Senior Creditors and Majority Pari Passu Creditors (or, where the relevant amendment or waiver would result in any Super Senior Creditor or Pari Passu Creditor being treated in a manner inconsistent with the treatment proposed to be applied to any other Super Senior Creditor, all the Super Senior Creditors and the Pari Passu Creditors) agree otherwise);

(e) on: (i) a proposed enforcement in relation to assets other than shares in a member of the Group over which Transaction Security exists, where the book value of the assets exceeds €5,000,000 or (ii) a proposed enforcement in relation to the shares in a member of the Group over which Transaction Security exists, which, in each case, is not being effected through a public auction, the Security Agent shall, if requested by the Majority Super Senior Creditors or the Majority Pari Passu Creditors (and subject to certain exceptions), appoint a financial adviser to provide a fairness opinion in relation that enforcement;

(f) the Security Agent shall not be under any obligation to appoint a financial adviser or to seek the advice of a financial adviser unless expressly required to do so by the enforcement principles or other provisions of the Intercreditor Agreement;

(g) the fairness opinion on enforcement (stating that the proceeds received or recovered in connection with that Enforcement are fair from a financial point of view, taking into account all relevant circumstances, and on the optimal method of enforcing the Transaction Security so as to achieve the Enforcement Objective and maximize the recovery of any such Enforcement) (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Enforcement Objective has been met;

(h) if the Security Agent is unable to obtain a fairness opinion after attempting to do so (and after considering making such modifications to the enforcement process as may be reasonably available and consistent with the enforcement principles to obtain such opinion) because such opinions are not generally available in the market in such circumstances it shall notify the revolving agent in respect of the Credit Facility and each Representative in respect of the Senior Secured Debt Liabilities or Pari Passu Debt and may proceed to enforce the Transaction Security without needing to demonstrate (by way of a financial adviser's opinion or otherwise) that such enforcement is aiming to achieve the Enforcement Objective; and

(i) if enforcement of any Transaction Security is conducted by way of a public auction, no financial adviser shall be required to be appointed, and no financial adviser's fairness opinion shall be required, in relation to such enforcement provided that the Security Agent shall be entitled (but not obliged) to appoint a financial adviser to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of public auction.

Release of the guarantees and transaction security

Non-distressed disposal

In circumstances in which a disposal to a person outside the Group is permitted under the relevant financing documents and is not being effected: (i) at the request of the relevant Instructing Group in circumstances where the Transaction Security has become enforceable; (ii) by enforcement of the Transaction Security or (iii) after a Senior Secured Acceleration Event or an Acceleration Event in respect of the Senior Debt Liabilities has occurred ((ii) and (iii), a "**Distress Event**" and a disposal in the circumstances of (i), (ii) or (iii), a "**Distressed Disposal**"), the Intercreditor Agreement will provide that the Security Agent is irrevocably authorized and instructed to, among other things, release the Transaction Security or any other claim (relating to a Debt Document (as defined in the Intercreditor Agreement)) over that asset and, where the relevant asset consists of shares in the capital of a member of the Group, to release the Transaction Security or any other claim (relating to a Debt Document (as defined in the Intercreditor Agreement)) over the property of that member of the Group, and (to the extent it ceases to be a member of the Group as a result of such disposal), its subsidiaries provided that, in each case, the release of Transaction Security or such claims will only be effective upon the making of the disposal.

Distressed disposal

Where a Distressed Disposal is being effected, the Intercreditor Agreement will provide that the Security Agent is irrevocably authorized and instructed, among other things: (i) to release the Transaction Security or any other claim over the asset subject to the Distressed Disposal; (ii) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor, to release that Debtor or holding company and any subsidiary of that Debtor or holding company from all or any part of its liabilities under the Debt Documents (as defined in the Intercreditor Agreement) and Transaction Security granted by that Debtor or holding company or any subsidiary of that Debtor or holding company or any claims in respect of Intra-Group Liabilities or Investor Liabilities; (iii) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor, the disposal of all, or any part, of certain liabilities under the Debt Documents (as defined in the Intercreditor Agreement) and certain other liabilities, provided that, if it is intended that the transferee will not be treated as a Primary Creditor or secured party, the transferee will not be treated as a Primary Creditor or secured party, and, if it is intended that the transferee should be a Primary Creditor or secured party, then all, and not party only, of the liabilities owed to the Primary Creditors (other than to any Creditor Representative or arranger) and certain other liabilities shall be disposed of and (iv) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or holding company of a Debtor, the transfer to another Debtor of all or any part of the disposed entity's obligations under Intra-Group Liabilities or other liabilities owed to a Debtor.

The net proceeds from each Distressed Disposal and each debt disposal shall be paid to the Security Agent for application in accordance with the section below entitled "*—Application of proceeds*" below.

Certain limitations

The Intercreditor Agreement will also include limitations on the ability to release the Senior Debt Liabilities and Transaction Security pledged in favor of any Senior Debt Creditors as part of a Distressed Disposal, including: (i) that the proceeds of such sale or disposal must be in cash (or substantially in cash) and applied in accordance with the section below entitled "*—Application of proceeds*" and (ii) the sale or disposal must be made pursuant to a competitive sales process or where a financial adviser has delivered an independent opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale.

The Intercreditor Agreement will provide that, if a Distressed Disposal is being effected at a time when the Majority Senior Debt Creditors are entitled to give, and have given, enforcement instructions in accordance with the section above entitled "*—Enforcement of transaction security—Enforcement of transaction security: majority Senior Debt Creditors*," the Security Agent is not authorized to release any Debtor or any subsidiary or holding company of a Debtor from certain liabilities under the Debt Documents (as defined in the Intercreditor Agreement) owed to any Senior Secured Creditor unless those liabilities (together with any other amounts owing to the Senior Secured Creditors) will be paid (or repaid) in full in cash, upon that release.

Effect of insolvency event

After the occurrence of an Insolvency Event in relation to any member of the Group, any party entitled to receive a payment or distribution out of the assets of that member of the Group (in the case of the Senior Secured Creditors, only to the extent that such amount constitutes enforcement proceeds) in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to make that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full and the Security Agent shall apply such distributions in accordance with the section below entitled "*—Application of proceeds*."

Turnover

Turnover by the primary creditors (other than the senior debt creditors)

The Intercreditor Agreement will provide that if any of the Senior Secured Creditors receives or recovers (i) any enforcement proceeds except in accordance with the section below entitled "*—Application of proceeds*" or (ii) except with respect to certain set-off rights, any distribution in relation to any liability owed by any member of the Group which is not in accordance with the order of application summarized in "*—Application of proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Group, that Senior Secured Creditor shall, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount for and on behalf of the Security Agent as agent for the Secured Parties and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Each Secured Party which is personally liable to participate in the payment of a *Soulte* as a consequence of enforcement of any Transaction Security:

(a) shall be allowed to deduct, and retain, from the amounts payable by it under the general turnover obligations described above an amount equal to the portion of such Soulte payable by it (the "**Soulte Share**"); and

(b) unless that Secured Party has previously discharged its payment obligation in relation to its Soulte Share directly to the relevant provider of Transaction Security, agrees that it will promptly pay to the Security Agent, at such times as the Security Agent shall request, an amount equal to its Soulte Share for payment by the Security Agent to the relevant provider of Transaction Security in accordance with the provisions of section above entitled "*—Enforcement of transaction security—Payment of the soulte*."

Turnover by creditors (other than the senior secured creditors)

The Intercreditor Agreement provides that if any of the creditors (other than a Senior Secured Creditor) receives or recovers:

(a) any payment or distribution in relation to any liability which is not either a permitted payment under the Intercreditor Agreement or made in accordance with the order of application summarized under the section below entitled "*—Application of proceeds*";

(b) except with respect to certain set-off rights, any amount by way of set-off in respect of any liability owed to it which does not give effect to a permitted payment under the Intercreditor Agreement;

(c) except with respect to certain set-off rights, (i) any amount in relation to any liabilities after the occurrence of a Distress Event or as a result of any other enforcement action or litigation or proceedings against a member of the Group (other than after the occurrence of an insolvency event in respect of that member of the Group) or (ii) any amount by way of set-off in respect of any liabilities owed to it after the occurrence of a Distress Event, other than, in each case, in accordance with the order of application summarized under "*—Application of proceeds*" below;

(d) the proceeds of any enforcement of any Transaction Security, the proceeds of any Distressed Disposal or any Soulte, in each case, except in accordance with the order of application summarized under "*—Application of proceeds*" below; or

(e) except with respect to certain set-off rights, any distribution in relation to any liability owed by any member of the Group which is not in accordance with the order of application summarized in "*—Application of proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Group, then that creditor will, subject to certain exceptions:

    (i) in relation to receipts or recoveries not received or recovered by way of set-off: (I) hold that amount for and on behalf of the Security Agent as agent for the Secured Parties and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (II) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

    (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of proceeds

The Intercreditor Agreement will provide that all amounts received or recovered by the Security Agent pursuant to the sections above entitled "*—Effect of insolvency event*" and "*—Turnover*" or in connection with the realization or enforcement of all or any part of the Transaction Security or any other Distressed Disposal or otherwise paid to the Security Agent for application as summarized in this section shall be held by the Security Agent as agent and applied in the following order of priority:

(a) in discharging any sums owing to the Security Agent (other than pursuant to the parallel debt provisions), any receiver or any delegate and in payment to the Creditor Representatives of certain fees, costs and expenses payable to the Creditor Representatives for their own account pursuant to terms of the Intercreditor Agreement;

(b) in discharging all costs and expenses incurred by any Primary Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or certain action taken at the request of the Security Agent;

(c) in payment to the Security Agent on behalf of the Foreclosed Assets Holders for distribution to each Foreclosed Assets Holder in an amount equal to the amount of its Tax Liabilities;

(d) in payment to the Security Agent on behalf of Foreclosed Assets Holders which have paid all or part of any Soulte in connection with the enforcement of any Transaction Security Document for distribution to each such Foreclosed Assets Holder in an amount equal to the amount of Soulte paid by it;

(e) in payment or distribution to: (i) each Creditor Representative in respect of a Credit Facility on its own behalf and on behalf of the Credit Facility Creditors for which it is the Creditor Representative; and (ii) the "Super Senior Hedge Counterparties" (being each Hedge Counterparty to the extent it is owed Super Senior Hedging Liabilities), for application towards the discharge of: (A) the Credit Facility Liabilities (in accordance with the terms of the Credit Facility Documents) on a pro rata basis between Credit Facility Liabilities incurred under separate Credit Facility Agreements (as defined in the Intercreditor Agreement); and (B) the Super Senior Hedging Liabilities (on a pro rata basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty), on a pro rata basis between sub-paragraph (A) and sub-paragraph (B);

(f) in payment or distribution to: (i) the Creditor Representatives in respect of any Pari Passu Debt Liabilities on its own behalf and on behalf of the Pari Passu Debt Creditors for which it is the Creditor Representative and (ii) the "Pari Passu Hedge Counterparties" (being each Hedge Counterparty to the extent it is owed Pari Passu Hedging Liabilities), for application towards the discharge of: (A) the Pari Passu Debt Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between Pari Passu Debt Liabilities under separate Pari Passu Facility Agreements (as defined in the Intercreditor Agreement); and (B) the Pari Passu Debt Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between Pari Passu Debt Liabilities under separate Pari Passu Note Indentures (as defined in the Intercreditor Agreement); and (C) the Pari Passu Hedging Liabilities on a pro rata basis between the Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty, on a pro rata basis between sub-paragraph (A), sub-paragraph (B) and sub-paragraph (C);

(g) other than in the case of the Common Transaction Security securing Senior Secured Debt Liabilities only, in payment or distribution to the Senior Debt Creditor Representative in respect of any Senior Debt Liabilities on its own behalf and on behalf of the Senior Debt Creditors for which it is the Creditor Representative for application towards the discharge of the Senior Debt Liabilities (in accordance with the terms of the relevant Senior Debt Documents) on a *pro rata* basis;

(h) in payment or distribution to any Debtor to which a Soulte has been paid or remains payable of an amount equal to such Soulte (and to the extent such Soulte has been already paid by any

Secured Parties to such Debtor, only to the extent that such Debtor has turned such Soulte over to the Security Agent in accordance with section above entitled "—*Turnover*;"

(i) if none of the Debtors is under any further actual or contingent liability under any Credit Facility Document, Hedging Agreement, Pari Passu Debt Document or Senior Debt Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Debtor; and

(j) the balance, if any, in payment or distribution to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that:

(a) if, for any reason, any Super Senior Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Super Senior Creditors in the proportions their respective exposures at the enforcement date bore to the aggregate exposures of all the Super Senior Creditors at the enforcement date, the Super Senior Creditors will make such payments among themselves as the Security Agent shall require to put the Super Senior Creditors in such a position that (after taking into account such payments) their losses are borne in those proportions;

(b) if, for any reason, any Pari Passu Debt Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Pari Passu Creditors in the proportions which their respective Exposures in respect of Pari Passu Debt Liabilities at the enforcement date bore to the aggregate Pari Passu Debt outstanding of all Pari Passu Debt Creditors at the enforcement date, the Pari Passu Debt Creditors will make such payments amongst themselves as the Security Agent shall require to put the Pari Passu Debt Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions; and

(c) if, for any reason, any Senior Debt Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Debt Creditors in the proportions which their respective exposures in respect of Senior Debt Liabilities at the enforcement date bore to the aggregate outstanding of all Senior Debt Creditors at the enforcement date, the Senior Debt Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Debt Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

If, for any reason, following a Foreclosure certain Secured Parties have not paid their *Soulte* Share, such Secured Parties will make such payments amongst themselves as the Security Agent shall require to put the Secured Parties in such a position that (after taking into account such payments) the amount paid or payable in respect of such corresponding *Soulte* is borne by all the Secured Parties having participated in such Foreclosure in the proportions which their respective exposures at the date of the Foreclosure bore to the aggregate exposures of all such Secured Parties at the date of the Foreclosure.

Option to purchase

Following a Distress Event, some or all of the Pari Passu Noteholders and Pari Passu Lenders (as each term is defined in the Intercreditor Agreement) shall have an option (subject to the conditions set out in the Intercreditor Agreement) to purchase all (and not only part) of the Credit Facility Liabilities.

Following a Distress Event, some or all of the Senior Debt Creditors shall have an option (subject to the conditions set out in the Intercreditor Agreement) to purchase all (and not only part) of the Credit Facility Liabilities and the Pari Passu Debt Liabilities.

Consents, amendments and override

Subject to certain exceptions, the Intercreditor Agreement will provide that it may be amended only with the consent of each Creditor Representative, the Majority Credit Facility Lenders, the Required Pari Passu Creditors, the Majority Senior Debt Creditors and the Security Agent unless it is an amendment or waiver that has the effect of changing or that relates to, among other things: (i) the order of application or subordination under the Intercreditor Agreement or (ii) the provisions in respect of redistribution, the enforcement of Transaction Security, the application of proceeds, amendments and waivers, the effect of an insolvency event and turnover, which shall not be made without the consent of:

- the Creditor Representatives;
- the Credit Facility Lenders;
- each Pari Passu Note Trustee on behalf of the Pari Passu Noteholders (as each term is defined in the Intercreditor Agreement) in respect of which it is the Creditor Representative;
- the Pari Passu Lenders (as defined in the Intercreditor Agreement);
- each Senior Debt Creditor Representative (in accordance with the applicable Senior Debt Document) on behalf of the Senior Debt Creditor in respect of which it is the Creditor Representative;
- each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and
- the Security Agent.

It is however specified that the consent of the relevant Senior Debt Creditor Representative and the Senior Debt Creditors shall not be required to amend or waive the terms of, or to release, any Transaction Security Document which is not expressed to secure the Senior Debt Liabilities.

Subject to the above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations or duties on or withdraw or reduce the rights, protections, indemnities or immunities of any party to the Intercreditor Agreement without the prior written consent of that party.

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents (as defined in the Intercreditor Agreement) to the contrary.

Governing law

The Intercreditor Agreement will be governed by English law, other than the provisions relating to the replacement of the Security Agent in respect of French law governed Transaction Security Documents which shall be governed by French law.

Existing intercompany loan

See "*Certain Relationships and Related Party Transactions—Existing Intercompany Loan.*"

Proceeds loan

On the Issue Date, the Issuer, as lender, will enter into an intercompany loan with IM Growth, as borrower, in the amount necessary to repay amounts outstanding under the Existing Senior Facilities in full (the "**Proceeds Loan**"). The Proceeds Loan will be used to refinance the indebtedness incurred by IM

Growth under the Existing Senior Facilities which, as of September 30, 2019, amounted to €58.5 million (excluding accrued and unpaid interest and fees). The maturity date of the Proceeds Loan will be on or about the maturity date of the Notes. The Issuer's interest in the receivables owing to it as lender under the Proceeds Loan will be pledged as part of the Collateral for the Notes. Pursuant to the terms of the relevant Security Document and the Intercreditor Agreement, as applicable, the Issuer's ability to require the prepayment of, and IM Growth's ability to prepay, the Proceeds Loan will be restricted. The Proceeds Loan will constitute Pari Passu Structural Intra Group Liabilities under the Intercreditor Agreement. The Proceeds Loan will be governed by French law.

Factoring arrangement

The Group entered into a third-party factoring scheme in December 2018 with Crédit Agricole Leasing & Factoring ("**CALF**") pursuant to which the Group may sell up to €18.0 million of trade receivables, through monthly sales of receivables on EUR invoices (excluding intragroup, distributors, clients with payment schedules and with limitations on specific countries) (the "**CALF Factoring Agreement**"). Under the CALF Factoring Agreement, the Group receive a cash payment corresponding to the value of the trade receivables purchase price, minus a discount calculated on the basis of three-month EURIBOR plus 1.20% with a zero percent floor.

The CALF Factoring Agreement is non-recourse, the related receivables being deconsolidated, except for invoices not guaranteed or with an overdue period above 60 days. We are required to provide a guarantee fund in cash (€1.1 million as of December 31, 2018) which represents 5% of the outstanding nominal value of the trade receivables, as well as a reserve fund (€2.5 million as of December 31, 2018), are included in our net financial debt as they offset the non-deconsolidated trade receivables sold to factor. The CALF Factoring Agreement has no committed term and can be canceled by CALF, subject to certain specified conditions and notice requirements. All expenses incurred in connection with CALF factoring are recorded in financial expenses.

As of September 30, 2019, the availability under the CALF Factoring Agreement was €4.2 million.

The CALF Factoring Agreement contains customary representations and warranties, covenants and events of default and is governed by French law.

Bpifrance financement loan

IM Production entered into a €5.0 million loan agreement on April 27, 2017 with Bpifrance Financement, as lender. Loans under this loan agreement bear interest at a rate of 1.56% *per annum*, payable in cash. The loan is secured by cash collateral in the amount of €250,000. As of July 31, 2019, the loan has amortized at a rate of 5.0% of the original principal amount per quarter and, as of September 30, 2019 and as of the date of the Offering Memorandum, €4.75 million and €4.5 million in aggregate principal amount, respectively, was outstanding, with the final repayment scheduled for April 20, 2024. See "*Capitalization*."

Subordinated shareholder debt

In connection with the IM Reorganization, the Issuer will issue convertible bonds to Topco for an original principal amount of €174.4 million. These convertible bonds are expected to bear interest at a rate of 8.0% *per annum*, payable in kind. The Subordinated Shareholder Debt is convertible into ordinary shares of the Issuer and as a result the relative ownership percentage of the Issuer may vary in the event any such convertible bonds are exercised. The Subordinated Shareholder Debt will be unsecured and will be subordinated to the Notes and the Notes Guarantee issued by the Post-Closing Guarantor pursuant to the Intercreditor Agreement. Pursuant to the Intercreditor Agreement, the holder of the convertible bonds and the Issuer will undertake not to waive, amend or vary any right or provision of the Subordinated Shareholder Debt regarding the payment-in-kind nature of the interest accruing on the instrument, the scheduled maturity date, the ranking, the lack of events of default, the applicable transfer restrictions and restrictions on amendments, except with consent of the relevant majority of the senior creditors. See "—*Intercreditor Agreement*" and "*Capitalization*."

Description of the notes

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "—Certain Definitions." For purposes of this "Description of the Notes," (i) references to the "Issuer" refer only to IM Group SAS and not to any of its Subsidiaries and (ii) references to "we," "our," "us" or "Group" refer to the Issuer and the Issuer's Restricted Subsidiaries together.

IM Group SAS, a limited liability company (*société par actions simplifiée*) organized under the laws of France (the "**Issuer**"), will issue €200.0 million aggregate principal amount of 6.625% Senior Secured Notes due 2025 (the "**Notes**") under an indenture, to be dated on or about the Issue Date (the "**Indenture**"), among, *inter alios*, itself, BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**") and, as security agent (the "**Security Agent**"), in a private transaction that is not subject to the registration requirements of the Securities Act. See "*Notice to Investors*."

The Indenture will be unlimited in aggregate principal amount, of which €200.0 million in aggregate principal amount of Notes will be issued in the Offering. We may issue an unlimited aggregate principal amount of additional Notes subject to the provisions of the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*") and the Incurrence of Liens (as described below under "*—Certain Covenants—Limitation on Liens*") and the provisions described below under "*—Additional Notes*." Unless the context otherwise requires, in this "*Description of the Notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, or incorporate or include any of the provisions of, or be subject to, the U.S. Trust Indenture Act of 1939, as amended.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes and the Indenture. As the following description is only a summary, you should refer to the Indenture, the form of Notes and the Intercreditor Agreement for complete descriptions of the obligations of the Issuer, IM Growth SAS, a limited liability company (*société par actions simplifiée*) organized under the laws of France (the "**Post-Closing Guarantor**") and IM Managers SAS, a limited liability company (*société par actions simplifiée*) organized under the laws of France ("**IM Managers**"), and your rights because they, and not this summary, define your rights as Holders of the Notes. Copies of the Indenture, form of Notes and the Intercreditor Agreement are available as set forth under "*Listing and General Information*."

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

General

The Notes

The Notes will, upon issuance:

- be general senior, secured obligations of the Issuer;
- within 30 days of the Issue Date, be guaranteed on a senior basis by the Post-Closing Guarantor, subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*";
- be secured as set forth below under "*—Security*"; *however*, if any Indebtedness is Incurred and secured by the Collateral on a super-priority basis pursuant to the Indenture and the Intercreditor Agreement, Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any such obligations have been repaid in full;

- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;

- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes;

- be effectively subordinated to any existing and future Indebtedness of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and

- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of the Issuer that are not Guarantors, including obligations owed to trade creditors.

The Notes Guarantee

The Notes will be Guaranteed (each Guarantee of the Notes, a "**Notes Guarantee**") by the Post-Closing Guarantor within 30 days after the Issue Date (the "**Post-Closing Date**"). The Post-Closing Guarantor is a holding company with no operations of its own.

The Issuer intends to merge with both the Post-Closing Guarantor and IM Managers on or after January 1, 2021, pursuant to which the Issuer will be the surviving company and will acquire all of the rights and assets, and will assume all of the obligations, of the Post-Closing Guarantor and IM Managers (the "**Post-IM Reorganization Mergers**"). Upon the completion of the Post-IM Reorganization Mergers, the Notes Guarantee of the Post-Closing Guarantor and the Post-Closing Guarantor's obligations under the Proceeds Loan and the Existing Intercompany Loan will be released, and the Proceeds Loan and Existing Intercompany Loan will both be extinguished. As a result of the Post-IM Reorganization Mergers, IM Production SAS, a limited liability company (*société par actions simplifiée*) organized under the laws of France and the primary operating subsidiary within our Group ("**IM Production**"), will become a direct wholly-owned subsidiary of the Issuer and 100% of the shares of the IM Production will be automatically credited to the existing securities account of the Issuer opened in the books of the IM Production and pledged as part of the Closing Date Collateral (as defined below). See "*Summary—Summary Corporate and Financing Structure*." There is no requirement for us to complete the Post-IM Reorganization Mergers and failure to do so will not be an event of default under the Notes and the Indenture.

After the Issue Date, certain other Restricted Subsidiaries may provide a Notes Guarantee in the future if the Issuer designates, or is required by the covenant described under "*—Certain Covenants—Additional Notes Guarantees*" to designate, such Restricted Subsidiaries as additional guarantors of the Notes (each, an "**Additional Guarantor**" and, together with the Post-Closing Guarantor, the "**Guarantors**"). The Notes Guarantee of each Guarantor will, upon issuance:

- be a general senior obligation of such Guarantor;

- be secured as set forth below under "*—Security*"; *however*, if any Indebtedness is Incurred and secured by the Collateral on a super-priority basis pursuant to the Indenture and the Intercreditor Agreement, Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any such obligations have been repaid in full;

- rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantor's Notes Guarantee;

- rank *pari passu* in right of payment with any existing and future Indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Guarantor's Notes Guarantee;

- be effectively subordinated to any existing and future Indebtedness of such Guarantor and its Subsidiaries that is secured by property or assets that do not secure such Guarantor's Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and

- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of such Guarantor that are not Guarantors.

The obligations of each Guarantor will be contractually limited under its Notes Guarantee to reflect limitations under applicable law. See "*Risk Factors—Risks Related to our Financing Arrangements and the Notes—Corporate benefit, financial assistance laws and other limitations on the Notes Guarantee or the security interests may adversely affect the validity and enforceability of the Notes Guarantee or security interests in the Collateral*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*." In particular, the Notes Guarantee of the Post-Closing Guarantor will be limited to the outstanding amounts under the Proceeds Loan and the Existing Intercompany Loan. In certain cases, these limitations may apply to the Notes Guarantee of a Guarantor, but not its obligations under other debt.

Pursuant to the Intercreditor Agreement, after an acceleration event in respect of the Notes or other debt subject to the Intercreditor Agreement, neither the Issuer nor any Guarantor may make payments in respect of the Notes or the Notes Guarantees except in connection with the realization or enforcement of the Collateral or a transaction in lieu of such enforcement or all amounts turned over to the Security Agent as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*," in which case such payments will be applied in respect of certain Indebtedness that is Incurred and secured by the Collateral on a super-priority basis pursuant to the Indenture and the Intercreditor Agreement, until such obligations are repaid in full prior to the repayment of the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Principal and maturity

The Issuer will issue €200.0 million aggregate principal amount of Notes on the Issue Date. The Notes will mature on March 1, 2025. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes

Interest on the Notes will accrue at the rate of 6.625% per annum. Interest on the Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;

- be payable in cash semi-annually in arrears on each March 15 and September 15, commencing on March 15, 2020;

- be payable to the Holder of record of such Notes on the Business Day immediately preceding the related interest payment date (except for Definitive Registered Notes, if any, issued under the Indenture, which will have a record date of 15 days prior to any interest payment date as further described under "*—Transfer and Exchange*"); and

- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payments of interest on the Notes

The rights of Holders of beneficial interests in the Notes to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of receiving payments on the Notes

Principal, interest, premium and Additional Amounts, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of the common depositary for Euroclear and Clearstream will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of one or more Paying Agents. In addition, interest on the Definitive Registered Notes may be paid by bank transfer to the Person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent, Registrar and Transfer Agent for the Notes*."

Paying agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch (the "**Principal Paying Agent**" or "**Paying Agent**").

The Issuer will also maintain one or more registrars (each, a "**Registrar**") and one or more transfer agents (each, a "**Transfer Agent**"). The initial Registrar will be The Bank of New York Mellon SA/NV, Luxembourg Branch. The initial Transfer Agent will be The Bank of New York Mellon SA/NV, Luxembourg Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes, if issued, outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Upon demand by the Issuer, the Registrar shall (at the expense of the Issuer) send a copy of the register reflecting ownership of Definitive Registered Notes outstanding from time to time maintained by it to the Issuer and the Issuer shall keep such copy of the register at its registered office.

The Issuer may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the Holders. Notice of the change in a Paying Agent, Registrar or Transfer Agent may be published on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner required by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and exchange

The Notes will be issued in the form of one or more registered notes in global form without interest coupons attached, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to Persons that have accounts with Euroclear and/or Clearstream or Persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "**144A Book-Entry Interests**") of a given series may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**") of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests of a given series may be transferred to a Person who takes delivery in the form of 144A Book-Entry Interests of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the applicable Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the applicable Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof to Persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Registrar is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Definitive Registered Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Definitive Registered Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Definitive Registered Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agent, the Security Agent, the Registrar and any Transfer Agent will be entitled to treat the registered Holder of a Note as the owner of it for all purposes.

Additional notes

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Notes ("**Additional Notes**"), which shall have the terms set out in an Officer's Certificate supplied to the Trustee. The Notes (together with any Additional Notes issued from time to time) will constitute separate series of Notes, but will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series; *provided* that Additional Notes will not be issued with the same CUSIP, ISIN or common code, as applicable, as any series of existing Notes unless such Additional Notes are, in the reasonable judgement of an Officer or the Board of Directors of the Issuer, fungible with such series of existing Notes for U.S. federal income tax purposes. In the Issuer's sole discretion, the aforementioned Officer's Certificate may include provisions pertaining to (a) the redemption of such Additional Notes, in whole or in part, including, but not limited to, any special mandatory redemption in the event that the release from any escrow into which proceeds of the issuance of such Additional Notes are deposited is conditioned on the consummation of any acquisition, Investment, refinancing or other transaction (such redemption, a "**Special Mandatory Redemption**") and (b) the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (21) of the definition of "Permitted Liens" in favor of the Trustee or a security agent solely for the benefit of the holders of such Additional Notes (and not, for the avoidance of doubt, for the benefit of the holders of any other Notes, including Notes of the same series as such Additional Notes), together with all necessary authorizations for the Trustee or such security agent to enter into such arrangements provided that, for so long as the proceeds of such Additional Notes are in escrow, such Additional Notes shall benefit only from such Liens and shall not be subject to the Intercreditor Agreement or any Additional Intercreditor Agreement and shall not benefit from any security interest in the Collateral. In addition, such Officer's Certificate may include provisions pursuant to which such Additional Notes are issued bearing a temporary CUSIP, ISIN or common code pending the satisfaction of certain conditions, such as the consummation of an acquisition, Investment, refinancing or other transaction, and such Additional Notes bearing a temporary CUSIP, ISIN or common code may be automatically exchanged for new Additional Notes bearing the same CUSIP, ISIN or common code as any existing Notes issued; *provided* that such Additional Notes are fungible with the Notes issued on the relevant issue date for U.S. federal income tax purposes.

Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Notes,*" references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. Additional Notes may be designated to be of the same series as any other series of Notes, including the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such other series, and shall be deemed to form one series with other series (including, if applicable, such Notes) (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to a Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the expiration of any provisions relating to such Special Mandatory Redemption).

Restricted subsidiaries and unrestricted subsidiaries

On the Issue Date, all of the Issuer's direct and indirect Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants contained in the Indenture. The Unrestricted Subsidiaries will not provide any Notes Guarantee.

Notes Guarantees

General

The Notes may not be Guaranteed on the Issue Date. On the Post-Closing Date, the Notes will be Guaranteed by the Post-Closing Guarantor. The Notes Guarantee of the Post-Closing Guarantor will be a full and unconditional Guarantee of the Issuer's obligations under the Notes, subject to the limitations discussed below.

After the Issue Date, certain other Restricted Subsidiaries may provide a Notes Guarantee in the future if the Issuer designates, or is required by the covenant described under "*—Certain Covenants—Additional Notes Guarantees*" to designate, such Restricted Subsidiaries as additional guarantors of the Notes. Each Additional Guarantor will, jointly and severally with the Post-Closing Guarantor and each other Additional Guarantor, irrevocably Guarantee (each Guarantee, an "**Additional Notes Guarantee**"), as primary obligor and not merely as surety, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of, or interest on or in respect of, the Notes, fees, expenses, indemnification or otherwise. Any Additional Notes Guarantee shall be issued on substantially the same terms as the Notes Guarantee of the Post-Closing Guarantor (subject to the limitations discussed below). For purposes of the Indenture and this "*Description of the Notes*," references to the Notes Guarantees include references to any Additional Notes Guarantees.

The obligations of any Guarantor will be contractually limited under its Notes Guarantee to reflect limitations under applicable law and the Agreed Security Principles, including restrictions on the granting of Guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, maintenance of share capital, retention of title claims and similar principles applicable to such Guarantor and its shareholders, directors and general partner. For a description of such limitations, see " *Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Each of the Issuer and the Post-Closing Guarantor is a holding company with limited assets of its own other than its shares in its direct Subsidiary, and the operations of the Issuer and the Post-Closing Guarantor are conducted primarily through their respective Subsidiaries. Therefore, the Issuer and the Post-Closing Guarantor will depend on their respective Subsidiaries for cash to ensure they can meet their obligations under the Notes and the Notes Guarantee of the Post-Closing Guarantor, respectively.

Not all of the Issuer's Subsidiaries will Guarantee the Notes. The Notes and the Notes Guarantees will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-Guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-Guarantor Subsidiaries upon that non-

Guarantor Subsidiary's liquidation, winding up or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-Guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-Guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-Guarantor Subsidiary and any Indebtedness of the non-Guarantor Subsidiary senior to that held by the Issuer or such Guarantor. As of September 30, 2019, on an as adjusted basis after giving *pro forma* effect to the Transactions, the Subsidiaries of the Issuer that will not Guarantee the Notes would have had third-party financial indebtedness of €6.0 million. The subsidiaries of the Issuer that will not guarantee the Notes accounted for all of the net sales and EBITDA of the Group for the twelve months ended September 30, 2019 and all of the assets of the Group as of September 30, 2019. See "*Risk Factors—Risk Related to our Financing Arrangements and the Notes—The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries*."

Releases

Each Notes Guarantee of a Guarantor will be released:

(1) upon a sale or other disposition (including by way of merger, consolidation, amalgamation or combination) of Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant below and such that the relevant Guarantor no longer remains a Restricted Subsidiary;

(2) in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant below;

(3) upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) in accordance with the provisions of the Intercreditor Agreement or an Additional Intercreditor Agreement relating to the release of a Notes Guarantee on an enforcement sale or other disposal of such Guarantor;

(6) as described under "*—Amendments and Waivers*";

(7) with respect to an Additional Notes Guarantee given under the "*—Certain Covenants—Additional Notes Guarantees*" covenant below, upon release of the Notes Guarantee that gave rise to the requirement to issue such Additional Notes Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Notes Guarantee is at that time Guaranteed by the relevant Guarantor;

(8) with respect to any Guarantor which is not the continuing or surviving Person in the relevant consolidation or merger, as a result of a Permitted Reorganization or a transaction permitted by the "*—Certain Covenants—Merger and Consolidation—The Guarantors*" covenant below and the Indenture; or

(9) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

The Trustee shall, subject to receipt of certain documents from the Issuer and/or the Guarantors, and subject to the terms of the Intercreditor Agreement, each take all necessary actions reasonably requested by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement, to effectuate any release of a Notes Guarantee of a Guarantor in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders (except to the extent required under clause (6) above). Neither the Trustee nor the Issuer will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Security

General

As of the Issue Date, the Notes are expected to be secured by first-priority security interests in (i) financial securities accounts opened in the name of the Issuer in the books of the Post-Closing Guarantor, IM Managers and IM Production, (ii) certain bank accounts of the Issuer and (iii) certain intra-group receivables owing to the Issuer, including the Proceeds Loan and the Existing Intercompany Loan (the "**Closing Date Collateral**"). On the Post-Closing Date, the Notes and the Notes Guarantee of the Post-Closing Guarantor are expected to be secured by the Closing Date Collateral and by first-priority security interests in (i) the financial securities account opened in the name of the Post-Closing Guarantor in the books of IM Production, (ii) certain bank accounts of the Post-Closing Guarantor and (iii) certain intra-group receivables owing to the Post-Closing Guarantor (collectively with the Closing Date Collateral, the "**Collateral**"). In addition, subject to certain conditions, including compliance with the "*—Certain Covenants—Impairment of Security Interest*" covenant below, each of the Issuer and any Guarantor is permitted to pledge the Collateral in connection with future Incurrences of Indebtedness, including any Additional Notes, in each case, permitted under the Indenture and other Indebtedness of members of the Group and on terms consistent with the relative priority in right of payment of such Indebtedness under the Indenture and the Intercreditor Agreement. Pursuant to the Intercreditor Agreement, Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any such obligations that are secured on a super-priority basis have been repaid in full.

The liens on the Collateral to secure the Notes and the Notes Guarantees are referred to herein collectively as the "**Security Interest**." Any other property or assets over which the Security Interest may in the future be granted to secure obligations under the Notes and the Indenture would also constitute Collateral.

The Collateral will be contractually limited to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent preference or conveyance and other legal restrictions applicable to security providers and their shareholders, directors and general partners. For a description of such limitations, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*." The grant and control of the security will also be subject to certain Agreed Security Principles. The Agreed Security Principles provide that certain assets will not be pledged (or the Liens not perfected), including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders;
- if there is material incremental cost involved in creating security over all assets of a Guarantor in a particular category of assets, only the material assets in that category will be subject to security;
- if providing such security would require consent of any person, subject to certain obligations to take steps to obtain such consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend to the material detriment of the

Issuer or any of the Issuer's Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable endeavors;

- if providing such security (i) would be prohibited by statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, retention of title claims and similar principles (after the use of reasonable endeavors to mitigate any such impediment), or (ii) if it would conflict with the fiduciary duties of their directors or contravene any legal prohibition or result in a material risk of personal or criminal liability on the part of any officer;

- a member of the Group will not be required to give security if it is not majority owned by another member of the Group;

- if in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets; and

- no perfection action will be required in jurisdictions where a Guarantor is not incorporated and does not conduct business but perfection action may be required in the jurisdiction of one Guarantor in relation to security granted by another Guarantor located in a different jurisdiction.

The Agreed Security Principles with respect to the Notes will be interpreted and applied in good faith by an Officer or the Board of Directors of the Issuer.

In addition to the release provisions described below, the Security Interest will cease to exist by operation of law or will be released, depending on the type of security interest, upon the defeasance or discharge of the Notes as provided in "*—Defeasance*" or "*—Satisfaction and Discharge*" in each case in accordance with the terms and conditions of the Indenture.

There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the Holders, and the Collateral securing the Notes and the Notes Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. No appraisals of the Collateral have been made in connection with the Offering. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to our Financing Arrangements and the Notes—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances*" and "*Risk Factors—Risks Related to our Financing Arrangements and the Notes—It may be difficult to realize the value of the Collateral securing the Notes*." In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to release the Security Interest, by reference to the interests of other creditors. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Subject to the terms of the Security Documents and prior to enforcement of any such Collateral, the Issuer and the Guarantors, as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom and, in respect of the shares that are part of the Collateral, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing). See "*Risk factors—Risks relating to our financing arrangements and the notes—The issuer and the guarantors will have control over the collateral securing the notes, and the sale of particular assets could reduce the pool of assets securing the notes*."

The Trustee has, and by accepting a Note, each Holder will be deemed to have, irrevocably appointed the Security Agent to act as its agent and security agent under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. The Trustee has, and by accepting a Note, each Holder will be deemed to have, irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or the Security Documents, together with any other incidental rights, power and discretions and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Further, the Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Security Documents

Under the Security Documents, the Issuer and the Guarantors will grant security over the Collateral to secure the obligations of the Issuer under the Notes and the Indenture and the obligations of the Guarantors under their respective Notes Guarantees and the Indenture. The Security Documents will be entered into by, *inter alios*, the relevant security provider and the Security Agent.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the Holders. The Security Agent will also act on behalf of certain future secured creditors or their agents who have acceded to the Intercreditor Agreement.

The Security Documents provide that the rights with respect to the Collateral must be exercised by the Security Agent or the parties to the Security Documents. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent.

The Security Agent will agree to any release of the Security Interest created by the Security Documents that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the Holders. See "*—Release of Liens*" *and* "*Risk Factors—Risks Related to our Financing Arrangements and the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and any Notes Guarantees will be released automatically and under which such Notes Guarantees will be released automatically, without your consent or the consent of the Trustee*." In addition, the terms of the Security Documents themselves provide for assets to cease to become subject to security in certain circumstances without need for a formal release, such as the sale of assets which are subject to a charge, or the exclusion of certain assets from a debenture if such assets may not be subject to security (such as, for example, assets that may not be validly pledged, or assets that are subject to a Permitted Lien). The Security Agent will commence enforcement action under the Security Documents only in accordance with the terms of the Intercreditor Agreement. See "*—Enforcement of Security Interest*."

In the event that the Issuer or any Guarantor enters into insolvency, bankruptcy, dissolution, *gestion controlée*, *liquidation judiciaire*, *faillite déclarée* or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement were successful, the Holders might not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to our Financing Arrangements and the Notes—Corporate benefit, financial assistance laws and other limitations on the Notes Guarantee or the security interests may adversely affect the validity and enforceability of the Notes Guarantee or security interests in the Collateral*."

Release of Liens

The Issuer and the Guarantors will be entitled, in addition to the circumstances described above, to require the Security Agent to release the Security Interest in respect of the Collateral securing the Notes and the Notes Guarantees under any one or more of the following circumstances:

(1) in connection with any sale or disposition of such property or assets to (a) any Person that is not the Issuer or a Restricted Subsidiary either before or after giving effect to such transaction, if such sale or other disposition does not violate the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant below or (b) the Issuer or any Guarantor; *provided* that such transfer is otherwise in compliance with the Indenture and, in the case of clause (b), immediately following such sale or disposition, a Lien of at least equivalent ranking over the same assets or property exists or is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders);

(2) in connection with the release of a Guarantor from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) in compliance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement relating to disposals of assets subject to security (see "*Description of Certain Financing Arrangements—Intercreditor Agreement*");

(6) (i) in accordance with "*—Amendments and Waivers*," (ii) in accordance with the "*—Impairment of Security Interest*" covenant below and (iii) in accordance with the second paragraph under the "*—Certain Covenants—Limitation on Liens*" covenant below so long as immediately after the release there is no other Indebtedness secured by a Lien on the property or assets that was the subject of the Initial Lien that would result in the requirement for the Notes and the Notes Guarantees to be secured equally and ratably with, or prior to, such Lien;

(7) in order to effectuate a Permitted Reorganization or a merger, consolidation, conveyance or transfer conducted in compliance with the "*—Merger and Consolidation*" covenant below; *provided* that following such Permitted Reorganization or merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders) to the extent such assets or property continue to exist as assets or property of the Issuer or a Restricted Subsidiary (including, for the avoidance of doubt, the Liens over the Proceeds Loan and the Existing Intercompany Loan released in connection with the Post-IM Reorganization Mergers);

(8) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(9) as otherwise permitted in accordance with the Indenture.

The Security Agent and the Trustee (only if required) shall, subject to receipt of certain documents from the Issuer and/or the Guarantors, each take all necessary actions reasonably requested by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement, required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant

Security Documents, subject to customary protections and indemnifications. Each of the releases set forth above shall be permitted to be effected by the Security Agent without the consent of the Holders (except to the extent required under clause (6)(i) above) or any action on the part of the Trustee (unless action is required by it to effect such release).

Enforcement of security interest

The ability of the Security Agent to enforce any Security Interest is restricted by the terms of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Similar provisions may be included in any Additional Intercreditor Agreement entered into in compliance with the "*—Certain Covenants—Additional Intercreditor Agreements*" covenant below.

To establish the relative rights of certain creditors of the Issuer and the Guarantors under our financing arrangements, including, without limitation, the Notes and certain other future Indebtedness, the Issuer and the Guarantors, the Trustee and the Security Agent will enter into the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of any Credit Facilities Incurred pursuant to clause (1) of the second paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant below and any Hedging Obligations Incurred pursuant to clause (6) of the second paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant below and permitted to be secured on the Collateral (see "*—Certain Definitions—Permitted Collateral Liens*") will receive priority with respect to any proceeds received upon enforcement of any Collateral and certain distressed disposals in accordance with the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral and certain distressed disposals, after all such obligations have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture, the Notes and the Notes Guarantees and any other obligations of the Issuer and the Guarantors permitted to be Incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement.

Optional redemption

Optional redemption of Notes

Except as described below and except as described under "*—Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Issuer until March 1, 2022.

On and after March 1, 2022, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice to Holders, at the following redemption prices (expressed as a percentage of principal amount) *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on March 1 for the years indicated below:

Year	Redemption Price
2022	103.313%
2023	101.656%
2024 and thereafter	100.000%

Prior to March 1, 2022, the Issuer may on any one or more occasions redeem up to 40% of the original aggregate principal amount of the Notes (including the aggregate principal amount of any Additional Notes), upon not less than 10 nor more than 60 days' notice to Holders, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 106.625% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the original aggregate principal amount of the Notes (including the aggregate principal amount of any Additional Notes) remains outstanding after each such redemption; and

(2) the redemption occurs within 120 days after the closing of such Equity Offering.

Prior to March 1, 2022, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days' notice to Holders at a redemption price equal to 100% of the principal amount thereof *plus* the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

General

The Issuer may repurchase Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "—*Selection and Notice*" below.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portion thereof called for redemption on the applicable redemption date. Any such redemption may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including (without limitation) that the Issuer has received or any Paying Agent has received from the Issuer or a Person on behalf of the Issuer sufficient funds to pay the full redemption price payable to the Holders of the Notes on or before the relevant redemption date, or, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering. If such redemption is subject to satisfaction of one or more conditions precedent, the notice of redemption shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If requested in writing by the Issuer, which request may be included in the applicable notice of redemption or pursuant to the applicable Officer's Certificate, the Trustee (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) shall distribute any amounts deposited to the Holders prior to the applicable redemption date, *provided*, *however*, that Holders shall have received at least three Business Days' notice from the Issuer of such earlier repayment (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the applicable redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a common depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of such clearing system. For the avoidance of doubt, the Trustee and the Paying Agent shall not be liable to any party for any reason as a result of such amounts being distributed to Holders prior to any applicable redemption date.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, as soon as reasonably practicable after the applicable redemption date inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer (as defined below) or Asset Disposition Offer (as defined below), if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, all of the holders of the Notes will be deemed to have consented to such tender offer and accordingly the Issuer will have the right upon not less than 10 nor more than 60 days' prior notice to Holders, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer, *plus*, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not validly withdrawn such Notes in a tender offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

Sinking fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at maturity

On March 1, 2025, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and notice

If less than all the Notes is to be redeemed at any time, the Notes will be selected for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection based on a method that most nearly approximates a *pro rata* selection as the Registrar or the Paying Agent (as applicable) deems fair and appropriate; *provided, however*, that no Note of €100,000 in principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000, will be redeemed. None of the Trustee, the Paying Agent or the Registrar will be liable for any selections made in accordance with this paragraph.

So long as any Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules, be posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) concurrently with the notice delivered via mail or through Euroclear and Clearstream or as soon as reasonably practicable thereafter and in addition to such release, not less than 10 nor more than 60 days prior to the redemption date, the Issuer shall mail such notice to Holders by first class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. For Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for taxation reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any to, but excluding, the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if an Officer or the Board of Directors of the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) which change or amendment is not publicly announced prior to the Issue Date and becomes effective on or after the Issue Date (or, if a Relevant Taxing Jurisdiction becomes a Relevant Taxing Jurisdiction on a date after the Issue Date, on or after such later date); or

(2) any change in, or amendment to, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction, which change or amendment is not publicly announced prior to the Issue Date and becomes effective on or after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, on or after such later date) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

the Issuer or any Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts) is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent). Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*."

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuer or any Guarantor would be obliged to pay Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of such Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and that it or the relevant Guarantor would not be able to avoid the obligation to pay

Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee to the effect that the Issuer has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above and compliance with the Indenture, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply (a) to any Guarantor only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts and (b) *mutatis mutandis* to any successor Person and to any jurisdiction in which any successor Person is incorporated or organized or otherwise considered to be a tax resident or maintaining a permanent establishment or doing business for Tax purposes or any jurisdiction from or through which any payment on the Notes or any Notes Guarantee is made by or on behalf of such successor Person and any political subdivision or taxing authority or agency thereof or therein.

Withholding taxes

All payments made by or on behalf of the Issuer or any Guarantor thereto (each, a "**Payor**") under or with respect to the Notes or any Notes Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by:

(1) any jurisdiction in which a Payor is then incorporated, organized, or otherwise considered to be a tax resident or maintaining a permanent establishment or doing business for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(2) any jurisdiction from or through which any payment under or with respect to any such Note or Notes Guarantee is made by or on behalf of such Payor (including, without limitation, the jurisdiction of any Paying Agent for the Notes), or any political subdivision or governmental authority thereof or therein having the power to tax (each of clauses (1) and (2), a "**Relevant Taxing Jurisdiction**"),

will at any time be required in respect of any payments made by or on behalf of a Payor under or with respect to any Note or Notes Guarantee, including, without limitation, payments of principal, redemption price, purchase price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments after such withholding, deduction or imposition (including any such deduction, withholding or imposition in respect of such Additional Amounts), will equal the amounts which would have been received in respect of such payments in the absence of such withholding, deduction or imposition; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(a) any Taxes, to the extent such Taxes would not have been so imposed but for the existence of any actual or deemed present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment, place of business or place of management in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition or ownership of a Note or the receipt of any payment in respect of, or the enforcement of, the Notes or any Notes Guarantee;

(b) any Taxes, to the extent such Taxes are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of any Payor addressed to the Holder or beneficial owner (and made at a time that would enable the Holder or beneficial owner acting reasonably to comply with that request) to comply with any certification, information, documentation or other reporting requirements, which are required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes imposed by the Relevant Taxing Jurisdiction, but only to the extent the Holder or beneficial owner is legally entitled to provide such certification, information or documentation;

(c) any Taxes that are required to be paid other than by deduction or withholding from a payment on the Notes or any Notes Guarantee;

(d) any estate, inheritance, gift, value added, sales, transfer, personal property or similar Tax;

(e) any Taxes imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such sections), the Treasury regulations thereunder, any official interpretations thereof or any similar law or regulations adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(f) any combination of the above.

Such Additional Amounts will also not be payable if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period).

In addition, such Additional Amounts shall not be paid with respect to any payment to any Holder who is a fiduciary or a partnership or any person other than the beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor or the applicable withholding agent will (i) make any required withholding or deduction and (ii) timely remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will (i) use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment by the Payor of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction or, if notwithstanding such Payor's efforts to obtain such tax receipts, such tax receipts are not obtained, then such other evidence of payment of such Taxes by the Payor as is reasonably satisfactory to the Trustee and (ii) will provide such certified copies or such evidence of payment to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the Holders upon request and will be made available at the offices of the Listing Agent if the Notes are then listed on the Luxembourg Stock Exchange.

If any Payor becomes aware that it will be obligated to pay Additional Amounts with respect to any payment made under or with respect to any Note or Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agents an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders or the beneficial owner on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The relevant Payor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts.

Wherever there are mentioned, in any context in any of the Indenture, the Notes Guarantees or this "*Description of the Notes*": (1) the payment of principal, (2) purchase price in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary Taxes, or any other excise, property or similar Taxes (including any reasonable expenses related thereto) that arise in any Relevant Taxing Jurisdiction from the execution, issuance, delivery, initial resale, or registration of or any payments under or with respect to any Notes, the Indenture, any Notes Guarantee or any other document or instrument in relation thereto, or in any tax jurisdiction on the enforcement of any of the foregoing (other than on a transfer of Notes other than the initial resale by the Initial Purchaser) and the Payor agrees to indemnify the Holders for any such Taxes paid by or on behalf of such Holders.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, and any transfer by a Holder or beneficial owner of its Notes, and will apply *mutatis mutandis* to any successor to a Payor and to any jurisdiction in which any successor to the Payor is incorporated or otherwise considered to be a tax resident or maintaining a permanent establishment or doing business for Tax purposes or any jurisdiction from or through which any payment on the Notes or any Notes Guarantee is made by or on behalf of such successor and any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "—*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of each Note, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this heading "—*Change of Control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "—*Optional Redemption*" or "—*Redemption for Taxation Reasons*" and has not defaulted in the payment of the applicable redemption price or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "—*Optional Redemption*" or "—*Redemption for Taxation Reasons*" and has not defaulted in the payment of the applicable redemption price or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will deliver a notice (the "**Change of Control Offer**") to each Holder of any such Notes, by mail or otherwise in accordance with the procedures set forth in the Indenture, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date) (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Change of Control Payment Date**") and the record date;

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with a Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to a Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, a Paying Agent will promptly deliver (or cause to be delivered), at the Issuer's expense, to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will, at the Issuer's expense, promptly authenticate and mail to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

So long as any Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish any notice relating to the Change of Control Offer, to the extent and in the manner permitted by such rules, on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*)

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. Future Indebtedness of the Issuer or its Subsidiaries may contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—*Risks Related to our Financing Arrangements and the Notes—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events*."

In addition, the definitions of "Change of Control" and "Permitted Holders" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in aggregate principal amount of the Notes.

Certain covenants

Limitation on indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any of its Restricted

Subsidiaries may Incur Indebtedness if, on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof):

(i) the Fixed Charge Coverage Ratio for the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.0 to 1.0; and

(ii) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been no greater than 2.7 to 1.0;

provided that the amount of Indebtedness Incurred pursuant to the foregoing does not cause the Non-Guarantor Debt Cap to be exceeded.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and Guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding the greater of (x) €30.0 million and (y) 50.0% of Consolidated EBITDA;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary in each case, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (2)); *provided* that, if Indebtedness being Guaranteed is subordinated or *pari passu* with to the Notes or a Notes Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness Guaranteed; and

(b) without limiting the "—*Limitation on Liens*" covenant, Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (2));

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(a) (1) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary; and (2) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause by the Issuer or such Restricted Subsidiary, as the case may be; and

(b) if the Issuer or a Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness must be (a) unsecured and (b) expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes or the applicable Notes Guarantee, in the case of a Guarantor, only if and to the extent required by the Intercreditor Agreement;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes), any Guarantee thereof, the Proceeds Loan and the Existing Intercompany Loan, (b) any Indebtedness (other than Indebtedness described in clauses (1), (3) and (4)(a) of this paragraph) entered into or outstanding on the Issue Date, after giving *pro forma* effect to the Transactions, (c) Refinancing

Indebtedness Incurred in respect of any Indebtedness described in sub-clauses (a), (b) and (c) of this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) any "parallel debt" obligations created in favor of the Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents and (e) Indebtedness in respect of Management Advances;

(5) Indebtedness of (x) the Issuer or any Guarantor Incurred to finance an acquisition or (y) Persons that are acquired by the Issuer or any of its Restricted Subsidiaries or merged, consolidated, amalgamated with or into the Issuer or any of its Restricted Subsidiaries in accordance with the terms of the Indenture; *provided*, *however*, that after giving effect to such acquisition or merger, consolidation or amalgamation either: (a) the Issuer would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant and, if such Indebtedness is Senior Secured Indebtedness, the Issuer would be permitted to Incur at least €1.00 of additional Senior Secured Indebtedness pursuant to the Consolidated Senior Secured Net Leverage Ratio test set forth in the first paragraph of this covenant; or (b) the Fixed Charge Coverage Ratio of the Issuer would not be less than and, if such Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio would not be greater than, it was immediately prior to giving effect to such acquisition or merger, consolidation or amalgamation;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(7) Indebtedness (a) consisting of (1) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (2) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness (*provided* that, in each case, the Indebtedness exists on the date of such purchase, lease, rental, construction, design, installation or improvement or is created within 180 days thereafter), in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(a) and then outstanding, will not exceed at any time outstanding the greater of (x) €12.0 million and (y) 20.0% of Consolidated EBITDA or (b) in respect of obligations (including those obligations that have come into existence following December 31, 2018) that would have been treated as operating leases under IAS 17 as in existence on December 31, 2018;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other Guarantees or other similar bonds, instruments or obligations and completion Guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or Guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, Guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business; *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 60 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business, (d) any cash management, cash pooling or netting or setting off arrangements in the ordinary course of business and (e) Indebtedness representing deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent Entity, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice;

(9) Indebtedness arising from agreements providing for customary Guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness in connection with any such disposition shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) take-or-pay obligations, customer deposits and advance payments received in the ordinary course of business consistent with past practice from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 60 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business on arm's length commercial terms;

(11) Indebtedness (including any Refinancing Indebtedness in respect thereof) of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, Excluded Amounts, an Excluded Contribution or a Parent Debt Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, Excluded Amounts, an Excluded Contribution or a Parent Debt Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the "*—Limitation on Restricted Payments*" covenant below to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (11) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the "*—Limitation on Restricted Payments*" covenant below in reliance thereon;

(12) any Guarantees by the Issuer or any Guarantor of Parent Debt, the net proceeds of which have been lent to the Issuer pursuant to an Issuer Proceeds Loan; *provided* that such Issuer Proceeds Loan has been Incurred in compliance with this covenant other than this clause (12); *provided*, *further*, that such Guarantees are subordinated to the Notes and the Notes Guarantees, as applicable, pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and

that, subject to the Agreed Security Principles, such Issuer Proceeds Loan is pledged to secure the Notes and the Notes Guarantees on a shared first-ranking basis in accordance with the Intercreditor Agreement and any Additional Intercreditor Agreement;

(13) Indebtedness of the Issuer or any Restricted Subsidiary consisting of local lines of credit and overdraft facilities in an aggregate amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of (x) €6.0 million and (y) 10.0% of Consolidated EBITDA;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred;

(15) Indebtedness (including any Refinancing Indebtedness in respect thereof) of the Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed the greater of (x) €21.0 million and (y) 35.0% of Consolidated EBITDA; *provided* that the amount of Indebtedness Incurred pursuant this clause (15) does not cause the Non-Guarantor Debt Cap to be exceeded;

(16) Indebtedness in respect of any Permitted Recourse Receivables Financing not to exceed the greater of (x) €6.0 million and (y) 10.0% of Consolidated EBITDA; and

(17) the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness Incurred on behalf of, or representing Guarantees of Indebtedness Incurred by, joint ventures; *provided* that the aggregate principal amount of Indebtedness Incurred or guaranteed pursuant to this clause (17) does not exceed the greater of (x) €12.0 million and (y) 20.0% of Consolidated EBITDA, at any one time outstanding.

For purposes of determining compliance with, and the outstanding amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; *provided* that all Senior Secured Indebtedness Incurred under clause (1) or (6) of the second paragraph of this covenant that is secured by Liens on the Collateral that is accorded super senior priority status with respect to proceeds of enforcement of the Security Interest in the Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement may not be reclassified;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (13) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greatest of (x) the maximum

mandatory redemption, (y) repurchase price (not including, in either case, any redemption or repurchase premium) and (z) the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(6) for the purposes of determining "Consolidated EBITDA" under the second paragraph of this covenant, (i) *pro forma* effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio of the Issuer and (ii) Consolidated EBITDA shall be measured for the most recently ended four full fiscal quarters for which internal financial statements are available;

(7) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, *plus* any fees, costs and expenses, including premiums, defeasance costs, indemnity fees, upfront fees or any required additional tax gross-up amounts, in connection with such refinancing;

(8) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, reborrowings of amounts previously repaid pursuant to "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility that provide that Indebtedness is deemed to be repaid periodically shall only be deemed for purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent reborrowing thereof;

(9) in the case of any Indebtedness Incurred to refinance any other Indebtedness, any Indebtedness Incurred to fund accrued and/or capitalization interest, accreted value or original issue discount, or any fees, costs and expenses, including premiums, defeasance costs, indemnity fees, upfront fees or any required additional tax gross-up amounts, will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such refinancing Indebtedness is permitted to be Incurred; and

(10) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (31) of the definition of "Permitted Liens," the Incurrence or issuance thereof for all purposes under the Indenture, including without limitation for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or usage of clauses (1) through (17) of the second paragraph of this covenant (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, and, if such Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant irrespective of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of such borrowing or reborrowing (or issuance or creation of

letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "**Reserved Indebtedness Amount**" as of such date for purposes of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, and, to the extent of the usage of clauses (1) through (17) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination at any time and from time to time.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date will be: (i) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with GAAP and (ii) the principal amount of the Indebtedness, in the case of any other Indebtedness. For the purposes of determining any particular amount of Indebtedness under this "*—Limitation on Indebtedness*" covenant, obligations with respect to letters of credit, Guarantees or Liens, in each case supporting Indebtedness otherwise included in the determination of such particular amount will not be included.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing or the date as determined under clause (10) of the third paragraph of this covenant or under "*—Financial Calculations*," as applicable, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing or the date as determined under clause (10) of the third paragraph of this covenant or under "*—Financial Calculations*," as applicable.

Financial calculations

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with any merger, acquisition, disposition, joint venture, Investment or other similar transaction, in each case where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Restricted Payments and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such merger, acquisition, disposition, joint venture, Investment or other similar transaction are entered into (or, in case of a transaction in the form of a tender or exchange offer in connection with which no definitive agreement is entered into with the target company, the date of such tender or exchange offer) and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such merger, acquisition, disposition, joint venture, Investment or other similar transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of any Person) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement (or the time of such tender or exchange offer, as the case may be), any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered (or the date of such tender or exchange offer, as the case may be) and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement (or tender or exchange offer, as the case may be) and before the consummation of such transaction.

Limitation on restricted payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; or

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or any Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent Entity of the Issuer, held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within

one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the "—*Limitation on Indebtedness*" covenant);

(4) make any cash interest payment or any cash principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person (any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "**Restricted Payment**"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to clause (i) of the first paragraph of the "—*Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5) (without duplication of amounts paid pursuant to any other clause of the second succeeding paragraph), (10) and (19) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of Issuer are available (or, in the case such Consolidated Net Income is a deficit, *minus* 100% of such deficit); *plus*

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions or Parent Debt Contributions); *plus*

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the

Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (*plus* the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (y) Excluded Contributions or Parent Debt Contributions; *plus*

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the re-designation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), constituted a Restricted Payment made after the Issue Date; *provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); *plus*

(v) the amount of the cash and the fair market value of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v); *further provided* that, notwithstanding the foregoing, (x) any amounts (such amounts, the "**Excluded Amounts**") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control, (2) the purpose of the receipt of such Net Cash Proceeds or marketable securities was to reduce the Consolidated Net Leverage Ratio so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such Net Cash

Proceeds or marketable securities and (3) no Change of Control Offer is made in connection with such Change of Control in accordance with the requirements of the Indenture and (y) Excluded Amounts shall be limited to the amount of Net Cash Proceeds or marketable securities necessary to reduce the Consolidated Net Leverage Ratio to cause the occurrence of a Specified Change of Control Event, and amounts of Net Cash Proceeds or marketable securities received in excess thereof shall not constitute Excluded Amounts.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined conclusively by an Officer or the Board of Directors of the Issuer acting in good faith; *provided* that any determination of the fair market value of such property or assets in excess of €10.0 million shall be made solely by the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution, Excluded Amounts, a Parent Debt Contribution or resulting from the IM Reorganization) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph describing this covenant or to be net cash proceeds from an Equity Offering for the purposes of the "Optional Redemption" provisions of the Notes;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent Incurrence of, Refinancing Indebtedness permitted to be Incurred pursuant to the "—*Limitation on Indebtedness*" covenant above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the "—*Limitation on Indebtedness*" covenant above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "—*Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have complied with the terms described under "—*Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to or substantially concurrently with purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any required premium and additional tax gross-up amounts;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if required, if the Issuer shall have complied with the terms described under "—*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to or substantially concurrently with purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any required premium and additional tax gross-up amounts; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any premium and additional tax gross-up amounts required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity and loans, advances, dividends or distributions by the Issuer to any Parent Entity or any entity formed for the purpose of investing in Capital Stock of the Issuer to permit any Parent Entity or such other entity to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) €7.5 million in any calendar year (with unused amounts in any calendar year being carried forward to the next two calendar years) or (y) following an Initial Public Offering, €10.0 million in any calendar year (with unused amounts in any calendar year being carried forward to the next two calendar years), *plus* in the case of (x) and (y), the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent Entity) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares or resulting from the IM Reorganization) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions, Excluded Amounts or Parent Debt Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the "—*Limitation on Indebtedness*" covenant above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary to Affiliates in amounts not to exceed (without duplication) the following amounts (rounded up to the next higher hundred thousand euro):

(a) any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions or (ii) to the extent specified in clauses (2), (3), (5), (11), (12), (13) and (16) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions on the common stock or common equity interests of the Issuer or any Parent Entity following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (x) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or through an Excluded Contribution, Excluded Amount or a Parent Debt Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (y) following the Initial Public Offering, an amount equal to the greater of (i) (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 2.2 to 1.0 and (ii) (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 2.7 to 1.0; *provided, further* that, if such Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such dividends or distributions are used to fund a corresponding dividend or other distribution in equal or greater amount on the Capital Stock of such Parent Entity;

(11) payments by the Issuer, or loans, advances, dividends or distributions to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) payment of any Receivables Fees, sales contributions and other transfers of Receivables Assets and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in each case in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent Entity or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent Entity or Affiliate issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, an Excluded Contribution or a Parent Debt Contribution or, in the case of Designated Preference

Shares by a Parent Entity or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) any Restricted Payment made in connection with the Transactions or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) (i) payment under an Issuer Proceeds Loan Incurred in compliance with the "*—Limitation on Indebtedness*" covenant, other than clause (12) of the second paragraph of such covenant, for the purpose of making corresponding interest payments on the applicable Indebtedness Incurred by a Parent Entity, and (ii) (A) payments of cash, dividends, distributions, capital reduction, repayment or repurchase of Subordinated Shareholder Funding, loans, advances or any other Restricted Payment by the Issuer or any of its Restricted Subsidiaries to a Parent Entity for the purposes of making corresponding interest payments on any Parent Debt (whether directly or indirectly through a Parent Entity) and (B) solely to effect the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Parent Debt permitted pursuant to clause (4) of this paragraph; *provided* that, (x) in each case, the Parent Entity applies such payments substantially concurrently with the receipt of such payments and (y) in the case of (ii), such payments to such Parent Entity may only be made to the extent that the net proceeds of the Parent Debt for which the corresponding payment is to be made have been contributed to the Issuer or any of its Restricted Subsidiaries as a Parent Debt Contribution; *provided*, *further*, that any payments on Parent Debt pursuant to sub-clause (ii) may only be made if, at the time such Parent Debt was Incurred by the Parent Entity, the Issuer could have Incurred, or provided a Guarantee for, Indebtedness pursuant to the "*—Limitation on Indebtedness*" covenant in an aggregate amount equal to the amount of Parent Debt on which interest payments are sought to be made pursuant to sub-clause (ii);

(18) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the "*—Merger and Consolidation*" covenant; and

(19) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), (i) Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of (x) €5.0 million and (y) 8.0% of Consolidated EBITDA and (ii) any other Restricted Payment if the Consolidated Net Leverage Ratio on a *pro forma* basis after giving effect to such Restricted Payment does not exceed 2.0 to 1.0.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (19) above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "Permitted Investments," the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including in each case as an Investment pursuant to one or more of the clauses contained in the definition of "Permitted Investments" and may aggregate capacity in multiple clauses of the definition of "Permitted Payments" above, the first paragraph of this covenant and/or in the definition of "Permitted Investments" in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by an Officer or the Board of Directors of the Issuer acting in good faith; *provided* that any determination of fair market value of a non-cash Restricted Payment in excess of €10.0 million shall be made solely by the Board of Directors of the Issuer.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary, but excluding Intellectual Property), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, or in the case of Liens securing Indebtedness Incurred pursuant to clauses (1) or (6) of the second paragraph of the "*—Limitation on Indebtedness*" covenant, *pari passu* with (except that such Indebtedness may receive priority in respect of distributions of proceeds of any enforcement of Collateral) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

The Indenture will further provide that the Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its Intellectual Property, whether owned on the Issue Date or acquired after that date, which Lien is securing Indebtedness for borrowed money that is Incurred under the first paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant or clauses (1), (4)(a), (4)(b), (4)(c), (5), (6), (7), (11), (13), (15), (16) or (17) of the second paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof, except if the Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, or in the case of Liens securing Indebtedness Incurred pursuant to clauses (1) or (6) of the second paragraph of the "*—Limitation on Indebtedness*" covenant, *pari passu* with (except that such Indebtedness may receive priority in respect of distributions of proceeds of any enforcement of Collateral) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

Any Lien created in favor of the Notes pursuant to this covenant will be automatically and unconditionally released and discharged upon (i) the release and discharge of the initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*."

Limitation on restrictions on distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock to the Issuer or pay any Indebtedness or other obligations owed to the Issuer (including the Proceeds Loan and the Existing Intercompany Loan);

(B) make any loans or advances to the Issuer; or

(C) sell, lease or transfer any of its property or assets to the Issuer;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness (other than the Proceeds Loan or the Existing Intercompany Loan) Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility; or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date, and any amendments, restatements, modifications, renewals, supplements, refunding, replacements or refinancings of those agreements referred to in clauses (a) and (b); *provided* that such amendments, restatements, modifications, renewals, supplements, refunding, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payments restrictions than those contained in those agreements on the Issue Date, as applicable (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(2) any encumbrances or restrictions existing under or by reason of the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or was designated a Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or any Restricted Subsidiary or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (3), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(4) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1), (2) or (3) of this paragraph or this clause (4) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1), (2) or (3) of this paragraph or this clause (4); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument (i) are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by an Officer or the Board of Directors of the Issuer) or (ii) are customary in comparable financings and where, in the case of this sub-clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(5) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) provisions in leases, licenses, joint venture agreements and other similar agreements and instruments;

(9) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements; *provided* that an Officer or the Board of Directors of the Issuer determines at the time of the Incurrence of such encumbrances that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes as and when they become due;

(10) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(11) any encumbrance or restriction on cash or other deposits or net worth imposed by customers, suppliers or landlords, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(12) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(13) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the "*—Limitation on Indebtedness*" covenant (other than any refinancing of Indebtedness which is subject to clause (4) above) (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes (in the good faith determination of an Officer or the Board of Directors of the Issuer) than the encumbrances and restrictions contained in the Indenture, the Security Documents and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) where the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or

restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes as and when they become due or (b) constituting an Additional Intercreditor Agreement;

(14) restrictions effected in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing that, in the good faith determination of an Officer or the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing or Permitted Recourse Receivables Financing;

(15) any encumbrance or restriction existing by reason of any lien permitted under "—*Limitation on Liens*"; or

(16) any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15) or in this clause (16); *provided* that the terms and conditions of any such encumbrances or restrictions (a) are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or (b) will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (in each case as determined in good faith by an Officer or the Board of Directors of the Issuer).

Limitation on sales of assets and subsidiary stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by an Officer or the Board of Directors of the Issuer, of the shares and/or assets subject to such Asset Disposition (including, and for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap); and

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments.

After the receipt of Net Available Cash from an Asset Disposition, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply an amount equal to such Net Available Cash (at the option of the Issuer or Restricted Subsidiary):

(a) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash: (i) to prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the "—*Limitation on Indebtedness*" covenant or any Refinancing Indebtedness in respect thereof; *provided*, *however*, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a) (except in the case of any revolving Indebtedness), the Issuer or such Restricted Subsidiary will be required to retire such Indebtedness or cause the related commitment to be permanently reduced; (ii) unless included in (a)(i), to prepay, repay, purchase or redeem *Pari Passu* Indebtedness that is secured in whole or in part by a Lien on the Collateral which Lien ranks *pari passu* with the Liens securing the Notes and the Notes Guarantees at a price of no more than 100%

of the principal amount of such *Pari Passu* Indebtedness *plus* accrued and unpaid interest and any required additional tax gross-up amounts to the date of such prepayment, repayment, purchase or redemption; *provided* that, if such *Pari Passu* Indebtedness is Public Debt, the Issuer or such Restricted Subsidiary shall make an offer on a *pro rata* basis to all Holders of the Notes at a purchase price equal to 100% of the principal amount of the Notes, *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to (but not including) the date of purchase; (iii) to prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case, other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); or (iv) to purchase any series of the Notes pursuant to (x) an offer to all Holders of Notes of such series at a purchase price in cash equal to at least 100% of the principal amount of the Notes, *plus* accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or (y) the optional redemption provisions of the Indenture;

(b) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or purchase or commit to invest in or purchase Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or any Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or pursuant to a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

(c) to make a capital expenditure within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that any such capital expenditure made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; or

(d) any combination of the foregoing;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a), (b), (c) or (d) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

If an amount less than the Net Available Cash from Asset Dispositions is applied or invested or committed to be applied or invested as provided in the preceding paragraph, an amount equal to the difference will be deemed to constitute "**Excess Proceeds.**" On the 366th day (or the 546th day, in the case of any Net Available Cash committed to be used pursuant to pursuant to a definitive binding agreement or commitment approved by the Board of Directors of the Issuer pursuant to clauses (b) or (c) of the second paragraph of this covenant), after the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds exceeds €20.0 million, the Issuer will be required within ten Business Days thereof to make an offer ("**Asset Disposition Offer**") to all Holders of Notes and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum principal amount of Notes and any such *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, *plus* accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the

Indenture or the agreements governing the *Pari Passu* Indebtedness, as applicable, and in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Issuer or a Restricted Subsidiary, as the case may be, may make an Asset Disposition Offer prior to the expiration of the 365- or 545-day period mentioned above.

To the extent that the aggregate amount of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and *Pari Passu* Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and *Pari Passu* Indebtedness, or by such other method as (i) the Trustee and (ii) the trustee, agent or similar representative of such *Pari Passu* Indebtedness, after consultation with the Issuer, deem fair and appropriate (and in such manner as complies with applicable legal, depositary and exchange requirements). For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is during the Asset Disposition Offer (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero. The Trustee shall not have any liability in connection with any method elected under this paragraph.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

No later than five (5) Business Days after the termination of the Asset Disposition Offer (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be purchased by it pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and *Pari Passu* Indebtedness or portions of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and, in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or a Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000 and in integral multiples of €1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or other liabilities (other than contingent liabilities) recorded on the balance sheet of the Issuer (other than Subordinated Indebtedness of the Issuer) or Indebtedness of a Restricted Subsidiary or other liabilities (other than contingent liabilities) recorded on the balance sheet of such Restricted Subsidiary and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) assets or Capital Stock of the kind referred to under clauses (1), (2) or (3) of the definition of "Additional Assets";

(5) consideration consisting of Indebtedness of the Issuer or any Guarantor (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(6) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, as determined in good faith by an Officer or the Board of Directors of the Issuer, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of (x) €6.0 million and (y) 10.0% of Consolidated EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being "**Affiliate Transactions**") involving aggregate value in excess of €5.0 million, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €10.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the "—*Limitation on Restricted Payments*" covenant, any Permitted Payments or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b) and (2) of the definition thereof);

(2) any issuance, transfer or sale of Capital Stock, options, other equity related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent Entity (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect in the good faith judgment of an Officer or the Board of Directors of the Issuer and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated tax return, in each case subject to the limitation provided in clause (2) of the definition of "Related Taxes," or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers, sellers of goods or services, distribution partners or franchisees, in each case in the ordinary course of business (including, without limitation, pursuant to joint venture arrangements), which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of an Officer or the Board of

Directors of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount, not to exceed the greater of (x) €1.8 million and (y) 3.0% of Consolidated EBITDA per fiscal year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions, divestitures or joint ventures, which payments in respect of this clause (b) are approved in good faith by a majority of disinterested members of the Board of Directors of the Issuer;

(12) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(14) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(15) the Transactions;

(16) any Permitted Reorganization; and

(17) without duplication of the foregoing, any ongoing transaction on materially the same terms as described in the Offering Memorandum under the section entitled "*Certain Relationships and Related Party Transactions*."

Maintenance of listing

The Issuer will use its commercially reasonable efforts to list, and maintain the listing, of the Notes on the Securities Official List of the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not so list or maintain such listing, it will use its commercially reasonable efforts to obtain (prior to the delisting of the Notes, if applicable) and maintain a listing on another recognized stock exchange.

Limitation on Issuer activities

The Issuer shall not carry on any material business or own any material assets or Incur any Indebtedness other than:

(1) the ownership of Capital Stock or other debt or equity interests in (x) prior to the Post-IM Reorganization Mergers, IM Growth and IM Managers and one share of IM Production or (y) following the Post-IM Reorganization Mergers, IM Production, in each case any successor or surviving entity thereof as a result of a Permitted Reorganization or a merger, consolidation, conveyance or transfer conducted in compliance with the "*—Merger and Consolidation*" covenant below; *provided* that following such Permitted Reorganization or merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the Capital Stock, other debt or equity interests in such successor or surviving entity is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders);

(2) the provision of administrative services, legal, accounting and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;

(3) (a) the pledging of assets permitted to be or not prohibited from being secured pursuant to the Indenture, (b) the Incurrence of Liens that are described in the definition of "Permitted Liens" and (c) granting the relevant Liens under the Security Documents;

(4) (i) liabilities and performance of obligations and exercise of rights under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents and (ii)(A) Incurring any Indebtedness permitted or not prohibited by the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement and (B) other liabilities and performance of obligations and exercise of rights under any Indebtedness permitted or not prohibited to be Incurred under the Indenture;

(5) the ownership of cash, Cash Equivalents and Temporary Cash Investments;

(6) the execution, delivery and performance of any Tax Sharing Agreement and payments or other transactions or obligations pursuant to any Tax Sharing Agreement entered into with its Subsidiaries and any Parent Entity;

(7) pursuant to or in connection with the Transactions;

(8) entry into and performance of obligations in respect of (i) contracts and agreements with its officers, directors and employees, (ii) subscription or purchase agreements for securities and/or preferred equity certificates, public offering rights agreements, voting and other stockholder agreements, engagement letters, underwriting agreements, agreements with rating agencies and other agreements in respect of its securities or any offering, issuance or sale thereof, (iii) engagement letters and reliance letters in respect of legal, accounting and other advice and/or reports received and/or commissioned by it, in each case, in relation to transactions which are authorized or not otherwise prohibited by the Indenture and (iv) Indebtedness owed by or to any Parent Entity, Subsidiary or Permitted Holder;

(9) paying dividends, making distributions and other payments and making loans or advances to shareholders (and the receipt of repayments of any loans or advances) and pledging of assets to the extent not otherwise prohibited under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(10) (i) the listing of its Capital Stock or convertible bonds and the issuance, offering and sale of its Capital Stock or convertible bonds (including in a Public Offering), including compliance with applicable regulatory and other obligations in connection therewith, (ii) using the net cash proceeds of such issuance, or exchanging or converting such instruments, to fund the purchase, repurchase or redemption of, any Indebtedness or other equity or debt instrument of itself or any Parent Entity (including the Proceeds Loan and the Existing Intercompany Loan), or to contribute to the common equity of its direct Subsidiaries, to the extent permitted or not otherwise prohibited by the Indenture and the relevant Security Documents; and (iii) any purchase, repurchase, redemption, or the performance of the terms and conditions of, and exercise of rights in respect of, the foregoing, to the extent such activities are otherwise permitted or not otherwise prohibited by the Indenture and the relevant Security Documents, in each case, in relation to transactions authorized or not otherwise prohibited by the Indenture;

(11) the performance of obligations and exercise of rights under contracts or arrangements (including loans and bonds and other indebtedness) with any Permitted Holder, any Parent Entity, or any Subsidiary entered into in compliance with the Indenture;

(12) the undertaking of a Permitted Reorganization; *provided* that such successor Person following such Permitted Reorganization complies with the terms of this covenant and such Person directly owns 100% of the Capital Stock of IM Production or a successor thereto (other than directors' qualifying shares, if required by applicable law) and the securities account holding such Capital Stock (or Capital Stock directly) is subject to a security interest in favor of the Security Agent for the benefit of the Holders of the Notes;

(13) activities specifically permitted in connection with a Permitted Investment;

(14) other activities not specifically enumerated above that are incidental to the foregoing or are *de minimis* in nature or consistent with activities undertaken on the Issue Date; or

(15) from time to time, receipt in a transaction otherwise permitted under the Indenture or the Security Documents of properties and assets (including cash, Cash Equivalents, Temporary Cash Investments, shares of Capital Stock of another Person and/or Indebtedness and other obligations) for the purpose of transferring such properties and assets to any Parent Entity, any Subsidiary or any other Person, so long as in any case such further transfer is made promptly.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 150 days after the end of the fiscal year of the Issuer ending December 31, 2019, and within 120 days after the end of each fiscal year of the Issuer beginning with the fiscal year ending December 31, 2020, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including appropriate footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a

discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; and (e) a description of material risk factors and material recent developments; *provided* that the information described in clauses (d) and (e) may be provided in the footnotes to the audited financial statements;

(2) within 90 days after the end of the fiscal quarters of the Issuer ending March 31, 2020 and June 30, 2020, and, commencing with the fiscal quarter ending September 30, 2020, within 60 days following the end of the first and third fiscal quarters in each fiscal year of the Issuer and within 75 days following the end of the second fiscal quarter in each fiscal year of the Issuer, quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods (*provided* that such comparable prior year period for the fiscal quarter ending March 31, 2020 may be provided within 120 days following the end of such fiscal quarter), together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant fiscal quarter; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and material changes in liquidity and capital resources, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; *provided* that such operating and financial review of the unaudited financial statements for the fiscal quarter ending March 31, 2020 may be provided within 120 days following the end of such fiscal quarter; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; *provided* that the information described in clause (d) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring, merger or similar transaction, or any change in the senior management of the Issuer or change in auditors of the Issuer, or any other material event that the Issuer announces publicly, a report containing a description of such event.

All financial statement information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may in the event of a change in GAAP, present earlier periods on a basis that applied to such periods. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum. In addition, no financial information required pursuant to clause (1) above need be audited if not presented on an audited basis by the Issuer in its financial statements included in the Offering Memorandum.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by the first two clauses of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Group separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) standalone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: net sales, EBITDA, net income, cash and cash equivalents, total assets, total debt, shareholders' equity, capital expenditures and interest expense.

Notwithstanding the foregoing, the Issuer may satisfy its obligations under clauses (1) and (2) of the first paragraph of this covenant by delivering the corresponding consolidated annual and quarterly reports of any new holding company created following a Permitted Reorganization or any Parent Entity; *provided* that such reports are accompanied by information that explains in reasonable detail the differences between the information relating to such holding company or Parent and their respective Subsidiaries, on the one hand, and the information relating to the Issuer and its Subsidiaries, on the other hand. In addition, for all comparable periods provided under this covenant, the Issuer may satisfy its obligations under clauses (1) and (2) of the first paragraph of this covenant by delivering the corresponding comparable periods of IM Growth.

Substantially concurrently with the issuance to the Trustee of the reports specified in (1), (2) and (3) above, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined in good faith by an Officer or the Board of Directors of the Issuer) or (b) to the extent an Officer or the Board of Directors of the Issuer determine in good faith that the Issuer cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon their request, prospective purchasers of the Notes.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13 (a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of an Officer or the Board of Directors of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding five paragraphs.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In the event that, and for so long as, the equity securities of the Issuer or any Parent Entity are listed on the regulated market of Euronext Paris (or one of the equivalent regulated markets in the EU or the UK) and the Issuer or such Parent Entity is subject to the Admission and Disclosure Standards applicable to issuers of equity securities admitted to trading on the regulated market of Euronext Paris (or the equivalent standards applicable to issuers of equity securities admitted to trading on one or more of the equivalent regulated markets in the EU or the UK), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent Entity is, or would be, required to file with Euronext Paris pursuant to such Admission and Disclosure Standards (or the applicable standards of one or more of the equivalent regulated markets in the EU or the UK, as applicable). Upon complying with the foregoing requirements, and provided, that such requirements require the Issuer or any Parent Entity to prepare and file annual reports, information, documents and other reports with the regulated market of Euronext Paris, or one or more of the equivalent regulated markets in the EU or the UK, as applicable, and provided that the Issuer or such Parent Entity additionally provides the reports set forth in paragraph (2) above with respect to its first and third fiscal quarters, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Furthermore, within 20 Business Days subsequent to the date of the publication of the reports described in (1) and (2) above, the Issuer shall use its commercially reasonable efforts to hold a conference call for current and prospective Holders of the Notes in which at least one member of the senior management of the Issuer shall participate. Notice of such conference calls shall be deemed a report required by clause (3) above and will state the date, time and dial-in number, and the Issuer shall use its commercially reasonable efforts to publish such notice at least one Business Day in advance of such conference call.

All reports made pursuant to this covenant shall be made in, or translated to, the English language.

Merger and consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Company**") (if not the Issuer) will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom, Norway, Switzerland, Canada or any province of Canada, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan and the Existing Intercompany Loan, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) only in the case of a transaction involving the Issuer, immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to clause (i) of the first paragraph of the "*—Limitation on Indebtedness*" covenant or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and that all conditions precedent in the Indenture relating to such consolidation, merger or transfer have been satisfied and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the "*—Limitation on Indebtedness*" covenant.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, notwithstanding clause (4) of the first paragraph of this covenant (which does not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer (including, for the avoidance of doubt, the Post-Closing Guarantor and IM Managers merging into the Issuer pursuant to the Post-IM Reorganization Mergers), (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary that is a Guarantor and (c) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary that is not a Guarantor. Notwithstanding the preceding clause (3) (which does not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "—*Merger and Consolidation*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition of the Issuer if it has complied with the "*—Limitation on Sales of Assets and Subsidiary Stock*" covenant or (ii) the creation of a new subsidiary as a Restricted Subsidiary.

The Guarantors

No Guarantor (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation),

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into it unless

    (A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

    (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Proceeds Loan and the Existing Intercompany Loan to which it is a party; and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture and the proceeds therefrom are applied as required by the Indenture.

Notwithstanding the preceding clause (B)(2) (which does not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Guarantor or the Issuer and (b) any Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Guarantor or the Issuer.

Notwithstanding anything to the contrary contained herein, this "*—Merger and Consolidation*" covenant will not apply to any transaction or arrangement that is a Permitted Reorganization.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of covenants on achievement of investment grade status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, the Issuer shall notify the Trustee in writing of these events and beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Additional Notes Guarantees*," "*—Impairment of Security Interest*" and the provisions of clause (3) of the first paragraph of the "*—Merger and Consolidation*" covenant and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Upon the occurrence of a Suspension Event, the amount of Excess Proceeds shall be reset to zero.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and (i) the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture other than during the period beginning with the Suspension Event and ending on the Reversion Date, (ii) any transactions prohibited by the "*—Limitation on Affiliate Transactions*" covenant entered into after such reinstatement pursuant to an agreement entered into during the continuance of the Suspension Event shall be deemed to be permitted pursuant to clause (6) of the second paragraph of the "*—Limitation on Affiliate Transactions*" covenant, (iii) any encumbrance or restriction on the ability of the Issuer or any Restricted Subsidiary to take any action described in clauses (A), (B) and (C) of the first paragraph of the "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" covenant that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1) or (12) of the second paragraph of the "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" covenant and (iv) all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to clause (i) of the first paragraph of the "*—Limitation on Indebtedness*" covenant or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Indebtedness Incurred prior to the Suspension Event and outstanding on the

Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the "*—Limitation on Indebtedness*" covenant, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the "*—Limitation on Indebtedness*" covenant. The Trustee shall not be obliged to notify holders of a Suspension Event or Reversion Date.

Impairment of security interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood that the Incurrence of Liens on the Collateral permitted by the definition of "Permitted Collateral Liens" and the implementation of any Permitted Reorganization shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral); and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and/or the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any Lien in any of the Collateral; *provided* that (a) the Issuer and the Issuer's Restricted Subsidiaries may Incur Permitted Collateral Liens or implement any Permitted Reorganization and (b) the Security Interest in the Collateral may be discharged, amended, extended, renewed, restated, supplemented, replaced or released in accordance with the Indenture, the applicable Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement; *provided, however*, that, subject to the foregoing proviso, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released, in each case without the consent of the Holders, to (i) cure any ambiguity, omission, defect, manifest error or inconsistency therein; (ii) provide for Permitted Collateral Liens or implement any Permitted Reorganization; (iii) amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents, for the purposes of undertaking a Permitted Reorganization; (iv) provide for the release of any Security Interest on any properties and assets constituting Collateral from the Lien of the Security Documents; *provided* that such release is followed by the substantially concurrent retaking of a Lien of at least equivalent priority over the same properties and assets securing the Notes or any Notes Guarantee; (v) add to the Collateral; (vi) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement; (vii) evidence the succession of another Person to the Issuer or a Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes, the applicable Notes Guarantee and the Security Documents, in each case, in accordance with the "*—Merger and Consolidation*" covenant; (viii) evidence and provide for the acceptance of the appointment of a successor trustee or Security Agent; or (ix) make any other change thereto that does not adversely affect the rights of the Holders in any material respect; *provided* that, contemporaneously with any such action in clauses (ii) and (iii), the Issuer delivers to the Trustee, (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification, replacement or release, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification, replacement or release, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification, replacement or release, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, modified, replaced or released are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, modification, replacement or release. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional intercreditor agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or any Restricted Subsidiary of any Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness*," the Issuer, the relevant Guarantor, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement, or a restatement, amendment or other modification of an existing intercreditor agreement (an "**Additional Intercreditor Agreement**"), on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including with respect to the subordination, payment blockage, limitation on enforcement and release of Notes Guarantees, priority and release of any Security Interest in respect of the Collateral; *provided, further,* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the personal rights, duties, liabilities, powers, protections or immunities of the Trustee and the Security Agent under the Indenture or the Intercreditor Agreement. For the avoidance of doubt, subject to the foregoing and the succeeding paragraph, any such Additional Intercreditor Agreement may provide for *pari passu* security interests in respect of any such Indebtedness (to the extent such Indebtedness is permitted to share the Collateral on a *pari passu* basis pursuant to the definition of "Permitted Collateral Liens").

At the direction of the Issuer and without the consent of the Holders, the Trustee and the Security Agent will from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (i) cure any ambiguity, omission, defect, manifest error or inconsistency therein; (ii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Notes (including Additional Notes); (iv) make provision for equal and ratable grants of Liens on the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens; (v) enable any Permitted Reorganization; (vi) subject to the preceding paragraph, to provide for additional Indebtedness (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) to the extent permitted under the Indenture) or any other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes or the Notes Guarantees; (vii) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (viii) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof; (ix) increase the amount of the Credit Facilities covered by any such agreement, the Incurrence of which is not prohibited by the Indenture; or (x) make any other change thereto that does not adversely affect the rights of the Holders of the Notes in any material respect. The Issuer will not otherwise direct the Trustee or the Security Agent to enter into any amendment to the Intercreditor Agreement or, if applicable, any Additional Intercreditor Agreement, without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, powers, protections or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

Each Holder of a Note, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Trustee and the Security Agent from time to time to give effect to such provisions;

(2) authorized each of the Trustee and the Security Agent from time to time to become a party to any additional intercreditor arrangements described above;

(3) agreed to be bound by such provisions and the provisions of any additional intercreditor arrangements described above; and

(4) irrevocably appointed the Trustee and the Security Agent to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any additional intercreditor arrangements described above, in each case, without the need for the consent of the Holders.

The Indenture will also provide that, in relation to the Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee (and the Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the "*—Limitation on Restricted Payments*" covenant and the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement.

Additional Notes Guarantees

No Restricted Subsidiary (other than a Guarantor) shall Guarantee the payment of, assume or in any manner become obligated under or with respect to any Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes an Additional Guarantor on the date on which such other Guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter) and, if applicable, executes and delivers to the Trustee a supplemental indenture substantially in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee (which Notes Guarantee shall be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness).

Notwithstanding the foregoing paragraphs in this covenant,

(1) an Additional Guarantor's Notes Guarantee shall not be required to the extent it could result in (A) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, transfer pricing rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (B) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (C) any material cost, expense, liability or obligation (including with respect to any Taxes but excluding any obligation under the Guarantee itself) that cannot be avoided by commercially reasonable measures available to the Issuer other than reasonable out of pocket expenses; or (D) any inconsistency with the Agreed Security Principles (but, in the case of (A), each of the Issuer and the Restricted Subsidiaries will use their commercially reasonable efforts to overcome the relevant legal limitation and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit); and

(2) for so long as it is not permissible under applicable law or regulation for a Restricted Subsidiary to become an Additional Guarantor, such Restricted Subsidiary need not become an Additional Guarantor (but, in such a case, each of the Issuer and the Restricted Subsidiaries will use their commercially reasonable efforts to overcome the relevant legal prohibition precluding the giving of the Guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such Guarantee at such time (and to the extent) that it thereafter becomes permissible).

The first paragraph of this covenant shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the Guarantee of Indebtedness of the Issuer; (2) Guarantees by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a Guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing; (3) Guarantees by any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary and the terms of such Guarantee prohibit the relevant Restricted Subsidiary from becoming an Additional Guarantor; and (4) Guarantees given by any Restricted Subsidiary to a bank or trust company incorporated in any member state of the European Union or the United Kingdom or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating, at the time such Guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Issuer's benefit or that of any Restricted Subsidiary.

Each such Notes Guarantee will be limited as necessary to recognize certain defenses generally available to Guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Each Notes Guarantee shall be released in accordance with the provisions of the Indenture and the Intercreditor Agreement described under "*—Notes Guarantees*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Events of default

Each of the following is an "**Event of Default**" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its stated maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Guarantors, the Issuer or any of its Restricted Subsidiaries to comply for 30 days after notice by the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes with any of its obligations under "*—Change of Control*" above (other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure by Topco, the Issuer or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and Security Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

   (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default**"); or

   (b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**"), and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €15.0 million or more;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(7) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**");

(8) any Security Interest (a) under the Security Documents or (b) over assets secured by a Lien described in clause (21) of the definition of "Permitted Liens" securing Additional Notes, shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of €15.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or any grantor of a Lien over the Collateral shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days (the "**security default provisions**"); and

(9) any Notes Guarantee of a Significant Subsidiary (or a group of Restricted Subsidiaries that are Guarantors that, taken together (as of the latest audited consolidated financial statements of the Issuer) would constitute a Significant Subsidiary) ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days (the "**guarantee provisions**").

However, a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4), (5) and (7) the Issuer does not cure such default within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in aggregate principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) under "*—Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal, interest or premium, if any, when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee, and the Trustee has received, security and/or indemnity (including by way of pre-funding) reasonably satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default (of which a responsible officer of the Trustee has been informed in writing) has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to receive indemnification and/or security satisfactory (including by way of pre-funding) to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action. The

Indenture will provide that if a Default occurs and is continuing and a responsible officer of the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders.

The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "**Initial Default**"), then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will also provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to it in its sole discretion. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), *provided, however*, that if any amendment, supplement or waiver will only affect one series of Notes, only the consent of holders of a majority in aggregate principal amount of the then outstanding Notes of such series, and not the consent of holders of a majority in aggregate principal amount of all Notes then outstanding, will be required.

However, without the consent of Holders holding not less than 90% (or in the case of clause (8) below, 80%) of the then outstanding principal amount of Notes affected (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "—*Optional Redemption*" or "—*Redemption for Taxation Reasons*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts, if any, on or with respect to such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all the Security Interest granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations (or modify such obligations in any manner adverse to the Holders) under any Notes Guarantee or the Indenture, as applicable, except in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence,

provided, *however*, that if such amendment or waiver described above only affects or would only affect Holders of one series of Notes, and does not or would not affect Holders of the Notes generally, only the consent of Holders of not less than 90% (or in the case of clause (8) above, 80%) of the then outstanding principal amount of such series of Notes shall be required.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the Security Agent, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Notes Document;

(3) add to the covenants for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee, the Security Agent or the Holders or does not adversely affect the rights or benefits to the Trustee, the Security Agent or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by an Officer or the Board of Directors of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the "—*Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Additional Notes Guarantees*" covenants, to add Notes Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is permitted under the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents, the Notes or the Intercreditor Agreement to any provision of this "*Description of the Notes*" or "*Description of Certain Financing Arrangements—Intercreditor Agreement*" to the extent that such provision in the Indenture, the Security Documents, the Notes or the Intercreditor Agreement was intended to be a verbatim recitation of a provision set forth under this "*Description of the Notes*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*," as applicable;

(8) to evidence and provide for the acceptance and appointment under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(9) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes; *provided*, *however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the legal rights under the Indenture of Holders to transfer Notes;

(10) to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders of the Notes as security for the payment and performance of the Issuer's or any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent pursuant to the Indenture or otherwise (any such additional security shall be deemed to be Collateral for all purposes under the Indenture);

(11) to comply with the rules of any applicable securities depositary; or

(12) as provided in "*—Additional Intercreditor Agreements*" and "*—Impairment of Security Interest*."

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel, which shall be conclusive.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any of the foregoing amendments, supplements and waivers and publish a notice of any of the foregoing amendments, supplements and waivers on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Notwithstanding anything to the contrary in the paragraphs above, in order to effect an amendment authorized by clause (6) above to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such Additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such Additional Guarantor and (iii) the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by the Issuer and the Trustee.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all of its and each Guarantor's obligations under the Notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust (as defined below), the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the Security Agent and the obligations of the Issuer and the Guarantors in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate each Restricted Subsidiary's obligations under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" above ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the "*—Merger and Consolidation—The Issuer*" covenant), (4), (5), (6), (7), (8) and (9) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euro or euro-denominated European Government Obligations or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders and beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount

and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent or Registrar for cancellation; or (b) all Notes not previously delivered to the Paying Agent or Registrar for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption;

(2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), cash in euro or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent or Registrar for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be;

(3) the Issuer has paid or caused to be paid all other sums payable (i) under the Indenture and (ii) to the Trustee under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; and

(4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "—*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

If requested by the Issuer, the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), may distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be; *provided*, *however*, that the Holders shall receive at least three Business Days' notice from the Issuer of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payments to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts. If requested by the Issuer, the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), may distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be; *provided*, *however*, that the Holders shall receive at least three Business Days' notice from the Issuer of such earlier repayment date (which may be included in the notice of redemption). To the extent the Notes are represented by a Global Note held through a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the applicable procedures of such clearing system.

No personal liability of directors, officers, employees and shareholders

No director, manager, officer, employee, incorporator or shareholder of the Issuer or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Restricted Subsidiary under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Listing and general information

Application has been made to the Exchange for the listing of the Notes on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. The Issuer may also choose to list on another recognized stock exchange. There can be no assurance that the application to list the Notes on the Securities Official List of the Luxembourg Stock Exchange will be approved, and settlement of the Notes is not conditioned on obtaining this listing.

Concerning the Trustee

BNY Mellon Corporate Trustee Services Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, of which a responsible officer of the Trustee has been informed in writing, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, of which a responsible officer of the Trustee has been informed in writing, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. The Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee on behalf of the Holders, subject to certain exceptions.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor trustee. The Indenture will contain provisions for the indemnification and/or security (including by way of pre-funding) of the Trustee by the Issuer and the Guarantors for any loss, liability, taxes or expenses Incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, notices with respect to the Notes will, to the extent and in the manner permitted by such rules, be posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have given, on such date, as the Trustee may approve.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency indemnity and calculation of euro-denominated restrictions

Euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Notes Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non- euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of judgments

Since substantially all the assets of the Issuer and the Post-Closing Guarantor are located outside the United States, any judgment obtained in the United States against the Issuer or the Post-Closing Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Notes Guarantee, may not be collectable within the United States.

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Notes Guarantees, the Issuer and each Guarantor will, in the Indenture, appoint an agent for service of process and irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture, the Notes and the Notes Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York.

The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales.

The Security Documents and the Proceeds Loan will be, and the Existing Intercompany Loan is, governed by and construed in accordance with the laws of France.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"**Additional Assets**" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) all or substantially all of the assets of a Person that is engaged in a Similar Business;

(3) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(4) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the Agreed Security Principles attached to the Indenture, as interpreted and applied in good faith by an Officer or the Board of Directors of the Issuer.

"**Applicable Premium**" means, with respect to any Note on any redemption date, the greater of:

(1) 1% of the principal amount of such Note; and

(2) the excess (to the extent positive) of:

    (a) the present value at such redemption date of (i) the redemption price of such Note at March 1, 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under "*—Optional Redemption—Optional Redemption of Notes*" (excluding accrued but unpaid interest to the redemption date), *plus* (ii) all required interest payments due on such Note to and including March 1, 2022 (excluding accrued but unpaid interest to the redemption date), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; *over*

    (b) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee or the Paying Agent, nor shall the Trustee or the Paying Agent have any liability related thereto.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock or other assets in the ordinary course of business;

(4) the sale or lease of equipment or products in the ordinary course of business and any sale or other disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*," any Permitted Reorganization or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(7) any Restricted Payment that is permitted to be made, and is made, under the "*—Certain Covenants —Limitation on Restricted Payments*" covenant and the making of any Permitted Payment or Permitted Investment;

(8) the granting of Liens not prohibited by the "*—Certain Covenants—Limitation on Liens*" covenant;

(9) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(10) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property, in each case, in the ordinary course of business;

(11) foreclosure, condemnation or any similar action with respect to any property or other assets;

(12) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(13) sales or dispositions of receivables in connection with any Qualified Receivables Financing, Permitted Recourse Receivables Financing or any factoring transaction or in the ordinary course of business;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that an Officer or the Board of Directors of the Issuer shall certify that in its opinion, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(19) a disposition that is made in connection with the establishment of a joint venture or sales, transfers and other dispositions of Investments in joint ventures to the extent required by or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding agreements; provided that any cash or Cash Equivalents received in such sale, transfer or other disposition is applied in accordance with the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant; and

(20) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by an Officer or the Board of Directors of the Issuer) of less than the greater of (x) €3.0 million and (y) 5.0% of Consolidated EBITDA.

"**Associate**" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Similar Business entered into by the Issuer or any Restricted Subsidiary.

"**Board of Directors**" means (1) with respect to the Issuer or any corporation, the board of directors or managers or the supervisory board, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Issuer" under the Indenture may be exercised by the Board of Directors of a Restricted Subsidiary (pursuant to a delegation of powers of the Board of Directors of the Issuer) or Topco or another Parent Entity.

"**Bund Rate**" means, as of any redemption date, the rate per annum (subject to a 0% floor) equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(a) "**Comparable German Bund Issue**" means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to March 1, 2022 and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to March 1, 2022, *provided*, *however*, that, if the period from such redemption date to March 1, 2022, is less than one year, a fixed maturity of one year shall be used;

(b) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) “**Reference German Bund Dealer**” means any dealer of German *Bundesanleihe* securities appointed by an Officer or the Board of Directors of the Issuer in good faith; and

(d) “**Reference German Bund Dealer Quotations**” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany time on the third Business Day that is also a business day in Germany preceding the relevant date.

“**Business Day**” means each day that is not a Saturday, Sunday or other day on which banking institutions in Paris, France, London, United Kingdom or Luxemburg, Grand Duchy of Luxembourg are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

“**Capital Stock**” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“**Capitalized Lease Obligations**” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“**Cash Equivalents**” means:

(1) securities issued or directly and fully Guaranteed or insured by a member state of the European Union, the United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any bank or trust company (a) whose commercial paper is rated at least “A-1” or the equivalent thereof by S&P or at least “P-1” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by a member state of the European Union, the United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in a member state of the European Union, the United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"**Change of Control**" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to any regulatory filing, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) (other than deemed beneficial ownership derived from membership in a group) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an Affiliate of a Permitted Holder and has the sole voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders;

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

Notwithstanding the preceding or any provision of Rule 13d-3 and Rule 13d-5 under the Exchange Act, a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

"**Clearstream**" means Clearstream Banking S.A., a *société anonyme*, any successor securities clearing agency thereof.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Collateral**" means the property and assets of the Issuer or any other Person over which a Lien has been granted to secure the obligations of, as applicable, the Issuer under the Notes and the Indenture and the Guarantors under the Notes Guarantees, in each case pursuant to the Security Documents (other than any assets described in clause (21) of the definition of "Permitted Liens" securing Additional Notes).

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Consolidated EBITDA**" for any period means, without duplication, the Consolidated Net Income for such period, *plus* the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization and impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made at the time of such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), joint venture, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), any management equity or stock option plan, any management or employee benefit plan, any stock subscription of any shareholders agreement, in each case, as determined in good faith by an Officer or the Board of Directors of the Issuer;

(6) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent not prohibited by the "*—Certain Covenants—Limitation on Affiliate Transactions*" covenant;

(7) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(8) other non-cash charges, write downs or items reducing Consolidated Net Income or other items classified by the Issuer as non-cash extraordinary, one-off, non-recurring, exceptional or unusual items *less* other non-cash items of income increasing Consolidated Net Income (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (15) of the definition of "Consolidated Net Income");

(9) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(10) to the extent not already otherwise included herein, adjustments and add-backs similar to those made in calculating "Adjusted EBITDA" included in the Offering Memorandum.

For the purposes of determining "Consolidated EBITDA" for any basket or ratio under the Indenture on any date of determination, Consolidated EBITDA shall be calculated for the period of the most recent four consecutive fiscal quarters for which internal financial statements of the Issuer are available immediately preceding such date of determination and *pro forma* effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries.

"**Consolidated Financial Interest Expense**" means, for any period (in each case, determined on the basis of GAAP), the sum of:

(1) consolidated net interest income/expense of the Issuer related to Indebtedness (including (a) amortization of debt discount, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) the interest component of Capitalized Lease Obligations, and (d) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any pension liability interest cost, debt issuance cost and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (d));

(2) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer; and

(3) any interest on Indebtedness of another Person that is Guaranteed by a member of the Group or secured by a Lien on assets of a member of the Group or in respect of any Parent Debt to the extent paid by a member of the Group; *provided* that, for avoidance of doubt, such interest shall include, without double counting, all amounts paid pursuant to clause (17) of the definition of "Permitted Payments."

"**Consolidated Income Taxes**" means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding Taxes, corporation Taxes, trade Taxes and franchise Taxes) of any member of the Group whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of GAAP), the consolidated net interest income/expense of the Issuer, whether paid or accrued, *plus* or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations and the interest component of deferred payment obligations;

(2) amortization of debt discount, amortization of debt issuance costs, fees, premium and expenses and the expensing of any financing fees;

(3) non-cash interest expense;

(4) the net payments (if any) of Interest Rate Agreements and Currency Agreements (excluding amortization of fees and discounts and unrealized gains and losses, costs associated with Hedging Obligations (including termination payments) and foreign currency losses and any Receivables Fees);

(5) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;

(6) the consolidated interest expense that was capitalized during such period; and

(7) any interest on Indebtedness of another Person that is Guaranteed by a member of the Group or secured by a Lien on assets of a member of the Group or in respect of any Parent Debt to the extent paid by a member of the Group; *provided* that, for avoidance of doubt, such interest shall include, without double counting, all amounts paid pursuant to clause (17) of the definition of "Permitted Payments."

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Issuer determined on a consolidated basis on the basis of GAAP; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not the Issuer or a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to a member of the Group as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the "*—Certain Covenants—Limitation on Restricted Payments*" covenant, any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary, and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date and (d) restrictions not prohibited by the "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" covenant) except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to a member of the Group as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of any member of the Group (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, start up (including entry into new

markets/channels and new product offerings), ramp up, system establishment, software or information technology implementation or development costs, costs related to or resulting from governmental or regulatory investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provision, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity-based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any member of the Group owing to a member of the Group;

(11) any effects of purchase accounting including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to a member of the Group), as a result of any consummated acquisition (either prior to or after the Issue Date) or the amortization or write-off of any amounts thereof (including any write- off of in process research and development);

(12) any goodwill or other intangible asset impairment, charge or write-off;

(13) any capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

(14) consolidated depreciation and amortization expense to the extent in excess of net capital expenditures for such period, and Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(15) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence

(with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"**Consolidated Net Leverage**" means the sum of the aggregate outstanding Indebtedness of the Group (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Group (other than cash or Cash Equivalents received upon the Incurrence of Indebtedness by the Group and not immediately or subsequently applied or used for any purpose not prohibited by the Indenture), as of the relevant date of calculation on a consolidated basis on the basis of GAAP.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) the sum of (a) the Consolidated Net Leverage at such date and (b) the Reserved Indebtedness Amount at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available immediately preceding the date of determination; *provided, however*, that (other than in connection with making any Restricted Payment pursuant to clause (19)(ii) of the third paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*") the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (i) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clause (5) of such second paragraph) or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*"; *provided*, *further*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period, a member of the Group has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such Sale constitutes "discontinued operations" in accordance with GAAP, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, a member of the Group (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "**Purchase**"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated synergies and expenses and cost reductions calculated as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into a member of the Group since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by a member of the Group since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including, with respect to any Purchase by such Person, anticipated synergies and expenses and cost reductions as if such Sale or Purchase occurred on the first day of such period; and

(4) for the purposes of making the determination pursuant to the definition of "Specified Change of Control Event," Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect to such event constituting a "Specified Change of Control Event," including any equity injection accruing simultaneously with such Specified Change of Control, anticipated synergies and expenses and cost savings as if such event had occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income, Consolidated Senior Secured Net Leverage Ratio and Fixed Charge Coverage Ratio, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including in respect of anticipated expense and cost reductions and synergies as though the full effect of the synergies and cost savings were realized on the first day of the relevant period and shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Issuer) of cost savings programs that have been initiated by a member of the Group as though such cost savings programs had been fully implemented on the first day of the relevant period (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared); *provided* that such anticipated expense and cost reductions and synergies and cost savings are reasonably anticipated to be realized within 18 months after the consummation of the cost savings program, any operational change or the Purchase or Sale which is expected to result in such anticipated expense and cost reductions and synergies and cost savings), and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period; *provided*, that, in making such computation, the amount of Indebtedness under any revolving credit facility or overdraft facility shall be computed based upon the average daily balance of such Indebtedness during such period.

"**Consolidated Senior Secured Net Leverage**" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Group (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries (other than cash or Cash Equivalents received upon the Incurrence of Indebtedness by the Group and not immediately or subsequently applied or used for any purpose not prohibited by the Indenture), as of the relevant date of calculation on a consolidated basis on the basis of GAAP.

"**Consolidated Senior Secured Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) the sum of (a) the Consolidated Senior Secured Net Leverage at such date and (b) the Reserved Indebtedness Amount that constitutes Senior Secured Indebtedness to (y) Consolidated EBITDA, calculated and determined in a manner consistent with the provisions of the definition of "Consolidated Net Leverage Ratio."

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person Guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument which otherwise qualifies as a "Credit Facility" (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by an Officer or the Board of Directors of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant.

"**Designated Preference Shares**" means, with respect to the Issuer or any Parent Entity, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the "*—Certain Covenants—Limitation on Restricted Payments*" covenant.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the "*—Certain Covenants—Limitation on Restricted Payments*" covenant.

"**Equity Offering**" means a public or private sale of (x) Capital Stock of the Issuer or (y) Capital Stock or other securities of a Parent Entity, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity of the Issuer or any of its Restricted Subsidiaries, in each case other than:

(1) Disqualified Stock or Designated Preference Shares;

(2) offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions;

(3) any such sale that constitutes an Excluded Contribution or Excluded Amount; and

(4) any such sale the proceeds of which are utilized pursuant to clause (11) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*."

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by an Officer or the Board of Directors of the Issuer) on the date of such determination.

"**Euroclear**" means Euroclear Bank SA/NV or any successor securities clearing agency thereof.

"**European Government Obligations**" means (1) direct obligations of, or obligations Guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is payable in euro and is not callable or redeemable at the option of the issuer thereof.

"**European Union**" means the European Union as of the Issue Date.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or Excluded Amounts) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares or Excluded Amounts) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"**Existing Intercompany Loan**" means the shareholder loan facility entered into on July 21, 2016 between IM Création SARL, a *société à responsabilité limitée* organized under the laws of France under number 798 681 532 RCS Paris, as lender, and the Post-Closing Guarantor, as borrower, as amended on March 31, 2017 and which, following the Transactions, will be an obligation of the Post-Closing Guarantor owing to the Issuer.

"**Existing Receivables Financing**" means the €18.0 million third-party factoring scheme entered into with Crédit Agricole Leasing & Factoring in December 2018.

"***fair market value***" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action or certain distressed disposals pursuant to the Intercreditor Agreement, and any Additional Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by an Officer or the Board of Directors of the Issuer.

"**Fitch**" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Fixed Charge Coverage Ratio**" means, for any period, the ratio of Consolidated EBITDA to Consolidated Financial Interest Expense, calculated and determined in a manner consistent with the provisions of the definition of "Consolidated Net Leverage Ratio." In addition:

(1) If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the relevant calculation date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness for a period equal to the remaining term of such Indebtedness);

(2) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP; and

(3) the Consolidated Financial Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the relevant calculation date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Financial Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the relevant calculation date.

"**French GAAP**" means the accounting principles and methods set out under the French *Plan Comptable General* or otherwise generally accepted in France.

“**GAAP**” means (1) French GAAP in effect on the date of any calculation or determination required hereunder or (2) if the Issuer shall so elect by notifying the Trustee in writing in connection with the delivery of financial statements, IFRS; *provided* that (a) any such election once made shall be irrevocable and (b) in the event the Issuer makes such election (i) in connection with the delivery of financial statements for any of the Issuer’s first three financial quarters of any financial year, the Issuer shall restate its consolidated interim financial statements for such interim financial period and the comparable period in the prior year and (ii) in circumstances other than those described in clause (i), the Issuer shall provide consolidated historical financial statements prepared in accordance with IFRS for its most recent financial year; *provided* that principles of consolidation will be as existing under GAAP on the Issue Date, including proportional consolidation of joint ventures and existing practice for not fully controlled entities; *provided, further*, that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “GAAP” shall mean GAAP or IFRS, as applicable, in effect on a date that is on or prior to the date of such election.

“**Group**” refers to the Issuer and the Restricted Subsidiaries.

“**Guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“**Hedging Obligations**” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

“**Holder**” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of the common depositary for Euroclear and Clearstream.

“**IFRS**” means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union as in effect from time to time.

“**IM Growth**” means IM Growth SAS, a *société par actions simplifiée* organized under the laws of France under number 820 719 482 RCS Paris, with its registered offices at 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris.

“**IM Managers**” means IM Managers SAS, a *société par actions simplifiée* organized under the laws of France under number 820 749 331 RCS Paris, with its registered office at 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris.

“**IM Production**” means IM Production SAS, a *société par actions simplifiée* organized under the laws of France under number 403 243 058 RCS Paris, with its registered office at 50, rue Croix des Petits Champs, 75001 Paris.

“**IM Reorganization**” has the meaning set forth in “*Summary—The Transactions—The IM Reorganization*.”

“**Incur**” means issue, create, assume, enter into any Guarantee of, Incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “Incurred,” “Incurring” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “Incurred” at the time any funds are borrowed thereunder, subject to the definition of “Reserved Indebtedness Amount” and related provisions and the provisions described under “*—Certain Covenants—Financial Calculations*.”

“**Indebtedness**” means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments *plus* the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 60 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (x) the fair market value of such asset at such date of determination (as determined in good faith by an Officer or the Board of Directors of the Issuer) and (y) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business); *provided* that for the purposes of the calculation of the Consolidated Net Leverage Ratio if the net proceeds of any Parent Debt have been on-lent to the Issuer as an Issuer Proceeds Loan and such Parent Debt is Guaranteed by a member of the Group, only the principal of obligations under the Issuer Proceeds Loan in connection with such Parent Debt shall count and the corresponding Guarantee shall be deemed reduced by the amount of such Indebtedness; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

Notwithstanding the foregoing, the term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any amount owed by the Issuer or any of its Restricted Subsidiaries under any Intercompany Tax Group Receivable, (iii) prepayments of deposits received from clients or customers in the ordinary course of business, (iv) any pension obligations, (v) Contingent Obligations in the ordinary course of business, (vi) obligations under or in respect of Qualified Receivables Financing, (vii) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, (viii) non-interest bearing installment obligations and accrued liabilities Incurred in the ordinary course of business that are not more than 120 days past due, (ix) Guarantees of Indebtedness Incurred by distribution partners or franchisees for an aggregate amount at any time outstanding not exceeding the greater of €9.0 million and (y) 15.0% of Consolidated EBITDA, (x) indebtedness in respect of the Incurrence by the Issuer or any Restricted Subsidiary of indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond, or (xi) indebtedness Incurred by the Issuer or one of the Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least A or the equivalent thereof by S&P and A2 or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in amount equal to such indebtedness. For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses and trade payables.

Notwithstanding the foregoing, the term "Indebtedness" shall include Parent Debt (i) on which interest payments are being made pursuant to clause (17)(ii) of the third paragraph of the "*—Certain Covenants—Limitation on Restricted Payments*" covenant and (ii) not Guaranteed by the Issuer or any of its Restricted Subsidiaries, which shall be deemed to have been incurred under the first paragraph or second paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of GAAP.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(2) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

“**Initial Investors**” means (i) Montefiore Investment SAS and any trust, fund, company or partnership owned, managed or advised by Montefiore Investments SAS or any of their respective Affiliates or direct or indirect Subsidiaries or any limited partner of any such trust, fund, company or partnership; and (ii) Isabelle Marant.

“**Initial Public Offering**” means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent Entity or any successor of the Issuer or any Parent Entity (the “**IPO Entity**”) following which there is a public market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“**Intercompany Tax Group Receivable**” means any amount owed from time to time by the Issuer or any of its Restricted Subsidiaries to any Parent Entity in connection with the execution, delivery, performance and maintenance of any Tax Sharing Agreement.

“**Intellectual Property**” means the Intellectual Property Rights owned or used by the Issuer or any Restricted Subsidiary or the interests of the Issuer or any Restricted Subsidiary in any such Intellectual Property Rights, together with the benefit of all agreements entered into or the benefit of which is enjoyed by the Issuer or any Restricted Subsidiary relating to the use or exploitation of any such Intellectual Property Rights.

“**Intellectual Property Rights**” means the brand names “Isabel Marant,” “Isabel Marant Étoile” and “Isabel Marant Homme,” as evidenced by the trademarks and associated logos and symbols in respect thereof, whether registered or unregistered; *provided* that no security interest shall be granted in the United States in U.S. intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of any registration issuing from such intent-to-use trademark applications under applicable U.S. federal law.

“**Intercreditor Agreement**” means the Intercreditor Agreement dated on or about the Issue Date by and among, *inter alios*, the Issuer, the Trustee, the Security Agent, and certain other parties thereto, as amended from time to time.

“**Interest Rate Agreement**” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“**Investment**” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of GAAP; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the “—*Certain Covenants—Limitation on Restricted Payments*” covenant.

For purposes of “—*Certain Covenants—Limitation on Restricted Payments*”:

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation *less* (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as determined in good faith by an Officer or the Board of Directors of the Issuer) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, (as determined in good faith by an Officer or the Board of Directors of the Issuer) of such Subsidiary.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully Guaranteed or insured by a member state of the European Union, United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"**Investment Grade Status**" shall occur when the Notes receive two of the following:

(1) a rating of "BBB–" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB–" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"**IPO Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

“**Issue Date**” means February 19, 2020.

“**Issuer**” means IM Group SAS and any successor thereto.

“**Issuer Proceeds Loan**” means any loan agreement entered into between a Parent Entity and the Issuer pursuant to which the Parent Entity lends to the Issuer the net proceeds of any Indebtedness Incurred by the Parent Entity; *provided* that (i) the principal amount of, and interest rate on, such Issuer Proceeds Loan will not be greater than the principal amount of, and interest rate on, the Indebtedness Incurred by the Parent Entity that funded such Issuer Proceeds Loan (except to the extent a reasonable margin is required by law (as determined in good faith by an Officer or the Board of Directors of the Issuer)), as such Indebtedness is amended, replaced or otherwise refinanced from time to time and (ii) such Issuer Proceeds Loan shall be subordinated to the Notes in right of payment to the Notes in accordance with the Intercreditor Agreement and any Additional Intercreditor Agreement.

“**Lien**” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“**Management Advances**” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Entity, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer or its Subsidiaries or any Parent Entity with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding the greater of (x) €1.8 million and (y) 3.0% of Consolidated EBITDA in the aggregate outstanding at any time.

“**Management Investors**” means the current or former officers, directors, employees and other members of the management of or consultants to any Parent Entity, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity.

“**Market Capitalization**” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“**Moody’s**” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“**Nationally Recognized Statistical Rating Organization**” means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62)(A) under the Exchange Act.

“**Net Available Cash**” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness (i) which is secured by any assets subject to such Asset Disposition, or (ii) which must by its terms, or in order to obtain necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Entity, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"**Non-Guarantor Debt Cap**" means an amount of Indebtedness Incurred pursuant to the first paragraph and clause (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*," or any Refinancing Indebtedness thereof, in each case by Restricted Subsidiaries that are not Guarantors, equal to the greater of €12.0 million and 20.0% of Consolidated EBITDA at any time outstanding.

"**Notes Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"**Offering Memorandum**" means the final offering memorandum in relation to the Notes issued on the Issue Date.

"**Officer**" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Issuer.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion in form and substance reasonably satisfactory to the Trustee from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"**Parent Debt**" means any Indebtedness Incurred by a Parent Entity, the interest of which is being serviced pursuant to clause (17) of the definition of "Permitted Payments."

"**Parent Debt Contribution**" means the issuance by the Issuer of any Capital Stock, Preferred Stock, Subordinated Shareholder Funding, the contribution to the equity of the Issuer or the Incurrence of any debt instrument by the Issuer pursuant to which, in each case, the net proceeds of Parent Debt is contributed to the Issuer or any of its Restricted Subsidiaries.

"**Parent Entity**" of the Issuer means any other Person (other than a natural person) that (i) legally and beneficially owns more than 50% of the Voting Stock of the Issuer, either directly or through one or more Subsidiaries, (ii) is a Subsidiary of any Person referred to in the preceding clause or (iii) any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent Entity; *provided, however*, that in no event shall any Subsidiary of the Issuer constitute its Parent Entity.

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent Entity in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, in each case, to the extent relating to Indebtedness of the Issuer or a Restricted Subsidiary, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent Entity in connection with the Transactions;

(5) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent Entity or any other Person which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of (x) €1.8 million and (y) 3.0% of Consolidated EBITDA in any fiscal year;

(7) expenses Incurred by any Parent Entity in connection with any public offering or other sale of Capital Stock or Indebtedness:

    (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

    (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

    (z) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(8) fees, taxes, expenses and costs required to maintain the corporate existence of any Parent Entity.

"***Pari Passu* Indebtedness**" means (1) with respect to the Issuer, any Indebtedness that ranks *pari passu* in right of payment to the Notes and (2) with respect to any Guarantor, any Indebtedness that ranks *pari passu* in right of payment to such Guarantor's Notes Guarantee.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant.

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral to secure the Notes on the Issue Date and any Guarantee of such Notes and any Refinancing Indebtedness in respect thereof (and any Refinancing Indebtedness in respect of Refinancing Indebtedness); *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(2) Liens on the Collateral that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (15), (17), (19), (20), (21), (22), (23), (29), (32) and (33) of the definition of "Permitted Liens";

(3) Liens on the Collateral to secure any Indebtedness (including any Additional Notes) that is permitted to be Incurred under (a) the first paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant or (b) clause (5) of the second paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant, and any Refinancing Indebtedness in respect of any of the foregoing (and any Refinancing Indebtedness in respect of Refinancing Indebtedness);

(4) Liens on the Collateral to secure any Indebtedness that is permitted to be Incurred under clauses (1), (2) (in the case of clause (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in clauses (3) and (4) of the definition of "Permitted Collateral Liens"), (4)(a) and (4)(c) (to the extent the Indebtedness refinanced was secured by Liens on the Collateral), (6), (7) (other than Capitalized Lease Obligations), (11), (13) and (15) of the second paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant and any Refinancing Indebtedness in respect of any of the foregoing (and any Refinancing Indebtedness in respect of Refinancing Indebtedness); and

(5) any Lien securing Indebtedness (including Parent Debt and any Guarantee thereof) on a basis junior to the Notes,

provided, *however*, in the case of clauses (3), (4) and (5), that:

(A) any such Indebtedness is subject to the Intercreditor Agreement or to an Additional Intercreditor Agreement; and

(B) the Collateral securing such Indebtedness shall also secure the Notes or the Notes Guarantees on a senior or *pari passu* basis; *provided* that, with respect to Indebtedness that is Incurred under clauses (1) and (6) of the second paragraph of the "*—Certain*

Covenants—Limitation on Indebtedness" covenant, such Indebtedness may receive priority with respect to distributions of proceeds of any enforcement of Collateral.

"**Permitted Holders**" means, collectively, (1) the Initial Investors, (2) Senior Management, (3) any Related Person of any Persons specified in clauses (1) and (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act as of the Issue Date) of which any of the foregoing or any Persons mentioned in the following sentence are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and Senior Management and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies owned by such group. Any person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received (a) in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or (b) in compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(11) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(12) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding or Capital Stock of any Parent Entity as consideration;

(13) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (8), (9), (12) and (14) of that paragraph);

(14) Guarantees not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) loans, Guarantees, keepwells and similar arrangements in the ordinary course of business, including Guarantees of the obligations of, and loans to, distribution partners or franchisees;

(15) advances, loans or other extensions of credit to any joint venture, distribution partner or franchisee (but not, for the avoidance of doubt, any purchase or acquisition of Capital Stock of a joint venture, distribution partner or franchisee or any other form of contribution to the equity of such joint venture, distribution partner or franchisee) in the ordinary course of business;

(16) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property or Investments in distribution partner or franchisees or franchised stores in respect of any such purchases and acquisitions, in any case, in the ordinary course of business and otherwise in accordance with the Indenture;

(17) (i) Investments in distribution partners or franchisees, or distribution partners' or franchisees' stores, and (ii) Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries and Investments in Unrestricted Subsidiaries that do not exceed, collectively for (i) and (ii), an aggregate principal amount of the greater of (x) €15.0 million and (y) 25.0% of Consolidated EBITDA outstanding at any time; *provided, however*, that if any Investment pursuant to this clause (17) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (17) for so long as such Person continues to be a Restricted Subsidiary;

(18) Investments in the Notes and any Additional Notes or in any other Indebtedness of the Issuer or any Restricted Subsidiary that ranks senior or *pari passu* in right of payment to the Notes;

(19) (a) loans or other Investments required to be entered into in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing and (b) distributions or payments of Receivables Fees and purchases of Receivables Assets in connection with a Qualified Securitization Financing or Permitted Recourse Receivables Financing;

(20) Investments, taken together with all other Investments made pursuant to this clause (20) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of (x) €15.0 million and (y) 25.0% of Consolidated EBITDA; *provided* that, if an Investment

is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause (20);

(21) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described under "*—Certain Covenants—Merger and Consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(22) Investments of cash held on behalf of merchants or other business counterparties in the ordinary course of business in bank deposits, time deposit accounts, certificates of deposit, bankers' acceptances, money market deposits, money market deposit accounts, bills of exchange, commercial paper, governmental obligations, investment funds, money market funds or other securities;

(23) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in each case, in the ordinary course of business and in accordance with the Indenture; and

(24) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation, performance and other similar deposits, in each case, in the ordinary course of business.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion Guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, Guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law or agreement of similar effect, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, Guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary

course of its business and Liens to secure cash management services or to implement cash pooling arrangements or to cash collateralize letters of credit or similar instruments in the ordinary course of business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired and Liens imposed by any legal or administrative authority in connection with pre-judgment proceedings;

(10) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(11) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(12) with respect to the Issuer and the Restricted Subsidiaries, Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(13) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (*plus* improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(14) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(15) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (*plus* improvements, accessions, proceeds or

dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(16) (i) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease and (ii) any Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Purchase Money Obligations or Capitalized Lease Obligations or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the "*—Limitation on Restricted Payments*" covenant and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(17) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(18) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(19) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(20) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(21) Liens on escrowed proceeds for the benefit of the related holders of debt securities (including holders of a specific series of Notes and not any other series) or other Indebtedness (or the underwriters, arrangers or trustees (including the Trustee) thereof), on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, or on any guarantee or backstop commitment relating to any escrow shortfall;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens securing Indebtedness or other obligations of a Receivables Subsidiary, or Liens arising in connection with a Permitted Recourse Receivables Financing;

(25) Permitted Collateral Liens;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures or in favor of other joint venture partners;

(28) Liens arising as a result of a disposition, whether or not deemed to be an Asset Disposition;

(29) Liens securing Indebtedness Incurred pursuant to local lines of credit and overdraft facilities;

(30) (a) Liens created for the benefit of or to secure the Notes and the Notes Guarantees, (b) Liens pursuant to the Intercreditor Agreement and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement;

(31) Liens; *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed the greater of (x) €15.0 million and (y) 25.0% of Consolidated EBITDA;

(32) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(33) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future Incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness; and

(34) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (33); *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets.

"**Permitted Recourse Receivables Financing**" means any financing other than a Qualified Receivables Financing pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any Receivables Assets (and related assets) of the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount equal to the Fair Market Value of such Receivables Assets (and related assets); *provided* that (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by an Officer or the Board of Directors of the Issuer) at the time such financing is entered into and (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by an Officer or the Board of Directors of the Issuer) at the time such financing is entered into.

"**Permitted Reorganization**" means (i) any consolidation or merger of the Issuer with or into a Parent Entity, *provided* that if the surviving entity of any such consolidation or merger is not the Issuer, such surviving entity expressly assumes (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture, and (b) all obligations of the Issuer, under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable, or (ii) any amalgamation, demerger, merger, sale, contribution, or other disposition, voluntary liquidation, consolidation, reorganization, winding up, corporate reconstruction or other reorganization involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables, among or between the Issuer and its Restricted Subsidiaries in connection therewith (a "**Reorganization**") that is made on a solvent basis; *provided* that, in the case of this clause (ii) only, immediately after giving effect to such Reorganization: (a) all of the business and property or assets of the Issuer or such Restricted Subsidiary are owned by the Issuer or its Restricted Subsidiaries (and if such Restricted Subsidiary was a Guarantor immediately prior to such Reorganization, (x) all the business and property or assets of such Restricted Subsidiary are retained by one or more Guarantors or (y) the condition in clause (c) of this definition is satisfied), (b) any payments or property or assets distributed, sold, contributed or disposed of in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries, (c) if any shares or property or other assets that are subject to such Reorganization form part of the Collateral, substantially equivalent (as determined in good faith by an Officer or the Board of Directors of the Issuer) Liens must be granted over such shares or property or assets of the recipient such that they form part of the Collateral, subject to the Agreed Security Principles, and (d) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that such Reorganization is permitted under the Indenture and that no Default is continuing or would arise as a result of such Reorganization.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary, winding up or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Proceeds Loan**" means the intercompany loan to be made available on or around the Issue Date by the Issuer to IM Growth.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (i) a public offering registered under the Securities Act or (ii) a private placement to institutional and other investors, in each case, that are not Affiliates of the Issuer, in accordance with Section 4(a)(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means (a) the Existing Receivables Financing and (b) any Receivables Financing that meets the following conditions: (1) an Officer or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer or the relevant Subsidiary of the Issuer, (2) all sales of accounts receivable and related assets of the Issuer or the relevant Subsidiary of the Issuer are made at fair market value (as determined in good faith by an Officer or the Board of Directors of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by an Officer or the Board of Directors of the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**Receivables Assets**" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Financing and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Issuer or such Restricted Subsidiary (as applicable) in a transaction or series of transactions in connection with a Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to any other Person, or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all Guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is Guaranteed by the Issuer or any Restricted Subsidiary (excluding Guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a Guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the foregoing conditions.

“**refinance**” means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “**refinances**,” “**refinanced**” and “**refinancing**” as used for any purpose in the Indenture shall have a correlative meaning.

“**Refinancing Indebtedness**” means Indebtedness that is Incurred to refinance any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, such Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (*plus*, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

provided, however, that Refinancing Indebtedness shall not include (x) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary and (y) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“**Related Person**” with respect to any Permitted Holder, means:

(1) any controlling equity holder or majority (or more) owned Subsidiary of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored, advised, owned or controlled by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Related Taxes**" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent Entity by virtue of its:

 (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

 (b) issuing or holding Subordinated Shareholder Funding;

 (c) being a holding company Parent Entity, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

 (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

 (e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent Entity pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent Entity, any consolidated and combined Taxes measured by income for which such Parent Entity is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid such Taxes on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Security Agent**" means BNY Mellon Corporate Trustee Services Limited, acting as security agent pursuant to the Intercreditor Agreement or such successor security agent or any delegate thereof as may be appointed thereunder or any such security agent, delegate or successor thereof pursuant to an Additional Intercreditor Agreement.

“**Security Documents**” means the security agreements, pledge agreements, collateral assignments, call options and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral.

“**Senior Management**” means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent Entity.

“**Senior Secured Indebtedness**” means, with respect to the Issuer or any Restricted Subsidiary as of any date of determination, (a) any Indebtedness that is Incurred under the first paragraph of the “*—Certain Covenants—Limitation on Indebtedness*” covenant or clauses (1), (4)(a), (4)(b), (4)(c), (5), (6), (7), (11), (13), (15), (16) and (17) of the second paragraph of the “*—Certain Covenants—Limitation on Indebtedness*” covenant (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the Notes (excluding Additional Notes)) and any Refinancing Indebtedness in respect thereof, in each case that is (x) secured by a Lien on the Collateral that is at least *pari passu* with the Liens securing the Notes or (y) secured by a Lien on assets or property that do not constitute Collateral and (b) Indebtedness of a Restricted Subsidiary that is not a Guarantor. For the avoidance of doubt, in no event shall any Parent Debt, and any Guarantees thereof permitted under clause (12) of the second paragraph of the “*—Certain Covenants—Limitation on Indebtedness*” covenant constitute Senior Secured Indebtedness.

“**Significant Subsidiary**” means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer’s and its Restricted Subsidiaries’ equity in the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“**Similar Business**” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“**Specified Change of Control Event**” means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that immediately thereafter and giving *pro forma* effect thereto, the Consolidated Net Leverage Ratio of the Issuer would have been equal to or less than 2.7 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

“**Standard Securitization Undertakings**” means representations, warranties, covenants, indemnities and Guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which an Officer or the Board of Directors of the Issuer has determined in good faith to be customary in a Receivables Financing, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes and any Notes Guarantee pursuant to a written agreement.

"**Subordinated Shareholder Funding**" means, collectively, any funds or other consideration provided to the Issuer by any Parent Entity, any Affiliate of any Parent Entity or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross- ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months following the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

Subordinated Shareholder Funding shall be deemed to include any payment-in-kind ("**PIK**") notes issued in payment of interest thereon.

"**Subsidiary**" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

   (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Successor Parent**" with respect to any Person means any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially owned" has a meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act.

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties, additions to tax and other liabilities with respect thereto) that are imposed or levied by any government or other taxing authority.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent Entity, any Subsidiary of a Parent Entity or any Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) a member state of the European Union, the United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, (ii) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (iii) any agency or instrumentality of any such country or member state, or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above, or

(b) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of any member state of the European Union, the United Kingdom, Norway, Switzerland, Canada or the United States of America, or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in any member state of the European Union, the United Kingdom, Norway, Switzerland, Canada or the United States of America, any State of the United States or the District of Columbia eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing at least 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Topco**" means Smile Group SAS, a *société par actions simplifiée* organized under the laws of France under number 880 047 683 RCS Nanterre, with its registered offices at (i) prior to the Issue Date, 47 Rue Marcel Dassault, 92514 Boulogne-Billancourt Cedex and (ii) on and after the Issue Date, 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris.

"**Transactions**" have the meaning assigned to such term in the Offering Memorandum.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if, at the time of such designation:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2) (x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations

The following is a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the Security Interests being provided for the Notes, and a summary of certain insolvency law considerations in France, where the Issuer and the Post-Closing Guarantor are incorporated. The description below is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Notes Guarantees or Security Interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

Pursuant to Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the "**EU Insolvency Regulation (Recast)**"), which applies within the EU (other than Denmark and other than in respect of certain insurance, credit institution and investment undertakings), the courts of the EU member state in which a company's "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation (Recast)) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its center of main interests is a question of fact on which the courts of the different EU member states may have differing and even conflicting views.

The term "center of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. In the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other EU member state.

If the center of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open "main insolvency proceedings" in respect of that company under the EU Insolvency Regulation (Recast). The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the EU Insolvency Regulation (Recast).

If the center of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another EU member state (other than Denmark) have jurisdiction to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the Insolvency Regulation) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Insolvency Regulation. Territorial proceedings are insolvency proceedings which are commenced prior to the opening of main proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those secondary or territorial proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Where main proceedings have been opened in the EU member state in which the company has its center of main interests, any insolvency proceedings opened subsequently in another EU member state in which the company has an establishment are referred to as "secondary proceedings." Where main proceedings in the EU member state in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can be opened in another EU member state where the company has an establishment only where either: (a) insolvency proceedings cannot be opened in the EU member state in which the company's center of main interests is situated as a result of conditions laid down by that EU member state's law; or (b) the territorial insolvency proceedings are opened at the request of either a creditor whose claim arises from or is in connection with the operation of that establishment or a public authority which has the right to request the opening of such proceedings.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings and, subject to any exceptions provided for in the EU Insolvency Regulation (Recast), that judgment will be given the same effect in the other EU member states so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in an EU member states that has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member states), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member states or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

In the event that any one or more of the Issuer or any of the Issuer's subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations assumed by and of the security interests in the Collateral granted by the Issuer and any Guarantor.

The EU Insolvency Regulation (Recast) provides for cooperation between (i) insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings, (ii) jurisdictions and (iii) jurisdictions and insolvency practitioners. It also provides for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group. As from June 26, 2018, the EU member states shall establish and maintain a register of insolvency proceedings and, as from June 26, 2019, the European Commission shall establish a decentralized system for the interconnection of such insolvency registers

It remains to be seen what impact the recent vote by the United Kingdom to leave the EU will have on the regulatory environment in the EU and the United Kingdom, and on the applicability of EU law in the United Kingdom.

Directive (EU) no 2019/1023

The Directive (EU) 2019/1023 of the European Parliament and of the Council of June 20, 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt (the "**EU Directive**") seeks to ensure the EU member states have minimum restructuring measures available across the EU to enable debtors in financial distress to solve their financial difficulties at an early stage and avoid formal insolvency proceedings.

The EU Directive aims at providing new legal tools to rescue viable businesses in distress. It focuses on three core elements: (i) common principles on early restructuring tools, (ii) rules to allow *entrepreneurs* to benefit from a second chance through discharge of debt and (iii) targeted measures for member states to increase the efficiency, restructuring and discharge procedures.

The key elements of the new rules include: early warning tools and access to information to help debtors detect circumstances that could give rise to a likelihood of insolvency and signal to them the need to act quickly, availability of one or more preventive restructuring frameworks, facilitating negotiations on preventive restructuring plans with the ability to appoint in certain circumstances a practitioner in the field of restructuring to help in drafting the plan, stay of individual enforcement actions (initial duration shall be limited to a maximum period of no more than four months), separates classes must be formed reflecting sufficient commonality of interest, with a minimum of separate classes for secured and unsecured concerning the voting on the restructuring plan, cross-class cram down (enable the court to adopt a plan despite the opposition of one or more classes of creditors), etc.

The Directive entered into force on July 16, 2019 and EU member states are required to implement it by July 17, 2021. In France, the PACTE Act gave the French government the authorization to transpose the Directive into French law by ordinance within two years from the publication of the PACTE Act (before May 23, 2021). See "*—France— The PACTE Act (the Action Plan for Business Growth and Transformation*)."

France

Insolvency

We conduct most of our business activity in France and to the extent that the center of main interests of the Issuer or any Guarantor is deemed to be in France, it would be subject to French proceedings affecting creditors, including court-assisted pre-insolvency proceedings (*mandat ad hoc* or conciliation proceedings) (which do not fall within the scope of the EU Insolvency Regulation (Recast)). In addition, to the extent that their centre of main interests or, in cases where the EU Insolvency Regulation (Recast) does not apply, their main centre of interests within the meaning of article R. 600-1 of the French Commercial Code, is deemed to be in France or they have an establishment in France, they could also be subject to French court-administered proceedings affecting creditors, i.e. either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde*, *sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

Specialized courts exist for conciliation or insolvency proceedings with respect to (i) debtors that exceed (directly or through the companies under their control) (*y*) 20 million euros in turnover and 250 employees; or (*z*) 40 million euros in turnover; or (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation (Recast) or, in cases where the EU Regulation does not apply, from the debtor having its main center of interests therein.

In addition, the French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of this group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above), accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Notes Guarantees granted by any French Guarantors and corresponding security interests in the Collateral.

Annex A of the EU Insolvency Regulation (Recast) lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation (Recast). Any company of our group having its centre of main interests in France would be subject to French main insolvency proceedings and any company of our group having an establishment in France and its centre of main interests in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings.

The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods

In addition to insolvency laws discussed below, the holders of the Notes could, like any other creditors, be subject to Article 1343-5 of the French Civil Code.

Pursuant to the provisions of Article 1343-5 of the French Civil Code, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule over a maximum period of two years, the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published annually by decree) or that payments made shall first be allocated to the repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or other penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see "*Court-assisted Proceedings*" below).

Insolvency test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts (*passif exigible*) with its available assets (*actifs disponibles*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see below).

Court-assisted proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted pre-insolvency proceedings (*mandat ad hoc* or conciliation), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders e.g. an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties provided that it has not been in a state of insolvency (see "*Insolvency test*" above). The proceedings are informal and confidential by law (save for the disclosure of the court decision appointing the *mandataire ad hoc* to the statutory auditors, if any). Both the *mandataire ad hoc*'s mission and its duration (which is not subject to any legal time constraint) are freely determined by the president of the competent court, having regard to the debtor's application. *Mandataires ad hoc* are usually appointed in order to facilitate negotiations with creditors but cannot coerce the creditors into accepting any proposal. The agreement reached between the debtor and its creditors (if any) with the assistance of the *mandataire ad hoc* will be negotiated on a purely consensual and voluntary basis; those creditors not willing to take part cannot be bound by the arrangement. Creditors are not barred from taking legal action against the debtor to recover their claims but they usually accept not to do so. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "*Grace periods*" above). The agreement reached is reported to the court but is not formally approved by it.

Conciliation proceedings may only be initiated by a debtor that faces actual or foreseeable difficulties of a legal, economic or financial nature but which (at the time the conciliation proceedings are commenced) has not been in a state of insolvency for more than 45 calendar days. The proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any). They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to four months, with the possibility of renewal but to the extent that the entire proceedings last no longer than five months. The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, e.g. providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Conciliation* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration and (ii) creditors may not request the opening of insolvency proceedings (*redressement judiciaire* or *liquidation judiciaire*) against the debtor. Pursuant to article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French Civil Code (see "*Grace periods*" above) provided that the debtor has received a formal notice requesting payment or faces enforcement action by the relevant creditor; the judge will take its decision after having heard the conciliator and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings.

Additionally, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced conciliation proceedings may, during the execution period of a conciliation agreement (whether it is acknowledged or approved as described below), impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) for their claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the conciliateur if he/she has been appointed to monitor the implementation of the agreement.

The conciliation agreement reached between the debtor and its creditors and/or trade partners party to the agreement may be either acknowledged (*constaté*) by the president of the Commercial Court (*Tribunal de commerce*) at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court (*Tribunal de commerce*) at the request of the debtor following a hearing held for that purpose which will have to be attended by the works council or employee representatives, as the case may be, if (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above and, in addition:

- creditors that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity) will enjoy a priority of payment over all pre-proceedings and post-proceedings claims (other than certain pre-proceedings employment claims and procedural costs) (the "**New Money Lien**"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;

- in the event of subsequent safeguard, judicial reorganization proceedings or judicial liquidation proceedings, the claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment terms may not be amended by a safeguard or reorganization plan (except where the relevant creditors have expressly agreed otherwise), not even by the creditors' committees meeting (the question of the powers of the bondholder general meeting in this respect is the subject of debate);
- the works council or employee representatives are informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the registrar (*greffe*) of the court. The publicly available court decision approving such agreement should however only disclose the amount of any New Money Lien and the guarantees and security interests granted to secure the same;
- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see "*Insolvency test*" above), and therefore the starting date of the hardening period (as defined below—see The "*hardening period (période suspecte)* in judicial reorganization and liquidation proceedings"), cannot be set by the court as of a date earlier than the date of the approval (*homologation*) of the agreement by the court (except in case of fraud).

Whether the conciliation agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and while it is in force:

- interest accruing on the affected claims that are the subject to the conciliation agreement may not be compounded;
- the debtor retains the right to petition the court that commenced the conciliation proceedings for a grace period pursuant to Article L. 611-10-1 of the French Commercial Code as explained above; and
- a third party having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) with respect to the debtor's obligations benefits from the provisions of the conciliation agreement as well as from grace periods granted in the context of conciliation proceedings.

In the event of a breach of the conciliation agreement, any party to it may petition the court for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly executed, any individual proceedings by creditors with respect to the claims included in the agreement are suspended.

Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a majority of its financial creditors large enough to render likely its adoption by a two-thirds majority of such creditors within a maximum of two months from the commencement of the proceedings, will be a mandatory preliminary step of both accelerated safeguard and accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the participating creditors have been consulted on the matter, the conciliator may be appointed with a mission to organize the partial or total sale of the debtor which would be implemented, as applicable, in the context of subsequent safeguard, judicial reorganization or liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, reorganization or liquidation proceedings after consultation of the public prosecutor.

Two types of contractual provisions are deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end and (ii) any provision forcing the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers whom the creditor shall have retained in connection with these proceedings.

Where the debtor does not manage to reach an agreement with its creditors, the court will terminate the proceedings. The termination of amicable proceedings entails in itself no specific legal consequences for the debtor and there is no automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced during a three month period following the termination of a previous one.

Court-administered proceedings—safeguard

A debtor which experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (*en état de cessation des paiements*). Where it is not demonstrated that the debtor is experiencing difficulties that it is not able to overcome, the court may invite the debtor to request the opening of conciliation proceedings. Creditors of the debtor do not attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is (except for small companies where the court considers that such appointment is not necessary) appointed within the list of judicial administrators (whose name can be proposed by the debtor or the public prosecutor). At the request of the debtor or the public prosecutor, or by the court on its own, two or more administrators can be appointed. The appointment of several administrators becomes mandatory when the debtor (i) owns at least three establishments outside the jurisdiction of the court where it is registered, or (ii) holds or controls (as provided by Articles L. 233-1 or L. 233-3 of the French Commercial Code) at least two companies subject to court-administered proceedings, or (iii) is held or controlled (as provided by the same articles) by a company subject to court-administered proceedings, such company itself holding or controlling another company subject to such proceedings, and (iv) generates at least 20 million euros of net turnover. In case *mandat ad hoc* or conciliation proceedings were commenced before the commencement of court-administered proceedings, the public prosecutor can object to the appointment of the *mandataire ad hoc* or conciliator as administrator. The administrator is appointed to investigate the business of the debtor during an observation period (being the period from the date of the court decision commencing the proceedings to the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. During this period, the administrator drafts a report on the business's economic, employment and, as the case may be, environmental situation which will be the basis upon which a draft safeguard plan (*projet de plan de sauvegarde*) may be negotiated with its creditors and will be proposed to the court. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor, assisted by the court-appointed administrator who will either, in accordance with the terms of the judgment appointing him or her, exercise *ex post facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court. The insolvency judge (*juge-commissaire*) can appoint one to five controllers (*contrôleurs*) among the creditors who have filed a request, provided they meet certain conditions (in particular no affiliation to the debtor). Controllers (*contrôleurs*) assist the creditors' representative (*mandataire judiciaire*) in his functions and the insolvency judge (*juge-commissaire*) in his duty of supervising the management of the business. In order to protect creditors' interests, the controllers may act in the interests of the creditors when the creditors' representative fails to take sufficient action.

During the safeguard proceedings, payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the safeguard proceedings and if they do not relate to expenses necessary for the debtor's business activities during the observation period (see above), are not for the requirements of the proceedings, or not in consideration for services rendered or goods delivered to the debtor during this period, is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as Collateral in a fiduciary estate (*patrimoine fiduciaire*). In addition, creditors are required to declare to the court-appointed creditors' representative (*mandataire judiciaire*) the debts that arose prior to the commencement of the proceedings (as well as the post-commencement non-privileged debts) and are prohibited from engaging any court proceedings against the debtor for any payment default in relation to such debts, and the accrual of interest on loans with a term of less than one year (or on payments deferred for less than one year) is stopped. Debts duly arising after the commencement of the safeguard proceedings and which relate to expenses necessary for the continuance of the debtor's business activities during the observation period (see above), are for the requirements of the proceedings, or are in consideration for services rendered or goods delivered to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the safeguard proceedings (with certain limited exceptions, such as certain employee claims and claims secured by a New Money Lien).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the plan (debt forgiveness and payment terms) prior to the plan being approved by the court.

The rules governing consultation vary according to the size of the business.

Standard consultation: for debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, or, if they are, who have less than 150 employees and €20 million of turnover, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who obtains the agreement of each creditor who filed a claim, regarding the debt remissions and payment times proposed. Creditors are consulted individually or collectively.

French law does not state whether the proposals for settlement can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at the consultation stage. According to legal commentary and established practice, in the absence of a specific prohibition under French law, differing treatment as between creditors is possible, provided that it is justified by the specific position of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of the claim over a shorter time period instead of a full payment of the claim over 10 years.

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved do not need to be consulted.

Creditors consulted in writing which do not respond within 30 days are deemed to have accepted the proposal (however, with respect to debt to equity swap proposals, the creditor' representative must obtain the agreement of each individual creditor in writing). The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the administrator and the controllers.

Within the framework of a standard consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the safeguard plan (*plan de sauvegarde*) can order them to accept a uniform rescheduling of their claims (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien) over a maximum period of 10 years (except for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no waiver of any claim or debt-for-equity swap may be imposed without its creditor's individual acceptance.

Committee-based consultation: In the case of large companies (whose accounts are certified by a statutory auditor or established by a chartered-accountant and with more than 150 employees or a turnover greater than €20 million), or with the consent of the court in the case of debtors that do not exceed the aforementioned thresholds, two creditors' committees have to be established by the court-appointed administrator in respect of the debts that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor; and
- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator.

If there are any outstanding debt securities in the form of *obligations* (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities will be established irrespective of whether or not there are different issuances and of the governing law of those obligations (the "**Bondholders' General Meeting**").

As a general matter, only the legal owner of the debt claim will be invited onto the committee or general meeting. Accordingly, a person holding only an economic interest therein will not itself be a member of the committee or general meeting.

The proposed plan:

- must take into account subordination agreements entered into by the creditors before the commencement of the proceedings;
- may treat creditors differently if it is justified by their differences in situation; and
- may, *inter alia*, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the shareholders may subscribe to such share capital increase by way of offsetting their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors which are members of the credit institutions' committee or the major suppliers' committee may submit to the court an alternative plan under safeguard proceedings, it being specified that the approval of these alternative plans will be subject to the same two-thirds majority vote in each committee and in the Bondholders General Meeting and will give rise to a report by the court-appointed administrator. The law does not provide the same rights for the bondholders forming part of the Bondholders' General Meeting to present an alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days (which can be reduced to 15 days, subject to the insolvency judge's (*juge commissaire*) authorization) of its submission. The plan must be approved by a majority vote of each committee, provided that the majority achieved equates to two-thirds of the outstanding claims of the creditors expressing a vote.

Each member of a creditors' committee or of the Bondholders' General Meeting, if applicable, must inform the court-appointed administrator of the existence of any agreement relating to its voting rights, whether its claim has been paid, in full or in part, by a third party and the existence of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors' committee/ Bondholders' General Meeting eight days prior to the vote at the latest. In the event of a disagreement, which must be expressed 48 hours prior to the vote at the latest, the creditor/ bondholder or the court-appointed administrator may request that the matter be decided by the president of the commercial court in summary proceedings.

The amounts of the claims secured by a trust (*fiducie*) constituted as a guarantee granted by the debtor are not taken into account for the purpose of the committees or the Bondholders' General Meeting. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full upon adoption of the plan or as soon as their claims are admitted, do not take part in the vote. Such creditors do not need to be consulted on the plan.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the Bondholders' General Meeting at the same two-thirds majority vote. Following approval by the creditors' committees and the Bondholders' General Meeting and determination of a rescheduling of the claim of creditors that are not members of the committees or bondholders as discussed hereafter, the plan has to be approved (*arrêté*) by the court. In considering such approval, the court has to verify that the interests of all creditors are sufficiently protected and that relevant shareholder consent, if any is required, has been obtained. Once approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

If the debtor's proposed plan is not approved by both committees and the Bondholders' General Meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. In the absence of any such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

With respect to creditors who are not members of the committees or in the event no committees are established, proposals are made to each creditor collectively or individually.

For those creditors outside the creditors' committee or the Bondholders' General Meeting who have not reached a negotiated agreement, the court can impose a single rescheduling of the repayment of their claims over a maximum period of 10 years, except for claims having maturity dates falling after the deferral period set by the court (i.e. 10 years), in which case the original maturity date of any such claim shall not be amended. The court cannot oblige creditors subject to such a rescheduling to waive any part of their claim or accept debt-for-equity swaps.

If the court imposes a single rescheduling of the repayment of such claims, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual installment must be of at least 5% of the total amount of the debt claim) or the year following the initial maturity of the claim if it falls on a date which is later than the date of the first anniversary of the adoption of the plan, in which case the amount of the payment shall be determined in accordance with specific rules in order to ensure that the full amount of the claim is repaid within the 10 year period.

In the event that the debtor's proposed plan is not approved by both committees and the Bondholders' General Meeting within the first six months of the observation period, either because they do not vote on the plan or because they reject it, this six-month period may be extended as described above. In such a case, the rules are the same as the ones applicable for the consultation of creditors that are not part of the committees and that are not bondholders (in particular, the rule that the court can only impose a rescheduling of the repayment of the debts over a maximum period of 10 years shall apply (as described in the immediately preceding paragraphs)).

Where the draft safeguard plan provides for a modification of the debtor's share capital or by-laws:

- the shareholder meeting is convened in accordance with the usual provisions governing shareholders meetings. The court may order that the shareholder decisions be adopted, on first notice, by a simple majority vote of the shareholders attending or represented, as long as such shareholders own at least half of the shares with voting rights. On second notice, usual rules governing quorum and majority shall apply. Notice of shareholders' meeting must be circulated 35 days prior to the meeting for listed companies;
- if, due to losses recorded in the accounting documents, the shareholders' equity is less than half of the share capital, the shareholders' meeting shall first be convened in order to restore the shareholders' equity up to the amount proposed by the administrator which cannot be less than half of the share capital;
- the shareholders' meeting can also be convened so as to decide a decrease and an increase of the share capital for the benefit of one or several persons who commit to comply with the plan.

During the execution of the safeguard plan, it may be modified by the court at the request of the debtor accompanied by a report of the plan performance supervisor (*commissaire à l'exécution du plan*). If the debtor's situation allows for a modification of the safeguard plan for the benefit of the creditors (i.e., a shortening of the duration of the plan), the plan performance supervisor may request such a modification. If the debtor becomes insolvent during its performance or if the safeguard plan is not properly performed, it can be terminated at the request of a creditor, the plan performance supervisor or the public prosecutor.

If no plan is adopted by the committees, at the request of the debtor, the judicial administrator, the *mandataire judiciaire* or the public prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor becoming insolvent shortly thereafter.

Specificities exist in respect of creditors that are public institutions. Public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors are consulted under specific conditions, within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax administrations may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Court-administered proceedings—accelerated safeguard and accelerated financial safeguard
A debtor in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*). The accelerated safeguard proceedings and the accelerated financial safeguard proceedings have been designed to "fast-track" difficulties of large companies: (i) (x) which publish accounts certified by a statutory auditor or prepared by a certified public accountant (*expert comptable*) and (y) having more than 20 employees or a turnover greater than € 3 million (excluding VAT) or a total balance sheet exceeding € 1.5 million or (ii) who publish consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code.

To be eligible to accelerated safeguard or accelerated financial safeguard proceedings, the debtor must fulfil four conditions:

- the debtor must not be insolvent for more than 45 days prior to the commencement of the conciliation proceedings;
- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;
- as is the case for regular safeguard proceedings, the debtor must face difficulties which it is not in a position to overcome; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees within a maximum of three months from the commencement of the accelerated safeguard proceedings (or within a maximum of up to two months following the commencement of accelerated financial safeguard proceedings).

While accelerated safeguard proceedings apply to all creditors (except employees), accelerated financial safeguard proceedings apply only to "financial creditors" (i.e., creditors that belong to the credit institutions committee and bondholders general meeting), the payment of whose debt is suspended until adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) in respect of debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor (post-commencement non-privileged debts). Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and trade creditors (i.e. suppliers)) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings (for example, creditors will be consulted by way of a committee-based consultation on, as the case may be, a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or a draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) and creditors that are members of the credit institutions committee or the major suppliers committee, but not bondholders, may also prepare alternative draft plans as described above (see "*committee-based consultation*")), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is three months and the maximum duration of accelerated financial safeguard proceedings is two months (provided the court has decided to extend the initial one month period). However, certain provisions relating to ongoing contracts and provisions relating to the recovery of assets by their owners do not apply in accelerated safeguard or accelerated financial safeguard proceedings.

If the court decides to open accelerated safeguard or accelerated financial safeguard proceedings, the committees (creditors' committee and the Bondholders' General Meeting) must be set up even in the case where the thresholds are not satisfied. The creditors' committees and the Bondholders' General Meeting are required to vote on the proposed safeguard plan within 20 to 30 days of its being notified to them (same time period applicable to standard safeguard proceedings). Upon request of the debtor or the court appointed administrator, the supervising judge may reduce this timescale to 15 days in the case of standard safeguard proceedings or accelerated safeguard proceedings, to eight days for the meeting of the financial creditors and to 10 days for the Bondholders' General Meeting in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings and may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or are not bondholders.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings (see below) unless the creditors otherwise elect to make such a filing (see below).

If a plan is not adopted by the creditors and approved by the court within the applicable deadlines, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process.

Judicial reorganization or liquidation proceedings
Judicial reorganization (*redressement judiciaire*) or liquidation proceedings (*liquidation judiciaire*) may be initiated against (i.e., by a creditor or the public prosecutor) or by a debtor only if it is insolvent and, with respect to liquidation proceedings only, if the debtor's recovery is manifestly impossible. Note that the French Constitutional Court (*Cour constitutionnelle*) has held as unconstitutional (i) the commencement of judicial reorganization proceedings by the court on its own initiative (December 7, 2012 no 2012-286 QPC), and (ii) the commencement of judicial liquidation proceedings by the court on its own initiative (March 7, 2014, no 2013-368 QPC). The French Constitutional Court (*Cour constitutionnelle*) has also held as unconstitutional the termination of the safeguard plan and subsequent commencement of judicial liquidation proceedings by the court on its own initiative (March 7, 2014, no 2013-372 QPC). The debtor is required to petition for judicial reorganization or liquidation proceedings (or for conciliation proceedings, as discussed above) within 45 days of becoming insolvent. If it does not, *de jure* managers (including directors) and, as the case may be, *de facto* managers are exposed to civil liability.

Reorganization proceedings start with an observation period and may lead to the adoption of a reorganization plan. Both the observation period and the adoption of the plan are conducted the same way and have the same effects as in safeguards proceedings, with limited specificities.

Under the judicial reorganization proceedings, the administrator appointed by the court will assist the debtor to make management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). On the other hand, as a result of the commencement of liquidation proceedings, the directors or officers of the debtor will no longer be entrusted with the management of the debtor.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings which it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the safeguard proceedings observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the public prosecutor or, on its own initiative, the court may convert safeguard proceedings into reorganization proceedings or liquidation proceedings. In all cases, the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the public prosecutor and the workers' representatives (if any). However, it cannot be ruled out that, further to the aforementioned decisions by the French Constitutional Court (*Cour constitutionnelle*), the constitutionality of the conversion of a safeguard or judicial reorganization proceedings into judicial reorganization or liquidation proceedings, should it be decided by the court, on its own initiative, be challenged.

In the event of reorganization, an administrator is usually appointed by the court (*administrateur judiciaire*) to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals for the reorganization of the debtor (by helping the debtor to elaborate a reorganization plan, which is similar to a safeguard plan) or, unlike safeguard proceedings, if it appears that a reorganization plan is not possible, the sale of the business (which will occur through an open bid process organized by the administrator) or the liquidation of the debtor. In a court-ordered sale, the existing debts are not transferred to the purchaser.

During the observation period, the administrator drafts a report outlining the possible outcomes of the reorganization proceedings, including any draft reorganization plan and any offer to purchase the business. The court will then examine all possible outcomes and favor the best one, taking into account (i) the viability of the project, (ii) the number of jobs which would be preserved and (iii) the treatment of creditors.

Committees of creditors and a Bondholders' General Meeting may be created under the same conditions as in safeguard proceedings (see above). At any time during this observation period, the court can order the liquidation of the debtor. At the end of the observation period, the outcome of the proceedings is decided by the court.

In case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one and a half times that of the share capital as required by Article L. 626-3 of the French Commercial Code, the administrator may appoint a representative (*mandataire en justice*) to convene a shareholders' meeting and to vote on behalf of the shareholders which refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the recovery plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labor Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and (iii) the modification of the company's share capital seems to be the only credible way to avoid harm to the national or regional economy and allows the continued operation of the business as a going concern, then following (x) the review of the options for a total or partial sale of the business and at the request of the court-appointed administrator or of the public prosecutor and (y) at least three months having elapsed as from the court decision commencing the proceedings, provided that the shareholders' meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire*) in order to convene the shareholders meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or
- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital increase and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholder meetings; the minority shareholders have the right to withdraw from the company and request that their shares be purchased by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, in the absence of an agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

In case the draft reorganization plan provides for a change in the equity structure or a transfer of shares, approval clauses are deemed null and void.

Judicial liquidation proceedings are commenced upon the request of a creditor or the public prosecutor and apply to a debtor that is insolvent and whose restructuring is obviously impossible. The commencement of these proceedings can also be requested by the debtor itself within 45 days following the deemed date of insolvency.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). No maximum time period is provided by law to limit the duration of the judicial liquidation process. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order for payment). The liquidator will take over the management and control of the debtor and the directors or officers of the debtor will no longer be entrusted with the management of the debtor.

Judicial liquidation proceedings lead to immediate cessation of business activity (except, under certain circumstances, in case of continuation of the business activity, for a limited period (see below)).

Concerning the liquidation of the assets of the debtor, there are two possible outcomes of such liquidation scenario:

- an asset sale plan (in which case the court will usually authorize the continuation of activity for a period not exceeding three months (which may be renewed for the same period), appoint a judicial administrator alongside the liquidator to manage the debtor and organize such sale of the business); or
- a sale of the individual assets of the debtor, in which case the liquidator may decide to:
  - launch auction sales;
  - sell each asset on an amicable basis for which unsolicited offers have been received, (the formal authorization of the bankruptcy judge being necessary to conclude the sale agreement with the bidder); or
  - request, under the supervision of the bankruptcy judge, that all potential interested purchasers bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*).

The court shall terminate the proceedings in the event that no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets, or in the event where there are insufficient funds to pay off the creditors, by appointing a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings
The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing proceedings, unless the court sets an earlier date, which may be no

earlier than 18 months before the date of such court order. Also, except in the case of fraud, the date of insolvency may not be set at a date earlier than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings (see above). The date of insolvency is important because it marks the beginning of the "*période suspecte*" (otherwise referred to as "hardening period"), being the period between the date of insolvency and the court decision commencing the judicial reorganization or liquidation proceedings affecting it.

Certain transactions undertaken during the hardening period are automatically void by the court.

Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no, or nominal, consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments not made in the ordinary course of business and security granted for previously incurred obligations (including a security granted to secure a guarantee obligation), provisional attachment or seizure measures (unless the writ of attachment or seizure predates the date of insolvency), operations relating to stock options, fiduciary transfers (unless the transfer is made as a security for an indebtedness simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and a declaration of non-seizability (*déclaration d'insaisissabilité*).

Other transactions undertaken during the hardening period are voidable by the court, at its discretion.

Such transactions include payments made on accrued debts, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie-attribution*) and oppositions made during the hardening period, in each case if the court determines that the creditor knew that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

There is no hardening period prior to the opening of safeguard, accelerated safeguard or accelerated financial safeguard proceedings.

Status of creditors during safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization or judicial liquidation proceedings

Contractual provisions pursuant to which the commencement of the safeguard or insolvency proceedings constitutes an event of default are not enforceable against the debtor. Nor are "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of reorganization proceedings" (pursuant to a decision of the French Supreme Court (*Cour de cassation*) dated January 14, 2014, n° 12-22.909, which is likely to apply to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. The court-appointed administrator can, conversely, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its post-petition contractual obligations (and provided that, in the case of reorganization proceedings, in the absence of an agreement amending payment terms, the debtor makes payment in full upon delivery). On the other hand, the commencement of liquidation proceedings automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to adopting a "plan for the sale of the business" (*plan de cession*) (which it may do for a period of three months, renewable once), in which case the acceleration of the obligations will only occur on the date of the court decision adopting the "plan for the sale of the business" or on the date on which the continued operation of the business ends.

During the observation period:

- accrual of interest is suspended, except in respect of loans for a term of at least one year, or contracts providing for a payment which is deferred by at least one year (however accrued interest can no longer be compounded);
- the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the insolvency judge (*juge commissaire*) to recover assets for which recovery is justified by the continued operation of the business);
- the debtor is prohibited from paying debts duly arising after the commencement of the proceedings, unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered/goods provided to the debtor;
- creditors may not initiate or pursue any individual legal action against the debtor (or any natural person having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) in respect of the debtor's obligations) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:
    - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);
    - to terminate a contract due to non-payment of amounts owed by the creditor; or
    - to enforce the creditor's rights against any assets of the debtor except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset—whether tangible or intangible, movable or immovable—is located in another EU member state, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation (Recast); and
    - in the context of reorganization or liquidation proceedings only, in the absence of an agreement amending payment terms, immediate payment in full for services rendered pursuant to an ongoing contract (*contrats en cours*), will be required.

In accelerated safeguard and accelerated financial safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings (see above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of proceedings must file a proof of claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside Metropolitan France. Creditors who have not submitted their claims during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are classified as preferential creditors under French law.

Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the debtor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the insolvency judge rules on the admissibility of the claim.

However, in accelerated safeguard and accelerated financial safeguard proceedings, the debtor draws a list of the claims of its creditors having participated in the conciliation proceedings, which is certified by its statutory auditors (failing which, its accountant). Although such creditors may file proofs of claim as part of the regular process, they may also prevail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the aforementioned two or four months' time limit). Those financial creditors who did not take part in the conciliation proceedings (but who would belong to the financial institutions' committee or the Bondholders' General Meeting) would have to file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business (*plan de cession*) of the debtor, whether partial (within the context of safeguard, reorganization or liquidation proceedings) or total (within the context of reorganization or liquidation proceedings), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator (usually the former creditor's representative) in charge of selling the assets of the debtor and settling its relevant debts in accordance with their ranking. However, in practice, where the sale of the business is considered, the court will usually appoint a court-appointed administrator to manage the debtor during the temporary continuation of the business operations (see above) and to organize the sale of the business process.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-petition legal costs (essentially, court official fees), creditors who benefit from a New Money Lien (see above), post-petition privileged creditors, and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-petition secured creditors whose claim is secured by real estate are paid prior to post petition creditors.

As soon as insolvency proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Creditors' liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor (provided that such grant was itself wrongful (*fautif*)) on the following grounds (and may only be held liable on those grounds): (i) fraud, (ii) wrongful interference with the management of the debtor; or (iii) the security or guarantees taken to support the facilities being disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

The PACTE Act (the action plan for business growth and transformation)

The Action Plan for Business Growth and Transformation Act ("*Loi Plan d'Action pour la Croissance et la Transformation des Entreprises*"), adopted by the French National Assembly on April 11, 2019, came into force on May 24, 2019 (the "**PACTE Act**"). The PACTE Act aims to facilitate the turnaround and recovery of entrepreneurs and businesses having filed for administration proceedings. The PACTE Act is applicable for proceedings opened after the publication of the law.

The key changes of the law include:

- Choice of the judicial administrator: the debtor requesting the opening of reorganization proceedings is authorized to suggest the name of one or more judicial administrators to the court. The debtor is thus be able to nominate the judicial administrator who previously assisted it during safeguard proceedings that have been converted into reorganization proceedings, unless the public prosecutor decides otherwise. This new rule formalizes the current practice.

- Legal representative's compensation: in case of reorganization proceedings, the compensation is maintained unless the insolvency judge decides otherwise at the request of the judicial administrator, the creditor's representative or the public prosecutor. In the context of liquidation proceedings, the supervisory judge shall determine the compensation.

- Neutralization of "solidarity clauses" in commercial leases in the case of sale plans: when the business is sold in court proceedings in respect of a disposal plan, any clause binding the assignee of a lease, jointly and severally, with the seller shall be deemed null and void if the lease is made as part of the plan. This rule will not be effective is the lease is transferred as a stand-alone asset.

- Simplified judicial liquidation proceedings: the proceedings shall apply to debtors with no real estate assets, less than five employees and less than €750,000 in turnover. The proceedings must be completed within six months to a year. An extension may be possible for a maximum period of three months.

The PACTE Act also provides the executive with the authority to transpose the EU Directive (see "*Directive (EU) no 2019/1023*" above) into French law within two years from the publication of the PACTE Act (before May 23, 2021).

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral

Under French law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and the grantor of the security. The liens over the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of such security interests. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of such security interests. In particular:

- A pledge over the securities of a French company constituted as a stock company (*société par actions*) that is governed by French law consists of a pledge over a securities account (*nantissement de compte de titres*) to which the relevant securities are credited. The securities account pledge will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by the security provider(s) in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and share register (*registre de mouvement de titres*) of each French Guarantor.

- A pledge over bank accounts or receivables may be perfected by notifying the relevant counterparty or account bank.

In France, no lien searches are available for security interests which are not publicly registered (i.e. the abovementioned security interests), with the result that no assurance can be given as to the ranking of a security interest if it is not publicly registered.

Limitations on enforcement of security interests and cash amount ("soulte")

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Under French law, pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts* *sociales*)) may generally be enforced at the option of the secured creditors either: (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court-appointed expert in the context of a judicial attribution or by a pre-contractually agreed or judicially-appointed expert in the context of a contractual foreclosure (as specified in the underlying security document). If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the foreclosed securities as so determined and the amount of the secured debt that is due and payable to the creditor(s). This is the case regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such assets, and the remaining amount owed to such creditors will deemed to be unsecured.

An enforcement of the pledged securities may be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities since such securities will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

In addition, in view of the area of activity of the Group or certain members of the Group, it should be noted that foreign investments in companies or businesses which operate in certain sectors (in particular in respect of activities which may jeopardize public order, public safety or national defense interests or activities involving research, production or marketing of weapons, munitions or explosive powders or substances; in particular in the areas of energy and water supply, public health, public transport and electronic communications) may require the prior authorization of the French Economy Minister. This requirement may interfere with the enforcement of the Collateral over shares or a business. Where any of the sectors specified by law or regulations are involved, the following shall constitute foreign investments which are subject to the prior authorization procedure:

- a transaction as a result of which a non-EU/EEA investor (i) acquires the control (within the meaning of Article L. 233-3 of the French Commercial Code), (ii) acquires all or part of a business (*branche d'activité*) or (iii) crosses the threshold of 33.33 percent of the share capital or voting rights, in each case of a company whose registered office is located in France;

- a transaction as a result of which an EU/EEA investor (i) acquires the control (within the meaning of Article L. 233-3 of the French Commercial Code) or (ii) acquires all or part of a business, in either case of a company whose registered office is located in France; and

- a transaction as a result of which a French investor under non-French control acquires all or part of a business of a company whose registered office is located in France.

When a foreign investment is subject to the authorization of the French Economy Minister as above, the transaction cannot be completed prior to authorization. The foreign investor must submit a formal application for prior authorization to the French authorities which must render a decision within two months of receipt of the application (failing which authorization shall be deemed to have been granted).

We can provide no assurance that the approval of the French authorities would not be required in order to allow the Security Agent to enforce the pledge over the shares of the Issuer and/or any of its subsidiaries or that such approval, if required, would be granted.

Parallel debt—trust

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of any Guarantor under the Notes Guarantees will not be granted directly to the holders of the Notes but will be granted in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that only the Security Agent as security agent, Trustee and Parallel Debt (as defined below) creditor has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral.

Under French law, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code or as security agent under Article 2488-6 and *seq*. of the French Civil Code. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the "**Parallel Debt**") mirroring the obligations of the Issuer and any Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture (the "**Principal Obligations**").

The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement action in respect of such security interests except through the Security Agent (even if they are in some instances listed as direct beneficiaries of the security interests in the Collateral).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (Cass. com. September 13, 2011 no 10-25533 Belvédère) relating to bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court (*Cour de cassation*) upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a parallel debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the Notes or security interests created under the Parallel Debt and/or trust constructs are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the Notes Guarantees or security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Trustee has certain assigned duties and rights under the Indenture that become particularly important following Defaults or Events of Default of which a responsible officer of the Trustee has been notified in writing, and following an Event of Default acts in a fiduciary capacity in the best interests of the holders of the Notes.

The concept of "trust" has been recognized by the French Tax Code by Article 792-0 *bis* and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (Cass. com. September 13, 2011 no 10-25533, 10-25731, 10-25908 Belvédère c/ Maître es qual.) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted to the benefit of, *inter alios*, the Security Agent pursuant to the Parallel Debt mechanism. To the extent that the security interests in the Collateral created to the benefit of the Security Agent are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent.

Fraudulent conveyance

French law contains specific "*action paulienne*" provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*) insolvency proceedings of the relevant debtor, or by any of the creditors of the relevant debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if: (i) the debtor performed such act without an obligation to do so; (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary). If a court found that the issuance of the Notes, the grant of the security interests in the Collateral, or the granting of a Guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the Collateral or the granting of such Guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Notes Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Notes Guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or any Guarantors as a result of the fraudulent conveyance.

Recognition of intercreditor arrangements by French courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Article L. 626-30-2 of the French Commercial Code which states that, in the context of safeguard proceedings, the safeguard plan which is put to the vote of creditors' committees takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard proceedings. As a consequence, except to the extent referred to above (which, as at the date of these listing particulars, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement. Furthermore, as the Intercreditor Agreement contains protections related to the ability of the holders of Notes to maintain a blocking vote in creditor consultation meetings in the event of an insolvency, if French courts were not to recognize such undertaking, it may be more difficult for holders to enforce their rights in the event of breach. See "*Description of Certain Financing Arrangements—Intercreditor Agreement—Restrictions on investor liabilities, issuer subordinated liabilities and intra group liabilities*."

Recognition of validity of second or lower ranking financial securities account pledges by French courts

The Intercreditor Agreement provides for a mechanism allowing the implementation of second or lower ranking pledges over financial securities accounts.

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company which are held by the grantor are credited. In France, no lien searches are available for security interests which are not registered, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the ranking of a pledge over a securities account in which the shares of such a company are credited. However, the date of registration of such pledges in the relevant shareholder's account (*compte d'actionnaire*) and share register (*registre de mouvement de titres*) of the relevant French Guarantor, will constitute evidence of ranking.

Moreover, under French law a pledge over securities accounts provides to the secured parties a lien (*droit de rétention*) over the pledged securities account. No legal provision under French law appears to prohibit the granting of a second or lower ranking pledge thereon. Consequently, the second or lower ranking pledge over the shares of such a company may therefore provide that the possession of the securities account is transferred to the custody of an agreed third party as "*tiers convenu*" (*entiercement*), that the first-ranking and second or lower ranking secured parties have consented to the creation of second or lower ranking pledge and that the first-ranking secured parties have accepted the third party to be appointed as a *tiers convenu* which will hold the pledged securities as custodian for the benefit of both the first-ranking and the second or lower ranking secured parties.

However, this structure has not been tested before the French courts and no assurances can be given that such second or lower ranking pledges would be upheld if tested. Therefore, there is a risk that the second or lower ranking pledge over the securities account in which the shares of such company are respectively registered may be held void or unenforceable by a French court, which in turn could materially adversely affect the recovery under the Notes or the Notes Guarantees (as applicable) following an enforcement event.

Assumption as to the enforceability of the second-ranking pledges over the bank accounts and receivables
The pledges over the bank accounts and receivables are governed by French law. In France, no lien searches are available for security interests, which are not registered, such as pledges over bank accounts and receivables. As a result, no assurance can be given on the ranking of the pledges over the relevant bank accounts or receivables of a debtor.

Although French law does not expressly prohibit the grantor of a pledge over a bank account or a receivable from granting a second-ranking pledge over the same bank account or the same receivable, this structure has not been tested before the French courts and no assurance can be given that such second-ranking pledges would be upheld if tested.

Limitations on guarantees
In respect of guarantors incorporated in France (the "**French Guarantors**"), the liabilities and obligations of each French Guarantor are subject to French corporate benefit rules, under which a guarantor must receive an actual and adequate benefit from the transaction involving the granting by it of the guarantee, taken as a whole. In addition, the amounts guaranteed must be commensurate with the benefit received. A court could declare any guarantee unenforceable and, if payment had already been made under the relevant Guarantee, require that the recipient return the payment to the relevant French Guarantor, if it is determined that these criteria were not fulfilled.

The existence of a real and adequate benefit to the French Guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance and which must be determined on a case-by-case basis.

Accordingly, when the guaranteed entities are not direct or indirect subsidiaries of the relevant French Guarantor, each of the guarantees by such French Guarantor and the amounts recoverable thereunder shall be limited, at any time, to an amount equal to the aggregate of all amounts borrowed indirectly under On-Lending Facilities (as defined below) to that French Guarantor and/or its direct or indirect subsidiaries and outstanding on the date on which the guarantee is enforced against that French Guarantor (the "**Maximum Guaranteed Amount**"); it being specified that any payment made by any such French Guarantor under its Notes Guarantee shall reduce *pro tanto* the outstanding amount of the intercompany loans (if any) due by such French Guarantor under such On-Lending Facilities.

For the avoidance of doubt, any payment made by a French Guarantor under the On-Lending Facilities shall reduce *pro tanto* the Maximum Guaranteed Amount.

By virtue of this limitation, a French Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may not be subject to any obligation under the Notes Guarantees.

"**On-Lending Facilities**" means, in respect of a French Guarantor, the receivables made available to such French Guarantor and/or its direct or indirect subsidiaries as intra-group debtors (including all interest, commissions, costs, fees, expenses and other sums accruing or payable in connection with such amount) to the extent that such loans are financed by way of amounts which are made available to such French Guarantor and/or its direct or indirect subsidiaries the Issuer with the proceeds of the Notes, and on-lent (either directly or through one or more other subsidiaries of the Issuer) to, or used to refinance any indebtedness previously on-lent directly or indirectly to, such French Guarantor and/or its direct or indirect subsidiaries.

In addition, the liabilities and obligations of each French Guarantor are subject to (i) Article L. 225-216 of the French Commercial Code which prohibits a company from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition; (ii) Articles L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code defining a misuse of corporate assets or of the credit of a company; and (iii) any other law or regulation having the same effect as (i) and (ii) above, as interpreted by French law

Lastly, if a French Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's-length transaction could be taxable under certain circumstances.

Book-entry, delivery and form

General

The Notes sold within the United States to QIBs in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The Notes sold outside the United States in reliance on Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited on the Issue Date with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by, Euroclear and Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and Clearstream, as applicable, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuer, the Initial Purchaser, any Paying Agent, the Transfer Agent, the Registrar nor the Trustee (nor any of their respective agents) will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered notes in certificated form (the "**Definitive Registered Notes**"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under such Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding second bullet point, their current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Notice to Investors*" unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; *provided* that a Definitive Registered Note will only be issued in denominations of €100,000 or in integral multiples of €1,000 in excess thereof.

To the extent permitted by law, the Issuer, the Trustee, each Paying Agent, the Transfer Agent and the Registrar and their respective agents shall be entitled to treat the registered holder of any Definitive Registered Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Definitive Registered Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of the Transfer Agent, the Issuer will issue and the Trustee (or an authenticating agent appointed by such Trustee) will authenticate a replacement Definitive Registered Note if the Issuer's and Trustee's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both such Trustee and Issuer to protect the Issuer, the Trustee and any Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer and the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Group pursuant to the provisions of the Indenture, the Group in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Redemption of Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, each of Euroclear and/or Clearstream, or their respective nominees, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to one or more Paying Agents. In turn, such Paying Agent will make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, any Paying Agent, the Transfer Agent, the Registrar and any of their respective agents will treat the registered holders of the Global Notes (i.e., the nominee of the common depositary for Euroclear or Clearstream) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, any Paying Agent, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear or Clearstream or any participant or indirect participant or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear and/or Clearstream in euro.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Indenture, Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities and in the circumstances set forth in "*—Issuance of Definitive Registered Notes*," such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Notice to Investors.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers discussed under "*Notice to Investors*."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice-versa.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors.*"

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Group has provided in this "*Book-Entry, Delivery and Form*" the summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuer, the Trustee, any Paying Agent, the Transfer Agent, the Registrar, the Initial Purchaser nor any of their respective agents are responsible for those operations or procedures.

The Group understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream system will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system’s rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchaser, the Trustee, the Transfer Agent, any Paying Agent, the Registrar nor any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser’s and the seller’s accounts are located to ensure that settlement can be made on the desired value date.

Tax considerations

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

Certain U.S. federal income tax considerations

The following is a discussion of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is based upon the United States Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion is limited to consequences relevant to a "U.S. holder" (as defined below) (except with respect to the potential application of FATCA to holders that are not U.S. holders, discussed below under "*—Foreign Account Tax Compliance Act*"). This discussion does not address the impact of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws), any state, local or non-U.S. tax laws or the Medicare tax on certain net investment income. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities or arrangements (including foreign branches) or investors in such entities or arrangements, persons liable for alternative minimum tax, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements (as defined in Section 451(b) of the Code), and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issuance and at their "issue price" (in this case, the first price at which a substantial amount of the Notes is sold for money to investors, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of section 1221 of the Code (generally for investment).

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity classified as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income, and state, local, non-U.S. or other tax laws.

Interest on the Notes

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes will recognize interest income equal to the U.S. dollar value of the interest payment, based on the spot exchange rate on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash method U.S. holder will not recognize foreign currency exchange gain or loss on the receipt of such payment but may recognize foreign currency exchange gain or loss on the actual disposition of the euro so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, may determine the amount recognized with respect to such interest in accordance with either of two methods. Under the first method, a U.S. holder will recognize income for each taxable year equal to the U.S. dollar value of the foreign currency accrued for such year determined by translating such amount into U.S. dollars at the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within such U.S. holder’s taxable year). Alternatively, a U.S. holder may make an election (which must be applied consistently to all debt instruments held by the electing U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and cannot be changed without the consent of the IRS) to translate such accrued interest at the spot exchange rate on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, the last day of the partial accrual period within each respective taxable year), or at the spot exchange rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss on the date such interest is received, equal to the difference, if any, between: (i) the U.S. dollar value of such payment, determined at the spot exchange rate on the date the payment is received, and (ii) the U.S. dollar value of the interest income previously included in respect of such payment, regardless of whether the payment is in fact converted into U.S. dollars. Any such foreign currency exchange gain or loss will be treated as ordinary income or loss, generally will be treated as from sources within the United States and generally will not be treated as an adjustment to interest income or expense.

It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes.

If any additional amounts are paid on the Notes to “gross up” in respect of withholding or deduction for taxes (see “*Description of the Notes—Additional Amounts*”), such amounts will be includable in a U.S. holder’s income as ordinary interest income at the time such amount is received or accrued in accordance with such holder’s method of tax accounting. Interest income on the Notes (including any additional amounts) will be treated as ordinary income from sources without the United States and generally will be treated as “passive category income”. If any non-U.S. taxes were to be paid or withheld in respect of payments on the Notes, a U.S. holder may be eligible, subject to a number of complex limitations (including holding period and at risk requirements), for a foreign tax credit.

Sale, exchange, retirement or other taxable disposition of Notes

A U.S. holder’s adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. holder, decreased by any principal payments on such Note. The cost of a Note purchased with foreign currency will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the exchange rate in effect on that date. If the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of the Note at the spot exchange rate on the settlement date of the purchase.

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued and unpaid interest, which will be taxable as ordinary interest income in accordance with the U.S. holder's method of tax accounting as described under "*—Interest on the Notes*") and the U.S. holder's adjusted tax basis in the Note. The amount realized on the sale, exchange, retirement or other taxable disposition of a Note for an amount of foreign currency will generally be the U.S. dollar value of that amount based on the spot exchange rate on the date of taxable disposition. If the Notes are traded on an established securities market, a cash basis U.S. holder (and if it elects, an accrual basis U.S. holder) will determine the U.S. dollar value of that amount realized on the settlement date of the disposition. If an accrual method taxpayer makes this election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make this election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date, and such gain or loss generally will constitute ordinary income or loss.

Gain or loss recognized by a U.S. holder upon the sale, exchange, retirement or other taxable disposition of a Note that is attributable to changes in foreign currency exchange rates will be ordinary income or loss and, with respect to the principal thereof, will generally be equal to the difference between the U.S. dollar value of the U.S. holder's purchase price of the Note in foreign currency determined on the date of the sale, exchange, retirement or other taxable disposition, and the U.S. dollar value of the U.S. holder's purchase price of the Note in foreign currency determined on the date the U.S. holder acquired the Note. The foreign currency exchange gain or loss with respect to principal and with respect to accrued and unpaid interest (which will be treated as discussed above under "*—Interest on the Notes*") will be recognized only to the extent of the total gain or loss realized by the U.S. holder on the sale, exchange, retirement or other taxable disposition of the Note, and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

If a U.S. holder recognizes foreign currency exchange loss upon a sale, exchange, retirement or other taxable disposition of a Note (or with respect to payment of interest) above certain thresholds, such holder may be required to file a disclosure statement with the IRS. U.S. holders should consult their tax advisors regarding this reporting obligation.

Any gain or loss recognized by a U.S. holder in excess of foreign currency exchange gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of the sale, exchange, retirement or other taxable disposition. In the case of a U.S. holder that is a non-corporate taxpayer, net long term capital gain may be eligible for preferential U.S. federal income tax rates compared to items of ordinary income. The deductibility of capital losses is subject to limitations.

Information reporting and backup withholding

In general, payments of interest and the proceeds from the sale, exchange, retirement or other taxable disposition of Notes held by a U.S. holder may be required to be reported to the IRS unless the U.S. holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. holder may be subject to backup withholding with respect to such payments or proceeds unless it provides a correct taxpayer identification number or certification of exempt status and, in the case of payments of interest, certifies that such holder is not subject to such withholding, and otherwise complies with applicable certification requirements. In general, a U.S. holder may comply with this requirement by providing the paying agent, broker or other intermediary with a duly completed and executed copy of IRS Form W-9 (or substitute form).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Reporting obligations of owners of foreign financial assets

Section 6038D of the Code generally requires U.S. individuals (and certain entities that have U.S. individual owners or beneficiaries) to file IRS Form 8938 if they hold certain "specified foreign financial assets," the aggregate value of which exceeds certain thresholds and subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). If such U.S. holder does not file a required IRS Form 8938, it may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such U.S. holder for the related tax year may not close before the date which is three years after the date on which such report is filed. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

Foreign account tax compliance act

Pursuant to sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax at a 30% rate on certain "foreign passthru payments" made to persons that are not compliant with FATCA or that do not provide the necessary information or documents to the extent such payments are treated as attributable to certain U.S. source payments. Debt instruments issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are published in the U.S. Federal Register, such as the Notes, generally would be "grandfathered" and not subject to withholding on "foreign passthru payments" unless materially modified in a way that such obligations are treated as exchanged for new obligations for U.S federal income tax purposes after such date. Under recently proposed regulations, any withholding on foreign passthru payments on the Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the U.S. Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described herein. Holders of the Notes should consult their tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount (see "*Description of the Notes—Additional Amounts*").

Certain French tax considerations

The following is a summary of certain material French tax considerations relating to the purchase, ownership and disposal of the Notes by an investor who (i) is not a French resident for French tax purposes (unless indicated otherwise), (ii) does not hold the Notes in connection with a business or profession conducted in France, or a permanent establishment or fixed base situated in France, and (iii) does not concurrently hold shares of the Issuer and is not a related party of the Issuer within the meaning of Article 39, 12 of the French general tax code (*Code Général des Impôts*) (the "**French Tax Code**").

This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change, possibly with retroactive effect, or to different interpretation.

This summary is for general information only and does not purport to be a comprehensive description of all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO FRENCH TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

In addition, Article 1649 AC of the French Tax Code imposes on financial institutions within the meaning of Article 1 of Decree n°2016-1683 to review and collect information on their clients and investors, in order to identify their tax residence, as well as to provide certain account information to relevant foreign tax authorities (via the French tax authorities) on an annual basis.

Payments of interest and other revenues with respect to the Notes

Payments of interest and assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set forth under Article 125 A-III of the French Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French Tax Code other than those mentioned in Article 238-0 A 2 *bis* 2° of the same code (a "**Non-Cooperative State**"). If such payments are made in a Non-Cooperative State, a 75% mandatory withholding tax will be due by virtue of Article 125 A-III of the French Tax Code (subject to certain exceptions certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty). The 75% withholding tax is applicable irrespective of the tax residence of the Noteholders for tax purposes or registered headquarters. The list of Non-Cooperative States is published by a ministerial order (*arrête*), which may be updated at any time and at least on a yearly basis. The provisions of the French Tax Code referring to Article 238-0 A of the same Code shall apply to Non-Cooperative States added to this list as from the first day of the third month following the publication of the ministerial order. A law published on October 24, 2018 (Law 2018-898 of October 23, 2018) (i) removed the specific exclusion of the member States of the European Union, (ii) expanded this list to include States and jurisdictions included on the blacklist published by the Council of European Union on December 5, 2017 as amended from time to time (the "**EU Black List**") and (iii), as a consequence, expanded this withholding tax regime to certain States and jurisdictions included on the EU Black List.

Furthermore, according to Article 238 A of the French Tax Code, interest and other assimilated revenues on the Notes may not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution located in such a Non-Cooperative State (it being noted that the enlarged list of Non-Cooperative State that comprises states and jurisdictions included on the EU Black List is also relevant for this piece of legislation). Under certain conditions, any such non-deductible interest and other assimilated revenue may be recharacterized as deemed dividends pursuant to Article 109 *et seq*. of the French Tax Code, in which case such non-deductible interest and other assimilated revenue may be subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code at a rate of (i) 75% if they are paid on an account opened in a financial institution located in a Non-Cooperative State, unless such Non-Cooperative State is referred to in Article 238-0 A 2 *bis* 2° of the French Tax Code, (ii) 28% if they are paid to a non-French tax resident legal person (it being noted that such withholding tax rate would vary in line with the reduction of the standard rate of French corporate income tax provided for by Article 219 I of the French Tax Code) or (iii) 12.8% in cases where the holder is a non-French tax resident individual, in each case, subject to certain exceptions and the more favorable provisions of any applicable tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax set out under Article 125 A-III of the French Tax Code, nor, to the extent the Issuer can demonstrate that the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the non-deductibility set out under Article 238 A of the French Tax Code nor the related withholding tax set out under Article 119 *bis* 2 of the French Tax Code that may be levied as a result of such non-deductibility, will apply in respect of a particular issue of notes if the issuer can prove that the main purpose and effect of such issue of notes is not to enable payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the “**Exception**”).

In addition, pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* (French administrative guidelines) referenced as BOI-INT-DG-20-50-20140211 n° 550 and 990, an issue of notes benefits from the Exception without the issuer having to provide any proof of the main purpose and effect of such issue of notes, and accordingly will be able to automatically benefit from the Exception (the “**Safe Harbor**”) if such notes are on the date of their issuance or their admission to trading:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State which is not a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a French or foreign regulated market or a multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities delivery and payments systems operator within the meaning of Article L.561 2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes will qualify as debt securities under French commercial law. Considering that at the time of their issue, the Notes will be admitted to the operations of Euroclear and Clearstream, the Notes will fall under the Safe Harbor. Accordingly, payments of interest and other assimilated revenue with respect to the Notes will be exempt from the withholding tax set out under Article 125 A-III of the French Tax Code. Moreover, under the same conditions and to the extent that the Issuer can demonstrate that the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, they will be subject neither to the non-deductibility set out under Article 238 A of the French Tax Code nor to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in such Non-Cooperative State.

Withholding tax applicable to French tax resident individuals

Pursuant to Article 125 A of the French Tax Code *(i.e.* where the paying agent *(établissement payeur)* is located in France), subject to certain exceptions, interest received by French tax resident individuals is subject to a 12.8% levy withheld at source, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied at source at an aggregate rate of 17.2% on interest paid to French tax resident individuals. Holders of Notes who are French tax resident individuals are urged to consult with their usual tax advisor on the way the 12.8% levy and the 17.2% social contributions are collected, where the paying agent is not located in France.

Taxation on disposal

Pursuant to Article 244 *bis* C of the French Tax Code, a Noteholder who is not a resident of France for French tax purposes and who does not hold the Notes in connection with a permanent establishment or a fixed place of business in France should not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or disposal of Notes.

Stamp duties

No transfer taxes or similar duties are payable in France in connection with the transfer of the Notes, provided that such transfers are not recorded in a deed registered with the French tax authorities and that the EU FTT does not become applicable and except in the case of filing with the French tax authorities on a voluntary basis.

Certain general tax considerations—payments by a Guarantor

If a Guarantor makes any payment in respect of the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply. If such payments are subject to such withholding, the Post-Closing Guarantor generally will be required to pay additional amounts so that the net amount received is no less than the amount which would have been received in the absence of such withholding (see "*Description of the Notes—Additional Amounts*").

Plan of distribution

Subject to the terms and conditions set forth in the purchase agreement (the "**Purchase Agreement**"), dated as of the date of the Offering Memorandum, the Issuer has agreed to sell to the Initial Purchaser, and subject to certain conditions contained therein, the Initial Purchaser has agreed to purchase from the Issuer, the entire principal amount of the Notes. The Purchase Agreement provides that the Initial Purchaser will purchase all the Notes if it purchases any of them.

The Purchase Agreement provides that the obligations of the Initial Purchaser to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions of counsel. The Purchase Agreement also provides that, if the Initial Purchaser defaults, in some cases, the Offering may be terminated. The Initial Purchaser reserves the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchaser proposes to offer the Notes initially at the issue price indicated on the cover page of the Offering Memorandum. After the initial offering of the Notes, the offering prices and other selling terms of the Notes may from time to time be varied by the Initial Purchaser without notice. The Initial Purchaser may offer and sell the Notes through certain of its affiliates who are qualified broker-dealers under applicable law, including in respect of sales into the United States.

Persons who purchase Notes from the Initial Purchaser may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the issue price set forth on the cover page of the Offering Memorandum.

The Issuer has agreed to pay the Initial Purchaser certain customary fees for its services in connection with the Offering and to reimburse them for certain out-of-pocket expenses. The Purchase Agreement also provides that the Issuer will indemnify and hold harmless the Initial Purchaser against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchaser may be required to make in respect thereof.

The Issuer has agreed that, except with the prior written consent of the Initial Purchaser, it will not offer, sell, contract to sell or otherwise dispose of or announce an intention to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, it or any of its subsidiaries, that are substantially similar to the Notes, for a period of 60 days after the date of the Purchase Agreement.

The Notes and the Notes Guarantee of the Post-Closing Guarantor have not been, and will not be, registered under the Securities Act, or the securities laws of any other jurisdiction. The Initial Purchaser has agreed that it will only offer or sell the Notes (i) in the United States to persons it reasonably believes to be QIBs in reliance on Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S. In addition, until 40 days following the later of (a) the commencement of the Offering and (b) the Issue Date, an offer or sale of Notes sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Each purchaser of the Notes will, by its purchase, be deemed to have made certain acknowledgments, representations, warranties and agreements as set forth under "*Important Information*" and "*Notice to Investors.*"

The Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including France, the United States and the United Kingdom, by the Issuer or the Initial Purchaser that would permit a public offering of the Notes or the possession, circulation or distribution of the Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither the Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. These listing particulars does not constitute an offer to sell or a solicitation of an offer to purchase Notes in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession the Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of the Offering Memorandum and resale of the Notes. See "*Important Information*" and "*Notice to Investors.*"

The Issuer has agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issuance of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Important Information*" and "*Notice to Investors.*" Application has been made to the Exchange for the listing of the Notes on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. There can be no assurance that such listing will be maintained. The Initial Purchaser has advised the Issuer that it intends to make a market in the Notes as permitted by applicable law, but it is not obligated to do so. The Initial Purchaser may discontinue any market making in the Notes at any time without notice in its sole discretion. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuer cannot assure you that any market will develop for the Notes, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*"

Stabilization

In connection with the Offering, J.P. Morgan Securities plc, or one of its respective affiliates or persons acting on its behalf (the "**Stabilizing Manager**") may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also over-allot the Offering (which involves sales in excess of the offering size), creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and may also impose penalty bids (which permit the Stabilizing Manager to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions). These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*"

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilizing Manager. If these activities are commenced, they must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise. Neither the Issuer nor the Initial Purchaser makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes.

The Issuer expects that delivery of the Notes will be made against payment on the Notes to investors on or about the Issue Date, which will be nine business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) and ten Euroclear/Clearstream business days following the date of pricing of the Notes (this settlement cycle is referred to as "**T+10**"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of the Offering Memorandum or the following six business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Other relationships

The Initial Purchaser and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchaser and its affiliates have, from time to time, performed, and may currently and/or in the future perform, various financial advisory, investment and corporate banking, commercial lending and banking, consulting and other commercial services in the ordinary course of business for the Issuer and its affiliates, and may have from time to time in the past held, and may in the future hold, positions in the Issuer's or any of its affiliates' securities or enter into hedging or general derivative transactions with the Issuer or its affiliates in the ordinary course of business, for which they received or will receive customary fees and commissions and reimbursement of expenses.

In the ordinary course of their various business activities, the Initial Purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve the Issuer's or the Issuer's affiliates' securities and/or instruments (directly, as collateral securing other obligations or otherwise). The Initial Purchaser and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and at any time may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

If the Initial Purchaser or its affiliates has a lending relationship with the Issuer or its affiliates, the Initial Purchaser or its affiliates may routinely hedge their credit exposure to the Issuer or its affiliates in a manner consistent with their customary risk management policies. Typically, the Initial Purchaser and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or its affiliates' securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby.

Notice to investors

You are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Notes Guarantee of the Post-Closing Guarantor have not been, and will not be, registered under the Securities Act, or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes and the Notes Guarantee of the Post-Closing Guarantor offered hereby are being offered and sold to the Initial Purchaser for re-offer and resale only to QIBs in accordance with Rule 144A and outside the United States in offshore transactions in reliance on Regulation S.

We use the terms “offshore transaction” and “United States” with the meanings given to them in Regulation S.

You, by your acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchaser as follows:

(1) You understand and acknowledge that the Notes and the Notes Guarantees are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act or any other applicable securities law and that if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in compliance with the registration requirements of the Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4), (5) and (6) below.

(2) You are neither the Issuer’s “affiliate” (as defined in Rule 144A), nor acting on its behalf, and that you are either:

(i) a QIB, and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition of Notes will be for your own account or for the account of another QIB; or

(ii) purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S, and, in this case, if resident in a member state of the EEA or the UK, you are not a retail investor in the EEA or in the UK (for these purposes, a “retail investor” means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a “qualified investor” as defined in the Prospectus Regulation.

(3) You acknowledge that neither we nor the Initial Purchaser, nor any person representing us or the Initial Purchaser, has made any representation to you with respect to us or the offer or sale of any Notes, other than the information contained in these listing particulars, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchaser, nor any person representing the Initial Purchaser, makes any representation or warranty as to the accuracy or completeness of the information contained in these listing particulars. You acknowledge that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchaser.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you exercise sole investment discretion and for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(5) You understand and agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes sold pursuant to Rule 144A (the "**Rule 144A Notes**"), and each subsequent holder of the Rule 144A Notes by the acceptance thereof will be deemed to agree, that if in the future you decide to offer, sell, pledge or otherwise transfer such Rule 144A Notes or any beneficial interests in any such Rule 144A Notes, you will not do so prior to the date that is one year after the later of the Issue Date, the original issue date of the issuance of any additional securities and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) (the "**Resale Restriction Termination Date**") only (i) to the Issuer, a Guarantor or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of such Notes is completed and delivered by the transferor to the Transfer Agent or the Registrar.

(6) You acknowledge that each Rule 144A Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("*QIB*"); (2) AGREES ON ITS BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST IN THIS SECURITY PRIOR TO THE DATE (THE "*RESALE RESTRICTION TERMINATION DATE*") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF SUCH SECURITIES, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL SECURITIES AND THE LAST DATE ON WHICH ANY OF THE ISSUER OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, A GUARANTOR OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("*RULE 144A*"), TO A PERSON IT REASONABLY BELIEVES IS A QIB THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN

OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S RIGHTS PRIOR TO ANY SUCH REOFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE REGISTRAR OR TRANSFER AGENT AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

A purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(8) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act;

(9) You acknowledge that the Transfer Agent and the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us, the Transfer Agent and the Registrar that the restrictions set forth therein have been complied with.

(10) You acknowledge that we, the Initial Purchaser and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchaser. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account.

(11) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchaser that would result in a public offering of the Notes or the possession, circulation or distribution of these listing particulars or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

(12) You confirm that you, or the investor account for which you act, is not a retail investor. For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following: (a) a "retail client" as defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a "qualified investor" as defined in the Prospectus Regulation.

(13) You understand that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined above) in the EEA or in the UK, and (ii) no key information document (as defined in the PRIIPs Regulation) for offering or selling any in-scope instrument or otherwise making such instruments available to retail

investors in the EEA or in the UK has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful.

(14) With respect to the purchase, holding and disposition of any Note or any interest in such Note either (1) you are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of), a Plan, and no part of the assets to be used by it to acquire or hold such Notes or any interest therein constitutes or will constitute the assets of any Plan, or (2) your acquisition, holding and disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a non-exempt violation of any Similar Law. If you are an ERISA Plan or entity whose underlying assets are considered to include "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of any such ERISA Plan, (I) none of the Issuer, the Initial Purchaser, the Trustee, the Agents and their respective affiliates (the "**Transaction Parties**") has acted as your fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to your decision to acquire and hold the Notes, and none of the Transaction Parties shall at any time be relied upon as your fiduciary with respect to any decision to acquire, continue to hold or transfer the Notes.

Service of process and enforcement of civil liabilities

Each of the Issuer and the Post-Closing Guarantor is an entity organized under the laws of France with its respective registered office or principal place of business in France (the "**French Entities**"). The directors, officers and other executives of the French Entities (collectively, the "**French Individuals**") are neither residents nor citizens of the United States. Furthermore, a substantial portion of the assets of the French Entities and the French Individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France upon those persons or entities in civil and commercial matters, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with. The following is a summary of certain legal aspects of French law regarding the enforcement of civil law entitlements connected with the Notes against the French Entities and/or the French Individuals.

The French Entities have been advised by counsel that the United States and France are not party to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws and which is enforceable in the United States, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French civil court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having "indirect" jurisdiction over the matter as this concept is defined by French courts in the context of enforcement of foreign judgments, meaning that the dispute was clearly connected to the jurisdiction of such court, the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;

- such U.S. judgment does not contravene French international public policy rules (*ordre public international*), both pertaining to the merits and to the procedure of the case, including fundamental procedural rights;

- such U.S. judgment is not tainted by fraud under French law; and

- in addition, it is well established that only final and binding foreign judicial decisions (i.e., those having *a res judicata* effect) can benefit from an *exequatur* under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there are no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the *res judicata* effect as of the date of the decision of the French civil court and will thus be declared enforceable in France after all remedies have been exhausted. The decision granting the *exequatur* is being appealed.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French criminal law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as modified) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French conflict of laws rules (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case by case basis by French courts) or in case of overriding mandatory rules. Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with a French person. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant. For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, in accordance with case law, the French courts' jurisdiction over French nationals is not mandatory to the extent an action has been commenced before a court in a jurisdiction that has sufficient contacts with the dispute and the choice of jurisdiction is not fraudulent. In addition, a French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (the "**Brussels I Regulation (Recast)**"), as regards legal actions falling within the scope of Brussels I Regulation (Recast), the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU member state. Conversely, pursuant to Article 6.2 of Brussels I Regulation (Recast), the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the EU. Moreover, three decisions of the civil chamber of the French Supreme Court (*Cour de cassation*) dated September 26, 2012, March 25, 2015 and October 7, 2015 and a decision of the commercial chamber of the French Supreme Court permit to conclude that contractual provisions submitting one party to the exclusive jurisdiction of a court and giving another party an additional option to choose another jurisdiction (one-sided jurisdiction clauses) may only be effective if they set out an objective basis for the alternative jurisdictions that one party could choose. Accordingly, any one-sided jurisdiction clauses which do not set out an objective basis (as a reference to a ground of jurisdiction or to legal rules) in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts. However, note that these decisions were made on the basis of Council Regulation (EC) No 44/2001 of December 22, 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters or on the basis of the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed in Lugano on October 30, 2007 and that such decisions have yet to be confirmed in the context of Brussels I Regulation (Recast).

Legal matters

Certain legal matters in connection with the Offering will be passed upon for us by Weil, Gotshal and Manges (London) LLP as to matters of U.S. federal law, New York law and English law. Certain legal matters in connection with the Offering will be passed upon for us by Weil, Gotshal and Manges (Paris) LLP as to matters of French law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchaser by Latham & Watkins (London) LLP as to matters of U.S. federal law, New York law and English law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchaser by Latham & Watkins AARPI as to matters of French Law.

Independent auditors

The 2018 Audited Financial Statements and the 2017 Audited Financial Statements, an English translation of which is included in these listing particulars, have been audited by PricewaterhouseCoopers Audit and NS Associés, as stated in their independent auditors' reports, an English translation of which has been included in these listing particulars. The 2016 Audited Financial Statements, an English translation of which is included in these listing particulars, have been audited by PricewaterhouseCoopers Audit, NS Associés and Paul Germon et Associés, as stated in their independent auditors' reports, an English translation of which has been included in these listing particulars.

The registered address of PricewaterhouseCoopers Audit is 63, rue de Villiers, 92208 Neuilly-Sur-Seine, France. The registered address of NS Associés is 92, rue Jouffroy d'Abbans, 75017 Paris, France. The registered address of Paul Germon et Associés is 175 boulevard Malesherbes, 75017 Paris, France. Pricewaterhouse Coopers Audit is a member of the Versailles Regional Company of Statutory Auditors in France and NS Associés and Paul Germon et Associés are members of the Paris Regional Company of Statutory Auditors in France.

Where you can find more information

Each purchaser of the Notes from the Initial Purchaser will be furnished with a copy of the Offering Memorandum and any related amendments or supplements to the Offering Memorandum. Each person receiving the Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and has received and reviewed all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

- such person has not relied on information provided or representations made by the Initial Purchaser or any person affiliated with the Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision; and

- except as provided pursuant to the first bullet above, no person has been authorized to give any information or to make any representation concerning the Issuer, the Initial Purchaser or the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us, the Initial Purchaser or any of their affiliates.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements under Rule 12g3-2(b) under the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Copies of the Indenture, the form of the Notes and the Intercreditor Agreement will be made available following the Issue Date upon request by writing to the Issuer.

Pursuant to the Indenture and so long as the Notes are outstanding, we have agreed to furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports.*"

Listing and general information

Admission to listing

Application is expected to be made to list the Notes on the Securities Official List of the Exchange. There can be no assurance that the Notes will be listed on the Securities Official List of the Exchange or that such listing will be maintained.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

Listing information

Copies of the following documents may be obtained at the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) following the grant of listing of the Notes:

- the organizational documents of the Issuer; and
- the Financial Statements, an English translation of which included in this offering memorandum.

We have appointed The Bank of New York Mellon SA/NV, Luxembourg Branch as listing agent. We reserve the right to vary such appointment in accordance with the terms of the Indenture. Application may also be made to the Exchange to have the Notes removed from listing on the Securities Official List, including if necessary to avoid any new withholding taxes in connection with the listing.

Litigation

Except as disclosed elsewhere in this offering memorandum, none of the Issuer or the Post-Closing Guarantor, nor any of their direct or indirect subsidiaries, is involved and has been involved, during the 12 months preceding the date of this offering memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on its results of operations, condition (financial or other) or general affairs. So far as the Issuer is aware, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No significant change

Except as disclosed in this offering memorandum:

- there has been no material adverse change in any of the Issuer's or the Group's financial and trading position since the date of its incorporation;

- there has been no significant change in our financial position as set forth in the Financial Statements.

Clearing information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common code
Rule 144A Global Note	XS2114146264	211414626
Regulation S Global Note	XS2114146181	211414618

Legal information

Issuer

The Issuer is a private limited company (*société par actions simplifiée*) organized under the laws of France. The Issuer is also a resident for tax purposes in France. The registered name of the Issuer is IM Group SAS and it was registered on December 21, 2019 under number 880 031 851 RCS Nanterre. The Issuer's registered office is or will be located at (i) prior to the Issue Date, 47 Rue Marcel Dassault, 92514 Boulogne-Billancourt Cedex and (ii) on and after the Issue Date, 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris. The corporate object of the Issuer is, directly or indirectly, in France and internationally:

Pursuant to its articles of association, the corporate purposes of the Issuer are:

- the purchase, subscription, ownership, management, transfer or acquisition of shares or other securities in all companies;
- the provision of all services and advice in relation to matters of administration, human resources, information technology, management, communication, finance, legal, marketing and procurement of its subsidiaries and direct and indirect shareholdings;
- the activities associated with being a holding company and the provision of all types of financial assistance to companies forming part of the same group as the Issuer; and
- more generally, all activities including financial activities, commercial activities, industrial activities, civil activities and activities involving tangible or intangible assets which are directly or indirectly associated with the purposes listed above and all similar or connected purposes, so long as they directly or indirectly favor the realization of the purpose by the Issuer, its growth, development and assets owned by the company, whether acquired or contributed by shareholders.

Pursuant to resolutions adopted by the President (*président*) of the Issuer and by its shareholders on January 27, 2020, the Issuer will have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

Post-Closing Guarantor

IM Growth is a *société par actions simplifiée* organized under the laws of France under number 820 719 482 RCS Paris, with its registered offices at 50, rue Croix des Petits Champs, 75001 Paris and 7, rue Hérold, 75001 Paris.

Responsibility statement

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

Index to financial statements

IM Growth

Statutory Auditors' report
on the consolidated financial statements

(For the year ended 31 December 2018)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-Sur-Seine

NS ASSOCIES
92, rue Jouffroy d'Abbans
75017 Paris

Statutory Auditors' report
on the consolidated financial statements
(For the year ended 31 December 2018)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

IM Growth Isabel Marant
50 rue croix des Petits Champs
7 rue Hérold
75001 Paris

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by virtue of your articles of association, we have audited the accompanying consolidated financial statements of IM Growth for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and, in particular we did not provide any non-audit services prohibited by the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the most significant assessments we made, in our professional judgement, concerned the appropriateness of the accounting policies applied, the reasonableness of the significant estimates used and the presentation of the financial statements.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Chairman's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with French accounting principles and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Chairman.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Neuilly-sur-Seine and Paris, 27 May 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	NS ASSOCIES
Marie-Cécile Dang Tran	Laurent Naim

IM Growth Group

Consolidated financial statements

Financial statements for the year ended 31 December 2018

Contents

Financial statements (in € thousands)

Consolidated income statement

Description	2018	2017 (19 months)	2017 (12 months)*
Sales	152,413	212,854	138,956
Other operating income	20,678	15,430	14,541
Operating income	**173,091**	**228,284**	**153,497**
Cost of goods sold	(58,454)	(83,416)	(52,964)
External expenses	(36,416)	(43,728)	(28,755)
Taxes other than on income	(2,329)	(3,626)	(2,441)
Personnel costs	(26,488)	(33,034)	(22,832)
Depreciation, amortisation, impairment and provision expense	(17,625)	(14,852)	(13,768)
Operating expenses	**(141,312)**	**(178,657)**	**(120,760)**
Adjustment account (intragroup operating income)	64		
Net operating income	**31,842**	**49,627**	**32,737**
Net financial income (loss)	**(16,405)**	**(26,479)**	**(18,316)**
Joint ventures			
Recurring income of consolidated companies	**15,437**	**23,148**	**14,420**
Non-recurring income	641	1,241	987
Non-recurring expenses	(1,820)	(2,401)	(950)
Net non-recurring income (loss)	**(1,178)**	**(1,161)**	**37**
Income tax expense	(7,939)	(9,295)	(3,443)
Net income of consolidated companies	**6,320**	**12,692**	**11,014**
Amortisation and impairment of goodwill			
Share in net income of associates			
Consolidated net income	**6,320**	**12,692**	**11,014**
Non-controlling interests			
Net income attributable to owners of the parent	**6,320**	**12,692**	**11,014**
Basic earnings per share	0.0500	0.1005	0.0872
Diluted earnings per share	0.0500	0.1005	0.0872

* For comparability purposes, the income statement includes a column for 2017 covering 12 months of operations.

Consolidated balance sheet

Description	31 December 2018	31 December 2017
Goodwill	181,996	181,996
Property, plant and equipment and intangible assets	213,068	208,009
Long-term investments and equity-accounted investments	2,397	1,676
Non-current assets	397,461	391,681
Inventories and work-in-progress	26,814	18,910
Trade receivables	14,279	26,651
Deferred tax assets	150	363
Other receivables and accrual accounts	6,399	8,857
Marketable securities	336	1,329
Cash	48,070	25,001
Current assets	96,048	81,111
Total assets	493,509	472,792
Equity attributable to owners of the parent	146,068	139,577
Reserves attributable to owners of the parent	12,497	(367)
Non-controlling interests		
Other equity		
Total equity	146,068	139,577
Negative goodwill		
Provisions and deferred taxes	44,985	46,053
Borrowings and debt	254,178	248,844
Trade payables, other liabilities and accrual accounts	48,278	38,318
Total equity and liabilities	493,509	472,792

Consolidated statement of cash flows

Description	2018	2017 (19 months)
Net income of consolidated companies	**6,320**	**12,692**
Movements in depreciation, amortisation, impairment and provisions	14,253	11,271
Change in deferred tax	(876)	(81)
Elimination of gains and losses on asset disposals	1	
Cash from operating activities	**19,698**	**23,883**
Change in operating working capital (including provisions)	16,744	9,125
NET CASH FROM (USED IN) OPERATING ACTIVITIES (I)	**36,441**	**33,008**
Acquisitions of non-current assets	(7,317)	(12,838)
Capitalisation of collection costs	(12,633)	(11,866)
Proceeds from disposals of non-current assets	24	546
Impact of changes in the scope of consolidation		(355,751)
Internal transactions relating to non-current items		
NET CASH FROM (USED IN) INVESTING ACTIVITIES (II)	**(19,926)**	**(379,909)**
New borrowings	15,169	270,981
Repayment of borrowings	(9,834)	(24,633)
Dividends received from/paid by the parent company	( )	
Share capital increases/decreases	( )	127,249
Net change in bank overdrafts		(1)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (III)	**5,334**	**373,596**
Impact of exchange rates on cash and cash equivalents (IV)	225	(366)
CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III + IV)	**22,075**	**26,330**
Cash and cash equivalents at beginning of period	26,330	
Cash and cash equivalents at beginning of period	**26,330**	
Cash and cash equivalents at end of period	**48,405**	**26,330**

"New borrowings" includes €13.2 million in accrued interest on bonds and €2 million in short-term borrowings and debt.

Consolidated statement of changes in equity

Description	Share capital	Additional paid-in capital	Reserves	Treasury shares	Consolidated currency translation reserve	Net income attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests
Change in share capital in cash and capital subscribed	126,326	926					127,251	
Net income						12,692	12,692	
Reclassifications								
Restructuring								
Translation adjustments					(367)		(367)	
Newly consolidated companies								
31 December 2017	**126,326**	**926**			**(367)**	**12,692**	**139,577**	
Appropriation of Y-1 net income			12,692			(12,692)		
Gross dividends paid								
Change in share capital in cash and capital subscribed								
Net income						6,320	6,320	
Translation adjustments			16		156		171	
Deconsolidated companies								
31 December 2018	**126,326**	**926**	**12,708**		**(211)**	**6,320**	**146,068**	

Presentation of the Group, significant events of the period and comparability of the financial statements

IM Growth was created in June 2016 after Montefiore Investment acquired a majority stake in the Company.

The consolidated financial statements presented reflect 12 months of operations.

IM Growth closed its first reporting period on 31 December 2017 after 19 months of operations. For comparability purposes, the income statement (and accompanying notes) also presents data corresponding to 12 months of operations in 2017.

Significant events of the period include expansion of the retail network, with new stores opening in:

- Europe:
  - Amsterdam (April 2018)
  - Paris Saint Honoré (June 2018)
  - Paris: takeover of the Galeries Lafayette footwear concession (July 2018)
  - Italy: new store in Milan (July 2018)
  - Italy: new store in Rome (October 2018)
  - France: Marne La Vallée Village outlet store (October 2018)
  - Norway: takeover of the Oslo store (November 2018)
  - Spain: takeover of the Madrid store (November 2018)
- China:
  - Takeover of Shanghai Réel (February 2018)
  - New store in Beijing SKP (June 2018)
  - New store in Chengdu Taikooli (November 2018)
  - New store in Shanghai Sanlitun (November 2018)

Basis and methods of consolidation

1. General principles

The Group's consolidated financial statements are prepared in accordance with the French accounting principles set out in Act no. 85.11 of 3 January 1985 and its implementing decree no. 86.221 of 17 February 1986, and with standard CRC 99-02 of 22 June 1999 issued by the former French accounting standards-setter (*Comité de la réglementation comptable*), as amended by standard CRC 2005-10 of 3 November 2005.

The consolidated financial statements are presented **in thousands of euros**.

2. Definition of the scope of consolidation

Name	Address	Method	% interest (at end of period)
IM Growth	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Broome	New York—USA	FC	100.00
IM Corp. USA	40 East Division St—Suite A 19901 Dover (Kent)—USA	FC	100.00
Isabel Marant Diffusion	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Norway	Prinsens Gate 22—0157 Oslo—Norway	FC	100.00
IM Frisco	San Francisco—USA	FC	100.00
IM LA	Los Angeles—USA	FC	100.00
IM Miami	40th street—Miami—USA	FC	100.00
IM Production	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
Isabel Marant UK Limited	1 Devonshire Street—London—UK	FC	100.00
IM Uptown	67th Street—USA	FC	100.00
IM Asia Limited	Pramex—Flat 7107B, 71/F, International Commerce Center 1, Austin Road, West Kowloon—HKG	FC	100.00
IM Shanghai Trading Ltd.	Shanghai—China	FC	100.00
IM Belgium	Belgium	FC	100.00
IM Netherlands	PC Hoofstraat 114 Amsterdam—Netherlands	FC	100.00
IM Spain Diffusion	354 Calle Muntaner 08021 Barcelona—Spain	FC	100.00
IM Italy	Milan Via Crocefisso n. 5—Italy	FC	100.00
Third	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00

Subsidiaries over which the Group directly or indirectly exercises exclusive control are fully consolidated.

Where appropriate, companies deemed not to be material based on their sales, net income and total assets, which have a limited growth outlook and present few synergies with the Group, are not consolidated.

At 31 December 2018, there are 18 companies in the scope of consolidation, all of which are fully consolidated.

3. Changes in the scope of consolidation

Foreign currency translation

The financial statements of consolidated foreign entities prepared in a currency other than the euro are translated using the "closing rate" method, as described below.

The financial statements of foreign subsidiaries are prepared in their functional currency, which is the currency of the primary economic environment in which the entities operate.

All assets and liabilities are translated into euros at the exchange rate prevailing at the end of the reporting period, while income statement items are translated at the average exchange rate for the period.

Any resulting translation differences are recognised directly in "Additional paid-in capital and reserves" within the currency translation reserve included in equity.

Goodwill

- Goodwill is the difference between the acquisition cost of a newly consolidated entity's shares and the Group's share in the entity's net assets, as restated at the date control is acquired.
- Goodwill represents the excess of the acquisition cost over the Group's share in the acquiree's identifiable assets and liabilities at the acquisition date. Goodwill is recognised under this caption within assets. It is not amortised but is tested for impairment each year.

- Negative goodwill generally represents either a potential capital gain resulting from a bargain purchase, or the acquiree's lack of profitability. Negative goodwill is recognised under "Provisions for contingencies and expenses" within liabilities.

Negative goodwill is taken to income based on a provision writeback schedule.

4. Significant accounting policies

The financial statements were approved by the Chairman and were prepared based on the going concern and consistency principles.

Property, plant and equipment and intangible assets

Non-current assets are recognised in accordance with the rules set out in the French General Chart of Accounts (CRC 99-03), amended by standards CRC 2002-10, CRC 2002-07 and CRC 2004-06 on assets and impairment. Non-current assets are carried at acquisition cost (purchase price plus ancillary expenses, excluding acquisition fees and borrowing costs and less any discounts and rebates obtained) or production cost.

Intangible assets acquired are shown in the balance sheet at acquisition cost and amortised over their estimated useful lives for the entities, which range from 2 to 10 years.

Intangible assets include the brand name, which is not amortised.

IM Production has recognised research and development costs for each collection amounting to a total of €11,678,000. These are amortised over the production period for the relevant collection. The research and development costs are retired at the end of the marketing phase for that collection.

Property, plant and equipment are carried at acquisition cost, including any costs incurred to bring them into the condition necessary for their use. Property, plant and equipment are depreciated over their estimated useful lives and based on probable conditions of use generally applied in the profession. They are depreciated on a straight-line basis over the following estimated useful lives:

- Buildings .... 20 years
- General installations .... 5 to 10 years
- Equipment and tooling .... 2 to 10 years
- Vehicles .... 1 to 5 years
- Office and IT equipment, furniture .... 2 to 5 years
- Office furniture .... 5 to 10 years

Impairment of non-current assets: non-current assets and other intangible assets are tested for impairment whenever there is tangible evidence that they may be impaired—either during the period or at the end of the period. A provision for impairment is recognised if the value in use of an asset for the Group falls below its carrying amount.

Long-term investments

These mainly include loans, deposits and other receivables as well as non-consolidated equity investments. Impairment is recognised if the value in use of these assets for the Group falls below their carrying amount.

Equity investments are carried at acquisition cost in the balance sheet. At the end of the reporting period, this amount is compared to the value in use of these investments after taking into account the corresponding share in equity they represent, and their profitability outlook, market position and stock market value where appropriate.

Inventories

Inventories are recognised at acquisition cost using the FIFO method, less any financial discounts obtained. A provision for impairment is recognised when the realisable value of inventories falls below their carrying amount.

Trade receivables and other receivables

Current assets are carried at their nominal amount. A provision is booked when a loss is deemed probable. The related expense is considered to have arisen in the ordinary course of business, with the exception of impairment of a non-recurring nature in terms of circumstances or amount.

Foreign currency receivables are translated into euros and recognised at the last known exchange rate. If use of the closing exchange rate at the reporting date changes the amounts in euros previously recognised, the resulting translation gains and losses are included in financial income (loss).

At the end of 2018, IM Production used a factoring company to manage its trade receivables portfolio. As a result, it derecognised €13 million in trade receivables from the portfolio.

Investment grants

Investment grants are recognised in accrual accounts.

Deferred charges and prepaid expenses

Outstanding deferred charges are restated on consolidation.

Debt issuance costs are recognised over the term of the related borrowings.

Finance leases

The Group applies the preferred method set out in standard CRC 99-02 (paragraph 300). Finance leases concerning a material amount are restated in the same way as a credit purchase for their initial value. Depreciation is recognised in accordance with the methods and rates described earlier. The tax impact of this restatement is taken into account. Unlike finance leases, operating leases are recognised in the income statement as rentals.

Earnings per share

Calculation of earnings per share: basic earnings per share is calculated by dividing consolidated net income attributable to owners of the parent by the weighted average number of parent company shares outstanding during the period. As there are no dilutive instruments, diluted earnings per share is therefore the same as basic earnings per share.

Deferred tax

The Group recognises deferred tax using the liability method in respect of all temporary differences between the tax value and the carrying amounts of assets and liabilities in the balance sheet. Deferred taxes are recognised at the tax rate applicable at the reporting date and adjusted to reflect the impact of changes in French tax laws and current tax rates.

Deferred tax assets are recognised for all deductible temporary differences, tax losses and tax loss carryforwards. Deferred tax assets arising on tax loss carryforwards are recognised when it is probable that the tax entity will generate taxable earnings against which they can be utilised.

Deferred taxes are shown as assets or liabilities on a net basis at the level of each tax entity.

Provisions for contingencies and expenses

A provision is recognised when the Company has a legal, regulatory or constructive obligation to a third party resulting from a past event that is likely or certain to give rise to an outflow of resources (with no equivalent consideration in return) embodying economic benefits and can be measured reliably.

The amount accrued as a provision represents the best estimate of the risk at the reporting date. Provisions are shown at their nominal value and are not discounted.

Pension and other employee benefit obligations

Pension and other long-term employee benefits essentially concern current employees. These benefits are payable under either defined contribution or defined benefit plans.

- Defined contribution plans: in accordance with local laws and customs, the Group pays salary-based contributions to national pension bodies. These contributions are expensed where appropriate.
- Defined benefit plans give rise to provisions and primarily concern retirement indemnities, plus:

  other retirement and supplementary benefits;

  other long-term benefits, i.e., mainly long-service awards and the time savings account;

  medical insurance schemes.

  These benefits are covered by the provision for contingencies and expenses.

The total benefit obligation amounted to €542,114 versus €477,182 at 31 December 2017.

The benefit obligation is determined using an actuarial calculation and assumptions concerning employee status, age and seniority, employee turnover, life expectancy as determined using mortality tables, estimated future salary increases and a discount rate.

The assumptions used to calculate the projected benefit obligation are as follows:

- Annual salary increase of 2%
- Retirement at 62 years
- Low employee turnover for managerial-grade employees (*cadres*) and average turnover for other employees
- Payroll tax of 50% for managerial-grade employees and 48% for other employees
- INSEE 2012-2014 mortality table
- Discount rate of 2%

Non-recurring income and expenses

Non-recurring items include transactions outside the scope of ordinary operations.

Notes to the balance sheet

1. Goodwill

Description	31 December 2017	31 December 2018	Newly consolidated companies	Deconsolidated companies	Increases	Translation adjustments	Changes in scope of consolidation	Other changes
Goodwill	181,996	181,996						
Net amount	**181,996**	**181,996**						

Goodwill arose on the first-time consolidation of IM Développement. Note that:

- IM Growth was created in June 2016 after Montefiore Investment acquired a majority stake in the Company.
- On 21 July 2016, IM Growth acquired a controlling interest in IM Développement, the holding company for the Isabel Marant Group.
- On 17 January 2017, IM Growth, acting in its capacity as sole shareholder, decided to dissolve IM Développement without liquidation.

The purchase price for IM Développement was set at €457,512,000. Upon the first-time consolidation of IM Développement:

- The Isabel Marant brand was treated as an identifiable asset to be recognised in the consolidated balance sheet. Based on a benchmark of recent transactions in the apparel industry, the brand was valued at €181,400,000.
- Recognition of the brand as an intangible asset resulted in a deferred tax liability of €46,837,000.
- Goodwill amounted to €181,996,000.

To verify the carrying amount of goodwill, an impairment test was performed at 31 December 2018. The test, based on the discounted cash flows method, consists of calculating the recoverable amount of the cash-generating unit to which the goodwill has been allocated.

The recoverable amount is estimated using cash flow projections based on existing operating forecasts, including growth and profitability rates deemed reasonable.

The inputs for the calculation were:

- Discount rate of 9%, comprising:
  - Risk-free rate of 0.82%
  - Risk premium of 8%
  - Risk sensitivity coefficient of 1.05
- Three-year net cash flow forecasts (with cash flow for the third year projected to perpetuity)

No impairment was recognised as a result of the impairment test carried out at 31 December 2018.

2. Property, plant and equipment and intangible assets

Description	31 December 2017	31 December 2018	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Start-up costs	379	473	206				(112)
Research and development costs	8,318	11,678	11,736	(8,376)			
Concessions, patents and other rights	181,952	181,952					
Leasehold rights	8,200	8,940	745		(5)		
Business goodwill	210	210					
Other intangible assets	1,170	1,426	256		1		
Intangible assets in progress		3,781	897				2,885
Intangible assets	**200,229**	**208,460**	**13,840**	**(8,376)**	**(5)**		**2,772**
Buildings	7,144	7,144					
Technical installations, equipment and tooling	78	88	10				
Other property, plant and equipment	15,536	20,639	4,445	(2)	203		457
Property, plant and equipment in progress	2,931	204	503		( )		(3,229)
Advances and downpayments on property, plant and equipment		407	407				
Property, plant and equipment	**25,689**	**28,482**	**5,364**	**(2)**	**203**		**(2,772)**
Total	**225,918**	**236,942**	**19,204**	**(8,378)**	**198**		
Of which non-current assets held under finance leases:							
Intangible assets							
Property, plant and equipment	5,300	5,300					

Description	31 December 2017	31 December 2018	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Start-up costs		(24)	(24)				
Research and development costs	(7,297)	(10,402)	(11,482)	8,376			
Concessions, patents and other rights	(179)	(363)	(184)				
Leasehold rights		(74)	(74)				
Other intangible assets	(873)	(1,028)	(154)		(1)		
Amortisation of intangible assets	**(8,349)**	**(11,891)**	**(11,918)**	**8,376**	**( )**		
Buildings	(1,645)	(2,003)	(357)				
Technical installations, equipment and tooling	(66)	(72)	(6)				
Other property, plant and equipment	(7,849)	(9,909)	(1,955)	1	(106)		
Depreciation of property, plant and equipment	**(9,560)**	**(11,983)**	**(2,319)**	**1**	**(106)**		
Depreciation and amortisation of non-current assets	**(17,909)**	**(23,874)**	**(14,236)**	**8,377**	**(106)**		
Of which non-current assets held under finance leases:	(1,115)	(1,380)					
Property, plant and equipment	(1,115)	(1,380)					

3. Long-term investments

Description	31 December 2017	31 December 2018	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Change in net assets of equity-accounted associates	Translation adjustments	Changes in scope of consolidation	Other changes
Equity investments								
Loans	1	11	26	(16)				
Deposits and guarantees paid	1,675	2,386	720	(9)				
Long-term investments	**1,676**	**2,397**	**746**	**(24)**				
Equity-accounted investments								
Financial assets	**1,676**	**2,397**	**746**	**(24)**				

Description	31 December 2018	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Loans	11	11					
Deposits and guarantees paid	2,386					2,386	
Total	**2,397**	**11**				**2,386**	

Description	31 December 2017	31 December 2018	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Impairment of long-term investments							
Impairment of financial assets							

4. Inventories and work-in-progress

Description	31 December 2018 Gross	31 December 2018 Impairment	31 December 2018 Net	31 December 2017 Gross	31 December 2017 Impairment	31 December 2017 Net
Inventories of raw materials, supplies and other consumables	6,974	(2,126)	4,848	5,785	(1,926)	3,859
Semi-finished and finished goods	17,724	(1,138)	16,585	14,005	(1,292)	12,713
Goods for resale	5,381		5,381	2,338		2,338
Inventories and work-in-progress	**30,079**	**(3,264)**	**26,814**	**22,128**	**(3,219)**	**18,910**

5. Current assets

Description	31 December 2018 Gross	31 December 2018 Impairment	31 December 2018 Net	31 December 2017 Gross	31 December 2017 Impairment	31 December 2017 Net
Trade receivables—current portion	14,358	(79)	**14,279**	26,585	(119)	**26,466**
Trade receivables	**14,358**	**(79)**	**14,279**	**26,585**	**(119)**	**26,466**
Advances and downpayments on orders	242		242	185		185
Employee-related and social security receivables—current portion	26		26	22		22
Tax receivables (other than income tax)—current portion	3,351		3,351	2,549		2,549
Income tax receivables—current portion	324		324	3,338		3,338
Current accounts—non-current portion						
Current accounts—current portion						
Other receivables—current portion	283		283	296		296
Prepaid expenses—non-current portion	714		714	1,190		1,190
Prepaid expenses—current portion	1,467		1,467	1,472		1,472
Adjustment account (intragroup current items)	(8)		(8)	(9)		(9)
Reciprocal account (intragroup current items)	( )		( )			
Other receivables and accrual accounts	**6,399**		**6,399**	**9,042**		**9,042**
Current assets	**20,756**	**(79)**	**20,677**	**35,628**	**(119)**	**35,508**

Description	31 December 2018	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Trade receivables—current portion	14,358	14,358					
Trade receivables	**14,358**	**14,358**					
Advances and downpayments on orders	242	242					
Employee-related and social security receivables—current portion	26	26					
Tax receivables (other than income tax)—current portion	3,351	3,351					
Income tax receivables—current portion	324	324					
Other receivables—current portion	283	283					
Prepaid expenses—non-current portion	714		476	238			
Prepaid expenses—current portion	1,467	1,467					
Adjustment account (intragroup current items)	(8)	(8)					
Reciprocal account (intragroup current items)	( )	( )					
Other receivables and accrual accounts	**6,399**	**5,685**	**476**	**238**			
Current assets	**20,756**	**20,042**	**476**	**238**			

Description	31 December 2018	Not yet due	Less than 30 days past due	Between 30 and 60 days past due	Between 60 and 90 days past due	Between 3 and 6 months past due	More than 6 months past due
Trade receivables—current portion	14,358	14,208					149
Impairment of trade receivables—current portion	(79)						(79)
Total non-Group receivables	**14,279**	**14,208**					**70**

6. Cash and cash equivalents

Description	31 December 2017	31 December 2018
Cash and cash equivalents	**26,330**	**48,405**
Marketable securities—cash equivalents	1,329	336
Cash	25,001	48,070
Short-term cash and cash equivalents	**26,330**	**48,405**
Cash and cash equivalents	**26,330**	**48,405**

7. Provisions and deferred taxes

Description	31 December 2017	31 December 2018	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Other provisions for contingencies—current portion	180	131	131	(180)			
Provisions for pension and other employee benefit obligations—non-current portion	477	542	65				
Deferred tax liabilities	45,396	44,311			12		(1,097)
Provisions and deferred taxes	**46,053**	**44,985**	**196**	**(180)**	**12**		**(1,097)**

8. Borrowings and debt

Description	31 December 2017	31 December 2018	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Bonds—non-current portion	159,762	172,543	12,781				
Bank borrowings—non-current portion	82,394	72,633		(9,500)			(261)
Bank borrowings—current portion	469	395		(334)			261
Other borrowings and debt—current portion		1,989	1,989				
Accrued interest on borrowings	6,219	6,618	399				
Borrowings and debt	**248,844**	**254,178**	**15,169**	**(9,834)**			
Of which non-current assets held under finance leases	*1,655*	*1,394*					

Description	31 December 2018	Less than 1 year	1-5 years	Beyond
Bonds—non-current portion	172,543			172,543
Bank borrowings—non-current portion	72,633	8,500	63,633	500
Bank borrowings—current portion	395	395		
Other borrowings and debt—current portion	1,989	1,989		
Accrued interest on borrowings	6,618	6,618		
Borrowings and debt	**254,178**	**17,502**	**63,633**	**173,043**

Borrowings are subject to bank covenants. The Group complied with all such covenants at the reporting date.

9. Trade payables, other liabilities and accrual accounts

Description	31 December 2017	31 December 2018
Trade payables—current portion	14,752	18,495
Trade payables	**14,752**	**18,495**
Employee-related payables—current portion	6,429	6,939
Tax payables (other than income tax)—current portion	1,140	1,449
Income tax payables—current portion	10	4,693
Current accounts in debit—non-current portion		( )
Group current accounts—current portion	15,045	15,464
Other liabilities—non-current portion	20	
Other liabilities—current portion	922	977
Prepaid income—current portion		261
Other liabilities and accrual accounts	**23,566**	**29,784**
Trade payables, other liabilities and accrual accounts	**38,318**	**48,278**

Description	31 December 2018	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Trade payables—current portion	18,495	18,495					
Employee-related payables—current portion	6,939	6,939					
Tax payables (other than income tax)—current portion	1,449	1,449					
Income tax payables—current portion	4,693	4,693					
Current accounts in debit—non-current portion	( )	( )					
Group current accounts—current portion	15,464	15,464					
Other liabilities—current portion	977	977					
Prepaid income—current portion	261	261					
Other liabilities and accrual accounts	**48,278**	**48,278**					
Trade payables, other liabilities and accrual accounts	**48,278**	**48,278**					

10. Deferred taxes

Description	31 December 2017	31 December 2018	Change in current items	Impact of different tax rates	Translation adjustments	Changes in scope of consolidation	Other changes
Net deferred tax balance	**(45,033)**	**(44,161)**	**876**		**(3)**		
Deferred tax assets	363	150	1,429		8		(1,650)
Deferred tax liabilities	45,396	44,311	553		12		(1,650)

Notes to the income statement

11. Sales

Description	2018	2017 (19 months)	2017 (12 months)
Sale of goods for resale	29,942	29,555	20,208
Production sold—goods	125,000	194,571	126,671
Production sold—services		1	1
Income from ancillary activities	1,519	1,295	879
Discounts and rebates granted	(4,048)	(12,568)	(8,803)
Sales	**152,413**	**212,854**	**138,956**

12. Other operating income

Description	2018	2017 (19 months)	2017 (12 months)
Production taken to inventory	3,741	2,332	1,184
In-house production	12,772	9,985	9,985
Reversals of provisions for operating items		438	
Reversals of impairment of current assets	3,319	2,267	3,127
Transfers of operating expenses	834	261	157
Other income	12	148	88
Other operating income	**20,678**	**15,430**	**14,541**

13. Cost of goods sold

Description	2018	2017 (19 months)	2017 (12 months)
Purchases of goods for resale	(4,211)	(3,773)	(2,959)
Other purchases	(8,409)	(12,173)	(6,932)
Purchases of raw materials and supplies not taken to inventory	(857)	(863)	(625)
Change in inventories of goods for resale	2,861	576	184
Purchases of raw materials, supplies and other consumables	(49,028)	(65,646)	(43,086)
Change in inventories of raw materials, supplies and other consumables	1,189	(1,538)	453
Cost of goods sold	**(58,454)**	**(83,416)**	**(52,964)**

14. External expenses

Description	2018	2017 (19 months)	2017 (12 months)
Subcontracting	(2,210)	(4,867)	(2,434)
Property leases and rental expenses	(7,068)	(7,987)	(5,598)
Maintenance and repairs	(786)	(927)	(659)
Insurance premiums	(792)	(1,056)	(716)
Other external services	(16)	(166)	(64)
Seconded and temporary staff	(1,449)	(2,615)	(1,736)
Compensation of third parties and fees	(9,413)	(9,550)	(7,359)
Advertising, publications and public relations	(3,886)	(4,427)	(2,525)
Travel, business trips and entertaining	(6,997)	(8,166)	(4,984)
Postal and telecommunications expenses	(309)	(424)	(286)
Bank fees		(2)	
Other external expenses	(2,185)	(2,259)	(1,653)
Other expenses	(1,304)	(1,281)	(741)
External expenses	**(36,416)**	**(43,728)**	**(28,755)**

15. Taxes other than on income

Description	2018	2017 (19 months)	2017 (12 months)
Payroll taxes	(281)	(579)	(297)
Other	(2,048)	(3,047)	(2,144)
Taxes other than on income	**(2,329)**	**(3,626)**	**(2,441)**

16. Personnel costs

Description	2018	2017 (19 months)	2017 (12 months)
Wages and salaries	(18,255)	(22,331)	(15,604)
Social security expenses	(7,105)	(8,789)	(6,106)
Other personnel costs	(1,128)	(1,914)	(1,122)
Personnel costs	**(26,488)**	**(33,034)**	**(22,832)**

17. Depreciation, amortisation, impairment and provision expense

Description	2018	2017 (19 months)	2017 (12 months)
Amortisation and impairment of intangible assets	(11,918)	(8,351)	(8,244)
Depreciation and impairment of property, plant and equipment	(2,319)	(3,052)	(2,157)
Additions to provisions for pension and other employee benefit obligations	(65)	(126)	(84)
Impairment of current assets	(3,324)	(3,323)	(3,284)
Depreciation, amortisation, impairment and provision expense	**(17,625)**	**(14,852)**	**(13,768)**

18. Financial income

Description	2018	2017 (19 months)	2017 (12 months)
Income from receivables and marketable securities		41	41
Foreign exchange gains	2,039	905	355
Other financial income	6	255	189
Financial income	**2,045**	**1,202**	**585**

19. Financial expenses

Description	2018	2017 (19 months)	2017 (12 months)
Interest expense	(16,234)	(24,394)	(16,332)
Foreign exchange losses	(1,318)	(1,874)	(1,637)
Other financial expenses	(906)	(1,412)	(934)
Intragroup adjustment account	7		
Financial expenses	**(18,451)**	**(27,680)**	**(18,902)**

20. Non-recurring income

Description	2018	2017 (19 months)	2017 (12 months)
Non-recurring income on management transactions	441	301	95
Non-recurring income relating to prior periods	21		
Income from disposals of consolidated investments		(1)	
Income from disposals of other investments		1	
Other non-recurring income		152	105
Reversals of provisions for non-recurring items	180	788	788
Non-recurring income	**641**	**1,241**	**987**

21. Non-recurring expenses

Description	2018	2017 (19 months)	2017 (12 months)
Non-recurring expenses on management transactions	(1,683)	(1,425)	(950)
Non-recurring expenses relating to prior periods	(4)	(9)	
Net carrying amount of property, plant and equipment sold	(1)		
Other non-recurring expenses	( )		
Additions to provisions for non-recurring items	(131)	(968)	
Non-recurring expenses	**(1,820)**	**(2,401)**	**(950)**

22. Income tax expense and tax proof

Description	2018	2017 (19 months)	2017 (12 months)
Income tax	(11,715)	(17,298)	(11,287)
Tax income (expense) arising on tax consolidation	2,900	7,569	7,583
Deferred tax	876	81	261
Carryback		353	
Income tax expense	**(7,939)**	**(9,295)**	**(3,443)**

Tax proof:

Description	2018
Income before amortisation and impairment of goodwill, taxes and income from equity-accounted associates	**14,259**
Tax rate applicable to the reporting entity	33.33%
Theoretical tax	**(4,753)**
Impact of differences in tax base	(2,307)
Impact of differences in tax rates	298
Tax credits and other special tax provisions	(1,178)
Restated tax expense	**(7,939)**
Effective tax expense	**(7,939)**
Effective tax rate	*55.68%*

Tax consolidation:

Pursuant to Articles 223 A *et seq.* of the French Tax Code (*Code général des impôts*), a tax group headed by IM Growth was formed on 1 January 2017, comprising IM Production and Isabel Marant Diffusion (sister companies). The income tax saving resulting from filing consolidated tax returns represents €2,900,000.

Other information

Average headcount

Company	2018	2017
IM Growth	4	4
IM Broome	9	8
IM Corp. USA	3	1
Isabel Marant Diffusion	28	28
IM Frisco	3	3
IM LA	6	6
IM Miami	4	4
IM Production	263	241
Isabel Marant UK Limited	4	8
IM Uptown	3	3
IM Asia Limited		
IM Shanghai Trading Ltd.	10	
IM Belgium		
IM Netherlands	4	
IM Norway		
IM Spain Diffusion	1	
IM Italy	5	
Third		
Total headcount	**347**	**306**

Off-balance sheet commitments

Borrowing tranche A:
4-year cap with a 0% strike
Nominal amount hedged: €37,950,000, or 66% of the total initial amount (€57,500,000)

Borrowing tranche B:
4-year cap with a 0% strike
Nominal amount hedged: €8,250,000, or 66% of the total amount (€12,500,000)

Borrowing tranche C:
3-year cap with a 0% strike and 2-year -0.016% interest rate swap with no floor and a deferred start date
Nominal amount hedged: €20,000,000, or 67% of the total amount (€30,000,000)

Fees paid to the Statutory Auditors

Description	2018	2017
Statutory audit fees		
PwC	67	57
NSA	67	72
Other audit firms	15	8
Non-audit services		30
Total	**149**	**167**

Executive compensation

Details of executive compensation are not disclosed as this would involve publishing information relating to individuals.

IM Growth

Statutory Auditors' report on the consolidated financial statements

(For the year ended 31 December 2017)

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine, France

NS ASSOCIES

92, rue Jouffroy d'Abbans
75017 Paris, France

Statutory Auditors' report
on the consolidated financial statements
(For the year ended 31 December 2017)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

IM Growth
50 rue croix des Petits Champs
75001 Paris, France

To the Shareholders,

In compliance with the engagement entrusted to us by virtue of your articles of association, we hereby report to you for the year ended 31 December 2017, on:

- the audit of the accompanying consolidated financial statements of IM Growth;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Chairman. Our role is to express an opinion on these statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2017 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the assessments we made concerned the appropriateness of the accounting principles used, as well as the reasonableness of the significant estimates made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, 25 May 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	NS ASSOCIES
Camille Phelizon	Laurent Naim

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine, France

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92, rue Jouffroy d'Abbans
75017 Paris, France

IM Growth Group

Consolidated financial statements

Financial statements for the period from 3 June 2016 to 31 December 2017

Published by Cogesten

Document dated 28 May 2018

Contents

Financial statements

1. Consolidated income statement

In € thousands	2017 (19 months)
Sales	212,854
Other operating income	15,430
Operating income	**228,284**
Cost of goods sold	(83,416)
External expenses	(43,728)
Taxes other than on income	(3,626)
Personnel costs	(33,034)
Depreciation, amortisation, impairment and provision expense	(14,852)
Operating expenses	**(178,657)**
Net operating income	**49,627**
Financial income	1,202
Financial expenses	(27,680)
Net financial income (loss)	**(26,479)**
Joint ventures	
Recurring income of consolidated companies	**23,148**
Non-recurring income	1,241
Non-recurring expenses	(2,401)
Net non-recurring income (loss)	**(1,161)**
Income tax expense	**(9,295)**
Net income of consolidated companies	**12,692**
Impairment of goodwill	
Amortisation of goodwill	
Share in net income of associates	
Consolidated net income	**12,692**
Non-controlling interests	
Net income attributable to owners of the parent	**12,692**
Basic earnings per share	0.1005
Diluted earnings per share	0.1005

2. Consolidated balance sheet

In € thousands	31 December 2017
Uncalled subscribed share capital	
Goodwill	181,996
Intangible assets	191,880
Property, plant and equipment	16,129
Long-term investments	1,676
Equity-accounted investments	
Non-current assets	**391,681**
Inventories and work-in-progress	18,910
Trade receivables	26,651
Deferred tax assets	363
Other receivables and accrual accounts	8,857
Marketable securities	1,329
Cash	25,001
Accrued interest on cash not yet due	
Current assets	**81,111**
Total assets	**472,792**
Share capital	126,326
Additional paid-in capital	926
Revaluation reserve	
Reserves	(367)
Net income attributable to owners of the parent	**12,692**
Equity attributable to owners of the parent	**139,577**
Non-controlling interests	
Other equity	
Negative goodwill	
Provisions and deferred taxes	46,053
Provisions	**46,053**
Borrowings and debt	248,844
Trade payables	14,752
Other liabilities and accrual accounts	23,566
Payables	**287,162**
Total equity and liabilities	**472,792**

3. Consolidated statement of cash flows

In € thousands	2017
Net income of consolidated companies	**12,692**
Movements in depreciation, amortisation, impairment and provisions	11,271
Change in deferred tax	(81)
Gains and losses arising on changes in fair value and other	
Elimination of gains and losses on asset disposals	
Elimination of share in net income of associates	
Cash from operating activities	
Dividends received from equity-accounted associates	
Change in operating working capital (including provisions)	9,125
NET CASH FROM (USED IN) OPERATING ACTIVITIES (I)	**33,008**
Acquisitions of non-current assets	(12,838)
Capitalisation of collection costs	(11,866)
Proceeds from disposals of non-current assets	546
Impact of changes in the scope of consolidation	(355,751)
Net increase (decrease) in short-term investments	
Internal transactions relating to non-current items	
NET CASH FROM (USED IN) INVESTING ACTIVITIES (II)	**(379,909)**
New borrowings	270,981
Repayment of borrowings	(24,633)
Dividends paid by subsidiaries	
Dividends received from/paid by the parent company	
Share capital increases/decreases	127,249
Net sales (purchases) of treasury shares	
Net change in bank overdrafts	(1)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (III)	**373,596**
Impact of exchange rates on cash and cash equivalents (IV)	(366)
CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III + IV)	**26,330**
Cash and cash equivalents at beginning of period	
Cash and cash equivalents: retained earnings/reclassifications/change in method/fair value	
Cash and cash equivalents at end of period	**26 ,330**

Presentation of the Group, significant events of the period and comparability of the financial statements

IM Growth was created in June 2016 after Montefiore Investment acquired a majority stake in the Company.

The consolidated financial statements presented reflect 19 months of operations.

IM Growth closed its first reporting period on 31 December 2017. Accordingly, no comparable data can be presented.

On 21 July 2016, IM Growth acquired a controlling interest in IM Développement, the holding company for the Isabel Marant Group. A portion of these shares was acquired and another portion was obtained by means of a transfer. Consideration for the transfer was in the form of new IM Growth shares and convertible bonds.

On 17 January 2017, IM Growth, acting in its capacity as sole shareholder, decided to dissolve IM Développement without liquidation.

Basis and methods of consolidation

1. General principles

The Group's consolidated financial statements are prepared in accordance with the French accounting principles set out in Act no. 85.11 of 3 January 1985 and its implementing decree no. 86.221 of 17 February 1986, and with standard CRC 99-02 of 22 June 1999 issued by the former French accounting standards-setter (*Comité de la réglementation comptable*), as amended by standard CRC 2005-10 of 3 November 2005.

The consolidated financial statements are presented in thousands of euros.

2. Definition of the scope of consolidation

Name	Address	Method	% interest (at end of period)
IM Growth	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Broome	New York—USA	FC	100.00
IM Corp. USA	40 East Division St—Suite A 19901 Dover (Kent)—USA	FC	100.00
Isabel Marant Diffusion	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Développement	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Frisco	San Francisco—USA	FC	100.00
IM LA	Los Angeles—USA	FC	100.00
IM Miami	40th Street—Miami—USA	FC	100.00
IM Production	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
Isabel Marant UK Limited	1 Devonshire Street—London—UK	FC	100.00
IM Uptown	67th Street—USA		
	Pramex—Flat 7107B, 71/F, International Commerce	FC	100.00
IM Asia Limited	Center		
	1, Austin road, West Kowloon—HKG	FC	100.00
IM Shanghai Trading Ltd.	Shanghai—China	FC	100.00
IM Belgium	Belgium	FC	100.00
IM Netherlands	PC Hoofstraat 114 Amsterdam—Netherlands	FC	100.00
IM Spain Diffusion	354 Calle Muntaner 08021 Barcelona—Spain	FC	100.00
IM Italy	Milan Via Crocefisso n. 5—Italy	FC	100.00
Third	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00

Subsidiaries over which the Group directly or indirectly exercises exclusive control are fully consolidated.

Companies deemed not to be material based on their sales, net income and total assets, which have a limited growth outlook and present few synergies with the Group, are not consolidated.

At 31 December 2017, there are 18 companies in the scope of consolidation, all of which are fully consolidated.

3. Changes in the scope of consolidation

Foreign currency translation

The financial statements of consolidated foreign entities prepared in a currency other than the euro are translated using the "closing rate" method, as described below.

The financial statements of foreign subsidiaries are prepared in their functional currency, which is the currency of the primary economic environment in which the entities operate.

All assets and liabilities are translated into euros at the exchange rate prevailing at the end of the reporting period, while income statement items are translated at the average exchange rate for the period.

Any resulting translation differences are recognised directly in additional paid-in capital and reserves within the currency translation reserve included in equity.

Goodwill

- Goodwill is the difference between the acquisition cost of a newly consolidated entity's shares and the Group's share in the entity's net assets, as restated at the date control is acquired.
- Goodwill represents the excess of the acquisition cost over the Group's share in the acquiree's identifiable assets and liabilities at the acquisition date. Goodwill is recognised under this caption within assets.
- Negative goodwill generally represents either a potential capital gain resulting from a bargain purchase, or the acquiree's lack of profitability. Negative goodwill is recognised under "Provisions for contingencies and expenses" within liabilities.

Negative goodwill is taken to income based on a provision writeback schedule.

4. Significant accounting policies

The financial statements were approved by the Chairman and were prepared based on the going concern and consistency principles.

Property, plant and equipment and intangible assets

Non-current assets are recognised in accordance with the rules set out in the French General Chart of Accounts (CRC 99-03), amended by standards CRC 2002-10, CRC 2002-07 and CRC 2004-06 on assets and impairment. Non-current assets are carried at acquisition cost (purchase price plus ancillary expenses, excluding acquisition fees and borrowing costs and less any discounts and rebates obtained) or production cost.

Intangible assets acquired are shown in the balance sheet at acquisition cost and amortised over their estimated useful lives for the entities, which range from 2 to 10 years.

Property, plant and equipment are carried at acquisition cost, including any costs incurred to bring them into the condition necessary for their use. Property, plant and equipment are depreciated over their estimated useful lives and based on probable conditions of use generally applied in the profession. They are depreciated on a straight-line basis over the following estimated useful lives:

- Buildings .... 20 years
- General installations .... 5 to 10 years
- Equipment and tooling .... 2 to 10 years
- Vehicles .... 1 to 5 years
- Office and IT equipment, furniture .... 2 to 5 years
- Office furniture .... 5 to 10 years

Impairment of non-current assets: non-current assets and other intangible assets are tested for impairment whenever there is tangible evidence that they may be impaired—either during the period or at the end of the period. A provision for impairment is recognised if the value in use of an asset for the Group falls below its carrying amount.

Long-term investments

These mainly include loans, deposits and other receivables as well as non-consolidated equity investments. Impairment is recognised if the value in use of these assets for the Group falls below their carrying amount.

Equity investments are carried at acquisition cost in the balance sheet. At the end of the reporting period, this amount is compared to the value in use of these investments after taking into account the corresponding share in equity they represent, and their profitability outlook, market position and stock market value where appropriate.

Inventories

Inventories are recognised at acquisition cost using the FIFO method, less any financial discounts obtained. A provision for impairment is recognised when the realisable value of inventories falls below their carrying amount.

Trade receivables and other receivables

Current assets are carried at their nominal amount. A provision is booked when a loss is deemed probable. The related expense is considered to have arisen in the ordinary course of business, with the exception of impairment of a non-recurring nature in terms of circumstances or amount.

Foreign currency receivables are translated into euros and recognised at the last known exchange rate. If use of the closing exchange rate at the reporting date changes the amounts in euros previously recognised, the resulting translation gains and losses are included in financial income (loss).

Investment grants

Investment grants are recognised in accrual accounts.

Deferred charges

Outstanding deferred charges are restated on consolidation.

Finance leases

The Group applies the preferred method set out in standard CRC 99-02 (paragraph 300). Finance leases concerning a material amount are restated in the same way as a credit purchase for their initial value. Depreciation is recognised in accordance with the methods and rates described earlier. The tax impact of this restatement is taken into account. Unlike finance leases, operating leases are recognised in the income statement as rentals.

Earnings per share

Calculation of earnings per share: basic earnings per share is calculated by dividing consolidated net income attributable to owners of the parent by the weighted average number of parent company shares outstanding during the period. As there are no dilutive instruments, diluted earnings per share is therefore the same as basic earnings per share.

Deferred tax

The Group recognises deferred tax using the liability method in respect of all temporary differences between the tax value and the carrying amounts of assets and liabilities in the balance sheet. Deferred taxes are recognised at the tax rate applicable at the reporting date and adjusted to reflect the impact of changes in French tax laws and current tax rates.

Deferred tax assets are recognised for all deductible temporary differences, tax losses and tax loss carryforwards. Deferred tax assets arising on tax loss carryforwards are recognised when it is probable that the tax entity will generate taxable earnings against which they can be utilised.

Deferred taxes are shown as assets or liabilities on a net basis at the level of each tax entity.

Provisions for contingencies and expenses

A provision is recognised when the Company has a legal, regulatory or constructive obligation to a third party resulting from a past event that is likely or certain to give rise to an outflow of resources (with no equivalent consideration in return) embodying economic benefits and can be measured reliably.

The amount accrued as a provision represents the best estimate of the risk at the reporting date. Provisions are shown at their nominal value and are not discounted.

Pension and other employee benefit obligations

Pension and other long-term employee benefits essentially concern current employees. These benefits are payable under either defined contribution or defined benefit plans.

- Defined contribution plans: in accordance with local laws and customs, the Group pays salary-based contributions to national pension bodies.
- The plans give rise to provisions and primarily concern retirement indemnities, plus:

    other retirement and supplementary benefits;

other long-term benefits, i.e., mainly long-service awards and the time savings account;

medical insurance schemes.

- These benefits are covered by the provision for contingencies and expenses.

The total benefit obligation amounted to €477,182 at 31 December 2017.

The benefit obligation is determined using an actuarial calculation and assumptions concerning employee status, age and seniority, employee turnover, life expectancy as determined using mortality tables, estimated future salary increases and a discount rate.

The assumptions used to calculate the projected benefit obligation are as follows:

- Annual salary increase of 2%
- Retirement at 62 years
- Low employee turnover for managerial-grade employees (*cadres*) and average turnover for other employees
- Payroll tax of 50% for managerial-grade employees and 48% for other employees
- Regulatory TV 88/90 mortality table
- Discount rate of 2%

Non-recurring income and expenses

Non-recurring items include transactions outside the scope of ordinary operations.

Notes to the balance sheet

1. Analysis of goodwill

In € thousands	Opening balance	Closing balance	Newly consolidated companies	Deconsolidated companies	Increases	Translation adjustments	Changes in scope of consolidation	Other changes
Goodwill		181,996	181,996					
Amortisation								
Impairment								
Net amount		**181,996**	**181,996**					
Negative goodwill								
Reversal of negative goodwill								
Net amount								

2. Property, plant and equipment and intangible assets

The table below provides a breakdown of the gross amount of property, plant and equipment and intangible assets:

In € thousands	Opening balance	Closing balance	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Start-up costs		379	379				
Research and development costs		8,318	8,981	(662)			
Concessions, patents and other rights		181,952	552			181,400	
Leasehold rights		8,200	8,000			200	
Business goodwill		210				210	
Other intangible assets	( )	1,170	441		(1)	730	
Intangible assets in progress							
Advances and downpayments on intangible assets							
Intangible assets	**( )**	**200,229**	**18,353**	**(662)**	**(1)**	**182,539**	
Land							
Land improvements							
Buildings		7,144				7,144	
Buildings on third-party land							
Technical installations, equipment and tooling		78	8			69	
Other property, plant and equipment	( )	15,536	2,490		(572)	13,258	361
Property, plant and equipment in progress		2,931	2,996		(1)	297	(361)
Advances and downpayments on property, plant and equipment							
Property, plant and equipment	**( )**	**25,689**	**5,494**		**(573)**	**20,768**	
Property, plant and equipment and intangible assets	**( )**	**225,918**	**23,847**	**(662)**	**(574)**	**203,307**	
Of which non-current assets held under finance leases:							
Intangible assets							
Property, plant and equipment		5,300					

Depreciation and amortisation can be analysed as follows:

In € thousands	Opening balance	Closing balance	Additions	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Amortisation of start-up costs		( )	( )				
Amortisation of research and development costs		(7,297)	(7,959)	662			
Amortisation of concessions, patents and other rights		(179)	(179)				
Amortisation of leasehold rights							
Amortisation of business goodwill							
Amortisation of other intangible assets		(873)	(213)		1	(661)	
Amortisation of intangible assets		**(8,349)**	**(8,351)**	**662**	**1**	**(661)**	
Depreciation of land improvements							
Depreciation of buildings		(1,645)	(536)			(1,109)	
Depreciation of buildings on third-party land							
Depreciation of technical installations, equipment and tooling		(66)	(9)			(57)	
Depreciation of other property, plant and equipment		(7,849)	(2,507)		234	(5,576)	
Depreciation of property, plant and equipment		**(9,560)**	**(3,052)**		**234**	**(6,742)**	
Depreciation and amortisation of property, plant and		**(17,909)**	**(11,403)**	**662**	**235**	**(7,403)**	
Of which non-current assets held under finance leases:							
Amortisation of intangible assets							
Depreciation of property, plant and equipment		(1,115)					

Impairment can be analysed as follows:

In € thousands	Opening balance	Closing balance	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Impairment of start-up costs							
Impairment of research and development costs							
Impairment of concessions, patents and similar rights							
Impairment of leasehold rights							
Impairment of business goodwill							
Impairment of other intangible assets							
Impairment of intangible assets in progress							
Impairment of advances and downpayments on intangible assets							
Impairment of intangible assets							
Impairment of land							
Impairment of land improvements							
Impairment of buildings							
Impairment of buildings on third-party land							
Impairment of technical installations							
Impairment of other property, plant and equipment							
Impairment of property, plant and equipment in progress							
Impairment of advances and downpayments on property, plant and equipment							
Impairment of property, plant and equipment							
Impairment of property, plant and equipment and int							

The table below provides an overview of property, plant and equipment and intangible assets:

In € thousands	Intangible assets	Amortisation of intangible assets	Impairment of intangible assets	Net amount
Opening balance	( )			
Increases (acquisitions, borrowings)	18,353			18,353
Additions		(8,351)		(8,351)
Decreases (disposals, repayments)	(662)	662		
Reversals				
Other changes				
Impact of exchange rates and remeasurement	(1)	1		( )
Changes in scope of consolidation	182,539	(661)		181,878
Closing balance	**200,229**	**(8,349)**		**191,880**
Opening balance	( )			( )
Increases (acquisitions, borrowings)	5,494			5,494
Additions		(3,052)		(3,052)
Decreases (disposals, repayments)				
Reversals				
Other changes				
Impact of exchange rates and remeasurement	(573)	234		(338)
Changes in scope of consolidation	20,768	(6,742)		14,026
Closing balance	**25,689**	**(9,560)**		**16,129**

3. Long-term investments and equity-accounted investments

The table below provides a breakdown of the gross amount of long-term investments and equity-accounted investments:

In € thousands	Opening balance	Closing balance	Increases (acquisitions, borrowings)	Decreases (disposals, assets of equity-repayments)	Change in net Translation accounted associates	adjustments	Changes in scope of consolidation	Other changes
Equity investments		( )						( )
Dividends receivable								
Amounts receivable from equity investments—non-current portion								
Amounts receivable from equity investments—current portion								
Accrued interest on receivables and loans								
Amount due on equity investments not yet paid up								
Long-term securities (non-current portion)								
Long-term securities (current portion)								
Investment securities								
Loans		1	3	(4)		( )		1
Deposits and guarantees paid		1,675	854	(541)		(36)		1,398
Other long-term receivables								
Treasury shares								
Loans, guarantees and other receivables—non-current								
Loans, guarantees and other receivables— current portion								
Amounts due on long-term securities not yet paid up								
Adjustment account (intragroup non-current items)								
Reciprocal account (intragroup non-current items)								
Reciprocal account (intragroup disposals)								
Long-term investments		**1,676**	**857**	**(545)**		**(36)**	**1,399**	( )
Equity-accounted investments								
Financial assets		**1,676**	**857**	**(545)**		**(36)**	**1,399**	( )

Impairment can be analysed as follows:

In € thousands	Opening balance	Closing balance	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Impairment of equity investments							
Impairment of other amounts receivable from equity investments—non-current portion							
Impairment of other amounts receivable from equity investments—current portion							
Impairment of amounts receivable from equity investments and accrued interest							
Impairment of long-term securities (non-current portion)							
Impairment of long-term securities (current portion)							
Impairment of investment securities							
Impairment of loans							
Impairment of deposits and guarantees							
Impairment of other long-term receivables							
Impairment of treasury shares							
Impairment of loans and other receivables—non-current portion							
Impairment of loans and other receivables—current portion							
Long-term investments							
Impairment of equity-accounted investments							
Equity-accounted investments							
Total							

The table below provides an overview of long-term investments:

In € thousands	Long-term investments	Impairment of long-term investments	Net amount
Opening balance			
Increases (acquisitions, borrowings)	857		857
Additions			
Decreases (disposals, repayments)	(545)		(545)
Reversals			
Other changes			
Impact of exchange rates and remeasurement	(36)		(36)
Changes in scope of consolidation	1,399		1,399
Closing balance	**1,676**		**1,676**

Long-term receivables can be analysed as follows by type and maturity:

In € thousands	Closing balance	Less than 1 year	1-5 years	More than 5 years
Amounts receivable from equity investments—non-current portion				
Amounts receivable from equity investments—current portion				
Accrued interest on receivables and loans				
Loans	1	1		
Deposits and guarantees paid	1,675	1,675		
Other long-term receivables				
Loans, deposits and other receivables—non-current portion				
Loans, deposits and other receivables—current portion				
Non-current receivables	**1,676**	**1,676**		

4. Inventories and work-in-progress

In € thousands	Gross	Impairment	Closing balance
Inventories of raw materials, supplies and other consumables	5,785	(1,926)	3,859
Work-in-progress—goods			
Work-in-progress—services			
Semi-finished and finished goods	14,005	(1,292)	12,713
Goods for resale	2,338		2,338
Inventories and work-in-progress	**22,128**	**(3,219)**	**18,910**

5. Trade receivables, other receivables and accrual accounts

In € thousands	Gross	Impairment	Closing balance
Advances and downpayments on orders	185		185
Trade receivables—non-current portion			
Trade receivables—current portion	26,585	(119)	26,466
Trade receivables	**26,770**	**(119)**	**26,651**
Employee-related and social security receivables—non-current portion			
Employee-related and social security receivables—current portion	22		22
Tax receivables (other than income tax)—non-current portion			
Tax receivables (other than income tax)—current portion	2,549		2,549
Deferred tax assets	363		363
Receivables arising on tax consolidation			
Income tax receivables—non-current portion			
Income tax receivables—current portion	3,338		3,338
Current accounts—non-current portion			
Current accounts—current portion	( )		( )
Share capital subscribed and called but unpaid			
Receivables on asset disposals—non-current portion			
Receivables on asset disposals—current portion			
Other receivables—non-current portion			
Other receivables—current portion	296		296
Accrued income (share in net income of non-consolidated companies)			
Accrued interest on receivables			
Adjustment account (intragroup current items)	(9)		(9)
Reciprocal account (eliminations)			
Reciprocal account (intragroup current items)			
Deferred charges			
Bond premiums—non-current portion			
Bond premiums—current portion			
Reciprocal account—assets			
Unrealised foreign exchange losses			
Prepaid expenses—non-current portion	1,190		1,190
Prepaid expenses—current portion	1,472		1,472
Other receivables and accrual accounts	**9,220**		**9,220**
Total	**35,991**	**(119)**	**35,871**

The table below provides a breakdown of trade receivables, other receivables and accrual accounts by type and maturity:

In € thousands	Total	Less than 1 year	1-5 years	More than 5 years
Advances and downpayments on orders	185	185		
Trade receivables—non-current portion				
Trade receivables—current portion	26,585	26,585		
Trade receivables	**26,770**	**26,770**		
Employee-related and social security receivables—non-current portion				
Employee-related and social security receivables—current portion	22	22		
Tax receivables (other than income tax)—non-current portion				
Tax receivables (other than income tax)—current portion	2,549	2,549		
Deferred tax assets	363	363		
Receivables arising on tax consolidation				
Income tax receivables—non-current portion				
Income tax receivables—current portion	3,338	3,338		
Current accounts—non-current portion				
Current accounts—current portion	( )	( )		
Share capital subscribed and called but unpaid				
Receivables on asset disposals—non-current portion				
Receivables on asset disposals—current portion				
Other receivables—non-current portion				
Other receivables—current portion	296	296		
Accrued income (share in net income of non-consolidated companies)				
Accrued interest on receivables				
Current receivables	**6,568**	**6,568**		
Total receivables	**33,338**	**33,338**		

6. Net cash and cash equivalents

In € thousands	Closing balance
Marketable securities—cash equivalents	1,329
Cash	25,001
Accrued interest on cash not yet due	
Impairment of marketable securities—cash equivalents	
Cash and cash equivalents	**26,330**
Bank overdrafts (cash liabilities)	
Cash liabilities	
Current cash and cash equivalents	**26,330**
Marketable securities—other current investments	
Accrued interest on marketable securities not yet due	
Current investments	
Treasury shares	
Bank overdrafts (liabilities)	
Accrued interest not yet due—liabilities	
Cash liabilities	
Non-current cash and cash equivalents	
Net cash and cash equivalents	**26,330**

7. Consolidated statement of changes in equity

In € thousands	Share capital	Additional paid-in capital	Reserves	Treasury shares	Consolidated currency translation reserve	Net income attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests
Appropriation of Y-1 net income								
Gross dividends paid								
Change in share capital in cash and capital subscribed	126,326	926					127,251	
Net income						12,692	12,692	
Other increases and decreases								
Reclassifications, restructuring, change in method								
Translation adjustments—Impact of exchange rates					(367)		(367)	
Changes in scope of consolidation								
Other								
31 December 2017	**126,326**	**926**			**(367)**	**12,692**	**139,577**	

8. Provisions

In € thousands	Opening balance	Closing balance	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Provisions for claims and disputes—non-current portion							
Provisions for claims and disputes—current portion				(438)		438	
Provisions for guarantees—non-current portion							
Provisions for guarantees—current portion							
Provisions for foreign exchange losses							
Provisions for contract losses—non-current portion							
Provisions for contract losses—current portion							
Other provisions for contingencies—non-current portion							
Other provisions for contingencies—current portion		180	968	(788)			
Provisions for pension and other employee benefit		477	126			351	
obligations—non-current portion							
Provisions for pension and other employee benefit obligations—current portion							
Provisions for restructuring costs—non-current portion							
Provisions for restructuring costs—current portion							
Other provisions for expenses—non-current portion							
Other provisions for expenses—current portion							
Deferred tax liabilities		45,396				45,396	
Provisions and deferred taxes		**46,053**	**1,094**	**(1,226)**		**46,185**	

The table below provides an overview of other equity, negative goodwill and provisions:

Description	Other equity	Negative goodwill	Provisions and deferred taxes
Opening balance			
Increases (acquisitions, borrowings)			
Additions			1,094
Decreases (disposals, repayments)			
Reversals			(1,226)
Other changes			
Impact of exchange rates and remeasurement			
Changes in scope of consolidation			46,185
Closing balance			**46,053**

9. Borrowings and debt

In € thousands	Opening balance	Closing balance	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Bonds—non-current portion		159,762	159,762				
Bonds—current portion							
Bank borrowings—non-current portion		82,394	105,000	(24,000)		2,034	(640)
Bank borrowings—current portion		469		(633)		461	640
Deposits and guarantees received							
Issuance of Securities and French Government advances—non-current portion							
Issuance of Securities and French Government advances—current portion							
Other borrowings and debt—non-current portion							
Other borrowings and debt—current portion							
Accrued interest on borrowings		6,219	6,219				
Amounts payable to equity investments							
Bank overdrafts (cash liabilities)					( )		( )
Bank overdrafts (liabilities)							
Accrued interest not yet due—liabilities							(1)
Borrowings and debt		**248,844**	**270,981**	**(24,633)**	**( )**	**2,496**	**(1)**
Of which non-current assets held under finance leases:							
Borrowings and debt		1,655					

Borrowings and debt can be analysed as follows by type and maturity:

In € thousands	Closing balance	Less than 1 year	1-5 years	More than 5 years
Bonds—non-current portion	159,762			159,762
Bonds—current portion				
Bank borrowings—non-current portion	82,394		82,394	
Bank borrowings—current portion	469	469		
Deposits and guarantees received				
Issuance of Securities and French Government advances—non-current portion				
Issuance of Securities and French Government advances—current portion				
Other borrowings and debt—non-current portion				
Other borrowings and debt—current portion				
Accrued interest on borrowings	6,219	6,219		
Amounts payable to equity investments				
Bank overdrafts (cash liabilities)				
Bank overdrafts (liabilities)				
Accrued interest not yet due—liabilities				
Borrowings and debt	**248,844**	**6,688**	**82,394**	**159,762**
Of which non-current assets held under finance leases:				
Borrowings and debt	1,655			

10. Trade payables, other liabilities and accrual accounts

In € thousands	Closing balance
Trade payables—non-current portion	
Trade payables—current portion	14,752
Advances and downpayments received on orders	
Trade payables	**14,752**
Employee-related payables—non-current portion	
Employee-related payables—current portion	6,429
Tax payables (other than income tax)—non-current portion	
Tax payables (other than income tax)—current portion	1,140
Payables arising on tax consolidation	
Income tax payables—non-current portion	
Income tax payables—current portion	10
Current accounts in debit—non-current portion	
Group current accounts—current portion	15,045
Amounts payable on asset purchases—non-current portion	
Amounts payable on asset purchases—current portion	
Dividends payable	
Other liabilities—non-current portion	20
Other liabilities—current portion	922
Accrued charges (share in losses of non-consolidated companies)	
Accrued interest on payables	
Reciprocal account—liabilities	
Unrealised foreign exchange gains	
Prepaid income—non-current portion	
Prepaid income—current portion	
Other liabilities and accrual accounts	**23,566**
Total	**38,318**

The table below provides a breakdown of trade payables, other liabilities and accrual accounts by type and maturity:

In € thousands	Closing balance	Less than 1 year	1-5 years	More than 5 years
Trade payables—non-current portion				
Trade payables—current portion	14,752	14,752		
Advances and downpayments received on orders			—	
Trade payables	**14,752**	**14,752**	—	
Employee-related payables—non-current portion				
Employee-related payables—current portion	6,429	6,429		
Tax payables (other than income tax)—non-current portion				
Tax payables (other than income tax)—current portion	1,140	1,140		
Payables arising on tax consolidation				
Income tax payables—non-current portion				
Income tax payables—current portion	10	10		
Current accounts in debit—non-current portion				
Group current accounts—current portion	15,045	15,045		
Amounts payable on asset purchases—non-current portion				
Amounts payable on asset purchases—current portion				
Dividends payable				
Other liabilities—non-current portion	20		20	
Other liabilities—current portion	922	922		
Accrued charges (share in losses of non-consolidated companies)				
Accrued interest on payables				
Other liabilities and accrual accounts	**23,566**	**23,546**	**20**	
Total	**38,318**	**38,298**	**20**	

Deferred taxes

In € thousands	Opening balance	Closing balance	Change in current items	Impact of different tax rates	Translation adjustments	Changes in scope of consolidation	Change in interest rates	Other changes
Deferred tax assets		363	697	(36)	(21)	265		(543)
Deferred tax liabilities		45,396	581	—	—	45,358		(543)
Net deferred tax balance		**(45,033)**	**116**	**(36)**	**(21)**	**(45,093)**		—

Notes to the income statement

11. Sales

In € thousands	2017 (19 months)
Sale of goods for resale	29,555
Production sold—goods	194,571
Production sold—services	1
Income from ancillary activities	1,295
Intragroup sales and production	
Discounts and rebates granted	(12,568)
Sales	**212,854**

12. Other operating income

In € thousands	2017 (19 months)
Production taken to inventory	2,332
In-house production	9,985
Operating grants	
Reversal of amortisation and impairment of intangible assets	
Reversal of depreciation and impairment of property, plant and equipment	
Reversal of provisions for operating items	438
Reversal of provisions for pension and other employee benefit obligations	
Reversal of impairment of current assets	2,267
Transfers of operating expenses	261
Other income	148
Other operating income	**15,430**

13. Cost of goods sold

In € thousands	2017 (19 months)
Purchases of goods for resale	(3,773)
Purchases of research and services	
Other purchases	(12,173)
Intragroup purchases	
Purchases of raw materials and supplies not taken to inventories	(863)
Change in inventories of goods for resale	576
Purchases of raw materials, supplies and other consumables	(65,646)
Change in inventories of raw materials, supplies and other consumables	(1,538)
Cost of goods sold	**(83,416)**

14. External expenses

In € thousands	2017 (19 months)
Subcontracting	(4,867)
Lease payments	
Property leases and rental expenses	(7,987)
Equipment leases and rental expenses	
Maintenance and repairs	(927)
Insurance premiums	(1,056)
Other external services	(166)
Fees and royalties	
Seconded and temporary staff	(2,615)
Compensation of third parties and fees	(9,550)
Advertising, publications and public relations	(4,427)
Transport	
Travel, business trips and entertaining	(8,166)
Postal and telecommunications expenses	(424)
Bank fees	(2)
Other external expenses	(2,259)
Other expenses	(1,281)
External expenses	**(43,728)**

15. Taxes other than on income

In € thousands	2017 (19 months)
Payroll taxes	(579)
Other	(3,047)
Taxes other than on income	**(3,626)**

16. Personnel costs

In € thousands	2017 (19 months)
Wages and salaries	(22,331)
Social security expenses	(8,789)
Other personnel costs	(1,914)
Personnel costs	**(33,034)**

17. Depreciation, amortisation, impairment and provision expense

	2017 (19 months)
Amortisation of intangible assets	(8,351)
Depreciation of property, plant and equipment	(3,052)
Amortisation of deferred charges	
Additions to provisions for operating items	
Additions to provisions for pension and other employee benefit obligations	(126)
Impairment of current assets	(3,323)
Depreciation, amortisation, impairment and provision expense—operating items	**(14,852)**

18. Financial income

In € thousands	2017 (19 months)
Dividends from other investments	
Dividends from consolidated investments	
Income arising on amounts receivable from equity investments	
Income from receivables and marketable securities	41
Reversal of provisions for financial items	
Reversal of impairment of financial assets	
Reversal of impairment of securities—Group	
Transfers of financial expenses	
Foreign exchange gains on financial transactions	429
Foreign exchange gains on purchases of goods for resale	374
Foreign exchange gains on other external purchases	
Foreign exchange gains on other external expenses	68
Foreign exchange gains on sales of goods	
Foreign exchange gains on sales of products	31
Foreign exchange gains on sales of services	3
Net income from sales of marketable securities	
Other financial income	255
Fair value adjustments	
Financial income	**1,202**

19. Financial expenses

In € thousands	2017 (19 months)
Interest expense	(24,394)
Losses on receivables and marketable securities	
Foreign exchange losses on financial transactions	(1,682)
Foreign exchange losses on purchases of goods for resale	(117)
Foreign exchange losses on other external purchases	
Foreign exchange losses on other external expenses	(34)
Foreign exchange losses on sales of goods	
Foreign exchange losses on sales of products	(41)
Foreign exchange losses on sales of services	
Other financial expenses	(1,412)
Fair value adjustments	
Amortisation of bond redemption premiums	
Additions to provisions for financial items	
Impairment of financial assets	
Impairment of securities—Group	
Financial expenses	**(27,680)**

20. Non-recurring income

In € thousands	2017 (19 months)
Non-recurring income on management transactions	301
Non-recurring income relating to prior periods	
Income from disposals of consolidated investments	(1)
Income from disposals of intangible assets	
Income from disposals of of property, plant and equipment	
Income from disposals of other investments	1
Income from disposals of other assets	
Investment grants taken to income	
Other non-recurring income	152
Merger-related income	
Impact of changes in method and fair value	
Gain resulting from purchases of treasury shares	
Reversal of tax-driven provisions	
Reversal of provisions for non-recurring items	788
Reversal of non-recurring impairment of long-term investments	
Reversal of non-recurring impairment of current assets	
Reversal of non-recurring impairment	
Transfer of non-recurring expenses	
Non-recurring income	**1,241**

21. Non-recurring expenses

In € thousands	2017 (19 months)
Non-recurring expenses on management transactions	(1,425)
Non-recurring expenses relating to prior periods	(9)
Net carrying amount of consolidated investments sold	
Net carrying amount of intangible assets sold	
Net carrying amount of property, plant and equipment sold	
Net carrying amount of other investments sold	
+/- consolidation value	
Net carrying amount of other assets sold	
Other non-recurring expenses	
Merger-related expenses	
Impact of changes in method	
Loss resulting from purchases of treasury shares	
Non-recurring depreciation and amortisation of non-current assets	
Additions to tax-driven provisions	
Additions to provisions for non-recurring items	(968)
Non-recurring impairment of long-term investments	
Non-recurring impairment of current assets	
Non-recurring impairment	
Adjustment account (intragroup non-recurring income)	
Reciprocal account (intragroup non-recurring income)	
Non-recurring expenses	**(2,401)**

22. Income tax expense and tax proof

In € thousands	2017 (19 months)
Income tax	(17,298)
Tax income (expense) arising on tax consolidation	7,569
Deferred tax	81
Carryback	353
Income tax expense	**(9,295)**

Tax proof:

In € thousands	
Income before amortisation and impairment of goodwill, taxes and income from equity-accounted associates	**21,987**
Tax rate applicable to the reporting entity	33.33%
Theoretical tax	**(7,329)**
Impact of differences in tax base	(1,021)
Impact of differences in tax rates	(111)
Tax credits and other special tax provisions	(802)
Impact of unrecognised tax loss carryforwards	(32)
Manual tax entries	
THEORETICAL TAX EXPENSE	**(9,295)**
EFFECTIVE TAX EXPENSE	**(9,295)**
Effective tax rate	*42.27%*

Other information

23. Off-balance sheet commitments

There were no off-balance sheet commitments at the reporting date.

24. Executive compensation

Details of executive compensation are not disclosed as this would involve publishing information relating to individuals.

25. Average headcount

Company	2017
IM Growth	4
IM Broome	8
IM Corp. USA	1
Isabel Marant Diffusion	28
IM Frisco	3
IM LA	6
IM Miami	4
IM Production	241
Isabel Marant UK Limited	8
IM Uptown	3
IM Asia Limited	
IM Shanghai Trading Ltd.	
IM Belgium	
IM Netherlands	
IM Spain Diffusion	
IM Italy	
Third	
Total headcount	**306**

26. Fees paid to the Statutory Auditors

In € thousands	2017
Statutory audit fees	137
Non-audit services	30
Total	**167**

PGA	PricewaterhouseCoopers Audit	NS Associés
175 boulevard Malesherbes 75017 Paris, France	63, rue de Villiers 92208 Neuilly-sur-Seine, France	92, rue Jouffroy d'Abbans 75017 Paris, France

IM Production
Registered office: 50 rue croix des Petits Champs
75001 Paris, France

Statutory Auditors' report
on the consolidated financial statements
(For the year ended 31 December 2016)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the sole Shareholder,

In compliance with the engagement entrusted to us by your General Meeting, we hereby report to you for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of IM Production;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Chairman. Our role is to express an opinion on these statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2016 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw your attention to the note entitled "Presentation of the Group, significant events of the period and comparability of the financial statements" to the financial statements, which describes the recognition of design costs.

2. Justification of assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- the notes to the consolidated financial statements set out the significant accounting policies used by the Company. As part of our assessment, we verified that the accounting policies were appropriate and ensured that they were properly applied.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification and information

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris, 23 May 2017

The Statutory Auditors

PGA	**PricewaterhouseCoopers Audit**	**NS Associés**
Laurent Ganem	Camille Phelizon	Laurent Naïm

IM Production Group

Consolidated financial statements

Financial statements at 31 December 2016

Published by Cogesten

Document dated 28 May 2017

Contents

Financial statements

1. Consolidated income statement

Description	2016	2015
Sales	143,879,390	150,349,350
Other operating income	5,112,152	1,470,411
Operating income	**148,991,543**	**151,819,761**
Cost of goods sold	(56,459,452)	(61,223,779)
External expenses	(30,715,965)	(29,002,273)
Taxes other than on income	(1,994,397)	(1,968,641)
Personnel costs	(17,064,200)	(16,225,364)
Depreciation, amortisation, impairment and provision expense	(5,021,248)	(4,507,413)
Operating expenses	**(111,255,263)**	**(112,927,470)**
Net operating income	**37,736,279**	**38,890,071**
Financial income	467,462	605,768
Financial expenses	(1,356,495)	(1,149,388)
Net financial income (loss)	**(889,033)**	**(543,620)**
Joint ventures	0	0
Recurring income of consolidated companies	**36,847,246**	**38,346,451**
Non-recurring income	232,271	58,381
Non-recurring expenses	(1,540,006)	(99,195)
Net non-recurring income (loss)	**(1,307,735)**	**(40,814)**
Income tax expense	(12,014,628)	(12,900,201)
Net income of consolidated companies	**23,524,883**	**25,405,436**
Impairment of goodwill		
Amortisation of goodwill		
Share in net income of associates		
Consolidated net income	**23,524,883**	**25,405,436**
Non-controlling interests		1,343
Net income attributable to owners of the parent	**23,524,883**	**25,404,093**
Basic earnings per share	0.00	0.00
Diluted earnings per share	0.00	0.00

Consolidated balance sheet

Description	Closing balance	Opening balance
Goodwill	0	0
Intangible assets	2,570,533	452,633
Property, plant and equipment	14,199,890	14,326,309
Long-term investments	1,015,468	1,107,185
Equity-accounted investments	0	0
Non-current assets	**17,785,890**	**15,886,126**
Inventories and work-in-progress	17,708,541	16,738,863
Trade receivables	17,424,737	17,077,797
Deferred tax assets	2,327,239	1,982,784
Other receivables and accrual accounts	7,654,649	11,266,710
Marketable securities	16,321,544	1,005,595
Cash	51,615,186	86,505,200
Current assets	**113,051,894**	**134,576,951**
Total assets	**130,837,785**	**150,463,077**
Share capital	550,000	550,000
Additional paid-in capital	91	91
Revaluation reserve		
Reserves attributable to owners of the parent	37,370,926	96,814,350
Net income attributable to owners of the parent	23,524,883	25,404,093
Equity attributable to owners of the parent	**61,445,900**	**122,768,534**
Non-controlling interests	**0**	**10,694**
Other equity	**0**	**0**
Total equity	**61,445,900**	**122,779,228**
Negative goodwill	**0**	**0**
Provisions for contingencies and expenses	1,361,471	1,176,212
Deferred tax liabilities	36,908	19,766
Provisions and deferred taxes	**1,398,379**	**1,195,978**
Borrowings and debt	2,251,744	2,712,903
Trade payables	14,352,626	14,378,410
Other liabilities and accrual accounts	51,389,135	9,396,558
Payables	**67,993,505**	**26,487,871**
Total equity and liabilities	**130,837,785**	**150,463,077**

Consolidated statement of cash flows

Description	2016
Net income of consolidated companies	**23,524,883**
Movements in depreciation, amortisation, impairment and provisions	2,114,062
Change in deferred tax	(327,372)
Gains and losses arising on changes in fair value and other	
Elimination of gains and losses on asset disposals	
Elimination of share in net income of associates	
Cash from operating activities	**25,311,573**
Dividends received from equity-accounted associates	
Change in operating working capital (including provisions)	44,794,924
NET CASH FROM (USED IN) OPERATING ACTIVITIES (I)	**70,106,497**
Acquisitions of non-current assets	(4,208,809)
Proceeds from disposals of non-current assets	0
Reduction in other long-term investments	132,216
Impact of changes in the scope of consolidation	(200)
Net increase (decrease) in short-term investments	
Internal transactions relating to non-current items	
NET CASH FROM (USED IN) INVESTING ACTIVITIES (II)	**(4,076,793)**
New borrowings	765
Repayment of borrowings	(458,175)
Dividends paid by subsidiaries	(1,200)
Dividends received from/paid by the parent company	(84,998,800)
Share capital increases/decreases	
Net sales (purchases) of treasury shares	
Net change in bank overdrafts	(4,202)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (III)	**(85,461,613)**
Impact of exchange rates on cash and cash equivalents (IV)	(142,610)
Impact of exchange rates on other balance sheet items	
IMPACT OF EXCHANGE RATES	**(142,610)**
CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III + IV)	**(19,574,520)**
Cash and cash equivalents at beginning of period	87,510,560
Cash and cash equivalents at beginning of period	**87,510,560**
Cash and cash equivalents: retained earnings/reclassifications/ change in method/fair value	
Cash and cash equivalents at end of period	**67,936,040**

2. Consolidated statement of changes in equity

Description	Share capital	Additional paid-in capital	Reserves	Treasury shares	Consolidated currency translation reserve	Net income attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests
31 December 2015	**550,000**	**91**	**96,058,463**	–	**755,887**	**25,404,093**	**122,768,534**	**10,694**
Appropriation of Y-1 net income			25,404,093			(25,404,093)	0	0
Gross dividends paid			(84,998,800)				(84,998,800)	(1,200)
Change in share capital in cash and capital subscribed			0					
Net income			0			23,524,883	23,524,883	
Other increases and decreases	0	0	0	0	0	0	0	0
Reclassifications, restructuring, change in method	0	0	0	0	0	0	0	0
Translation adjustments—Impact of exchange rates	0	0	(48,199)	0	190,189	0	141,990	0
Changes in scope of consolidation	0	0	9,294	0	0	0	9,294	(9,494)
Other	(0)	0	(1)	0	0	0	(1)	(0)
31 December 2016	**550,000**	**91**	**36,424,849**	–	**946,076**	**23,524,883**	**61,445,900**	

Presentation of the Group, significant events of the period and comparability of the financial statements

No significant events occurred in 2016.

Note that the Group recognises design costs incurred on collections for the coming year within intangible assets (preferred recognition method for research and development costs) in order to comply with the opinion issued by the French Statutory Audit Board (*Compagnie nationale des commissaires aux comptes*—CNCC) in May 2016. Design costs were previously recognised within prepaid expenses.

Basis and methods of consolidation

3. General principles

The Group's consolidated financial statements are prepared in accordance with the French accounting principles set out in Act no. 85.11 of 3 January 1985 and its implementing decree no. 86.221 of 17 February 1986, and with standard CRC 99-02 of 22 June 1999 issued by the former French accounting standards-setter (*Comité de la réglementation comptable*), as amended by standard CRC 2005-10 of 3 November 2005.

The financial statements at 31 December 2016 cover a period of 12 months.

The reporting date of the individual financial statements prepared by the reporting entity is the same as the reporting dates of the consolidated companies.

The consolidated financial statements are presented in euros.

4. Definition of the scope of consolidation

Name	Address	Method	% interest (at end of period)	% interest (at beginning of period)
IM Broome	New York—USA	FC	100.00	100.00
IM Corp. USA	40 East Division St—Suite A 19901Dover (Kent)—USA	FC	100.00	100.00
Isabel Marant Diffusion	50 rue Croix Petits Champs —75001Paris—France	FC	100.00	99.80
IM Frisco	San Francisco—USA	FC	100.00	100.00
IM LA	Los Angeles—USA	FC	100.00	100.00
IM Miami	40th Street—Miami—USA	FC	100.00	100.00
IM Production	50 rue Croix Petits Champs —75001Paris—France	FC	100.00	100.00
Isabel Marant UK Limited	1Devonshire Street—London—UK	FC	100.00	100.00
IM Uptown	67th Street—USA	FC	100.00	100.00
Third	50 rue Croix Petits Champs —75001Paris—France	FC	100.00	100.00

Subsidiaries over which the Group directly or indirectly exercises exclusive control are fully consolidated.

Companies over which the Group directly or indirectly exercises joint control are proportionately consolidated.

Companies over which the Group directly or indirectly exercises significant influence are accounted for using the equity method.

Companies deemed not to be material based on their sales, net income and total assets, which have a limited growth outlook and present few synergies with the Group, are not consolidated.

At 31 December 2016, there are 10 companies in the scope of consolidation, all of which are fully consolidated.

5. Changes in the scope of consolidation

There were no significant changes in the scope of consolidation during the year.

Foreign currency translation

The financial statements of consolidated foreign entities prepared in a currency other than the euro are translated using the "closing rate" method, as described below.

The financial statements of foreign subsidiaries are prepared in their functional currency, which is the currency of the primary economic environment in which the entities operate.

All assets and liabilities are translated into euros at the exchange rate prevailing at the end of the reporting period, while income statement items are translated at the average exchange rate for the period.

Any resulting translation differences are recognised directly in additional paid-in capital and reserves within the currency translation reserve included in equity.

Goodwill

- Goodwill is the difference between the acquisition cost of a newly consolidated entity's shares and the Group's share in the entity's net assets, as restated at the date control is acquired.
- Goodwill represents the excess of the acquisition cost over the Group's share in the acquiree's identifiable assets and liabilities at the acquisition date. Goodwill is recognised under this caption within assets.
- Negative goodwill generally represents either a potential capital gain resulting from a bargain purchase, or the acquiree's lack of profitability. Negative goodwill is recognised under "Provisions for contingencies and expenses" within liabilities.
- Negative goodwill is taken to income based on a provision writeback schedule.

6. Significant accounting policies

The financial statements were approved by the Chairman and were prepared based on the going concern and consistency principles.

Property, plant and equipment and intangible assets

Non-current assets are recognised in accordance with the rules set out in the French General Chart of Accounts (CRC 99-03), amended by standards CRC 2002-10, CRC 2002-07 and CRC 2004-06 on assets and impairment. Non-current assets are carried at acquisition cost (purchase price plus ancillary expenses, excluding acquisition fees and borrowing costs and less any discounts and rebates obtained) or production cost.

Intangible assets acquired are shown in the balance sheet at acquisition cost and amortised over their estimated useful lives for the entities, which range from 2 to 10 years.

Property, plant and equipment are carried at acquisition cost, including any costs incurred to bring them into the condition necessary for their use. Property, plant and equipment are depreciated over their estimated useful lives and based on probable conditions of use generally applied in the profession. They are depreciated on a straight-line basis over the following estimated useful lives:

• Buildings	20 years
• General installations	5 to 10 years
• Equipment and tooling	2 to 10 years
• Vehicles	1 to 5 years
• Office and IT equipment, furniture	2 to 5 years
• Office furniture	5 to 10 years

Impairment of non-current assets: non-current assets and other intangible assets are tested for impairment whenever there is tangible evidence that they may be impaired—either during the period or at the end of the period. A provision for impairment is recognised if the value in use of an asset for the Group falls below its carrying amount.

Long-term investments

These mainly include loans, deposits and other receivables as well as non-consolidated equity investments. Impairment is recognised if the value in use of these assets for the Group falls below their carrying amount.

Equity investments are carried at acquisition cost in the balance sheet. At the end of the reporting period, this amount is compared to the value in use of these investments after taking into account the corresponding share in equity they represent, and their profitability outlook, market position and stock market value where appropriate.

Inventories

Inventories of goods for resale are measured at their last known purchase price. Finished goods are measured at cost, which notably includes ancillary costs such as transport and design office costs.

An impairment loss is recognised for inventories and work-in-progress when an item's estimated realisable value falls below its cost.

Trade receivables and other receivables

Current assets are carried at their nominal amount. A provision is booked when a loss is deemed probable. The related expense is considered to have arisen in the ordinary course of business, with the exception of impairment of a non-recurring nature in terms of circumstances or amount.

Investment grants

Investment grants are recognised in accrual accounts.

Deferred charges

Outstanding deferred charges are restated on consolidation.

Finance leases

The Group applies the preferred method set out in standard CRC 99-02 (paragraph 300). Finance leases concerning a material amount are restated in the same way as a credit purchase for their initial value. Depreciation is recognised in accordance with the methods and rates described earlier. The tax impact of this restatement is taken into account. Unlike finance leases, operating leases are recognised in the income statement as rentals.

Earnings per share

Calculation of earnings per share: basic earnings per share is calculated by dividing consolidated net income attributable to owners of the parent by the weighted average number of parent company shares outstanding during the period. As there are no dilutive instruments, diluted earnings per share is therefore the same as basic earnings per share.

Deferred tax

The Group recognises deferred tax using the liability method in respect of all temporary differences between the tax value and the carrying amounts of assets and liabilities in the balance sheet. Deferred taxes are recognised at the tax rate applicable at the reporting date and adjusted to reflect the impact of changes in French tax laws and current tax rates.

Deferred tax assets are recognised for all deductible temporary differences, tax losses and tax loss carryforwards. Deferred tax assets arising on tax loss carryforwards are recognised when it is probable that the tax entity will generate taxable earnings against which they can be utilised.

Deferred taxes are shown as assets or liabilities on a net basis at the level of each tax entity.

Provisions for contingencies and expenses

A provision is recognised when the Company has a legal, regulatory or constructive obligation to a third party resulting from a past event that is likely or certain to give rise to an outflow of resources (with no equivalent consideration in return) embodying economic benefits and can be measured reliably.

The amount accrued as a provision represents the best estimate of the risk at the reporting date. Provisions are shown at their nominal value and are not discounted.

Pension and other employee benefit obligations

Pension and other long-term employee benefits essentially concern current employees. These benefits are payable under either defined contribution or defined benefit plans.

- Defined contribution plans: in accordance with local laws and customs, the Group pays salary-based contributions to national pension bodies.
- The plans give rise to provisions and primarily concern retirement indemnities, plus:

    other retirement and supplementary benefits;

    other long-term benefits, i.e., mainly long-service awards and the time savings account;

    medical insurance schemes.

- These benefits are covered by the provision for contingencies and expenses.

The total benefit obligation amounted to €393,471 at 31 December 2016.

The benefit obligation is determined using an actuarial calculation and assumptions concerning employee status, age and seniority, employee turnover, life expectancy as determined using mortality tables, estimated future salary increases and a discount rate.

Notes to the balance sheet

1. Analysis of goodwill

Description	Opening balance	Closing balance	Newly consolidated companies	Deconsolidated companies	Increases	Translation adjustments	Changes in scope of consolidation	Other changes
Goodwill							0	0
Amortisation							0	0
Impairment	—	—	—	—	—	—	0	0
Net amount	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Negative goodwill							0	0
Reversal of negative goodwill	—	—	—	—	—	—	0	0
Net amount	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

2. Property, plant and equipment and intangible assets

The table below provides a breakdown of the gross amount of property, plant and equipment and intangible assets:

Description	Opening balance	Closing balance	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Start-up costs	0	0			0	0	0
Research and development costs		1,880,000	1,880,000			0	0
Concessions, patents and other rights		235,588	235,588			0	0
Leasehold rights	200,000	200,000				0	0
Business goodwill	209,541	209,541				0	0
Other intangible assets	652,293	813,946	161,233		419	0	0
Intangible assets in progress						0	0
Advances and downpayments on intangible assets						0	0
Intangible assets	**1,061,834**	**3,339,075**	**2,276,821**	**0**	**419**	**0**	**0**
Land						0	0
Land improvements						0	0
Buildings	7,144,041	7,144,041				0	0
Buildings on third-party land						0	0
Technical installations, equipment and tooling	69,465	69,465				0	0
Other property, plant and equipment	12,740,927	13,864,712	1,039,394		(269,077)	0	353,468
Property, plant and equipment in progress	366,519	825,571	800,105		12,415	0	(353,468)
Advances and downpayments on property, plant and equipment						0	0
Property, plant and equipment	**20,320,951**	**21,903,788**	**1,839,499**	**0**	**(256,662)**	**0**	**0**
Property, plant and equipment and intangible assets	**21,382,785**	**25,242,863**	**4,116,320**	**0**	**(256,243)**	**0**	**0**
Of which non-current assets held under finance leases:							
Intangible assets	(2,600,000)	(2,600,000)					
Property, plant and equipment	5,300,000	5,300,000					

Depreciation and amortisation can be analysed as follows:

Description	Opening balance	Closing balance	Additions	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Amortisation of start-up costs	0	0	0		0	0	0
Amortisation of research and development costs						0	0
Amortisation of concessions, patents and other rights		(41,378)	(41,378)			0	0
Amortisation of leasehold rights	0	0	0			0	0
Amortisation of business goodwill						0	0
Amortisation of other intangible assets	(609,202)	(727,165)	(117,620)	–	(343)	0	0
Amortisation of intangible assets	**(609,202)**	**(768,542)**	**(158,998)**	**0**	**(343)**	**0**	**0**
						0	**0**
Depreciation of land improvements						0	0
Depreciation of buildings	(930,368)	(1,287,754)	(357,386)			0	0
Depreciation of buildings on third-party land						0	0
Depreciation of technical installations, equipment and tooling	(53,660)	(59,658)	(5,998)			0	0
Depreciation of other property, plant and equipment	(5,010,614)	(6,356,486)	(1,401,435)		55,563	0	0
Depreciation of investment property				–		0	0
Depreciation of property, plant and equipment	**(5,994,642)**	**(7,703,898)**	**(1,764,819)**	**0**	**55,563**	**0**	**0**
						0	**0**
Depreciation and amortisation of non-current assets	**(6,603,844)**	**(8,472,441)**	**(1,923,817)**	**0**	**55,220**	**0**	**0**
Of which non-current assets held under finance leases:						0	0
Amortisation of intangible assets	0	0				0	0
Depreciation of property, plant and equipment	(585,208)	(850,208)				0	0

Impairment can be analysed as follows:

Description	Opening balance	Closing balance	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Impairment of start-up costs							
Impairment of research and development costs							
Impairment of concessions, patents and similar rights							
Impairment of leasehold rights							
Impairment of business goodwill							
Impairment of other intangible assets							
Impairment of intangible assets in progress							
Impairment of advances and downpayments on intangible assets							
Impairment of intangible assets							
Impairment of land							
Impairment of land improvements							
Impairment of buildings							
Impairment of buildings on third-party land							
Impairment of technical installations							
Impairment of other property, plant and equipment							
Impairment of property, plant and equipment in progress							
Impairment of advances and downpayments on property, plant and equipment							
Impairment of property, plant and equipment							
Impairment of non-current assets							

The table below provides an overview of property, plant and equipment and intangible assets:

Description	Property, plant and equipment			
	Gross	Depreciation	Impairment	Net
Opening balance	**20,320,951**	**(5,994,642)**		**14,326,309**
Increases (acquisitions, borrowings)	1,839,499			1,839,499
Additions		(1,764,819)		(1,764,819)
Decreases (disposals, repayments)				
Reversals				
Other changes				
Impact of exchange rates and remeasurement	(256,662)	55,563		(201,099)
Changes in scope of consolidation				
Closing balance	**21,903,788**	**(7,703,898)**		**14,199,890**

Description	Intangible assets			
	Gross	Amortisation	Impairment	Net
Opening balance	**1,061,834**	**(609,202)**		**452,633**
Increases (acquisitions, borrowings)	2,276,821			2,276,821
Additions		(158,998)		(158,998)
Decreases (disposals, repayments)				
Reversals				
Other changes				
Impact of exchange rates and remeasurement	419	(343)		76
Changes in scope of consolidation				
Closing balance	**3,339,075**	**(768,542)**		**2,570,533**

3. Long-term investments and equity-accounted investments

The table below provides a breakdown of the gross amount of long-term investments and equity-accounted investments:

Description	Opening balance	Closing balance	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Change in net assets of equity-accounted associates	Translation adjustments	Changes in scope of consolidation	Other changes
Equity investments	0					0		0
Dividends receivable								
Amounts receivable from equity investments—non-current portion								
Amounts receivable from equity investments—current portion								
Accrued interest on receivables and loans								
Amount due on equity investments not yet paid up								
Long-term securities (non-current portion)								
Long-term securities (current portion)								
Investment securities								
Loans	2,000			(2,000)				
Deposits and guarantees paid	1,105,185	1,015,468	92,489	(130,216)		(51,990)		
Other long-term receivables								
Treasury shares								
Loans, guarantees and other receivables—non-current portion								
Loans, guarantees and other receivables—current portion								
Amounts due on long-term securities not yet paid up								
Long-term investments	**1,107,185**	**1,015,468**	**92,489**	**(132,216)**		**(51,990)**		**0**
Equity-accounted investments								
Financial assets	**1,107,185**	**1,015,468**	**92,489**	**(132,216)**		**(51,990)**		**0**

Impairment can be analysed as follows:

Description	Opening balance	Closing balance	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Impairment of equity investments							
Impairment of other amounts receivable from equity investments—non-current portion							
Impairment of other amounts receivable from equity investments—current portion							
Impairment of amounts receivable from equity investments and accrued interest							
Impairment of long-term securities (non-current portion)							
Impairment of long-term securities (current portion)							
Impairment of investment securities							
Impairment of loans							
Impairment of deposits and guarantees							
Impairment of other long-term receivables							
Impairment of treasury shares							
Impairment of loans and other receivables—non-current portion							
Impairment of loans and other receivables—current portion							
Impairment of long-term investments							
Impairment of equity-accounted investments							
Impairment of non-current assets							

The table below provides an overview of long-term investments:

Description	Long-term investments		
	Gross	Impairment	Net
Opening balance	**1,107,185**		**1,107,185**
Increases (acquisitions, borrowings)	92,489		92,489
Additions			
Decreases (disposals, repayments)	(132,216)		(132,216)
Reversals			
Other changes			
Impact of exchange rates and remeasurement	(51,990)		(51,990)
Changes in scope of consolidation			
Closing balance	**1,015,468**		**1,015,468**

Long-term receivables can be analysed as follows by type and maturity:

Description	Closing balance	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Amounts receivable from equity investments—non-current portion							
Amounts receivable from equity investments—current portion							
Accrued interest on receivables and loans							
Loans							
Deposits and guarantees paid	1,015,468	1,015,468					
Other long-term receivables							
Loans, deposits and other receivables—non-current portion							
Loans, deposits and other receivables—current portion							
Non-current receivables	**1,015,468**	**1,015,468**					

4. Inventories and work-in-progress

	Closing balance			Opening balance		
Description	Gross	Impairment	Net	Gross	Impairment	Net
Inventories of raw materials, supplies and other consumables	5,332,047	(1,642,722)	3,689,325	5,760,564	(1,797,199)	3,963,366
Work-in-progress—goods						
Work-in-progress—services						
Semi-finished and finished goods	12,821,264	(1,409,608)	11,411,656	11,317,156	(621,733)	10,695,423
Goods for resale	2,607,560		2,607,560	2,080,075		2,080,075
Inventories and work-in-progress	**20,760,871**	**(3,052,330)**	**17,708,541**	**19,157,795**	**(2,418,932)**	**16,738,863**

5. Trade receivables, other receivables and accrual accounts

Description	Closing balance Gross	Closing balance Impairment	Closing balance Net	Opening balance Gross	Opening balance Impairment	Opening balance Net
Trade receivables—non-current portion						
Trade receivables—current portion	17,552,842	(128,105)	17,424,737	17,331,440	(253,643)	17,077,797
Trade receivables	**17,552,842**	**(128,105)**	**17,424,737**	**17,331,440**	**(253,643)**	**17,077,797**
Advances and downpayments on orders	888,562		888,562	1,178,116		1,178,116
Employee-related and social security receivables—non-current portion						
Employee-related and social security receivables—current portion	15,865		15,865	21,620		21,620
Tax receivables (other than income tax)—non-current portion						
Tax receivables (other than income tax)—current portion	1,566,973		1,566,973	1,755,065		1,755,065
Receivables arising on tax consolidation						
Income tax receivables—non-current portion						
Income tax receivables—current portion	378,832		378,832			
Current accounts—non-current portion						
Current accounts—current portion	3,137,567		3,137,567	2,070,551		2,070,551
Share capital subscribed and called but unpaid						
Receivables on asset disposals—non-current portion						
Receivables on asset disposals—current portion						
Other receivables—non-current portion						
Other receivables—current portion	290,709		290,709	3,043,033		3,043,033
Accrued income (share in net income of non-consolidated companies)						
Accrued interest on receivables						
Adjustment account (intragroup current items)	(0)		(0)	(0)		(0)
Reciprocal account (eliminations)						
Reciprocal account (intragroup current items)	(0)		(0)	(0)		(0)
Deferred charges						
Bond premiums—non-current portion						
Bond premiums—current portion						
Reciprocal account—assets						
Unrealised foreign exchange losses						
Prepaid expenses—non-current portion						
Prepaid expenses—current portion	1,376,140		1,376,140	3,198,326		3,198,326
Other receivables and accrual accounts	**7,654,649**		**7,654,649**	**11,266,710**		**11,266,710**

The table below provides a breakdown of trade receivables, other receivables and accrual accounts by type and maturity:

Description	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Trade receivables—non-current portion						
Trade receivables—current portion	17,552,842	17,552,842				
Trade receivables	**17,552,842**	**17,552,842**				
Advances and downpayments on orders	888,562	888,562				
Employee-related and social security receivables —non-current portion						
Employee-related and social security receivables receivables—current portion	15,865	15,865				
Tax receivables (other than income tax)—non-current portion						
Tax receivables (other than income tax) —current portion	1,566,973	1,566,973				
Receivables arising on tax consolidation						
Income tax receivables—non-current portion						
Income tax receivables—current portion	378,832	378,832				
Current accounts—non-current portion						
Current accounts—current portion	3,137,567	3,137,567				
Share capital subscribed and called but unpaid						
Receivables on asset disposals—non-current portion						
Receivables on asset disposals—current portion						
Other receivables—non-current portion						
Other receivables—current portion	290,709	290,709				
Accrued income (share in net income of non-consolidated companies)						
Accrued interest on receivables						
Adjustment account (intragroup current items)	(0)					
Deferred charges						
Bond premiums—non-current portion						
Bond premiums—current portion						
Reciprocal account—assets						
Unrealised foreign exchange losses						
Prepaid expenses—non-current portion						
Prepaid expenses—current portion	1,376,140	1,376,140				
Other receivables and accrual accounts	**7,654,649**	**7,654,649**				
Current assets	**25,207,491**	**25,207,491**				

6. Net cash and cash equivalents

Description	Opening balance	Closing balance
Net cash and cash equivalents	**87,510,796**	**67,936,729**
Marketable securities—cash equivalents	1,005,595	16,321,544
Cash	86,505,200	51,615,186
Accrued interest on cash not yet due		
Impairment of marketable securities—cash equivalents		
Cash liabilities	**236**	**689**
Bank overdrafts (cash liabilities)	236	689
Short—term cash and cash equivalents	**87,510,560**	**67,936,040**
Short—term investments		
Marketable securities—other short-term investments		
Accrued interest on marketable securities not yet due		
Treasury shares		
Treasury shares		
Cash liabilities	**4,202**	
Bank overdrafts (liabilities)		
Accrued interest not yet due—liabilities	4,202	
Long-term cash and cash equivalents	**(4,202)**	
Net cash and cash equivalents	**87,506,358**	**67,936,040**

7. Consolidated statement of changes in equity

Description	Share capital	Additional paid-in capital	Reserves	Treasury shares	Consolidated currency translation reserve	Net income attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests
31 December 2015	**550,000**	**91**	**96,058,463**		**755,887**	**25,404,093**	**122,768,534**	**10,694**
Appropriation of Y-1 net income			25,404,093			(25,404,093)		
Gross dividends paid			(84,998,800)				(84,998,800)	(1,200)
Change in share capital in cash and capital subscribed								
Net income						23,524,883	23,524,883	
Other increases and decreases								
Reclassifications, restructuring, change in method	0							
Translation adjustments—Impact of exchange rates			(48,199)		190,189		141,990	
Changes in scope of consolidation			9,294				9,294	(9,494)
Other	(0)		(1)				(1)	(0)
31 December 2016	**550,000**	**91**	**36,424,849**		**946,076**	**23,524,883**	**61,445,900**	

8. Provisions

Description	Opening balance	Closing balance	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Provisions for claims and disputes—non-current portion							
Provisions for claims and disputes—current portion	825,000			(825,000)			
Provisions for guarantees—non-current portion							
Provisions for guarantees—current portion							
Provisions for foreign exchange losses				4,987			(4,987)
Provisions for contract losses—non-current portion							
Provisions for contract losses—current portion							
Other provisions for contingencies—non-current portion							
Other provisions for contingencies—current portion		968,000	968,000				
Provisions for pension and other employee benefit obligations—non-current portion	351,212	393,471	42,259				
Provisions for pension and other employee benefit obligations—current portion							
Provisions for restructuring costs—non-current portion							
Provisions for restructuring costs—current portion							
Other provisions for expenses—non-current portion							
Other provisions for expenses—current portion							
Deferred tax liabilities	19,766	36,908					17,142
Provisions and deferred taxes	**1,195,978**	**1,398,379**	**1,010,259**	**(820,013)**			**12,155**

The table below provides an overview of other equity, negative goodwill and tax-driven provisions:

Description	Net investment grants—non-current portion	Net investment grants—current portion	Share of investment grants transferred to income	Tax-driven provisions	Accelerated depreciation/ amortisation	Total
Opening balance						
Increases (acquisitions, borrowings)						
Additions						
Decreases (disposals, repayments)						
Reversals						
Other changes						
Impact of exchange rates and remeasurement						
Changes in scope of consolidation						
Closing balance						

9. Borrowings and debt

Description	Opening balance	Closing balance	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Bonds—non-current portion							
Bonds—current portion							
Bank borrowings—non-current portion	2,249,502	1,862,753					(386,749)
Bank borrowings—current portion	458,176	386,750		(458,175)			386,749
Deposits and guarantees received							
Issuance of Securities and French Government advances—non-current portion							
Issuance of Securities and French Government advances—current portion							
Other borrowings and debt—non-current portion							
Other borrowings and debt—current portion							
Accrued interest on borrowings	787	1,551	765				
Amounts payable to equity investments							
Bank overdrafts (cash liabilities)	236	689			(56)		510
Bank overdrafts (liabilities)							
Accrued interest not yet due—liabilities	4,202						(4,202)
Borrowings and debt	**2,712,903**	**2,251,744**	**765**	**(458,175)**	**(56)**		**(3,693)**
Of which non-current assets held under finance leases:							
Borrowings and debt	2,177,648	1,916,472					

Borrowings and debt can be analysed as follows by type and maturity:

Description	Closing balance	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Bonds—non-current portion							
Bonds—current portion							
Bank borrowings—non-current portion	1,862,753		386,749	343,064	261,177	261,177	610,586
Bank borrowings—current portion	386,750	386,750					
Deposits and guarantees received							
Issuance of Securities and French Government advances—non-current portion							
Issuance of Securities and French Government advances—current portion							
Other borrowings and debt—non-current portion							
Other borrowings and debt—current portion							
Accrued interest on borrowings	1,551	1,551					
Amounts payable to equity investments							
Bank overdrafts (cash liabilities)	689	689					
Bank overdrafts (liabilities)							
Accrued interest not yet due—liabilities							
Borrowings and debt	**2,251,744**	**388,991**	**386,749**	**343,064**	**261,177**	**261,177**	**610,586**

10. Trade payables, other liabilities and accrual accounts

Description	Opening balance	Closing balance
Trade payables—non-current portion		
Trade payables—current portion	14,378,410	14,352,626
Trade payables	**14,378,410**	**14,352,626**
Advances and downpayments received on orders	578,380	776,964
Employee-related payables—non-current portion		
Employee-related payables—current portion	3,882,695	4,043,907
Tax payables (other than income tax)—non-current portion		
Tax payables (other than income tax)—current portion	1,151,005	738,247
Payables arising on tax consolidation		
Income tax payables—non-current portion		
Income tax payables—current portion		
Current accounts in debit—non-current portion		
Group current accounts—current portion	13,308	45,018,707
Amounts payable on asset purchases—non-current portion		
Amounts payable on asset purchases—current portion		
Dividends payable		
Other liabilities—non-current portion		
Other liabilities—current portion	3,771,170	811,310
Accrued charges (share in losses of non-consolidated companies)		
Accrued interest on payables		
Reciprocal account—liabilities		
Unrealised foreign exchange gains		
Prepaid income—non-current portion		
Prepaid income—current portion		
Other liabilities and accrual accounts	**9,396,558**	**51,389,135**
Total	**23,774,968**	**65,741,761**

The table below provides a breakdown of trade payables, other liabilities and accrual accounts by type and maturity:

Description	Closing balance	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Trade payables—non-current portion							
Trade payables—current portion	14,352,626	14,352,626					
Trade payables	**14,352,626**	**14,352,626**					
Advances and downpayments received on orders	776,964	776,964					
Employee-related payables—non-current portion							
Employee-related payables—current portion	4,043,907	4,043,907					
Tax payables (other than income tax)—non-current portion							
Tax payables (other than income tax)—current portion	738,247	738,247					
Payables arising on tax consolidation							
Income tax payables—non-current portion							
Income tax payables—current portion							
Current accounts in debit—non-current portion							
Group current accounts—current portion	45,018,707	45,018,707					
Amounts payable on asset purchases—non-current portion							
Amounts payable on asset purchases—current portion							
Dividends payable							
Other liabilities—non-current portion							
Other liabilities—current portion	811,310	811,310					
Accrued charges (share in losses of non-consolidated companies)							
Accrued interest on liabilities							
Other liabilities and accrual accounts	**51,389,135**	**51,389,135**					
Total	**65,741,761**	**65,741,761**					

Deferred taxes

Description	Opening balance	Closing balance	Change in current items	Impact of different tax rates	Translation adjustments	Changes in scope of consolidation	Other changes
Deferred tax assets	1,982,784	2,327,239	326,880		(59)		17,635
Deferred tax liabilities	19,766	36,908	(493)				17,635
Net deferred tax balance	**1,963,018**	**2,290,331**	**327,372**		**(59)**		
o / w:							
Social data		129,076	134,956		(5,879)		
Deferred taxation (temporary differences)	575,404	625,399	49,996				
Deferred taxation (manual entries)	1,387,614	807,531	142,421		5,820		
Elimination of statutory data for equity-accounted investments							
Net amount by category	**1,963,018**	**1,562,006**	**327,372**		**(59)**		
Other	(0)	728,324	(0)		(0)		
Net amount by category	**1,963,018**	**2,290,331**	**327,372**		**(59)**		

Notes to the income statement

11. Sales

Description	2016	2015
Sale of goods for resale	19,926,512	25,330,216
Production sold—goods	130,174,982	131,718,777
Production sold—services		
Income from ancillary activities	741,457	452,617
Intragroup sales and production		
Discounts and rebates granted	(6,963,560)	(7,152,259)
Sales	**143,879,390**	**150,349,350**

12. Other operating income

Description	2016	2015
Production taken to inventory	1,504,108	(817,450)
In-house production		
Operating grants		
Reversal of amortisation and impairment of intangible assets		
Reversal of depreciation and impairment of property, plant and equipment		
Reversal of provisions for operating items	825,000	78,000
Reversal of provisions for pension and other employee benefit obligations		
Reversal of impairment of current assets	2,547,313	2,087,198
Transfers of operating expenses	118,303	79,559
Other income	117,428	43,104
Other operating income	**5,112,152**	**1,470,411**

13. Cost of goods sold

Description	2016	2015
Purchases of goods for resale	(3,443)	(36,214)
Purchases of research and services		
Other purchases	(8,900,065)	(7,363,907)
Intragroup purchases		
Purchases of raw materials and supplies not taken to inventory	(486,204)	(490,827)
Change in inventories of goods for resale	531,199	(3,380,934)
Purchases of raw materials, supplies and other consumables	(47,172,421)	(49,820,916)
Change in inventories of raw materials, supplies and other consumables	(428,518)	(130,980)
Cost of goods sold	**(56,459,452)**	**(61,223,779)**

14. External expenses

Description	2016	2015
Subcontracting	(5,738,593)	(486,694)
Lease payments		0
Property leases and rental expenses	(4,510,512)	(3,483,680)
Equipment leases and rental expenses		(390)
Maintenance and repairs	(568,926)	(580,592)
Insurance premiums	(636,618)	(633,904)
Other external services	(162,538)	(205,672)
Fees and royalties		
Seconded and temporary staff	(1,157,461)	(489,019)
Compensation of third parties and fees	(7,065,507)	(11,591,696)
Advertising, publications and public relations	(3,360,598)	(4,446,360)
Transport		(2,318,844)
Travel, business trips and entertaining	(5,495,598)	(3,122,069)
Postal and telecommunications expenses	(266,778)	(262,411)
Bank fees		
Other external expenses	(1,025,397)	(858,620)
Other expenses	(727,438)	(522,323)
External expenses	**(30,715,965)**	**(29,002,273)**

15. Taxes other than on income

Description	2016	2015
Payroll taxes	(262,906)	(250,131)
Other	(1,731,491)	(1,718,510)
Taxes other than on income	**(1,994,397)**	**(1,968,641)**

16. Personnel costs

Description	2016	2015
Wages and salaries	(10,996,144)	(10,602,483)
Social security expenses	(4,674,933)	(4,387,054)
Other personnel costs	(1,393,123)	(1,235,827)
Employee profit-sharing		
Personnel costs	**(17,064,200)**	**(16,225,364)**

17. Depreciation, amortisation, impairment and provision expense

Description	2016	2015
Amortisation and impairment of intangible assets	(158,998)	(61,426)
Depreciation and impairment of property, plant and equipment	(1,764,819)	(1,679,964)
Amortisation of deferred charges		
Additions to provisions for operating items		(205,000)
Additions to provisions for pension and other employee benefit obligations	(42,259)	(134,781)
Impairment of current assets	(3,055,173)	(2,426,243)
Depreciation, amortisation, impairment and provision expense	**(5,021,248)**	**(4,507,413)**

18. Financial income

Description	2016	2015
Dividends from other investments		
Dividends from consolidated investments		
Income arising on amounts receivable from equity investments		
Income from receivables and marketable securities		
Reversal of provisions for financial items	(4,987)	
Reversal of impairment of financial assets		
Reversal of impairment of securities—Group		
Transfers of financial expenses		
Foreign exchange gains on financial transactions	381,562	478,918
Foreign exchange gains on purchases of goods for resale	11,059	14,354
Foreign exchange gains on other external purchases		
Foreign exchange gains on other external expenses		
Foreign exchange gains on sales of goods		
Foreign exchange gains on sales of products		
Foreign exchange gains on sales of services		
Net income from sales of marketable securities		
Other financial income	79,828	112,496
Fair value adjustments		
Financial income	**467,462**	**605,768**

19. Financial expenses

Description	2016	2015
Interest expense	(20,087)	(34,988)
Losses on receivables and marketable securities		
Foreign exchange losses on financial transactions	(871,022)	(332,609)
Foreign exchange losses on purchases of goods for resale	22,438	(309,142)
Foreign exchange losses on other external purchases	(2,766)	
Foreign exchange losses on other external expenses		
Foreign exchange losses on sales of goods		
Foreign exchange losses on sales of products		
Foreign exchange losses on sales of services		(2,631)
Other financial expenses	(485,059)	(470,019)
Fair value adjustments		
Amortisation of bond redemption premiums		
Additions to provisions for financial items		
Impairment of financial assets		
Impairment of securities—Group		
Financial expenses	**(1,356,495)**	**(1,149,388)**

20. Non-recurring income

Description	2016	2015
Non-recurring income on management transactions	232,271	57,981
Non-recurring income relating to prior periods		
Income from disposals of consolidated investments		
Income from disposals of intangible assets		400
Income from disposals of of property, plant and equipment		
Income from disposals of other investments		
Income from disposals of other assets		
Investment grants taken to income		
Other non-recurring income		
Merger-related income		
Impact of changes in method and fair value		
Gain resulting from purchases of treasury shares		
Reversal of tax-driven provisions		
Reversal of provisions for non-recurring items		
Reversal of non-recurring impairment of long-term investments		
Reversal of non-recurring impairment of current assets		
Reversal of non-recurring impairment		
Transfers of non-recurring expenses		
Non-recurring income	**232,271**	**58,381**

21. Non-recurring expenses

Description	2016	2015
Non-recurring expenses on management transactions	(572,006)	(23,197)
Non-recurring expenses relating to prior periods		(55,638)
Net carrying amount of consolidated investments sold		
Net carrying amount of intangible assets sold		
Net carrying amount of property, plant and equipment sold		(20,360)
Net carrying amount of other investments sold		
+/- consolidation value		
Net carrying amount of other assets sold		
Other non-recurring expenses		
Merger-related expenses		
Impact of changes in method		
Loss resulting from purchases of treasury shares		
Non-recurring depreciation and amortisation of non-current assets		
Additions to tax-driven provisions		
Additions to provisions for non-recurring items	(968,000)	
Non-recurring impairment of long-term investments		
Non-recurring impairment of current assets		
Non-recurring impairment		
Adjustment account (intragroup non-recurring income)		
Reciprocal account (intragroup non-recurring income)		
Non-recurring expenses	**(1,540,006)**	**(99,195)**

22. Income tax expense and tax proof

Description	2016	2015
Income tax	(12,702,857)	(13,926,068)
Tax income (expense) arising on tax consolidation		
Deferred taxes	327,372	1,025,867
Carryback	360,857	
Income tax expense	**(12,014,628)**	**(12,900,201)**

Tax proof:

Income before amortisation and impairment of goodwill, taxes and income from equity-accounted associates	**35,539,511**
Tax rate applicable to the reporting entity	33.33%
Theoretical tax	**(11,846,492)**
Impact of differences in tax base	(678,132)
Impact of differences in tax rates	347
Tax credits and other special tax provisions	509,649
Impact of unrecognised tax loss carryforwards	
Manual tax entries	
THEORETICAL TAX EXPENSE	**(12,014,628)**
EFFECTIVE TAX EXPENSE	**(12,014,628)**
Effective tax rate	*33.81%*

Other information

23. Executive compensation

Details of executive compensation are not disclosed as this would involve publishing information relating to individuals.

24. Off-balance sheet commitments

There were no off-balance sheet commitments at the reporting date.

25. Average headcount

Company	2016	2015
IM Broome	15	13
IM Corp. USA	1	5
Isabel Marant Diffusion	27	28
IM Frisco	12	3
IM LA	12	7
IM Miami		
IM Production	200	181
Isabel Marant UK Limited	10	4
IM Uptown	11	
Third		
Total headcount	**288**	**241**

26. Fees paid to the Statutory Auditors

Company	2016
IM Broome	
IM Corp. USA	
Isabel Marant Diffusion	17,000
IM Frisco	
IM LA	
IM Miami	
IM Production	95,000
Isabel Marant UK Limited	
IM Uptown	
Third	
Total	**112,000**

27. Segment information by geographic area

Description	French sites	International sites	Total
Sales	130,067,276	13,812,114	143,879,390
Net operating income	39,147,299	(1,411,020)	37,736,279
Net non-current assets	12,807,677	4,978,213	17,785,890
Average headcount	227	61	288

Statutory Auditors' review report
on the interim consolidated financial statements

(For the nine months ended 30 September 2019)

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine, France

NS ASSOCIES

92, rue Jouffroy d'Abbans
75017 Paris, France

Statutory Auditors' review report
on the interim consolidated financial statements
(For the nine months ended 30 September 2019)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

IM Growth
50 rue croix des Petits Champs
75001 Paris, France

To the Chairman,

In our capacity as Statutory Auditors of IM Growth and in response to your request, we have reviewed the accompanying interim consolidated financial statements of IM Growth for the nine months ended 30 September 2019 (the "Financial Statements").

These Financial Statements are the responsibility of the Chairman. Our role is to express a conclusion on these Financial Statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Financial Statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group at 30 September 2019, and of the results of its operations for the nine-month period then ended, in accordance with French accounting principles.

This report has been prepared for your attention. We do not accept any liability towards third parties to whom this report may be distributed or communicated.

This report is governed by French law. The French courts have exclusive jurisdiction to rule on any dispute, claim or disagreement resulting from our engagement letter or this report, or on any matter related thereto. Each party irrevocably waives its right to oppose any action brought before these courts, to claim that the action was brought before a court lacking jurisdiction or that these courts lack jurisdiction.

Neuilly-sur-Seine and Paris, 22 November 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Marie-Cécile Dang Tran

NS ASSOCIES

Laurent Naïm

IM Growth Group

Interim consolidated financial statements

Financial statements for the nine months ended 30 September 2019

Published by Cogesten

Document dated 8 November 2019

Contents

Financial statements (in € thousands)

Consolidated income statement

In € thousands		2019 (9 months)	2018 (9 months)
Sales	11	127,813	102,102
Other operating income	12	9,715	11,513
Operating income		**137,528**	**113,615**
Cost of goods sold	13	(41,842)	(37,239)
External expenses	14	(30,943)	(24,177)
Taxes other than on income	15	(2,129)	(1,767)
Personnel costs	16	(21,226)	(17,661)
Depreciation, amortisation, impairment and provision expense	17	(15,362)	(13,634)
Operating expenses		**(111,502)**	**(94,478)**
Net operating income		**25,953**	**19,080**
Financial income	18	1,798	1,314
Financial expenses	19	(14,387)	(13,194)
Net financial income (loss)		**(12,590)**	**(11,880)**
Joint ventures			
Recurring income of consolidated companies		**13,364**	**7,199**
Non-recurring income	20	332	570
Non-recurring expenses	21	(599)	(1,148)
Net non-recurring income (loss)		**(267)**	**(578)**
Income tax expense	22	(6,086)	(4,135)
Net income of consolidated companies		**7,011**	**2,486**
Amortisation and impairment of goodwill			
Share in net income of associates			
Consolidated net income		**7,011**	**2,486**
Non-controlling interests			
Net income attributable to owners of the parent		**7,011**	**2,486**
Basic earnings per share		0.06	0.02
Diluted earnings per share		0.06	0.02

Consolidated balance sheet

In € thousands		30 September 2019	31 December 2018
Uncalled subscribed share capital			
Goodwill	1	181,996	181,996
Property, plant and equipment and intangible assets	2	217,164	213,068
Long-term investments and equity-accounted investments	3	2,767	2,397
Non-current assets		**401,927**	**397,461**
Inventories and work-in-progress	4	31,128	26,814
Trade receivables	5	10,909	14,279
Deferred tax assets	10	126	150
Other receivables and accrual accounts	5	5,635	6,399
Marketable securities	6	336	336
Cash	6	42,461	48,070
Current assets		**90,595**	**96,048**
Total assets		**492,522**	**493,509**
Share capital		126,326	126,326
Additional paid-in capital		926	926
Revaluation reserve			
Reserves attributable to owners of the parent		19,192	12,497
Net income attributable to owners of the parent		7,011	6,320
Equity attributable to owners of the parent		**153,454**	**146,068**
Non-controlling interests			
Other equity			
Total equity		**153,454**	**146,068**
Negative goodwill	1		
Provisions	7	674	674
Deferred tax liabilities	10	43,547	44,311
Provisions and deferred taxes	7	**44,220**	**44,985**
Borrowings and debt	8	253,934	254,178
Trade payables	9	16,454	18,495
Other liabilities and accrual accounts	9	24,460	29,784
Payables		**294,848**	**302,456**
Total equity and liabilities		**492,522**	**493,509**

Consolidated statement of cash flows

In € thousands	2019 (9 months)	2018 (9 months)
Net income of consolidated companies	**7,011**	**2,486**
Movements in depreciation, amortisation, impairment and provisions	12,013	10,466
Change in deferred tax	(755)	(549)
Elimination of gains and losses on asset disposals		112
Cash from operating activities	**18,269**	**12,515**
Change in operating working capital (including provisions)	(7,742)	5,416
NET CASH FROM (USED IN) OPERATING ACTIVITIES (I)	**10,527**	**17,931**
Acquisitions of non-current assets	(8,093)	(4,553)
Capitalisation of collection costs	(8,164)	(8,865)
Disposals of other long-term investments	3	1
NET CASH FROM (USED IN) INVESTING ACTIVITIES (II)	**(16,254)**	**(13,417)**
New borrowings	10,489	9,959
Repayment of borrowings	(10,734)	(9,816)
Share capital increases/decreases		(0)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (III)	**(244)**	**143**
Impact of exchange rates on cash and cash equivalents (IV)	362	145
CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III + IV)	**(5,608)**	**4,802**
Cash and cash equivalents at beginning of period	48,405	26,330
Reclassification at beginning of period	(17,273)	
Cash and cash equivalents at beginning of period	**31,132**	**26,330**
Cash and cash equivalents at end of period	**42,797**	**31,132**

"New borrowings" amounting to €10,489,000 consist of accrued capitalised interest on bonds.

Consolidated statement of changes in equity

In € thousands	Share capital	Additional paid-in capital	Reserves	Treasury shares	Consolidated currency translation reserve	Net income attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests
31 December 2017	**126,326**	**926**			**(367)**	**12,692**	**139,577**	
Appropriation of Y-1 net income			12,692			(12,692)		
Net income						6,320	6,320	
Translation adjustments—Impact of exchange rates			16		156		171	
31 December 2018	**126,326**	**926**	**12,708**		**(211)**	**6,320**	**146,068**	
Appropriation of Y-1 net income			6,320			(6,320)		
Net income						7,011	7,011	
Translation adjustments—Impact of exchange rates					375		375	
30 September 2019	**126,326**	**926**	**19,028**		**164**	**7,011**	**153,454**	

Presentation of the Group, significant events of the period and comparability of the financial statements

IM Growth was created in June 2016 after Montefiore Investment acquired a majority stake in the Company.

The consolidated financial statements presented reflect nine months of operations.

For comparability purposes, the income statement includes a column with data covering the first nine months of operations in 2018.

Significant events of the period include expansion of the retail network, with new stores opening in:

- Europe:
  - Paris: takeover of the Galeries Lafayette IM and Etoile concession (February 2019)
  - Lyon (February 2019)
  - Brussels (March 2019)
  - Barcelona (March 2019)
  - Toulouse (April 2019)
  - London: second store opened (August 2019)
  - Paris: first Menswear store opened (September 2019)
  - Florence (September 2019)
- China: e-commerce site launched (April 2019)

The following projects are currently in progress and are expected to be completed by the end of 2019 or during the first quarter of 2020:

- Europe:
  - Madrid, El Corte Ingles Serrano (opened in October 2019)
  - Hamburg (planned opening in November 2019)
  - Bordeaux (planned opening in March 2020)
- United States:
  - South Coast Plaza (planned opening in November 2019)
  - Woodbury Common Premium Outlets, State of New York (planned opening in December 2019)
  - Dallas North Park (planned opening at the beginning of February 2020)
  - The NY flagship store in Soho is currently being refurbished and should reopen in February 2020. During the refurbishment, the brand is temporarily located in a store opposite the current boutique.
- China:
  - New Shenzhen Mix C store (November 2019)
  - New Shanghai IAPM store (November 2019)

The network of partner stores also grew in 2019, with new stores opened in Monaco (February 2019) and Munich (August 2019), and planned openings in Moscow (Crocus in November 2019) and Taiwan (two locations in December 2019).

Basis and methods of consolidation

1. General principles

The Group's consolidated financial statements are prepared in accordance with the French accounting principles set out in Act no. 85.11 of 3 January 1985 and its implementing decree no. 86.221 of 17 February 1986, and with standard CRC 99-02 of 22 June 1999 issued by the former French accounting standards-setter (*Comité de la réglementation comptable*), as amended by standard CRC 2005-10 of 3 November 2005.

The consolidated financial statements are presented **in thousands of euros**.

2. Definition of the scope of consolidation

Name	Address	Method	% interest (at end of period)
IM Growth	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Broome	New York—USA	FC	100.00
IM Corp. USA	40 East Division St—Suite A 19901 Dover (Kent)—USA	FC	100.00
Isabel Marant Diffusion	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
IM Norway	Prinsens Gate 22—0157 Oslo—Norway	FC	100.00
IM Frisco	San Francisco—USA	FC	100.00
IM LA	Los Angeles—USA	FC	100.00
IM Miami	40th Street—Miami—USA	FC	100.00
IM Production	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00
Isabel Marant UK Limited	1 Devonshire Street—London—UK	FC	100.00
IM Uptown	67th Street—USA	FC	100.00
IM Germany Gmbh	Germany	FC	100.00
IM Asia Limited	Pramex—Flat 7107B, 71/F, International Commerce Center 1, Austin Road, West Kow loon, HKG	FC	100.00
IM Shanghai Trading Ltd.	Shanghai—China	FC	100.00
IM Belgium	Belgium	FC	100.00
IM Netherlands	PC Hoofstraat 114 Amsterdam—Netherlands	FC	100.00
IM Spain Diffusion	354 Calle Muntaner 08021 Barcelona—Spain	FC	100.00
IM Italy	Milan Via Crocefisson. 5—Italy	FC	100.00
Third	50 rue Croix Petits Champs—75001 Paris—France	FC	100.00

Subsidiaries over which the Group directly or indirectly exercises exclusive control are fully consolidated.

At 30 September 2019, there are 19 companies in the scope of consolidation, all of which are fully consolidated

3. Foreign currency translation and goodwill

Foreign currency translation

The financial statements of consolidated foreign entities prepared in a currency other than the euro are translated using the "closing rate" method, as described below.

The financial statements of foreign subsidiaries are prepared in their functional currency, which is the currency of the primary economic environment in which the entities operate.

All assets and liabilities are translated into euros at the exchange rate prevailing at the end of the reporting period, while income statement items are translated at the average exchange rate for the period.

Any resulting translation differences are recognised directly in additional paid-in capital and reserves within the currency translation reserve included in equity.

Goodwill

- Goodwill is the difference between the acquisition cost of a newly consolidated entity's shares and the Group's share in the entity's net assets, as restated at the date control is acquired.
- Goodwill represents the excess of the acquisition cost over the Group's share in the acquiree's identifiable assets and liabilities at the acquisition date. Goodwill is recognised under this caption within assets. It is not amortised but is tested for impairment each year.

- Negative goodwill generally represents either a potential capital gain resulting from a bargain purchase, or the acquiree's lack of profitability. Negative goodwill is recognised under "Provisions for contingencies and expenses" within liabilities.

Negative goodwill is taken to income based on a provision writeback schedule.

4. Significant accounting policies

The financial statements are the responsibility of the Chairman and were prepared based on the going concern and consistency principles.

Property, plant and equipment and intangible assets

Non-current assets are recognised in accordance with the rules set out in the French General Chart of Accounts (CRC 99-03), amended by standards CRC 2002-10, CRC 2002-07 and CRC 2004-06 on assets and impairment. Non-current assets are carried at acquisition cost (purchase price plus ancillary expenses, excluding acquisition fees and borrowing costs and less any discounts and rebates obtained) or production cost.

Intangible assets acquired are shown in the balance sheet at acquisition cost and amortised over their estimated useful lives for the entities, which range from 2 to 10 years.

Intangible assets include the brand name, which is not amortised.

IM Production has recognised research and development costs for each collection amounting to a total of €12,081,000. These are amortised over the production period for the relevant collection. The research and development costs are retired at the end of the marketing phase for that collection.

Property, plant and equipment are carried at acquisition cost, including any costs incurred to bring them into the condition necessary for their use. Property, plant and equipment are depreciated over their estimated useful lives and based on probable conditions of use generally applied in the profession. They are depreciated on a straight-line basis over the following estimated useful lives:

- Buildings .... 20 years
- General installations .... 5 to 10 years
- Equipment and tooling .... 2 to 10 years
- Vehicles .... 1 to 5 years
- Office and IT equipment, furniture .... 2 to 5 years
- Office furniture .... 5 to 10 years

Impairment of non-current assets: non-current assets and other intangible assets are tested for impairment whenever there is tangible evidence that they may be impaired—either during the period or at the end of the period. A provision for impairment is recognised if the value in use of an asset for the Group falls below its carrying amount.

Leasehold rights and business goodwill

The Group holds leasehold rights and business goodwill in a total amount of €11,447,113.

In accordance with regulation ANC 2015-06 issued by the French accounting standards-setter (*Autorité des normes comptables*), impairment tests were performed on the French subsidiaries' leases, which represented a total of €6,680,000. The tests did not result in the recognition of any impairment.

The foreign subsidiaries' leases are subject to amortisation.

Long-term investments

These mainly include loans, deposits and other receivables as well as non-consolidated equity investments. Impairment is recognised if the value in use of these assets for the Group falls below their carrying amount.

Inventories

Inventories of goods for resale are measured at their last known purchase price.

Finished goods are measured at cost, which notably includes ancillary costs such as transport and design office costs.

Work-in-progress is measured at production cost.

An impairment percentage is applied to inventories when their realisable value falls below their gross value.

Trade receivables and other receivables

Current assets are carried at their nominal amount. A provision is booked when a loss is deemed probable. The related expense is considered to have arisen in the ordinary course of business, with the exception of impairment of a non-recurring nature in terms of circumstances or amount.

Foreign currency receivables are translated into euros and recognised at the last known exchange rate. If use of the closing exchange rate at the reporting date changes the amounts in euros previously recognised, the resulting translation gains and losses are included in financial income (loss).

Investment grants

Investment grants are recognised in accrual accounts.

Deferred charges and prepaid expenses

Outstanding deferred charges are restated on consolidation.

Debt issuance costs are recognised over the term of the related borrowings.

Finance leases

The Group applies the preferred method set out in standard CRC 99-02 (paragraph 300). Finance leases concerning a material amount are restated in the same way as a credit purchase for their initial value. Depreciation is recognised in accordance with the methods and rates described earlier. The tax impact of this restatement is taken into account. Unlike finance leases, operating leases are recognised in the income statement as rentals.

Earnings per share

Calculation of earnings per share: basic earnings per share is calculated by dividing consolidated net income attributable to owners of the parent by the weighted average number of parent company shares outstanding during the period. As there are no dilutive instruments, diluted earnings per share is therefore the same as basic earnings per share.

Deferred tax

The Group recognises deferred tax using the liability method in respect of all temporary differences between the tax value and the carrying amounts of assets and liabilities in the balance sheet. Deferred taxes are recognised at the tax rate applicable at the reporting date and adjusted to reflect the impact of changes in French tax laws and current tax rates.

Deferred tax assets are recognised for all deductible temporary differences, tax losses and tax loss carryforwards. Deferred tax assets arising on tax loss carryforwards are recognised when it is probable that the tax entity will generate taxable earnings against which they can be utilised.

Deferred taxes are shown as assets or liabilities on a net basis at the level of each tax entity.

Provisions for contingencies and expenses

A provision is recognised when the Company has a legal, regulatory or constructive obligation to a third party resulting from a past event that is likely or certain to give rise to an outflow of resources (with no equivalent consideration in return) embodying economic benefits and can be measured reliably.

The amount accrued as a provision represents the best estimate of the risk at the reporting date. Provisions are shown at their nominal value and are not discounted.

Pension and other employee benefit obligations

Pension and other long-term employee benefits essentially concern current employees. These benefits are payable under either defined contribution or defined benefit plans.

- Defined contribution plans: in accordance with local laws and customs, the Group pays salary-based contributions to national pension bodies. These contributions are expensed where appropriate.
- Defined benefit plans give rise to provisions and primarily concern retirement indemnities, plus:

other retirement and supplementary benefits;

other long-term benefits, i.e., mainly long-service awards and the time savings account;

medical insurance schemes.

These benefits are covered by the provision for contingencies and expenses.

The total amount of the pension and other employee benefit obligations is estimated at the end of each annual reporting period. When preparing interim financial statements, the amount of the related provision is the same as that at the end of the previous annual reporting period. The impact on the interim financial statements is not considered to be material. Therefore, the provision for pension and other employee benefit obligations recognised at 30 September 2019 and 30 September 2018 corresponds to the estimated benefit obligation at 31 December 2018 and 31 December 2017, respectively.

The total benefit obligation amounted to €542,114 at 31 December 2018 versus €477,182 at 31 December 2017.

The benefit obligation is determined using an actuarial calculation and assumptions concerning employee status, age and seniority, employee turnover, life expectancy as determined using mortality tables, estimated future salary increases and a discount rate.

The assumptions used to calculate the projected benefit obligation at 31 December 2018 are as follows:

- Annual salary increase of 2%
- Retirement at 62 years
- Low employee turnover for managerial-grade employees (*cadres*) and average turnover for other employees
- Payroll tax of 50% for managerial-grade employees and 48% for other employees
- INSEE 2012-2014 mortality table
- Discount rate of 2%

Non-recurring income and expenses

Non-recurring items include transactions outside the scope of ordinary operations.

Notes to the balance sheet

1. Goodwill

In € thousands	31 December 2018	30 September 2019	Newly consolidated companies	Deconsolidated companies	Increases	Translation adjustments	Changes in scope of consolidation	Other changes
Goodwill	181,996	181,996						
Net amount	**181,996**	**181,996**						

Goodwill arose on the first-time consolidation of IM Développement. Note that:

- IM Growth was created in June 2016 after Montefiore Investment acquired a majority stake in the Company.
- On 21 July 2016, IM Growth acquired a controlling interest in IM Développement, the holding company for the Isabel Marant Group.
- On 17 January 2017, IM Growth, acting in its capacity as sole shareholder, decided to dissolve IM Développement without liquidation.

The purchase price for IM Développement was set at €457,512,000. Upon the first-time consolidation of IM Développement:

- The Isabel Marant brand was treated as an identifiable asset to be recognised in the consolidated balance sheet. Based on a benchmark of recent transactions in the apparel industry, the brand was valued at €181,400,000.
- Recognition of the brand as an intangible asset resulted in a deferred tax liability of €46,837,000.
- Goodwill amounted to €181,996,000.

To verify the carrying amount of goodwill, an impairment test was performed at 31 December 2018. The test, based on the discounted cash flows method, consists of calculating the recoverable amount of the cash-generating unit to which the goodwill has been allocated.

The recoverable amount is estimated using cash flow projections based on existing operating forecasts, including growth and profitability rates deemed reasonable.

The inputs for the calculation were:

- Discount rate of 9%, comprising:
  - Risk-free rate of 0.82%
  - Risk premium of 8%
  - Risk sensitivity coefficient of 1.05
- Three-year net cash flow forecasts (with cash flow for the third year projected to perpetuity)

No impairment was recognised as a result of the impairment test carried out at 31 December 2018.

As no indications of impairment were identified at 30 September 2019, no additional impairment tests were performed as part of the preparation of the interim consolidated financial statements.

2. Property, plant and equipment and intangible assets

The table below provides a breakdown of the gross amount of property, plant and equipment and intangible assets:

In € thousands	31 December 2018	30 September 2019	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Start-up costs	473	610	190		(0)		(53)
Research and development costs	11,678	9,500	8,194	(11,723)	1		1,350
Concessions, patents and other rights	181,952	181,952					
Leasehold rights	8,940	11,238	2,243		2		53
Business goodwill	210	210					
Other intangible assets	1,426	1,544	117		1		
Intangible assets in progress	3,781	2,431					(1,350)
Intangible assets	**208,460**	**207,484**	**10,744**	**(11,723)**	**3**		
Buildings	7,144	7,144					
Technical installations, equipment and tooling	88	93	5				
Other property, plant and equipment	20,639	24,962	3,420		367		536
Property, plant and equipment in progress	204	1,832	1,739		18		(129)
Advances and downpayments on property, plant and equipment	407						(407)
Property, plant and equipment	**28,482**	**34,031**	**5,164**		**385**		
Total	**236,942**	**241,515**	**15,909**	**(11,723)**	**388**		
Of which non-current assets held under finance leases:							
Property, plant and equipment	5,300	5,300					

Depreciation and amortisation can be analysed as follows:

In € thousands	31 December 2018	30 September 2019	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Start-up costs	(24)	(57)	(33)		0		
Research and development costs	(10,402)	(7,809)	(9,130)	11,723	(0)		
Concessions, patents and other rights	(363)	(363)					
Leasehold rights	(74)	(312)	(238)		0		
Other intangible assets	(1,028)	(1,163)	(135)		(1)		
Amortisation of intangible assets	**(11,891)**	**(9,704)**	**(9,536)**	**11,723**	**(0)**		
Buildings	(2,003)	(2,270)	(268)				
Technical installations, equipment and tooling	(72)	(77)	(5)				
Other property, plant and equipment	(9,909)	(12,300)	(2,204)		(187)		
Depreciation of property, plant and equipment	**(11,983)**	**(14,648)**	**(2,477)**		**(187)**		
Depreciation and amortisation of non-current assets	**(23,874)**	**(24,352)**	**(12,013)**	**11,723**	**(188)**		
Of which non-current assets held under finance leases:	(1,380)	(1,579)					
Property, plant and equipment	(1,380)	(1,579)					

3. Long-term investments

In € thousands	31 December 2018	30 September 2019	Increases	Decreases	Change in net assets of equity-accounted associates	Translation adjustments	Changes in scope of consolidation	Other changes
Loans	11	9		(3)				
Deposits and guarantees paid	2,386	2,759	348	—		25		
Long-term investments	**2,397**	**2,767**	**348**	**(3)**		**25**		
Equity-accounted investments								
Financial assets	**2,397**	**2,767**	**348**	**(3)**		**25**		

4. Inventories and work-in-progress

	30 September 2019			31 December 2018		
In € thousands	Gross	Impairment	Net	Gross	Impairment	Net
Inventories of raw materials, supplies and other consumables	8,835	(1,866)	6,968	6,974	(2,126)	4,848
Semi-finished and finished goods	15,759	(940)	14,819	17,724	(1,138)	16,585
Goods for resale	9,340		9,340	5,381		5,381
Inventories and work-in-progress	**33,934**	**(2,806)**	**31,128**	**30,079**	**(3,264)**	**26,814**

5. Current assets

In € thousands	30 September 2019 Gross	30 September 2019 Impairment	30 September 2019 Net	31 December 2018 Gross	31 December 2018 Impairment	31 December 2018 Net
Trade receivables—current portion	11,538	(629)	**10,909**	14,358	(79)	**14,279**
Trade receivables	**11,538**	**(629)**	**10,909**	**14,358**	**(79)**	**14,279**
Advances and downpayments on orders	64		64	242		242
Employee-related and social security receivables—current portion	44		44	26		26
Tax receivables (other than income tax)—current portion	2,772		2,772	3,351		3,351
Income tax receivables—current portion				324		324
Current accounts—current portion				0		0
Other receivables—current portion	680		680	283		283
Prepaid expenses—non-current portion	357		357	714		714
Prepaid expenses—current portion	1,726		1,726	1,467		1,467
Adjustment account (intragroup current items)	(8)		(8)	(8)		(8)
Reciprocal account (intragroup current items)				(0)		(0)
Other receivables and accrual accounts	**5,635**		**5,635**	**6,399**		**6,399**
Current assets	**17,173**	**(629)**	**16,544**	**20,756**	**(79)**	**20,677**

In € thousands	30 September 2019	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Trade receivables—current portion	11,538	11,538					
Trade receivables	**11,538**	**11,538**					
Advances and downpayments on orders	64	64					
Employee-related and social security receivables—current portion	44	44					
Tax receivables (other than income tax)—current portion	2,772	2,772					
Other receivables—current portion	680	680					
Adjustment account (intragroup current items)	(8)	(8)					
Prepaid expenses	2,083	1,726	357				
Other receivables and accrual accounts	**5,635**	**5,278**	**357**				
Current assets	**17,173**	**16,816**	**357**				

In € thousands	30 September 2019	Not yet due	Less than 30 days past due	Between 30 and 60 days past due	Between 60 and 90 days past due	Between 3 and 6 months past due	More than 6 months past due
Trade receivables—current portion	11,538	10,812					726
Impairment of trade receivables—current portion	(614)						(614)
Total non-Group receivables	**10,924**	**10,812**					**112**

6. Cash and cash equivalents

In € thousands	31 December 2018	30 September 2019
Net cash and cash equivalents	**48,405**	**42,797**
Marketable securities—cash equivalents	336	336
Cash	48,070	42,461
Short-term cash and cash equivalents	**48,405**	**42,797**
Net cash and cash equivalents	**48,405**	**42,797**

7. Provisions and deferred taxes

In € thousands	31 December 2018	30 September 2019	Additions	Reversals	Translation adjustments	Changes in scope of consolidation	Other changes
Other provisions for contingencies—current portion	131	131					
Provisions for pension and other employee benefit obligations—non-current portion	542	542					
Deferred tax liabilities	44,311	43,547			21		(785)
Provisions and deferred taxes	**44,985**	**44,220**			**21**		**(785)**

8. Borrowings and debt

In € thousands	31 December 2018	30 September 2019	Increases (acquisitions, borrowings)	Decreases (disposals, repayments)	Translation adjustments	Changes in scope of consolidation	Other changes
Bonds—non-current portion	172,543	186,347	13,803				
Bank borrowings—non-current portion	72,633	64,187		(8,250)			(196)
Bank borrowings—current portion	395	339		(252)			196
Other borrowings and debt—current portion	1,989	(243)		(2,231)			
Accrued interest on borrowings	6,618	3,304	(3,314)				
Borrowings and debt	**254,178**	**253,934**	**10,489**	**(10,734)**			
Of which non-current assets held under finance leases	*1,394*	*1,198*		*(196)*			
Of which IM Growth debt under the Senior Credit Facility Agreement	*66,500*	*58,500*		*(8,000)*			

In € thousands	30 September 2019	Less than 1 year	1-5 years	Beyond
Bonds—non-current portion	186,347			186,347
Bank borrowings—non-current portion	64,187	12,000	52,187	
Bank borrowings—current portion	339	339		
Other borrowings and debt—current portion	(243)	(243)		
Accrued interest on borrowings	3,304	3,304		
Borrowings and debt	**253,934**	**15,400**	**52,187**	**186,347**

Borrowings are subject to bank covenants. The Group complied with all such covenants at 31 December 2018 and 30 June 2019.

9. Trade payables, other liabilities and accrual accounts

In € thousands	31 December 2018	30 September 2019
Trade payables—current portion	18,495	16,454
Trade payables	**18,495**	**16,454**
Employee-related payables—current portion	6,939	4,729
Tax payables (other than income tax)—current portion	1,449	2,451
Income tax payables—current portion	4,693	61
Current accounts in debit—non-current portion	(0)	
Group current accounts—current portion	15,464	15,896
Other liabilities—current portion	977	1,324
Prepaid income—current portion	261	
Other liabilities and accrual accounts	**29,784**	**24,460**
Trade payables, other liabilities and accrual accounts	**48,278**	**40,914**

In € thousands	30 September 2019	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Beyond
Trade payables—current portion	16,454	16,454					
Employee-related payables—current portion	4,729	4,729					
Tax payables (other than income tax)—current portion	2,451	2,451					
Income tax payables—current portion	61	61					
Group current accounts—current portion	15,896	15,896					
Other liabilities—current portion	1,324	1,324					
Other liabilities and accrual accounts	**40,914**	**40,914**					
Trade payables, other liabilities and accrual accounts	**40,914**	**40,914**					

10. Deferred taxes

In € thousands	31 December 2018	30 September 2019	Change in current items	Impact of different tax rates	Translation adjustments	Changes in scope of consolidation	Other changes
Deferred tax assets	150	126	910	(157)	6		(784)
Deferred tax liabilities	44,311	43,547	(1)		21		(784)
Net deferred tax balance	**(44,161)**	**(43,421)**	**912**	**(157)**	**(15)**		

Notes to the income statement

11. Sales

In € thousands	2019 (9 months)	2018 (9 months)
Sale of goods for resale	34,025	18,907
Production sold–goods	97,036	84,965
Production sold–services	2	
Income from ancillary activities	1,125	778
Discounts and rebates granted	(4,376)	(2,548)
Sales	**127,813**	**102,102**

12. Other operating income

In € thousands	2019 (9 months)	2018 (9 months)
Production taken to inventory	(1,965)	(1,246)
Capitalised production	8,164	8,865
Reversals of impairment of current assets	3,273	3,231
Transfers of operating expenses	242	496
Other income	2	166
Other operating income	**9,715**	**11,513**

13. Cost of goods sold

In € thousands	2019 (9 months)	2018 (9 months)
Purchases of goods for resale	(2,414)	(3,101)
Other purchases	(6,291)	(5,337)
Purchases of raw materials and supplies not taken to inventory	(866)	(450)
Change in inventories of goods for resale	3,577	2,023
Purchases of raw materials, supplies and other consumables	(37,708)	(32,568)
Change in inventories of raw materials, supplies and other consumables	1,860	2,196
Cost of goods sold	**(41,842)**	**(37,239)**

14. External expenses

In € thousands	2019 (9 months)	2018 (9 months)
Subcontracting	(1,507)	(1,667)
Property leases and rental expenses	(7,592)	(4,711)
Maintenance and repairs	(661)	(542)
Insurance premiums	(657)	(509)
Other external services	(36)	(9)
Seconded and temporary staff	(1,430)	(790)
Compensation of third parties and fees	(7,580)	(6,417)
Advertising, publications and public relations	(2,737)	(2,611)
Travel, business trips and entertaining	(5,795)	(4,595)
Postal and telecommunications expenses	(300)	(206)
Other external expenses	(1,852)	(1,517)
Other expenses	(795)	(603)
External expenses	**(30,943)**	**(24,177)**

15. Taxes other than on income

In € thousands	2019 (9 months)	2018 (9 months)
Payroll taxes	(364)	(201)
Other	(1,765)	(1,566)
Taxes other than on income	**(2,129)**	**(1,767)**

16. Personnel costs

In € thousands	2019 (9 months)	2018 (9 months)
Wages and salaries	(14,774)	(12,392)
Social security expenses	(5,260)	(4,742)
Other personnel costs	(1,192)	(527)
Personnel costs	**(21,226)**	**(17,661)**

17. Depreciation, amortisation, impairment and provision expense

In € thousands	2019 (9 months)	2018 (9 months)
Amortisation and impairment of intangible assets	(9,609)	(8,882)
Depreciation and impairment of property, plant and equipment	(2,404)	(1,584)
Impairment of current assets	(3,349)	(3,168)
Depreciation, amortisation, impairment and provision expense	**(15,362)**	**(13,634)**

18. Financial income

In € thousands	2019 (9 months)	2018 (9 months)
Income arising on amounts receivable from equity investments		12
Income from receivables and marketable securities		159
Foreign exchange gains on financial transactions	1,798	1,133
Other financial income	0	10
Financial income	**1,798**	**1,314**

19. Financial expenses

In € thousands	2019 (9 months)	2018 (9 months)
Interest expense	(12,676)	(12,202)
Foreign exchange losses on financial transactions	(1,013)	(338)
Other financial expenses	(701)	(654)
Adjustment account (intragroup financial income/loss)	3	
Financial expenses	**(14,387)**	**(13,194)**

20. Non-recurring income

In € thousands	2019 (9 months)	2018 (9 months)
Non-recurring income on management transactions	326	570
Other non-recurring income	6	
Non-recurring income	**332**	**570**

21. Non-recurring expenses

In € thousands	2019 (9 months)	2018 (9 months)
Non-recurring expenses on management transactions	(559)	(1,035)
Net carrying amount of intangible assets sold		(112)
Other non-recurring expenses	(40)	(0)
Non-recurring expenses	**(599)**	**(1,148)**

22. Income tax expense and tax proof

In € thousands	2019 (9 months)	2018 (9 months)
Income tax	(9,931)	(6,756)
Tax income (expense) arising on tax consolidation	3,091	2,071
Deferred tax	755	549
Income tax expense	**(6,086)**	**(4,135)**

Tax proof:

In € thousands	2019 (9 months)
Income before income tax, amortisation and impairment of goodwill, and income from equity-accounted associates	**13,096**
Tax rate applicable to the reporting entity	31.00%
Theoretical tax expense at the rate of the reporting entity	**(4,060)**
Impact of differences in tax base	**(1,614)**
Impact of differences in tax rates	**(172)**
Impact of special tax provisions	**(240)**
Manual tax entries	
THEORETICAL TAX EXPENSE	**(6,086)**
EFFECTIVE TAX EXPENSE	**(6,086)**
DIFFERENCE	**(0)**
Effective tax rate	*46.47%*

Tax consolidation:

Pursuant to Articles 223 A *et seq.* of the French Tax Code (*Code général des impôts*), a tax group headed by IM Growth was formed on 1 January 2017, comprising IM Production and Isabel Marant Diffusion (sister companies). The income tax saving resulting from filing consolidated tax returns represents €3,091,000.

Other information

Average headcount

Company	2019 (9 months)	2018 (9 months)
IM Growth	4	4
IM Broome	9	9
IM Corp. USA	5	3
Isabel Marant Diffusion	51	28
IM Frisco	3	3
IM LA	6	6
IM Miami	4	4
IM Production	264	263
Isabel Marant UK Limited	7	6
IM Uptown	3	3
IM Asia Limited		
IM Shanghai Trading Ltd.	23	7
IM Belgium	4	
IM Netherlands	5	5
IM Norway	3	
IM Spain Diffusion	9	
IM Italy	14	2
Third		
Total headcount	**414**	**343**

Off-balance sheet commitments

Borrowing tranche A:
4-year cap with a 0% strike
Nominal amount hedged: €37,950,000, or 66% of the total initial amount (€57,500,000)

Borrowing tranche B:
4-year cap with a 0% strike
Nominal amount hedged: €8,250,000, or 66% of the total amount (€12,500,000)

Borrowing tranche C:
3-year cap with a 0% strike and 2-year -0.016% interest rate swap with no floor and a deferred start date
Nominal amount hedged: €20,000,000, or 67% of the total amount (€30,000,000)

Executive compensation

Details of executive compensation are not disclosed as this would involve publishing information relating to individuals.

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